

Regulars

- 1 Editorial
- 28 Calendar & resources

Feature

- 2 **Post-2015 Agenda: The Challenge of Economic Transformation**
Betty Maina and Stephano Prato
- 4 **Towards an Overarching Post-2015 Framework and a Decent Life for All by 2030**
Klaus Rudischhauser

A Critical Evaluation

- 6 **Shifting the Post-2015 Debate from Wish-list to International Traction**
Duncan Green
- 8 **MDG Strengths as Weaknesses**
Sakiko Fukuda-Parr
- 10 **What Role for Equality in the Post-2015 Development Agenda**
Martin Dahinden

A Southern Perspective

- 12 **The Post-2015 Development Debate**
Pindie Nyandoro
- 13 **Towards a Transformative Post-2015 Development Agenda**
Bartholomew Armah

ERD

- 14 **Global Collective Action Post-2015**
James Mackie
- 16 **Yet Another Agenda**
Florence Dave et. al.
- 18 **Trade and Investment in the Post-2015 Agenda: What Role should the EU Play?**
Jodie Keane and Yurendra Basnett
- 20 **A Challenging Road Ahead**
Anna Knoll

Additional Insights

- 22 **Domestic Resource Mobilisation and the Post-2015 Agenda**
Aniket Bhushan
- 24 **What Happens after the Millennium Development Goals?**
Diana Alarcon
- 26 **What Role for the Private Sector in the Post-2015 round of Goals?**
Paula Lucci
- 27 **Putting People and Planet First**
Tanya Cox

Thematic Focus:

What prospects for a new development framework post-2015?

Exclusive article by UN-HLP member Betty Maina

The debate on the future development framework post-2015 is in full swing. While there is an emerging consensus that some progress has been made towards reaching the Millennium Development Goals (MDGs), most notably in terms of poverty reduction, the disparity among developing countries and across Goals remains huge, as illustrated again by the Human Development Report 2013. It is clear that efforts towards reaching the MDGs will have to continue beyond the initial deadline set for 2015.

But the world has changed significantly since the Millennium Declaration. While the principles it articulated in terms of sustainable and inclusive development remain as important as ever, there is an increasing recognition that a new approach is needed. What shape should a new global agenda on development take post-2015? That is the question currently debated worldwide.

This issue of *GREAT Insights* builds on some of the current initiatives and discussions to present a range of key reflections by major stakeholders in this question. These include Ms Maina from the High Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP) and other contributions at the UN level (by Ms Alarcon and by Mr Armah), reflections from the European Commission on its recent Communication (by Mr Rudischhauser) as well as insights from the European Report on Development 2013 on the post-2015 agenda, and views of other donors such as Mr Dahinden Director-General of the Swiss Agency for Development and Cooperation. Besides the institutional setting, but as important for the debate and finally recognized as such, is the inclusion of the views of a broad range of concerned stakeholders, from academia, civil society organisations and the private sector, also reflected in this issue.

Not surprisingly, views differ. But some emerging trends can be observed. The post-2015 agenda should go beyond social objectives to embrace a truly dynamic transformative agenda for sustainable and equitable development. It should thus go beyond aid and the priorities



of the donor community, draw on other (notably domestic) financial resources, include South-South cooperation and the rising role of emerging countries, tackle policy and structural issues based on domestic priorities and ownership, and build on a range of stakeholders initiatives, notably the private sector. It has also been suggested that coherence and synergy should also be found at the international level with other initiatives, such as the Rio+20 for instance for a better management of public global goods.

Surprisingly, in the shared enthusiasm to define a more ambitious and effective agenda for development, little attention has been devoted to the potential mismatch between grand political ambitions and declarations, as might emerge at the UN level for instance, and the political and vested interests to follow through with concrete actions. While setting a vision is important, it could quickly transform into a mirage in the absence of a serious reality check. If the world has changed significantly since 2000, so has the momentum that prevailed at the time, mainly among donors, to endorse the Millennium Declaration and the MDGs. The articles by Dr Green and Dr Fukuda-Parr in this issue have useful insights on this for the post-2015 agenda.

Reflecting on the paths to development is always valuable, and so the attention given to the post-2015 agenda must be welcomed. Whether it will lead to any effective new international momentum on development initiatives remains to be seen.

San Bilal

Post-2015 Agenda: The Challenge of Economic Transformation

By Betty Maina and Stefano Prato

The Post-2015 development framework should inspire a transformative agenda that addresses the root causes of poverty and marginalization. This is a politically challenging agenda as it involves significant redistributive action to promote inclusiveness, equity and sustainability.



Over the past six months, the High Level Panel of Eminent Persons on the Post-2015 Development Agenda (HLP) has stimulated engagement by the development community with a myriad of initiatives, conferences, policy documents and blogosphere discussions to reflect on what should replace the Millennium Development Goals (MDGs) as they reach their established deadline in 2015, and how to reconcile this process with the outcomes of the Rio+20 review.

The HLP - co-chaired by President Yudhoyono of Indonesia, President Johnson Sirleaf of Liberia, and Prime Minister Cameron of the UK – is one of many mechanisms meant to converge on the UN General Assembly, either directly or via the UN Secretary General, in order to advance the inter-governmental process and shape the new framework.

From an Aid to a Policy Framework

The starting point of the post-2015 journey should be an assessment of what has really worked with the MDG framework and what has not. Unfortunately, this is no easy task as the debate has become an almost ideological confrontation between a pro-MDG party, who underline the simplicity, concreteness and results-orientation of the framework, and its opponents, who question what real progress is attributable to the MDGs and would not have happened even in their absence.

Beyond any valid criticisms of the MDG framework, the overwhelming energy to debate the post-2015 agenda confirms the ability of a global partnership framework like that of the MDGs – as imperfect as it might be – to rally support and engage constituencies in a common global processes. While this highlights the importance of the ‘communication and constituency building’ dimension of the post-2015 agenda, it also underplays the fundamental shift between the MDGs and whatever is meant to replace them.

The former was largely an aid-framework and had an important purpose to serve in aligning domestic political support in developed countries in order to maintain and possibly expand development cooperation budgets. The new agenda will be much more of a policy framework than an aid one and would therefore aim to inspire coherent policies at national and global levels within a new global partnership. While aid will remain important, particularly in the short term, resources are expected to be generated at multiple levels.

This pivotal shift in focus should ring an alarm bell as the ‘communication simplicity’ of the MDGs has sometimes translated into ‘policy simplicism’. In advancing discussions on the new framework, it is therefore important to de-couple policy considerations from communication strategies.

‘One’ Global Development Agenda

Over the past months significant agreement has emerged for ‘one’ overall development framework that reconciles the social and economic agendas and incorporates sustainability at its core. While centered on a strong commitment to eradicate poverty, this universal agenda recognizes its multidimensional nature and its strong nexus with prosperity. The geography of poverty and the emergence of new forms of marginalization can only confirm that these – beyond the historical determinants and injustices – are proxies of the failure of current socio-economic frameworks, and manifest a global equity and inclusiveness problem. Rather than an isolated social development agenda, the fight against poverty therefore becomes an integral part of a strategy for economic transformation and empowerment which can only be built around the premise of sustainability.

Beyond pursuing social outcomes it is therefore necessary for the new agenda to address the root causes of poverty and marginalization and all their novel manifestations even in developed countries

with new poverties, high unemployment and social exclusion. This calls for an agenda of economic transformation that, while continuing to address key human development challenges, also promotes economic empowerment, equity and inclusiveness.

Four different policy domains should therefore be addressed by the new framework:

1. The reaffirmation of the MDG commitment to *expand human capabilities and promote well-being* through a much more integrated and holistic agenda for human development that combines health, education, nutrition, access to water and sanitation (overcoming the MDG fragmentation) and promotes personal security and bodily integrity with stronger emphasis on the elimination of violence against women;
2. The promotion of *inclusive, equitable and sustainable economic development* with a clear focus on the fundamental social outcomes the economy needs to pursue;
3. The *responsible management of our global commons* (not only our ecosystems and cultural heritage but also the openness and fairness of international trade, financial stability, etc.); and,
4. The promotion of *legitimate, transparent and accountable institutions* (state but also civil society and private sector) that will need to rise to the policy and implementation challenges that the agenda involves.

Beyond the content of the framework, another element of emerging consensus is that of fostering a proper balance between global partnership and full national ownership of the development agenda. This means that the new framework will

have to strike a proper balance between internationally agreed priorities and their embodiment in fully-owned national targets and plans. However such ownership cannot be identified exclusively with the state but rather a concerted agenda between the state and all its key stakeholders, with special emphasis on civil society and the private sector.

Inclusive, Equitable and Sustainable Economic Development

One of the central pillars of the new framework will therefore be the pursuit of inclusive, equitable and sustainable economic development. This calls for *a new partnership between state, civil society and private sector* and a new set of policies which will aim to:

1. *Promote an enabling environment for responsible business to flourish:* legal frameworks, macro-economic stability, fairness of trade terms and efficient public services but also a new corporate business code and clear norms for corporate transparency and accountability;
2. *Foster economic transformation:* This is particularly important for Africa as it attempts to move away from the existing economic power structures and division of labor that relegated it to the role of producing primary commodities and minerals. Transformation means rebalancing the economic center of gravity towards the domestic market and promoting significant increases in manufacturing value against today's diminishing returns of primary commodities. It also means to advance industrialization and economic diversification and stimulate the development of new supply-chains/ value chains that can increase economic pluralism and the job-intensity of local/ national productions;
3. *Inclusiveness of the margins:* Provide increased connectivity and integration between the formal and the informal economy by extending business development services, social protection, scaling-up opportunity (knowledge, finance, connectivity to supply chains and product clusters) and catalyzing innovation in business models for small scale production and its financing;
4. *Investment in infrastructures:* Promote further investment in infrastructure with an emphasis both on the industrial/trade sectors (energy, roads, etc.) but also on the needs of small and medium-sized enterprises (SMEs) and the informal sector (transport, mobility, connectivity);

5. *Energy:* Provide clean and affordable energy in the absence of which it is difficult to foster any significant increase of productive capacity and significant expansion of social services;
6. *Public-private partnership:* Promote public-private partnership in technological innovation and research and explore new tripartite arrangements (state-private sector-civil society) for the provision of social services;
7. *Gender equality and women's empowerment:* Beyond the fundamental value proposition that is involved in gender equality, its pursuit also carries the greatest potential for fundamental transformation of our socio-economic frameworks. Women's empowerment also requires addressing the fundamental issues of care within society and seek innovative ways to explore a new set of social provisions that address the increasing tension between women's productive and reproductive/care roles.

(...) it is therefore necessary for the new agenda to address the root causes of poverty and marginalization (...)

The Role of the Private Sector

Given this possible scope and policy focus of the Post-2015 Development Agenda, it is important to recognize the centrality of private enterprise in the pursuit of the development agenda.

- *Private sector as development partner:* With the strong emphasis on economic transformation to ensure social outcomes (job-intensity and decent work, inclusiveness, equity, sustainability), it is fundamental to engage the private sector as a critical partner in the post-2015 process at design, implementation and monitoring stages. At the same time, such a partnership calls for a new corporate code of conduct and a stronger commitment to transparency and accountability;
- *Focus on economic empowerment and agency:* The framework should

also emphasize the importance of combining investment in human development and political participation with a much stronger emphasis on the economic empowerment of the poor and marginalized –one that builds on people's agency and creativity and strengthens current livelihoods strategies. This involves the shift from an approach that aimed to 'lift' people out of poverty to one that emphasizes the creation of conditions that can provide capabilities, enabling environment and catalytic support for people to take charge of their lives and therefore 'lift themselves' out of their condition of marginalization;

- *Multi-stakeholder dialogue:* The new agenda also calls for sustained dialogue between the state, civil society and private sector to both shape and define the new agenda and monitor its implementation. It is therefore necessary to strengthen business associations at various levels and identify new institutional mechanisms for the full inclusion of the private sector in the ongoing policy dialogues on development strategies. However, such mechanisms would also need to ensure proper access to small and medium scale enterprises and therefore seek to bridge current deficits in representation of smaller economic actors in global and national decision shaping and making.

In conclusion, the post-2015 agenda will be much more politically challenging than the current MDG framework as it aims to address the root causes of poverty and marginalization. This calls for extraordinary political and civic engagement at all levels and a truly global multi-stakeholder partnership.

Authors

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Towards an overarching Post-2015 Framework and a Decent Life for All by 2030

Klaus Rudischhauser

The Millennium Development Goals and the follow-up to the Rio+20 Conference have been running on two parallel tracks. In a new Communication, the European Commission has called for these two interrelated debates to be brought together as soon as possible, with a view to the creation of a single, overarching post-2015 framework. The vision is for a Decent Life for All by 2030.



Two of the most pressing global challenges facing the world are eradicating poverty and ensuring that prosperity and well-being are socially, economically and environmentally sustainable. Tackling these issues is a fundamental part of the EU's mandate for external action, as well as being equally important within its own borders. The Commission's recent Communication "A Decent Life for All: Ending poverty and giving the world a sustainable future" (27 February 2013) addresses these two global challenges head-on and proposes a route towards a single, overarching post-2015 framework which could help bring about a decent life for all - men, women and children, no matter where they live in the world - by 2030 - the year in which children born today will start to reach adulthood. The Commission's vision integrates the three pillars of sustainability and recognises the multi-dimensional nature of poverty, prosperity and well-being.

Taking stock

The Millennium Development Goals (MDGs) have been successful in focusing both donor and developing countries on action in support of better basic living standards, and in particular in driving efforts to cut hunger, improve health outcomes and increase access to primary education and to water and sanitation. By their target year of 2015, it is expected that some impressive progress will have been recorded. Yet, millions of people worldwide will still be living below what should be considered a decent standard of living; in some countries and among some populations the situation is particularly difficult; no single MDG is likely to be reached in any fragile or conflict-afflicted

state. There is therefore a need to "finish the unfinished business" of the MDGs if all people are to enjoy at least a minimally good standard of living by 2030.

But the MDGs have also been subject to the criticism that they have not gone far enough. It is now undisputed that such fundamentals as inclusive and sustainable economic growth, access to modern energy services, a respect for the natural environment, good governance, respect for human rights, equity, equality, peace and security also have to be in place if living standards are to be raised and if people are to enjoy healthy, productive lives. These "gaps" in the current MDG framework must be addressed if we want the vision of a decent life for all to be realised by 2030

To be tackled successfully, poverty eradication and sustainable development must be tackled together.

In parallel, and linked, is the debate on sustainable development. More specifically, the Rio+20 conference in 2012 confirmed a common global vision for an economically, socially and environmentally sustainable future for the planet and for present and future generations. Again, there has been progress, but challenges remain. Rio+20 set in motion various actions towards the achievement of sustainable development, including the formulation of Sustainable Development Goals (SDGs).

Bringing the debates together

The MDGs, their review and the debate on what will follow after their target year of 2015, on the one hand, and the follow-up to Rio+20, on the other, have so far been running on parallel tracks. But the two topics - poverty elimination and sustainable development - cannot - and indeed should not - be separated in the artificial way suggested by current international processes. To be tackled successfully, poverty eradication and sustainable development must be tackled together.

Unsustainable patterns of development threaten to reverse the gains of recent years and make future gains precarious. Future action needs to bring together the three dimensions of sustainable development, with prosperity and well-being needing to be achieved within planetary boundaries. It is for these reasons of inter-connection and coherence that Commissioner Piebalgs, for Development, and Commissioner Potočnik, for Environment, joined forces to produce a Communication that advocates the bringing together of the MDG review and Rio+20 follow-up processes as soon as possible, thus allowing for the development of a single overarching post-2015 framework.

Towards a decent life for all by 2030

In terms of the precise shape of the future post-2015 framework, it is still early days. There is much debate to be held in the coming months - a debate which must involve all members of the international community: national and local governments and parliaments,

international organisations, civil society, including the private sector, and academics and researchers. The Commission's Communication suggests some principles for the framework as a contribution to this international debate.

(...) the Commission recommends that the framework should be universal in its aspiration and coverage, with goals for all countries.

Firstly, the Commission recommends that the framework should be universal in its aspiration and coverage, with goals for all countries.

Secondly, it should cover, in an integrated fashion, basic human development, drivers for sustainable and inclusive growth and development and the sustainable management of natural resources.

Thirdly, the framework should also address justice, equality and equity, capturing issues relating to human rights, democracy and the rule of law, as well as the empowerment of women and gender equality, and peace and security; these are all vital for inclusive and sustainable development, but also important issues in their own right.

In essence, what the Commission is advocating is a framework which covers: the unfinished business of the MDGs, dealing with basic human development needs and helping people lift themselves out of poverty; plus the elements missing from the current MDG framework, notably key drivers such as employment and decent work, inclusion, equity and social protection, sustainable agriculture and energy; as well as universal rights and values.

Fourthly, we suggest that there should be a limited number of goals which apply universally to all countries, but which have targets respecting different contexts and which are tailored and made operational at the national level.

Fifthly, the responsibility for achieving outcomes should be first and foremost national, but there should be a partnership among all countries and stakeholders to support action. While all countries should contribute their fair share towards reaching the goals and the goals should stimulate greater domestic accountability and resource mobilisation, including from the private sector, the EU recognises that some countries will continue to need support, including through development assistance.

Sixthly, policy coherence for development should be strengthened both nationally and internationally.

And finally, progress should be properly monitored, through measurable targets and indicators. Good monitoring should make use of the scientific and research base, but may also require the strengthening of the statistical base, particularly national systems.

These principles will be debated with EU Member States in Council over the coming weeks, with a view to developing a common EU position for the various international processes and events later this year and next (such as the MDG special event in September and the work of the Open Working Group on Sustainable Development Goals). The Commission

then looks forward to a fruitful and action-oriented dialogue with all stakeholders, in particular the EU's partner countries in the EU-African and EU-ACP partnerships, in order to contribute to building of a new global consensus around a post-2015 framework that ultimately eradicates poverty, while also ensuring that well-being and prosperity are sustainable.

(...) policy coherence for development should be strengthened both nationally and internationally.

As a further contribution to this international debate and dialogue on the post 2015 agenda, the European Commission, along with seven EU Member States, commissioned the European Report on Development (ERD) 2013. The ERD is an independent report, prepared by respected development researchers and academics. As policymakers, we expect that such analysis will inform and challenge us and thus help to enrich our policies. The recommendations are not binding, but we look forward to ideas and messages that can inform our own EU thinking on post-2015 as the international processes go forward.

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Cover of the *European Report on Development 2013*

Shifting the Post-2015 Debate from Wish-list to International Traction

Duncan Green

To produce an effective outcome, the debate on the post-2015 development agenda needs to move beyond subjective debates about what governments, civil society groups and others 'would like' to succeed the MDGs, and pay more attention to what kinds of international instrument exert traction on national governments and can help deliver lasting impact.



Changing times

The Millennium Development Goals (MDGs) were a child of very different times. Politically, their gestation in the late 1990s was a time of post-Cold War optimism, with clear global leadership from both the Utstein group¹ and, later, the governments of the UK and the USA. The UN system had delivered a series of important global conferences on human rights and social justice issues from housing to women's rights, creating a sense of momentum in building a series of progressive global norms around rights and development.

Today, austerity and recession in Europe and the USA are coupled with growing disillusionment with a multilateral system that has produced a series of paralysed negotiations on trade, climate change, sustainability, and the arms trade. The ongoing global financial crisis that started in 2008 has proved a geopolitical tipping point; the global centre of gravity is moving rapidly from the old G8 powers to the emerging powers of the BRICS (Brazil, Russia, India, China and South Africa), reflected in the rise of the G20.

However, these emerging powers seem to be prioritising growth and physical infrastructure over the kinds of social issues captured in the MDGs. Whatever the issue, the political appetite for big new global undertakings is not what it was.

Economically, the late 1990s were good times – the G8 economies were growing, generating more fiscal cake to spread around as aid. This time around, while some governments are sticking to their promises (and all of them could do better), the impact of previous financial crises on aid flows suggests that overall aid is likely to fall in the coming years. World Bank research on the impact of previous banking crises on donor aid flows suggests that aid typically rises for a couple of years and then falls off a cliff, not returning to its former levels for at least 15 years, as illustrated in Figure 1. The latest global aid figures suggest that a repeat of this pattern could be under way.

It is also the case that aid has declined in importance in most developing countries, as receipts from domestic taxation and natural resources have boomed.

The intellectual landscape was also very different in the late 1990s. In the West, this time marked a high point in the kind of 'planner' mentality in the public sector, whose aid industry incarnation has been ably critiqued by William Easterly. Perhaps as a result, the moral and rights-based tone of the Millennium Declaration had to be transformed into the planners' playground of the MDGs before it could be taken seriously by the aid industry.

A different dynamics

Since then, such 'big push' certainties have become increasingly questioned, as new donors with differing agendas have entered the development scene and traditional donors have slid into economic crisis. There has been increased attention to systems thinking, complexity and change, with development portrayed as an emergent, inherently unpredictable and discontinuous process.² It is not currently clear whether and how

this new thinking is compatible with a linear 'goals, targets, indicators' approach. There is a strong argument that supporting development has to be more nimble and opportunistic; actors need to get better at thinking on their feet and making it up as they go along, rather than simply implementing grand plans.

Taken together, the shifts in the geopolitical, economic and intellectual landscapes since the MDGs were first conceived suggest that agreement on any post-2015 arrangement, as well as its sources of finance, and implementation, will be much harder to achieve this time around. On the plus side, though, is the power of precedent – it is much easier to build on an existing agreement than to start a new one from scratch.

In search of effective international instruments

The relative and absolute decline in aid volumes and the increasing economic and political autonomy of developing country governments means that the starting point for the post-2015 discussion should therefore

Figure 1: Impact of banking crises on net disbursed aid provided by crisis-affected donors, 1977–2007



Source: Dang H.-A., S. Knack, and H. Rogers 2009. "International aid and financial crises in donor countries," *World Bank Policy Research Working Paper* 5162, December, p 33.

Table 1: Possible options for international instruments to drive change post-2015

Instrument	Influence on national norms	On decision-making	Civil Society take-up
Big global norms	Sometimes strong, but often disappear without trace	long-term influence (e.g. shaping future leaders' world views)	Strong, if resonate with national reality
Global goals and targets	Partial	Transmission via aid system, otherwise likely to be partial	Yes, when resonate with national reality. Far stronger if accompanied by national goals, civil society commitment to these, and clear national accountability mechanisms
Regional goals and targets	More influence where regional identity is stronger (e.g. African Union)	Especially if governments have to ratify and legislate. Rivalry can also be effective	Can provide a valuable advocacy tool, especially where regional identity is strong
Global League tables	Weak	Effective if builds on regional rivalries	Can provide a valuable advocacy tool
Data transparency	Weak	Depends how data are picked up by national actors	Depends on civil society capacity to use data for advocacy purposes, alliances with academics, etc.
International Law	Strong, but slow osmosis into national common sense (e.g. children have rights)	Especially if governments have to ratify and legislate, or report publicly on their performance (as with the UNCRC or CEDAW)	Depends on civil society capacity to use legal system (and responsiveness of legal system)

become 'how do international agreements influence national behaviour, and in particular that of national governments?' Remarkably (and alarmingly), we have been unable to locate research that helps answer that question in the context of the post-2015 debate. And it is certainly a highly researchable topic: for example, in-depth interviews with policymakers in a sample of countries could investigate the traction exerted by a range of international instruments on their decisions (avoiding any leading questions on the MDGs). Yet to our knowledge, no-one has done this.

In the absence of hard research, we are obliged to speculate. International instruments can exert influence in three key ways:

1. *By changing national norms* in areas such as women's rights. However intangible, norms matter, leading to long-term changes in what society considers acceptable or deplorable, which then leads to changes to laws, policies and behaviours.
2. *By directly influencing government decision-making*, through any of a number of possible carrots (aid, contracts, acceptance, approval) or sticks (sanctions, disapproval).
3. *By giving civil society organisations and other domestic actors more tools* with which to lobby, campaign, and secure action by their governments.

In most cases, the main drivers of change will be domestic – the result of national politics and culture. But international initiatives are

second-order factors that can nudge things along. We suggest six kinds of instrument at global and regional levels.

1. *Big global norms*: rallying cries intended to influence the underlying attitudes of decision-makers and citizens, such as 'zero poverty' or 'zero hunger'.
2. *Global goals and targets*: as encapsulated by the MDGs.
3. *Regional goals and targets*: the African Union has been particularly energetic in agreeing regional targets on the rights of women, spending on agriculture, health, social protection, and water and sanitation. Civil society, including Oxfam's Pan Africa Programme, has made effective use of such advocacy targets.
4. *Global league tables*: Anecdotal evidence (and long NGO experience) suggests that league tables can be effective both in attracting public and media interest, and in goading politicians into action – there is nothing a leader likes less than to be seen to lose out to a rival nation.
5. *Data transparency*: according to Jan Vandemoortele, one of the architects of the MDGs, perhaps their greatest legacy will be the improved quality, collection and dissemination of social data. One option would be to make this the centrepiece of a post-2015 arrangement, and leave it to others (national or regional bodies, international institutions) to 'mash up' the data into different indices and use it to advocate for progressive policies.

6. *International law*: Most governments are already signatories to dozens, if not hundreds, of international conventions and the role and influence of international law appears to be on an inexorable upward curve, steadily encroaching on previously untouchable areas of state sovereignty.

What are the strengths and weaknesses of these options in influencing norms, decision-making or civil society activism? Some initial thoughts are captured in table 1.

Shifting the debate

In conclusion, to produce an effective outcome, the post-2015 debate needs to move beyond subjective debates about what governments, civil society groups and others 'would like' to succeed the MDGs, and engage in a deeper conversation between the UN, governments and civil society over what kinds of instruments are most likely to influence decisions and deliver lasting impact.

The alternative to asking (and answering) these questions is to develop the post-2015 arrangement through the kind of protracted negotiations that have too often served us poorly in other areas.

This article is based on Green, D., S. Hale and M. Lockwood 2012. How can a post-2015 agreement drive real change? The political economy of global commitments, Oxfam Discussion Papers, November.

Notes:

1. The Utstein Group, formed in 1999 and comprising Canada, Germany, the Netherlands, Sweden, the UK and Norway, has become an important forum for co-ordinating development co-operation, focusing on poverty reduction, anti-corruption, and other key areas. It received the 2003 Commitment to Development Award for its dedication, vision, and leadership in reducing global poverty and inequality in developing countries. See the Center for Global Development website, www.cgdev.org/section/about/commitment_to_development_award/2003
2. D. Green (2011) 'So the world is complex – what do we do differently?' blog, 'From poverty to power: how active citizens and effective states can change the world', <http://www.oxfamblogs.org/fp2p/?p=5384> (last accessed 10 October 2012)

Author

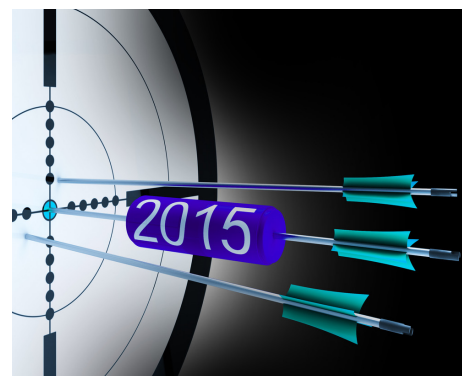
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MDG Strengths as Weaknesses

Sakiko Fukuda-Parr

Simplicity, numerical targeting and consensus are not only the key strengths of the MDGs as a mobilizing tool.

But used for planning, simplicity leads to reductionism, numerical targets to distortions, and consensus to maintain the status quo. We should beware of taking goals seriously, but not literally as hard planning targets.



In a recent UNICEF publication,¹ economist Charles Kenny comments:

'It's worth starting with one undoubted success of the MDGs: we are still talking about them twelve years later.....it is not hard to understand why: they were simple, consensual, numerical and time bound – truly a common, and commonly understood framework for development where success and failure was easy for even the mathematically challenged to follow.'

In singling out *simplicity, numerical targets and consensus* as the key strengths of the Millennium Development Goals (MDGs), Kenny presents what has now become a widely held view, reflected for example in the UN Task Team Report.² But before adopting these strengths to guide the formulation of a post-2015 development agenda and the Sustainable Development Goals, we should consider the full assessment of the MDG experience, whose design and use have generated a large body of critical literature. This literature shows that simplicity, numerical targeting and consensus are not only key strengths of the MDGs but also sources of their weakness.

Simplicity or reductionism

The MDGs are powerful because they marked a departure from characteristically overloaded UN development agendas. But there is a downside; simplicity is also reductionism that can lead to neglect and distortion. It is now acknowledged that the MDGs were too narrow and left out many priorities, such as employment and decent work, sustainability and climate change, reducing inequality and discrimination, all of which are among the top contemporary challenges in virtually all countries of the world, rich and poor.³

Reductionism can distort planning and programming of resources and development efforts. For example, MDG2 reduces the

education challenge to achieving universal primary school enrollment. This makes little sense in countries that have already met the goal, but require a greater focus on expanding secondary and tertiary education and improving quality and equity. Reductionist global goals simply do not reflect national priorities well.

(...) simplicity, numerical targeting and consensus are not only key strengths of the MDGs but also sources of their weakness.

Simplicity also leads to reductionist thinking about causes and solutions. Lessons from development experience, research and broad consultations in the 1990s led to the adoption of broad agendas at conferences held throughout the decade. Yet in each case, the MDGs narrowed them sharply to a single goal. For example, while the Beijing Conference on Women and Development agreed on a thirteen-point platform of action, the MDGs included only the goal of gender equality in primary and secondary school enrollment. Similarly, while the Cairo Conference on Population and Development adopted a broad agenda for sexual and reproductive health, the MDGs narrowed this to maternal mortality. Yamin and Falb have recently analyzed⁴ the consequences and found that other important objectives, beginning with family planning, have been sidelined. The over-simplification determined funding and programming allocations, but also displaced concerns of choice, dignity and the complex social changes needed to advance sexual and reproductive health by framing the objective as a medical goal.

The reductionism resulting from 'simple' goals can have serious consequences if they are applied literally as a planning framework to set priorities and allocate resources, and to frame thinking about human progress. Surprisingly little systematic research has been conducted on these effects. Alicia Yamin and I have therefore initiated a research project with an international network of scholars – *The Power of Numbers: A Critical Review of MDG Targets for Human Development and Human Rights* – to examine the empirical and normative effects of the MDGs, goal by goal, on global and national priorities.

Numerical targets for priorities or distortion

Numerical targets make the MDGs more powerful than a statement of aspirations because they imply firm commitments to take action. Performance can be measured and people can hold governments accountable. Yet here again there are downsides.

First, the targets, which were set at unrealistic levels for the poorest countries to achieve⁵ have been sharply criticized for arbitrary and inconsistent methodology, as well as their resultant bias against Africa.⁶

Second, the faulty target setting is compounded when 'meeting the 2015 goals' is used as a metric for evaluating country performance. Being 'on track' to meet the MDGs has widely been used as evidence of good government performance. Conversely, not being 'on track' to meet the goals is seen as evidence of incompetence and neglect. This makes no sense. Whether a country is on track depends as much on its starting point as its effort. A more appropriate metric would be the pace of progress, not shortfall from the target. By that measure, the best performers are countries far from achieving the goals, mostly in Sub-Saharan Africa.⁷

Third, many targets created perverse incentives, from as bulldozing slums to meet the slums goal, to weight gain, ultimately resulting in obesity, to achieve the undernourishment goal.

Thus the numerical targets do not provide a reliable framework for priority setting and worse, can also distort governance performance judgment and create false incentives.

Consensus

The MDGs built an unprecedented consensus behind a framework for international development cooperation that defined ending poverty as its over-arching purpose. The strength of the MDGs is that they prioritize the state of human well being and the need to act urgently against dire states of poverty. Yet here again, there is a downside: privileging consensus favours the lowest common denominator, an agenda that builds on status quo thinking. Thus, unsurprisingly, the MDGs' lack of ambition is often criticized, particularly for not aligning with the transformative vision of the Millennium Declaration⁸

While the MDGs derive from the Millennium Declaration, all that is transformative in that Declaration – the commitments to solidarity, equality, and the respect for human rights and democracy – has been left out. The human rights community has been particularly critical of the failure to incorporate important human rights norms such as equality, non-discrimination, participation and accountability. The MDGs leave out the most progressive elements of development conference agendas in the 1990s that reaffirmed education, food, health, women's equality, and other human development objectives as human rights. These agendas recognized the need for change in social norms and power structures to rid societies of poverty. The reproductive health agenda is an apt illustration; a major advance of the 1990s, it was deliberately⁹ left out of the Millennium Declaration and the 2001 MDGs, and was only incorporated as a target in 2005 after much lobbying by key stakeholders.

A consensus agenda unavoidably reflects existing power structures. Here again, another major criticism of the MDGs is that they reflect a donor driven agenda, pushed by development agencies and bilateral donors as part of a new strategy for consolidating aid¹⁰. A consensus agenda is therefore not necessarily in the interests of the Global South. This is clearly reflected in MDG8, strengthening global partnerships, which lacks accountability and quantitative targets for the Global North.

Avoiding the pitfalls of misuse

Simplicity, numerical targets and consensus are rightfully identified as core strengths of the MDGs, creating the power to communicate ending poverty as an objective and mobilizing support for this urgent global priority. But these strengths become weaknesses when the MDGs are used for other purposes. As a planning framework, the goals are too narrow and the targets poorly defined, susceptible to distorting priorities and evaluation of performance. As the recent Lancet editorial concluded, simplicity "has proven to be a doubled-edged sword (...) that has encouraged vertical programming". It encourages silo approaches depending on technological solutions without attention to the need for social change.¹¹ Similarly, as an accountability framework they distort performance assessments, highly biased against countries with the least means and largest challenges. This is not surprising, since global goals are set through a normative process of international negotiations to agree on common, global priorities, not a technocratic process of planning.

Yet the purpose of global goals was never intended to be to create a global central plan, but to create a normative framework with benchmarks for evaluating progress. While global goals define some important priorities, targets and indicators help monitor progress towards those aspirations.¹²

Drawing on the success of the MDGs, many urge goal-setting to continue in the post-2015 development agenda. Goals remain a powerful communications tool that can raise awareness and galvanize collective global support and solidarity for urgent but neglected priorities. We should avoid the pitfall of overextending the MDGs beyond their purpose as global goals setting aspirational priorities, and the targets and indicators as benchmarks to monitor progress.

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Notes:

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2. UN Task Team, 2012, *Realizing the Future We Want: A Report to the Secretary General*. www.un.org/en/development/desa/policy/untaskteam_undf/report.shtml accessed March 20, 2013
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8. UN Committee on Development Policy (2012) Policy Brief UN Development Strategy beyond 2015; Charles Gore (2010) *The MDGs, Productive Capacity and the Future of Development Cooperation*, IDS Bulletin, University of Sussex; Sakiko Fukuda-Parr (2011) *Theory and Policy in International Development: human development and capability approach and the Millennium Development Goals*, International Studies Review 131:1 122-132
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What Role for Equality in the Post-2015 Development Agenda?

Martin Dahinden

As the target date of the Millennium Development Goals comes closer and the discussion on a new global framework unfolds, the expectation to effectively address inequalities are high.

But what kind of equality do we exactly refer to and how shall it be established?



Equality is not a new issue in the international debate on global development goals. Already in the Millennium Declaration, adopted by the UN Member States at the turn of the century in 2000, equality was identified as a fundamental value. Nevertheless, the implementation of the corresponding goal framework of the Millennium Development Goals (MDGs) has not translated into real equity and equal opportunity. While, globally spoken, income poverty has remarkably decreased since 2000, in many societies around the world – in low, middle and high income countries likewise – the social gap has even widened.

While equality mostly lacks a comprehensive definition, inequality, in turn, is often clearly referred to as any specific form of discrimination. Examples include, and are not limited to: discrimination related to gender, age, ethnic and indigenous identity, minority status, disability, sexual orientation, and poverty. While all kinds of disparity are subsumed under the notion of “inequalities”, it seems evident that the mentioned types are of different nature. Who would contest that the question of (in-)equality between ethnicities, e.g. a member of the Yanomani-tribe in the Amazon region and a citizen of a Western European state, has a different connotation than the one with regard to non-handicapped and quadriplegic persons? The example shows that inequalities have to refer to much more than just “difference”, and that, when calling for equality, the diversity of human beings has to be taken into account.

In view of elaborating effective policies, programmes and interventions to address inequalities and improve the lives of disadvantaged people, we should therefore, first of all, clarify what kind of equality we are striving for.

Equality of what?

In recent years, national income inequality has received a prominent focus, in particular with regard to the high level of income inequality in Middle-Income Countries (MICs). With its in-comparable growth, China has lifted millions out of poverty in the last decades. Meanwhile, it has been facing a steep rise in income inequality. Other cases of rising domestic inequality include India and South Africa. Brazil provides a notable exception to this trend but still has one of the highest inequality rates in terms of income.

(...) inequalities have to refer to much more than just “difference”, and that, when calling for equality, the diversity of human beings has to be taken into account.

However, it is sufficiently known that distributional equality of goods is not the answer to the global challenges we are facing today. For a true equity agenda, a simple focus on income inequality and measures to provide decent minimum floors remains insufficient. If people were similar, then an index of primary goods would be an adequate way of judging advantage. In cases of uneven access to goods, including global public goods, redistribution might be an appropriate mean, but it is not the adequate measure to tackle, for instance, the discrimination of a specific ethnic group.

Since people have very different needs varying with health, longevity, climatic conditions, location, work conditions, etc., different responses are required. Therefore, speaking with Amartya Sen, what real development should promote is *basic capability equality*. The notion of such equality is a very general one, but its application is concrete. It has to be culture-dependent, particularly in the weighting of different capabilities. Equality defined in this sense refers to a person's ability to do certain basic things, such as to move about, to meet one's nutritional requirements, to be clothed and sheltered, or to participate in the social life of a community.

In other words, when calling to address inequalities, we should make it clear and claim equality of capabilities. And when striving for equal capabilities, we should promote equal opportunities and equal rights.

Equal opportunities and equal rights

Any response to inequalities has to be guided by human rights. The Universal Declaration of Human Rights and a range of international human rights covenants provide clear standards and guidance on what expressions of “difference” can be defined as “inequalities”. The human rights framework states that all people are entitled to all rights, and no-one must experience discrimination on the basis of race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status. Thus, human rights offer compelling means for putting inequalities at the centre of development policies and practice, and the post-2015 development framework must reflect this.

To address the structural drivers of inequalities, a new development framework post-2015 has to be based on the recognition that all people have rights. It

has to incorporate and reflect the human rights principles of universality and non-discrimination, participation and accountability. But this is not enough. Equality depends on the *realization* of human rights. However, real outcomes in this regard are not easy to identify. The fact that children are given the same right and opportunity to attend school does not imply that they have the same opportunity to visit classes, to learn, to get lessons of good quality, to be fairly evaluated, etc. Therefore, in practice, equality of both opportunities and real outcomes are not to be separated. The concept of basic capability equality accommodates both aspects and ensures that structural drivers of inequalities are addressed, allowing for the realization of rights and opportunities.

To tackle inequality of capabilities, systemic structures need to be transformed. Such an agenda would challenge unequal power structures, engage with cultural values, and deal with political economy factors that impede on equality of opportunity. This is a complex and politically sensitive task that requires a complex set of measures and goals.

Need for transformative change

Persistently high levels of inequalities are not only incompatible with the achievement of human rights, they endanger economic growth, political stability, and social cohesion. This might be the reason why there is great recognition that a comprehensive development framework is needed to effectively address inequalities. As elaborated above, such a framework will have to go beyond redistribution of goods, beyond poverty in poor countries, and beyond the transfer of resources from rich countries to people living in poverty. Doing more for disadvantaged people is not identical with fighting inequalities, since only symptoms of the latter are targeted. Despite possible improvements in line with development indicators, business as usual in terms of (income) poverty reduction does not result in effective changes of structural barriers which limit freedom, dignity and social opportunities.

Equality depends on the *realization* of human rights.

What is needed to establish equality of capabilities in societies all around the world, is transformative change, i.e. creating conditions in all countries where all people enjoy equality of rights and opportunity. Equitable societies promote social capital, social cohesion, stability and thereby innovation and sustainable economic growth. It is hence in the interest of every society member to create conditions which provide prosperous and equitable development through targeted, coherent and transformative policies and actions. Inclusive and intergenerational growth and decent work has to be promoted, with a special and increased attention to priority needs and rights of poor, vulnerable and marginalized people.

Equitable societies promote social capital, social cohesion, stability and thereby innovation and sustainable economic growth.

The recent global thematic consultation on inequalities by the UN Development Group in the context of the Post-2015 Development Agenda¹ came to the conclusion that a framework for transformative change in order to reduce inequalities entails action at four levels:

1. Legal, social and economic poverty
2. Protection from discrimination, exploitation and harm
3. Levelling up measures
4. Capacity to claim.

At each of these levels sets of action have to be defined which encompass the economic, social, environmental, and political domains. While it is evident that entitlements to equality and non-discrimination have to be enforced by law (guided by the human rights framework) in each country (level 1), states are also requested to ensure protection of people from discrimination, violence, exploitation and harm (level 2). Transformative changes at these levels will only be possible through progressive economic and social policies. In turn, the implementation of such policies will only have an impact on equality of capabilities, if specific measures are applied to strengthen the capacity of discriminated individuals to

claim and realize their rights (level 3 and 4).
Equality in the Post-2015 framework

The legitimacy of the Post-2015 Development Agenda will be measured by whether and how it will tackle global inequalities. A future set of international development goals will have to promote greater equality of capabilities across sectors and policies. Addressing inequalities, both within and between countries, also requires fair and just rules and practices in international relations. In this context, policy coherence is crucial, particularly in areas including trade, finance, investment, taxation and corporate accountability. A specific goal on inequalities would have to consider targets in each domain of critical need. Thereby, state accountability has to be fostered at all levels mentioned above, cutting across sectoral policies and programmes.

Switzerland advocates the integration of inequalities into the post-2015 development framework. On the one hand, equality (of capabilities) should be among the main principles on which the new framework is based on. This would imply a prioritization on improving life opportunities and capabilities of the poorest and most vulnerable, while – given the universal nature of a future framework – extending to marginalized people in all countries. On the other hand, specific targets have to be established, either within a specific goal on inequalities or integrated in other goal areas, with the aim to eliminate all forms of discrimination. Only in this way, a post-2015 development framework will have a transformative effect and, eventually, a real impact on people's lives and dignity.

Note:

1. www.worldwewant2015.org/node/299198

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The Post-2015 Development Debate:

Domestic Resource Mobilisation and Bringing the Informal Sector on Board

Pindie Nyandoro

The post-2015 development agenda should promote sustainability and inclusiveness through innovation of effective financing options, the preservation of the environment, and the inclusion of the informal sector.



The post-2015 development agenda is premised on *sustainable development* which, according to the World Commission on Environment and Development¹ meets the needs of the present without compromising the ability of the future generations to meet their own needs. For this to happen, the development process must ensure that resources are used sustainably, i.e. meeting human needs while also preserving the environment.

The *sustainable development* agenda must tackle myriad challenges that face Africa today. These include rapid population growth, which is straining resource use in Africa; man-made and natural disasters, for which most countries are ill-prepared; ineffective policies for addressing the crises in Africa, exacerbated by outmoded laws and lack of capacity in enforcing laws for environmental protection; high dependency on primary commodities, exacerbated by declining (or volatile) commodity prices and unfair trade practices; and very poor financial resource mobilisation. This article focuses on this latter aspect.

Financing the development process in Africa

Given that African financial systems are among the smallest in the world as measured by private credit to GDP, for example, the continent must look beyond traditional financing arrangements. Domestic resources are usually not adequate to meet the development requirements of a continent that is playing catch-up in a highly competitive global village. Yet, as Africa keeps growing, it is important that African Governments mobilise and allocate more resources towards development.

Financial innovation is helping Africa expand the coverage of financial services. Mobile banking is a good example of how African financial systems are providing access to basic payment services through mobile phones, even without a bank account. Another example of financial innovation is tailor-making the credit assessment process to the circumstances of Africa entrepreneurs through the use of psychometric assessments as a low-cost, automated screening tool to identify high-potential entrepreneurs. The Standard Bank Group for

instance has been very successful with their product – “SME Quick Loans” which makes the use of psychometric testing as opposed to financial analysis. With agriculture being a significant subsistence and commercial activity on the continent, farmers’ fortunes are being supported by the creation of suitable agricultural insurance products.

Africa is making efforts to reach out to previously unbanked parts of the population. Successes have been realized through the cell phone-based M-Pesa in Kenya. Ecocash in Zimbabwe and the basic transaction accounts, such as Mzansi accounts in South Africa.

With improvements in the business environment, the private sector is growing in confidence to do business in Africa, representing an important opportunity for private sector driven development. Africa has immense opportunities to ride on successful implementation of private public sector partnerships in the areas of infrastructure development and social services provision. This option has been tried and tested in some parts of the continent, with success stories in the water supply systems in West Africa and transportation projects in Southern Africa.

Africa still needs to deepen the financial systems through the development and expansion of local and regional pension funds and life insurance markets; as well as local and regional bond trading markets. This will enable mobilisation of medium to long-term finance which is seriously scarce at the moment.

Bringing in the informal sector into the development process

There is an argument that since the developed economies are not driven by informal sector activities it is flawed to attempt to drive economic progress through the informal sector activities. This argument does not recognise that in some parts of Africa this sector contributes more than 60% of employment and income. As such there is no better development process that includes the majority of economic players.

Financial institutions often find the risk of doing business in the informal sector as higher than with formal businesses. The problem is exacerbated by the lack of

information for traditional credit rating tools. Innovations using alternative assessment tools such as psychometric evaluation of borrowers represent workable options to promote access to financial resources in this sector. Training programmes tailor made for the requirements of the informal sector entrepreneurs are not readily available and affordable. This would require those who design education systems to be responsive to this growing need. Small traders, hawkers and backyard industries are often not properly regulated leading to harassment, frequent arrest of traders, and confiscation of their goods and punitive fines. In most cases these traders need assistance, for example by designating specific zones for their activities. There are potential fiscal revenue benefits to be achieved by legalising and properly catering for the development needs of the informal sector.

In conclusion, the challenge of developing the financial sector in most underdeveloped countries can be summarized using one word: “costs”. This refers to costs of putting up infrastructure to service the majority of people previously excluded from the formal financial sector, i.e. buildings, telecommunications, systems, or costs related to educating the masses about formal banking structures i.e. requirements for minimum deposit, credit issues, KYC and anti money laundering issues inter alia. This is a cost banks should not shy away from as in the long run the survival of the banks specifically as well as the development of the countries in general will depend on successful implementation of Financial Inclusion.

Note:

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Towards a Transformative Post-2015 Development Agenda

Bartholomew Armah

Africa is making rapid progress on the Millennium Development Goals (MDGs) despite its initial conditions and the failure of development partners to make good on their commitments for official development assistance (ODA). Even though the continent is unlikely to meet all the goals by 2015, the continent is on track to achieve primary school enrolment and gender parity in primary education.



Enrolment in primary schools is up from 64 percent in 2000 to 87 percent in 2010. Women across Africa are becoming more empowered, with more girls attending both primary and secondary school, and more women in positions of political power. And, even though most African countries are unlikely to achieve the MDG health targets, the rate of progress has accelerated in recent years. Africa is also actively adopting new technologies particularly through innovative applications of mobile phones for financial transactions. Overall, both the rate of extreme poverty and the absolute number of poor in Africa declined between 2005 and 2008 (from 56.5 to 47.5 per cent - excluding North Africa, or 19 million people less).

But more needs to be done. The continent faces the overarching challenges of inequality, low quality of service delivery and vulnerability to economic and climate-related shocks. And notwithstanding rapid growth in recent years, almost half the African population is below the poverty line, unemployment particularly among the youth is high, over a third of primary school pupils drop out of school and child and maternal deaths are above the global average. Vulnerable employment accounts for some 70 per cent of employment growth, and is largely overrepresented by women. Poor sanitation, limited access to improved drinking water sources and declining forest cover are among the most pressing environmental challenges facing the continent and climate change is likely to exacerbate the problem.

Beyond 2015

With the target year of 2015 rapidly approaching it is imperative to ensure that most if not all the MDGs targets are met. In parallel it is essential for the continent to play a central role in shaping the contours of the successor development framework dubbed the post-2015 development agenda.

In 2011, the United Nations Economic Commission for Africa (UNECA) began the process of facilitating consultations aimed at identifying Africa's priorities for the post-2015 development agenda. In 2012 this

initiative was reinforced by a mandate by the African Union heads of state, which called on UNECA, in partnership with the African Union Commission (AUC) and other pan-African institutions, to deepen the consultations with the objective of formulating an African common position on the issue. The findings will feed into the report of the High Level Panel on the post-2015 development agenda set up by the UN Secretary General, a regional perspective report on the post-2015 agenda authored by the five UN regional commissions and the Secretary General's report on the same subject in September 2013.

So far, the consultations point to a post-2015 agenda that:

- promotes African countries' resilience to socio-economic and climate-related shocks by addressing associated vulnerabilities;
- adapts the current framework to new and emerging development challenges, and;
- focuses on both the *outcomes* and *enablers* of development.

Towards transformation

The overarching priority is for an economic transformative agenda that:

- promotes sustainable and inclusive growth;
- is underpinned by human development, technological adaptation and innovation, and;
- is facilitated by an enabling domestic and external environment.

The key elements of an effective transformation agenda for Africa comprise: a declining share of agriculture in GDP and employment; the transformation of rural areas into vibrant hubs of agri-business and industrial activity; the rise of a modern industrial and service economy; the translation of Africa's youth bulge into a demographic dividend; access to social services that meet minimum standards of quality regardless of location; reduced inequality – spatial and gender; and progression towards an inclusive green growth trajectory.

Realizing the transformation agenda

Economic transformation is unlikely to be achieved through the unfettered actions of the market. It requires: visionary leadership and a democratic and capable state; a healthy and well educated population; value chains that link raw material producers to end users; fair access to local, regional and global markets; access to technology; inclusive green growth initiatives that tap into national endowments and sources of competitive advantage, such as solar energy; a vibrant civil society that engages and enforces accountability; and a robust and sustainable financing architecture that draws on domestic and external sources.

However, to be sustainable, transformation must be anchored by an enabling domestic and global environment. Important enablers for Africa include enhanced peace and security, good governance, human rights for all, strengthened access to justice and equality, and enhanced capacity to measure progress.

Invariably, economic transformation and social development are inextricably linked and mutually reinforcing. The post-2015 development agenda provides a unique opportunity to integrate both the economic and social dimensions of development through the lens of transformation. It also presents an opportunity for early engagement of a broad segment of stakeholders in the consultation process, a dimension which was conspicuously missing from the MDGs. The Economic Commission for Africa has been instrumental in facilitating early engagement of African stakeholders in the process. The challenge is to ensure that Africa's priorities are credibly reflected in the successor framework. There is no doubt that stakeholders will be vigilant and keep a watchful eye on the process as well as its outcomes.

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Global Collective Action post-2015: Insights from the European Report on Development 2013

James Mackie



With the 2015 deadline of the Millennium Development Goals just around the corner, the international community has a unique opportunity to review the global development agenda and adapt it to changing circumstances.

While the MDGs have on balance been a very positive experiment in global action with some good progress on poverty to report and the Millennium Declaration's vision of inclusive and sustainable development remains as valid today as it was a dozen years ago, the Goals have not been entirely successful and there remain major global challenges which impact negatively on poverty. So what precisely should we learn from this experience and how should the agenda going forward be improved? This is the question addressed by the European Development Report 2013 (ERD 2013) published this month.

The ERD 2013 comes to four main conclusions. First, the new agenda should be transformative if the international community is indeed committed to eradicating poverty rather than just reducing its incidence. In other words the new agenda should seek to promote economic and social structural change and not just increase social support even though this remains valuable. Second, the new agenda needs to clearly put national ownership of development processes at the forefront and ensure the international framework comes in support of this national effort. Third, there is an urgent need to scale up global collective action and extend it to other fields than just development cooperation so as to create an international environment that is conducive to development. This means not just more and better official development assistance (ODA), but also international regimes in other areas such as trade, investment, migration that are also supportive to development. Finally, it is important not just to think about setting new goals, but also about the instruments used to achieve them. Thus the content of MDG8, on the 'global partnership for development', should not just be seen as a last minute add-on, but rather as central to the new framework and therefore requiring the same attention and monitoring as some of the more concrete poverty goals.

The ERD 2013 draws on wide-ranging research and consultations as well as four country studies conducted by national research institutes in Nepal, Rwanda, Côte d'Ivoire and Peru, to explore how global collective action can best support the efforts of developing countries to achieve development.

Failures to reach international agreement in trade or climate change or on a transparent international financial system have also contributed to this disappointing outcome.

Experience with the MDGs varies considerably from country to country. While they have been one of the most successful ventures ever to encourage global collective action around a limited number of goals, they have also been criticized for omitting various issues important for development. Translation into the national context has often been difficult so uptake has been mixed. The MDGs were prominent mostly in countries dependent on ODA, but for middle-income countries (MICs) such as Peru they were not particularly relevant as a source of inspiration or reference. While richer international partner countries, such as the EU, have supported the MDGs and integrated them into their development cooperation, reaching the agreed ODA target and other global partnership goals has been more difficult. Failures to reach international agreement in trade or climate change or on a transparent international financial system have also contributed to this disappointing outcome.

The world has changed

Despite the progress made with the MDGs, there is thus still much to be done. The scale, urgency and international nature of many of the development challenges facing the international community mean there is a strong rationale to establish a new development framework to motivate continued concerted effort and collective action. Devising a post-2015 framework will need to build on the MDG experience, take into account the changing context and projected trends into the future.

Demographic trends point to a still expanding world population, with varying age distributions in different regions, growing urbanization and rising consumption putting increasing pressure on environmental, social and economic systems. Together with the long-term impact of the on-going global financial and economic crisis, these suggest a bleak prospect for global development in the absence of effective global collective action. At the same time, research has given us a better understanding of the multi-faceted and dynamic nature of poverty and exclusion that a new framework needs to address.

The international setting has also changed with the rise of Brazil, China and India and other countries as global actors and a rapidly evolving global political and economic context. New forms of cooperation between emerging economies and poorer countries have arisen, offering developing countries other opportunities for development support. More actors will mean more complex negotiations for a new framework, but also more potential contributors to solutions, and make a transparent and participative negotiation process all the more crucial. The success of the new framework will depend on the degree to which it is 'owned' by its many stakeholders.

To achieve a vision of inclusive and sustainable development, there is thus an

urgent need to move 'beyond the MDGs' and encompass a more comprehensive set of objectives. Equally, while traditional aid is still important, the ERD argues that collective action should go 'beyond aid' and use a broader range of finance and policy tools.

The 'What' of the framework - Going beyond the MDGs

Our improved understanding of the multi-dimensional and dynamic nature of poverty suggests both absolute and relative poverty should be addressed, from an income and a non-income perspective. Multiple and differentiated poverty measures, which also capture social inclusion and inequality, should be used. While the eradication of poverty is still the core concern, a broader goal of inclusive and sustainable development requires a new development agenda that is transformational. This entails a stronger emphasis on the promotion of structural economic transformation, in particular the creation of productive employment, the respect of environmental planetary boundaries as well as social transformation emphasising inclusiveness. Only then can poverty be eradicated sustainably and in turn feed into a sustainable path of development. Simultaneously a new agenda needs to put greater emphasis on processes and transition paths that are to a large extent determined by political economy factors.

How to achieve the goals? - Improving Aid but going further

To achieve a wider set of goals and a transformative agenda in line with the vision of the Millennium Declaration, a post-2015 framework needs to incorporate three important features.

First, it needs to motivate greater international collective action through global public policies. This is essential to establish an international environment that is conducive for development. There are various global issues that affect the ability of individual countries to pursue development outcomes in areas such as international finance, trade and investment or migration and should be tackled in the new framework.

Second, the resources and tools to achieve post-2015 goals will need to be expanded beyond aid¹. ODA is still important and should be increased, made more effective and allocated in a way that maximizes impact and leverages other inputs. Yet a range of other development finance sources will also be required. Domestic financial resources are particularly important as they provide the greatest policy space for

countries to pursue their development goals. International action on illicit financial flows can help countries improve their fiscal revenue raising. Private domestic investment, foreign direct investment (FDI) as well as new forms of South-South cooperation should be encouraged and their transparency increased to improve coordination. However, other policy areas also have significant effects on development outcomes and need to be designed in a manner to support inclusive and sustainable development. The ERD has thus also looked at the roles of trade and investment and labour migration.²

Third, and most crucially, developing countries need space to develop their own policies and choose their own development trajectories. Global collective action should be geared towards establishing a new framework, which is sufficiently flexible to cater for diverse national circumstances and accommodate a diversity of development trajectories.

(...) developing countries need space to develop their own policies and choose their own development trajectories.

What role for the EU?

The EU has promoted the MDGs through its policy development, by increasing and improving the effectiveness of its development assistance and through its willingness to cooperate with international partners. It is important the EU member states and institutions continue to build on this record and support a new global development framework.

More concretely, there are four key roles for the EU to play in a post-2015 context. First, increased financial resources are needed to tackle the various challenges. Despite current difficulties to achieve their commitment to the 0.7% ODA/GNI target, EU donors should continue to increase ODA levels. The EU also needs to further improve the effectiveness of its aid so to maximize impact.

Second, for a transformational post-2015 agenda to materialize, promoting Policy

Coherence for Development (PCD) is crucial. Other policies such as security, trade and migration should not thwart development prospects but rather reinforce positive inclusive and sustainable development outcomes. Progress on PCD may not be easy, but these efforts are increasingly important in the post-2015 context and it is here where the EU's potentially most valuable contribution to a new global framework lies.

Third, the EU has considerable weight in international negotiations on global public policies. Notwithstanding the increasing complexity of global relations and the absence of easy solutions, the EU is still in a relatively strong position to set an example and persuade others to undertake development-friendly reviews of current and potential international regimes.

Much of the success of a new global framework will depend on whether a post-2015 framework will be able to strike several difficult balances. Learning from the experience of the MDGs, it is important to avoid producing a long list of good intentions, but rather restrict the number of goals and indicators to focus efforts. At the same time, to achieve the overall objective of inclusive and sustainable development, a number of complementary agendas, such as climate change or international trade, often discussed in isolation need to come together and reinforce each other. The danger of overload is real. A post-2015 agreement may thus be best conceived of as a framework that brings together a series of interlocking and mutually dependent and supportive agendas.

Notes:

1. See the article in this issue by Florence Dafe, Renate Hartwig and Heiner Janus (page 16)
2. See the articles in this issue by Jodie Keane and Yurendra Basnett (page 18) and by Anna Knoll (page 20).

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Yet Another Agenda: Raising the Quantity and Quality of Development Financing Beyond 2015

Florence Dafe, Renate Hartwig and Heiner Janus

Putting a potentially ambitious post-2015 development agenda on a financially sustainable footing will require the international community to move beyond aid by exploring the full range of development finance sources and reforming international policies.¹



Development financing needs beyond 2015 will be substantial. Any new post-Millennium Development Goals (MDGs) framework that seeks to move beyond its current focus on social sectors and give greater weight to concerns such as environmental sustainability, productive sector development or persisting income inequality in developing countries will be costly. For instance, the OECD estimates² that each year around US\$ 120 billion will be needed until 2015 and still US\$ 60 billion annually in the following years to achieve the poverty, education and health-related MDGs. The World Bank suggests that the cost of adaptation to climate change in developing countries alone will be between US\$ 70 and 100 billion a year between 2010 and 2050.³ In comparison, official development assistance (ODA) reached about US\$ 133.5 billion in 2011, whereby ODA figures include administrative costs, debt relief etc. - country programmable aid was only US\$ 93.1 billion in 2011. Clearly such estimates are methodologically problematic because they assume a simplistic link between inputs and development outcomes, neglecting for instance absorption challenges in developing countries, decreasing returns on aid, and spillovers between goals. However, the figures do bear the important message that additional efforts are required in order to achieve any new development agenda based on inclusive and sustainable development.

A challenging environment to raise development finance

While the financial flows to developing countries increased and became more diversified since the adoption of the MDGs, the global financial crisis has created a difficult economic and political environment to raise additional financial resources for development. For instance, foreign direct investment (FDI) and portfolio investment, which both had increased over the past decade, slumped during the global financial crisis showing now weak signs of recovery.

This especially hit upper middle-income countries (UMICs) hard, since they have been attracting comparatively more investment than lower middle-income countries (LMICs) and low-income countries (LICs). Remittances to developing countries, which had also been rising since 2000, particularly in middle-income countries (MICs), less in LICs, also dropped in response to the crisis. Yet they seem to be more stable than other private flows, quickly regaining pre-crisis levels in 2010. ODA to LMICs and LICs also rose over the past decade, while ODA to upper middle-income countries almost remained stable. However, 2010 marked a turning point. In 2011, ODA disbursements dropped by around 2.7% in real terms.

These trends suggest that private flows like remittances and FDI are likely to play an important role in financing development beyond 2015. They will be complemented by domestically mobilized resources which were boosted when many developing countries across the world experienced remarkable economic growth between 2000 and 2008. Nevertheless, ODA, measured in volume a much smaller flow than the others, remains important for LMICs and is still a primary source of revenue for LICs. The near stagnation and volatility of other external flows in these countries suggest that ODA will continue to be important, at least in the medium term. However, the failure of all but a handful of OECD countries to reach the commitment to provide 0.7% of gross national income (GNI) as ODA illustrate the existing difficulties in raising aid. In view of the austerity measures in donor countries, ODA is even less likely to increase. The global financial crisis has thus intensified the challenge to mobilise more and more stable development finance. Discussions on financing development post-2015 therefore need to focus as much on how to make more effective use of existing resources as on ways to increase their volume.

Sources of development finance and their potential

Developing countries should use the full range of development financing sources, but different types of funds should be used for different purposes as they vary with respect to their costs and benefits.

Take the example of domestic resource mobilization through taxation. Taxation has been highlighted in recent policy discussions about financing a post-2015 development agenda as a source for development finance for two main reasons. First, equitable tax systems underpin national development and may have positive effects on governance.⁴ Second, taxation provides substantial policy space (i.e. the room for decision-making) to developing countries because using tax revenues as opposed to other external sources of finance makes a country less dependent on the interests of external contributors, be they donors or investors. Both governance effects and policy space may positively affect the effectiveness with which funds are used. However, the volume of funds that can be raised, though it had been increasing over the past decade, is limited because many LICs and LMICs still have little potential to raise additional taxes given their structural characteristics.⁵

Another example is aid provided through South-South-Cooperation (SSC). Rough estimates suggest that emerging economies currently provide about US\$ 15 billion in aid each year. But this figure may potentially rise to over US\$ 50 billion by 2025 and thus become a larger source of development finance.⁶ Clear estimates are difficult to obtain because aid is only one component of SSC, which often combines loans, grants, investments, trade and technical cooperation. Despite concerns by traditional donors about weak social, environmental or governance standards of individual SSC projects for instance, developing countries still show

a high demand for SSC. Many developing countries perceive the policy space associated with financial assistance received through SSC as wider than with traditional ODA. Following the principle of 'non-interference', SSC tends not to be conditional on the adoption of policies regarding governance, or economic and institutional reform. Moreover, many developing countries appreciate SSC for its investments in infrastructure and productive sector development because it complements the activities of traditional donors, who have tended to focus on social sectors such as health and education since the adoption of the MDGs.

Both taxation and financial assistance provided through SSC can make significant contributions to financing development. Still, the costs of development, including the costs of addressing global challenges, such as climate change and global financial instability, exceed what developing countries – including providers of SSC are still classified – can meet on their own. Traditional ODA is thus likely to maintain an important role. Therefore efforts to improve aid effectiveness through innovative approaches like results-based aid⁷ and to increase ODA or at least maintain it at current levels through innovative financing instruments like blending⁸ remain important. Yet the expansion of ODA has lost some of its appeal due in part to the failure to reach longstanding targets, the increase in other financial flows and the importance of national and international policies to enhance the contribution that finance makes to development. The international community therefore needs to look at additional steps it can take to finance development.

Beyond borders and funds: The role of international cooperation

International policies have important effects on the contribution any financial flow can make to development. The scope for taxation, for instance, is also determined by international tax regimes. The level and effectiveness of development cooperation depends on the form of institutional engagement between donors and developing countries. The size and volatility of external capital flows to developing countries such as aid or private investment is also determined by international financial regulation. As globalization has increased the impacts of international policies on developing countries, development cooperation post-2015 must focus as much on reforming international policies as on financing and improving the policy environment in developing countries.

For developing countries to benefit from larger and more diversified sources of development finance, it is particularly important that the international community

becomes active in two areas: First, international cooperation for a development-friendly international financial system. Reforming the global financial system with a view to enhance financial stability would help to reduce the volatility of external financial flows, which – both public and private – had experienced a sharp drop in response to the global financial crisis. Reforming the global financial system with a view to curbing illicit financial flows, would also support development by increasing the scope to mobilize domestic resources in developing countries. Second, it is important that the international community becomes active in reforming development cooperation by enhancing the coordination of aid and other policies. In this area, advancing the international aid and development effectiveness agenda in a way that engages both traditional donors and providers of SSC is a priority. In addition, better international cooperation and coordination in global public goods provision⁹ is important. In the area of climate finance, for instance, enhanced coordination and cooperation between development and other external policies is crucial to ensure that any new climate finance architecture supports inclusive and sustainable development, and that climate finance complements and does not replace aid.

Discussions on financing development post-2015 therefore need to focus as much on how to make more effective use of existing resources as on ways to increase their volume.

Action at the international level is both appealing – because the international community can make a difference by changing its own policies – and politically challenging – because it may involve confronting interests of powerful countries or interest groups in powerful countries. However, if the international community genuinely seeks to put a potentially ambitious post-2015 development agenda on a financially sustainable footing, moving beyond aid by exploring the full range of financial resources and reforming international policies is the price they will have to pay.

Notes:

1. European Report on Development (2013). Chapter 7. Money: Development Finance, *European Report on Development 2013, Post-2015: Global Action for an inclusive and Sustainable Future*
2. OECD (2012) 'Can we still Achieve the Millennium Development Goals? From Costs to Policies', Paris: Development Centre Studies, OECD Publishing.
3. World Bank 2010. *The Economics of Adaptation to Climate Change*. Washington, DC: World Bank.
4. Bräutigam, D., Fjeldstad, O. H. & Moore, M. 2008. *Taxation and State-Building in Developing Countries: Capacity and Consent*, Cambridge and New York: Cambridge University Press.
5. OECD (2012) 'Can we still Achieve the Millennium Development Goals? From Costs to Policies', Paris: Development Centre Studies, OECD Publishing.
6. Kharas, H. & Rogerson, A. 2012. *Horizon 2025. Creative destruction in the aid industry*. London: Overseas Development Institute.
7. Results-based aid involves government-to-government aid whose provision is conditional upon the achievement of result agreed upon in government negotiations.
8. Blending involves the complementary use of grants and non-grant sources such as loans or risk capital to finance investment projects in developing countries.
9. Contrary to private goods, public goods are goods that are non-rival in consumption and non-excludable. The concept of global public goods applies these criteria of 'publicness' to the global level, referring to goods such as international financial stability or international security. Global public goods tend to be undersupplied due to free-riding since positive externalities can be enjoyed even without contributing to the good. Collective action failures in global public goods provision results in global public 'bads' such as climate change.

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Trade and Investment in the Post-2015 Agenda: What role should the EU play?

Jodie Keane and Yurendra Basnett

The MDGs did not pay sufficient attention to economic development. An active economic dimension must feature within the post-2015 agenda, to be anchored on a growth agenda, where trade and investment policies are seen as critical levers. The EU has a critical role to play in this process.



The focus brought by the Millennium Development Goals (MDGs) has produced noteworthy achievements in improving health and education outcomes as well as reducing poverty. But a key limitation of the MDGs was their failure to include dimensions of structural transformation and integrate the development of productive capacities. This meant that while issues of social development were largely addressed (mostly through aid), the MDGs did not pay sufficient attention to economic development. Now is the time to address this imbalance.

Any post-2015 global development agenda will arrive in a dramatically changed landscape of trade and investment compared to the time of the inception of MDGs. Emerging economies are accounting for an increasing share of the trade and investment portfolios of low income countries (LICs) and least developed countries (LDCs). These changes are being shaped by shifts in global value chains (GVCs) and production networks (GPNs), with Asia having emerged as a manufacturing hub. This evolving global context presents both opportunities and challenges for marginalised and vulnerable economies. However, LICs and LDCs currently face a number of economic challenges, which can limit their ability to both tap into and leverage these more dynamic forms of trade and investment flows for development.

To ensure that strategies adopted to achieve sustainable development are themselves sustainable, an active economic dimension must feature within the post-2015 agenda. This economic dimension must be anchored on a growth agenda, where trade and investment policies are seen as critical levers. This article discusses the potential role of European Union (EU) trade and investment policies within the post 2015 agenda. Because the EU is by far the largest market for LDC exports at the current time, how it chooses to position itself matters for such economies.

The Dragon Dance: Synchronising the actions of new and old actors towards a common goal

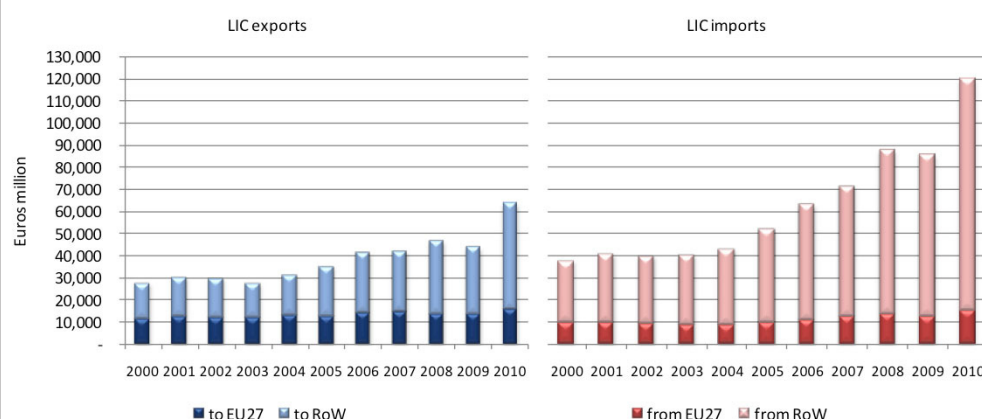
Notwithstanding important structural changes on-going within the global economy - which we expect to continue - the EU is at the current time the major trading partner for LDCs and LICs (as seen in Figure 1). Nevertheless, increasingly emerging economies are becoming important players: for many LICs, exports to developing countries have increased from around one-half to over two-thirds during the previous decade.¹

FDI flows to LICs from Brazil, Russia, India and China (BRICs) have increased rapidly over the past decade; amongst the BRICs, China has been the biggest investor in LICs, with Chinese FDI stock experiencing a 20-fold increase between 2003 and 2009.² The re-orientation of the global trade and investment landscape consisting of new and old actors present developmental opportunities and challenges for LDCs and LICs. For example, the Asian region is increasingly operating as

a manufacturing hub – referred to as ‘factory Asia’³ – with other countries and regions either being integrated into this international division of labour or being left out. Overall trends in consolidation across marketing and retailing nodes, which have become much more apparent in recent years, suggest that all types of trade are progressing towards more hierarchical and buyer-driven types of GVC governance structures.⁴

There is a need for more creative policies to tackle the structural problems that hamper the development of LDCs’ export capacities, for example resulting in the specialisation of primary commodities, rather than incentivising structural economic transformation. The post-2015 agenda needs to engage with these shifts and leverage potential new opportunities, whilst at the same time addressing risks of exclusion. There is increasing recognition of the need for global policy-makers to acknowledge and deal effectively with the structural shifts in terms of how trade flows: between nations, but coordinated by transnational

Figure 1. Value of LIC trade with the world



Note: In all years ‘LICs’ = the 36 countries so classified by the World Bank as at July 2012.

Source: Eurostat COMEXT database (value of trade with EU27); UN COMTRADE database (value of trade with all countries which have reported their trade values in each year).

and multinational firms which operate on an intra- and inter-firm basis.

For example, a recent strategy document on the formulation of an integrated industrial policy for the globalisation era for the EU, states that success in the intensively interacting new world economy depends on enterprises' ability to access international markets and exploit global value chains.⁵ This strategy document also makes clear the need for the development of an industrialisation policy that is fit for the globalisation era. The challenge for all policy-makers is to ensure that the economic benefits derived from participation in GVCs and GPNs facilitate rather than hinder the development of productive capabilities. This in turn depends on having effective governance structures in place, both in terms of how firms interact and in relation to how governments interact with firms. This is an area where the EU can exert its influence.

Within the multilateral governance structure, the Doha Development Round (DDR) remains at an impasse. The fact that there has been so little progress might suggest that it is not trade multilateralism as such which is at an impasse, but rather multilateralism in general as an approach to solving global issues. This hiatus calls for alternative development partnerships to be formulated, which could subsequently be brought into the framework of multilateral rules: a world without an active and live multilateral framework is likely to most disadvantage and further marginalise the LICs and LDCs. To play such a role there may be a need to de-couple the World Trade Organization from a rather narrow trade liberalization agenda, and instead associate it with an agenda for leveraging a broader set of trade policies for solving emerging global challenges.⁶

How can the EU help?

The European Commission's most recent communication on trade and development recognises that the landscape of trade and investment has changed dramatically in recent years.⁷ Although many of the reforms proposed are welcome, the EU needs to be bolder and use its unique position to lead in formulating more creative solutions to the trade and investment challenges faced by LICs, and to engage middle income countries in the process. It should also ensure that its reforms certainly do not contribute to the undermining of the progress made in meeting the MDGs to date. Some suggestions which have been drawn from our contribution to the forthcoming *European Report on Development*, and the background papers commissioned,⁸ include:

Making trade preferences more effective: The adverse potential macroeconomic effects of commodity dependence, as well as overseas development assistance flows more generally,

strengthens the case for trade preferences. A number of measures could make trade preference more effective, including the improvement as well as harmonisation of rules of origin, across regimes. Better targeted preferences that take into account changes in global trade could play an important role in helping LDCs and LICs integrate into dynamic global, as well as regional, supply chains. New preferences in new areas could also be offered in services trade.

Supporting trade facilitation: There are new opportunities for firms that can reduce their cost of importing and exporting in global markets. The Commission's recent proposals on trade facilitation are to be welcomed, but need to be put into practice. Moreover, there is scope for targeting EU's Aid for Trade towards alleviating the constraints LIC producers face in exporting to EU.⁹

Reducing vulnerabilities to external shocks: The EU could be more ambitious in enhancing resilience building efforts in the broader field of programmable aid, in addition to some reform of shock facilities and their operationalization; designing effective *ex-ante* rather than just *ex-post* interventions - aimed at preventing the emergence of vulnerabilities at a more macro level.

Enhancing productive investments: A post-2015 investment framework needs to take into account changes in the investment landscape and encourage a shift in flows towards LICs and LDCs whilst at the same time ensuring their sustainability. This could include through integrating investment policy in development strategy; incorporating sustainable development objectives in investment policy; and enhancing institutional capacity and quality.

Championing global economic cooperation: There is a need for a new framework for global economic cooperation that is inclusive of new actors, accountable to a wider set of stakeholders and responsive to emergent crisis. This could be in the form of what Pascal Lamy has referred to as the 'triangle of coherence' - achieving coherence between the G20, membership driven specialised agencies and the U.N. General Council.¹⁰ The EU could position itself in all three nodes of the triangle and play a leading role in championing a global framework for economic and development cooperation that is fit for purpose in the 21st century.

Notes:

1. Stevens, C. (2012), 'EU trade policy's contribution to a post-2015 consensus on international development: co-ordinated and differentiated EU trade, investment and development policy', *Background paper for the European Report on Development 2013*, Brussels: EU.

2. Mlachila, M. and Takebe, M. (2011) 'FDI from BRICs to LICs: Emerging Growth Driver?', IMF Working Paper WP/11/178, Washington, DC: International Monetary Fund.
3. Baldwin, R. (2008) 'Managing the Noodle Bowl: The Fragility of East Asian Regionalism', The Singapore Economic Review (SER), World Scientific Publishing Co Pte. Ltd., Vol. 53(03): 449-478.
4. Keane, J. (2012a) 'The governance of global value chains and the effects of the global financial crisis transmitted to producers in Africa and Asia', *Journal of Development Studies* 48(6):783-797.
5. EC (2010) 'An Integrated Industrial Policy for the Globalisation Era - Putting Competitiveness and Sustainability at Centre Stage', Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, COM (2010) 614 final, Brussels: European Commission.
6. See www.odi.org.uk/opinion/6212-time-world-trade-organization-change-tack
7. See <http://ec.europa.eu/trade/wider-agenda/development/>; for a collection of essays which comment on this document see www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7727.pdf
8. See Nissanke, M. and Kuleshov, A. (2012) 'An Agenda for International Action on Commodities and Development: Issues for EU Agenda beyond the MDGs', Background paper for the European Report on Development 2013, Brussels: EU. And Stevens (2012).
9. Basnett, Y. (2012). *The EC communication on trade, growth and development: A targeted approach to promoting Aid for Trade effectiveness*. In D. W. Te Velde (ed.), *The next decade of EU trade policy: Confronting challenges?* www.odi.org.uk/resources/docs/7747.pdf
10. See www.wto.org/english/news_e/sppl_e/sppl133_e.htm

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A Challenging Road Ahead: International Migration and the Post-2015 Agenda

Anna Knoll

As progress is being made in defining the contours of the next global development agenda to be in place after 2015, a variety of stakeholders have put forward new aspects to be considered. International migration and mobility has been one of them – for compelling reasons, given their potential for the achievement of development outcomes.



While migration was not included in the original Millennium Development Goals (MDGs) framework, there is some renewed attention to the issue in the context of the post-2015 development framework. The UN post-2015 Task Team has described migration and mobility as an important enabler for inclusive and sustainable development.

The European Commission has equally described migration and mobility as a 'driver' for inclusive and sustainable growth. From the sustainability side, the Rio+20 outcome document calls upon states to address international migration through cooperation while protecting migrants' human rights.

The next two years are important for global debates and policy processes concerning the migration and development nexus. Feeding into the post-MDG and the Sustainable Development Goals (SDGs) processes, which are likely to merge in an overall post-2015 agenda, in October the UN High Level Dialogue (HLD) on International Migration and Development will take place. This aims to identify 'relevant priorities in view of the preparation of the post-2015 development framework' through assessing the 'effects of international migration on sustainable development'.

Migration matters

Currently, there are 214 million registered international migrants, most of which have moved for work and of which a large amount live in developing countries. Short-term cross-border mobility seems to have increased and many more are moving within borders. The relationship between these migratory flows and development is complex. While there has been a lot of attention on the impact of international migration on development in both the country of origin and destination in the past years - e.g. exploring issues such as remittances, diaspora engagement, brain drain, contribution of migrants to the host-economy -, there has so far been less emphasis on how development and

development initiatives have influenced mobility and migration. Yet both these are important in finding policy responses to maximise the potential of migration and mobility for sustainable development while reducing negative effects – the overall theme of the HLD 2013.

Often, the act of crossing borders itself is to escape from poverty, thereby transforming the lives of the migrants and their families for the better. International mobility and the remittances migrants have sent back have had a significant impact on poverty reduction. Nepal is a case in point, as the case study conducted for the European Report on Development (ERD) 2013 highlights: 'Almost 20% of the decline in poverty in Nepal between 1995 and 2004 can be attributed to work-related migration and the remittances sent back home.'¹ Compared to other financial flows, the scale of remittance-flows is enormous. In 2010 a recorded \$325 billion of remittances directly reached people living in developing countries, this is approximately three times greater than the total official development assistance (ODA) for that year. World Bank estimates on informal remittances assume that actual flows are at least 50% higher than recorded flows. In Africa, remittances represent about 3% of total GDP² And there are observed positive effects of international migration and remittances on education, health and gender-equality.

Estimates of the potential global economic gains from liberalised international labour movements are also large, ranging up to 150% of global GDP – and are likely to surpass annual gains from full trade liberalization, ODA and debt relief together. Economies of developed, developing and emerging countries of destination have benefited from labour immigrants contributing to economic activity and performing important functions. For example, Cote D'Ivoire, one of the case study countries of the ERD 2013, has relied on migrant workers during the period

of economic growth from 1960 to 1978 to fill jobs at cocoa and other crop plantations. This enabled the economy to grow and was a factor in allowing Ivoirians to leave farms and move to urban areas, where they formed a more educated and prosperous middle class. In Thailand, migrant workers have positively contributed to Thailand's GDP. In most OECD countries as well, 'immigrants have made an important contribution to employment growth during the past decade'.³

Addressing negative effects

Despite the enormous potential of migration for development, one cannot ignore that international migration may also entail negative implications, which need to be taken seriously. These include negative effects on the health, security and well-being of migrants due to inadequate right provision and enforcement as many labour migrants take up so called 'dirty, difficult and dangerous' jobs. Others may relate to socio-economic effects for sending societies such as 'lost labour', 'brain drain', or to the possible negative effect on the psychological well-being of children due to outward migration of their parents. In Nepal, social phenomena such as an increase in divorces and elopement of spouses have been associated with high levels of male outward labour migration. In countries of destination concerns have been raised about negative implications for social cohesion and about the constraints additional immigrants can place on institutional capacity to provide services (e.g. health care) in developing countries. With regard to economic benefits, there are distributional effects at play and not all countries or all groups within countries may immediately benefit or benefit to the same extent. Whether economic impact is positive in destination countries depends on the match between skills and labour market needs and the way migrants are integrated in the host country. Yet, negative associations with mobility and migration are not always based on sound analysis and are often

exploited for political purposes in developed as well as developing countries.

Rather than responding to negative aspects by putting in place further restrictions on migration and mobility, emerging negative phenomena associated with migration should be taken into account in the design of policies. More so because it is reasonable to assume that pressures and demand for international migration will remain. Future demographic developments are characterized by ageing populations and declining work forces in many countries. The positive role of migration in maintaining the size of the labour force in OECD countries is expected to become more important in the future, especially in the European Union, where the share of young people has declined steadily over the last decades. But also China, for example, may soon aspire to attract international labour migrants.⁴ On the other hand many developing countries will experience a youth 'bulge' entering the labour market in the coming years. In addition, environmental change will interact with migration patterns in complex ways.

Elements to consider in the post-2015 context

In terms of substance, the case for acknowledging migrants' rights and the opportunities that global mobility and migration can offer in a post-2015 development framework is strong. Yet how migration and mobility might feature in a framework based on a limited number of measurable goals and targets is a challenging question. Various options can be envisaged, such as having a stand-alone goal related to migration and mobility, implementing separate (sub-) objectives for migrants under other thematic development goals such as health, gender or education, mainstreaming migration as an enabler at the local, national and global level, and committing to stronger global partnerships on migration and mobility.

Independent of the discussions on goals and indicators for migration and mobility and the form migration might enter a post-2015 framework, the ERD 2013 provides a number of elements that can help to strengthen the role migration and mobility can play for development in the post-2015 context.

The first element concerns the rights of migrants. Despite the wording of the Millennium Declaration to protect migrants, progress has been disappointing. The International community has made little progress in granting migrants rights in line with international Conventions such as the *UN International Convention on the Protection of the Rights of All Migrant Workers and*

members of their families or the Conventions of the International Labour Organization (ILO) focused on labour migrants (C97 and C143). Apart from the intrinsic value of protecting migrants' fundamental rights, this is 'essential for reaping the full benefits of international migration⁵ for sustainable

The positive role of migration in maintaining the size of the labour force in OECD countries is expected to become more important in the future.

development. Besides increasing ratification numbers of existing rights instruments, the information on migrants' rights collected by the UN and the ILO should be complemented by a comprehensive global migrants' rights index. Such an index could assess the rights migrants receive in countries, both by law and in practice, and help increase pressure to comply.

Second, more data and research are needed in various areas to advance the potential of migration and mobility for sustainable development outcomes and provide clear evidence on linkages of the nexus. Collecting necessary data can be at times quite easy: it may only involve adding a few questions to a national census.⁶ There is also scope to explore data to better match labour supply and demand on an international scale, which could be combined in the future with global agency that focuses on matching skills and jobs, ensure minimum labour standards and facilitate the issuing of visa.⁷ This can help creating new opportunities to the benefits of migrant, sending and receiving countries.

Third, in order to put migration and mobility higher on the agenda and to give migrants a voice and deal with the sectoral cross-cutting issues of migration independent of the type of goals pursued, better governance structures and institutional capacity need to be in place. This is not only the case at national or regional levels, but also at the UN level. Establishing a migration and mobility unit at the level of the Secretary General's Office could for example help to link various thematic sectors and closely cooperate with the existing Global Migration Group, international and regional institutions as well as governments to improve migration

governance for development. Moreover, as the European Commission has pointed out, there is a need to make migration an integral part of a whole range of sectoral policies, increase awareness within national governments departments⁸ and increase policy coherence for development in this area.

International migration does and will continue to have a significant positive impact on poverty reduction and sustainable development – an impact a post-2015 development framework should not ignore and upon which global partnerships for sustainable development should be build.

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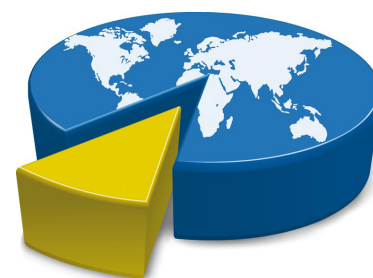
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Domestic Resource Mobilization and the Post-2015 Agenda

Aniket Bhushan

As the debate about what replaces the Millennium Development Goals (MDGs) heats up, it is time to think about who pays for what. Our preliminary analysis shows taxation¹ is featuring prominently in post-2015 proposals.



Estimates of gaps in financing to meet internationally agreed commitments such as the MDGs have grown over time. Funding gaps are too large to be met by external resources – such as foreign aid – alone. So how about other sources of financing? The most important of these is domestic revenue. Indeed domestic resource mobilization, or DRM, was recognized as a top priority by the Monterrey Consensus on Financing for Development² which accompanied the MDGs. Here, I examine the potential and expectations surrounding tax mobilization as a source of development finance, with a particular emphasis on sub-Saharan Africa.

MDG cost estimates over time

Estimating financing gaps is problematic because of the assumptions made in the process. That said, gap estimates at least provide a starting point for a conversation. The most recent estimates from the OECD³ place the total MDG financing cost at US\$120 billion, more than half of which would be needed in 20 low income countries. The cost of halving the number of people living in absolute poverty (below the international poverty benchmark of \$1.25 a day at purchasing power parity) is estimated at US\$5 billion, the majority, or US\$4.2 billion, of which would be needed in sub-Saharan Africa.

What about eliminating global poverty completely? At a higher and arguably more appropriate \$2 a day benchmark, Kharas and Rogerson⁴ estimate the cost of eliminating \$2 a day poverty through direct transfers (i.e. closing the poverty gap ratio) at US\$289 billion.

Two important shortcomings

Financing gap estimates make two key assumptions. First, that lack of financing is the 'binding' constraint, in that without removing this particular constraint further progress cannot be made (for example through more efficient spending or better policies and programs). Second, that additionally mobilized financing can be perfectly transferred to beneficiaries; for instance those living in absolute poverty can be identified and targeted without cost and without leakage. In the real world these assumptions do not hold, so the right way to interpret gap estimates is as a general reference.

Placing financing gap estimates in perspective

How do these gap estimates compare with what we know about the role played by foreign aid

currently? Closing the financing gap of US\$120 billion across 99 developing countries would require a tripling of the current level of country programmable aid⁵ (or the share of aid that is actually received by countries and over which they have meaningful control). If the global community wished to eliminate \$2 poverty around the world and was prepared to target all country programmable aid in just this one area, we would still end up with a shortfall of about US\$200 billion a year. The financing gaps in the health sector in sub-Saharan Africa has been estimated at US\$ 19.5 billion, while total country programmable aid spent on health is US\$ 8.7 billion. In other words even an immediate doubling of donor country programmable aid would not be enough to close the health funding gap.

Can DRM in Africa fill the gap?

Tax collection has been rising in Africa and reached little over 20% of regional GDP in 2009. However the ratio is less than 17% in more than half of African countries (primarily low income). Tax revenue is already over 10 times larger than ODA in Africa, and though this varies considerably across countries, it is helpful to remember that even on the poorest continent the majority of development financing is mobilized domestically.

But recent trends show that almost all the increase in tax mobilization in Africa has come in the form of taxes and other revenues collected from the natural resources sector.

This pattern is causing a split between African countries. While on the one hand there are those that are mobilizing sufficient tax revenues, mainly driven by the presence of natural resources, there are others that despite significant tax effort (including donor support) are simply working from too low a base. In fact while oil exporters are the main drivers of the quantitative rise in tax shares across Africa, non-oil producers, which collect relatively less by way of taxes, have made more progress in broadening their tax bases. Even in the best case scenarios however, these countries, which include non-resource rich, low income and some post-conflict and still fragile African states, are far from mobilizing enough domestic resources to close MDG financing gaps.

Double-edged sword

These countries and their development partners face a double-edged sword. They not only have the weakest DRM capacity and shallowest tax bases, they also have the weakest aid absorptive

capacity. Research shows⁶ that when aid reaches between 15 and 45% of GDP its effectiveness tends to decline, through effects on the exchange rate, inflation, interest rates and other channels that can heighten macroeconomic volatility. There are several African countries that would fall within this group including, for example, Liberia, Burundi, Mozambique, Malawi, Rwanda, Sierra Leone and the Democratic Republic of Congo. Many of these are fragile states, and as the 2011 World Development Report, *Conflict, Security and Development*⁷, acknowledged, no low-income fragile state is expected to achieve a single MDG.

Aid is already highly concentrated among fragile states⁸. Around 38% of global aid goes to fragile states (half of which goes to just 7 recipients: Afghanistan, DR Congo, Ethiopia, Haiti, Pakistan, West Bank & Gaza and Iraq). Strikingly, despite this, in recent years domestic revenue has been as much as five times as large as aid⁹ even in fragile states. It is reasonable to expect most non-resource rich fragile states will remain highly aid reliant for years to come.

DRM is not just about closing financing gaps

The good news is that if recent trends continue some African countries will outgrow financial aid¹⁰. This provides an opportunity to talk about how the aid system and donor approach needs to change, and how much we expect aid to contribute, and where, in the post-2015 agenda. This discussion has not even begun.

As we broach the issue we need to remember that DRM is not just about closing financing gaps. Neither can it be reduced to quantitative targets like raising mobilization ratios. Our own research and that of others like the African Development Bank presented at our DRM conferences¹¹ some years back, shows that when donors cut off the purse strings DRM doesn't exactly collapse. Quite the opposite. Throughout the 1980s and 1990s, Uganda and Burundi for instance experienced a marked reduction in aid due to conflict or embargo. However, despite having been highly aid dependent, both witnessed an increase in tax revenue during periods of reduced donor support. Instability provides incentives for leadership to grab what they can when they can. Abstract ratios may well rise, but mobilizing revenue by imposing punitive costs on the population is hardly what anyone is advocating. DRM ultimately ought to be about building a better state-citizen compact than exists across most sub-Saharan countries today.

Donor role in supporting DRM

The international community has been active in scaling up support of DRM efforts in Africa, most recently as evident in the support for the establishment of the African Tax Administration Forum (ATAF¹²). However research conducted by The North-South Institute¹³ finds that despite significant reforms to both tax policy and administration, tax mobilization performance has been mixed, limited by structural factors including low per capita income and very shallow tax bases. Furthermore, revenue foregone due to tax exemptions¹⁴ (not to mention avoidance¹⁵) is a significant drain on DRM for many countries in the region. This is often the result of lack of coordination between investment promotion objectives and resource mobilization needs. The region has been the most generous among developing regions in terms of granting tax exemptions, particularly in the natural resources sector, with uncertain impacts. Foregone revenues, in addition to large estimates of capital flight from the region¹⁶, suggest greater DRM potential even in some of the poorest countries than is being realized.

The share of aid going specifically to building tax capacity in Africa remains fairly low. According to the African Economic Outlook¹⁷, as a share of technical assistance, aid to public-sector financial management capacity building stands at only 2% in Africa. There is significant variation in donor support for tax mobilization across the region, with some countries receiving a great deal of attention from a number of regional, bilateral and multilateral donors, while others are neglected. Donor support for country tax efforts seems to have a short-term impact on tax mobilization performance which countries find hard to sustain over time.

Empirically, controlling for the different determinants of taxation, NSI Distinguished Research Associate and Carleton academic Yiagadeesen Samy and I find that aid has had no significant impact on taxation¹⁸ generally or in sub-Saharan Africa particularly. When it comes to taxation what seems to matter most is the structure of the economy, rather than the amount of aid a country receives. Even in regions that have received large amounts of aid over long periods, aid does not seem to have a profound effect on taxation. The data clearly shows that there are several countries whose dependency on aid has decreased over time (for example, Botswana, Mauritius, South Korea, Thailand and Tunisia), and most have seen their taxation capacity grow over time. An area for future research would be to examine how and why some countries have made this transition while others find it hard to do so.

As discussions heat up around what should replace the MDGs beyond 2015, DRM is again taking center stage. Clearly there remains potential for the international community to do more. The following points are worth keeping in mind:

- Financing gap estimates are at best a general reference for a larger conversation about roles and responsibilities, particularly, how the aid system needs to adapt and what we expect aid to contribute in the post-2015 agenda
- Domestically mobilized resources (through taxes and non-tax revenues), not aid, accounts for the bulk of development financing, even in some of the poorest regions
- Revenue mobilization trends in Africa are increasingly divided along natural resource endowments lines
- The real challenges, not only for aid and development effectiveness but DRM as well, will be increasingly concentrated in a core group of non-resource rich, fragile and post-conflict states; their needs ought to be the main preoccupation of reforms to the aid architecture
- DRM, as it relates to a stronger social contract between state and citizen, is an end in itself; reducing it to tax mobilization targets is a distraction already visible in post-2015 debates
- Keeping international tax cooperation and development high on the global agenda, combating and reversing capital flight will remain essential
- Further investing in tax capacity building efforts, including in difficult country contexts, will remain important
- Investing in the informational infrastructure – ranging from credit reference bureaus to land registries – is essential for the development of a modern financial system and capital markets
- Assisting and encouraging countries to further harness natural resources related revenues, including comprehensively reviewing tax exemptions regimes, is an area that needs a lot more attention
- Engaging the semi-formal and informal sectors to bring to the fore transparency, accountability, compliance and other issues is necessary in order to broaden tax bases

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What happens after the Millennium Development Goals?

Diana Alarcon

With less than three years left to the deadline of achieving the Millennium Development Goals the United Nations, in consultation with different international stakeholders working at the global, regional, national, and sub-national levels, is now working towards a post-2015 development agenda with sustainability at its centre.



The Millennium Development Goals (MDGs) have served as a milestone in global development. They helped to galvanize development efforts and to set global and national priorities and important progress has been made towards achieving the goals by the target date of 2015. Nevertheless, despite the achievements made so far and the current efforts to work towards achieving all goals, it is clear that more efforts will be needed after 2015 to bring the world onto a sustainable development path.

Now is the time for the global community to move beyond business as usual and explore new options for inclusive, people-centred and sustainable development, creating a world free from fear and want for all the world's people. With the deadline for the conclusion of the Millennium Development Goals agenda fast approaching and the decision from heads of State in the Rio+20 conference to work towards a set of sustainable development goals, we have a unique opportunity to move to an agenda that brings together human and sustainable development.

Looking at the new development landscape...

This is not to say that developing this new agenda will be an easy task. The challenges the world faces today are not the same as in 2000, when the MDGs were conceived. New issues have appeared and new powerful actors have emerged. Challenges, that have become more pressing include the persistence of major inequalities; the knowledge gap between countries and within countries; shifting population dynamics; a growing environmental footprint and the depletion of our natural resource base; peace and security issues; and governance and accountability deficits at the global, regional, national and sub-national levels. The multiple food,

employment, financial and economic crises and the ongoing conflicts in many parts of the world further exacerbate these issues.

At the same time new centers of economic dynamism have emerged which has broadened the landscape of development cooperation. Middle-income countries have become key players in the development world as their cooperation reached between US-\$ 12.9 billion and US-\$ 14.8 billion in 2010. Beyond financial support, South-South cooperation is also increasingly active in knowledge sharing and capacity development.

Parliaments, civil society organizations (CSOs), the private sector, and private philanthropy organizations, community-based organizations and local governments have also become important actors. Their development efforts are very different, ranging from the role of CSOs in advocacy, implementation of development projects and service delivery at the grassroots level to the financial assistance disbursed by philanthropic organizations which provides vital contributions to financial flows from other donors in critical sectors.

... a transformative vision is needed

Given the opportunities and challenges that arise from this new development landscape, it has become clear that previously trodden developmental pathways will not work anymore. Thus a new development agenda requires a vision of transformative change requiring actions from all nations across the globe and building new momentum amongst people and civil society. While it is still too early to decide on the final contours and content of a new development agenda, current thinking on the agenda reveals a number of aspects where common thinking between a large range of stakeholders has evolved.

People seem to agree that the new development agenda should build on the Millennium Declaration and its fundamental values: freedom, equality, solidarity, tolerance, respect for nature and shared responsibility. Sustainable development with its three dimensions of economic, social and environmental development should be at the core of any new development agenda. A view that has gained even more in prominence since the conclusion of the United Nations Rio+20 Conference on Sustainable Development in June 2012. Moreover, any new development agenda must build on the lessons learnt from the MDGs.

Building on the MDG experience

One of the key strengths to be maintained in the post-2015 framework is the MDG's ability to be easily communicated and understood. Their simplicity and conciseness in eight goals with clearly defined targets and indicators is often viewed as one of the main reasons the goals have made such an impact. Thus the international community is urged to avoid an overburdening of the new agenda. The MDG experience has shown that a set with a limited number of topics, which acknowledges and takes into account the inter-linkages between the different aspects, will be far more effective and successful than a long 'Christmas Wish List' of themes.

A further criticism of the Millennium Development Goals is their focus on end-results that leaves them silent on the means of achieving these. While this is beneficial in avoiding over-prescription and leaves national governments in the driver's seat of development policies, it would be helpful to provide guidance to policy making but avoid being prescriptive. Such guidelines would provide policy

suggestions, which can then be altered to national and regional standards by governments, depending on their needs, and would ensure that these do not violate existing international standards, such as the international human rights standards.

A more holistic development agenda

Basing the new agenda on the four interrelated dimensions of inclusive social development, inclusive economic development, environmental sustainability and peace and security will allow for a more holistic approach. Such dimensions could be complemented by a core set of enablers which help to create policy coherence and to capture the interlinkages between the goals. It is important to move away from the silo approach of the MDGs and to fully grasp how the different themes and issues relate to each other. Moreover, given the current conflict between the strive for human and economic development and the unsustainable use of natural resources, a new agenda has to help foster a more sustainable development path. One way of doing so is to fully capture the three dimensions of sustainability – economic, social and ecological – under each goal.

Given the need for a truly global agenda a mixture of global goals with targets and indicators tailored to national and sub-national circumstances should be explored to capture the shared responsibilities for all countries. In order to properly take account of population dynamics a mixture of absolute and relative targets could be explored, to be complemented by the use of disaggregated data to identify existing inequalities and tackle these accordingly. While attention should be given to an agenda with a potential longer time horizon of 15-25 years to allow for transformative change, this might also cause the loss of political momentum and the actuality of targets and indicators. Thus, a combination between longer-term goals with intermediate targets for five years periods that can be reviewed and adjusted accordingly should be explored.

The need for a renewed global partnership for development

A renewed global partnership for development will be critical in achieving the targets set out in any new development agenda. While MDG8 did provide a way to promote and advocate the important role of the global partnership, it was heavily criticized for reinforcing a traditional donor-recipient-country dichotomy with a lack of tangible targets for developed countries.

Thus a new global development partnership needs to be truly global by fostering an equal relationship as partners among countries. It needs to encompass all forms of partnerships including bi-lateral cooperation and South-South partnerships, including all stakeholders: philanthropic foundations, the private sector, civil society organizations and governmental institutions at all levels. Rather than focusing solely on official development

Box 1: The UN-led processes

Three interlinked processes have been established at the United Nations. In January 2012 the UN System Task Team on the Post-2015 Development Agenda was created by the UN Secretary-General. Co-chaired by the Department of Economic and Social Affairs and the United Nations Development Programme, the Task Team assembles more than 60 representatives of UN agencies and other international agencies. It presented its first report *Realizing the future we want for all*¹ to the Secretary-General in June 2012.

Following this report, the Task Team has established three new working groups on the global partnership, monitoring and indicators and financing for sustainable development. A second report on a renewed global partnership in the post-2015 era will be published soon. Moreover, the Technical Support Team to provide inputs to the Rio+20 follow-up process was also created under the umbrella of the Task Team to create synergies between the two processes.

The Secretary-General appointed a High-level Panel of Eminent persons in July 2012. Chaired by the Presidents of Indonesia and Liberia and the Prime Minister of the United Kingdom, it assembles representatives from governments, civil society, the private sector, academia and local authorities. It will publish its report on the post-2015 development agenda by the end of May 2013².

A set of more than 70 national consultations, eleven thematic consultations and a global conversation organized by the United Nations Development Group will also feed into the ongoing workstreams to ensure that the viewpoints from citizens, experts and practitioners are included in the ongoing discussions.

assistance (ODA), a new global development partnership has to acknowledge the different forms financing for development now takes and the diminishing role of ODA.

Moreover, it must be underpinned by a robust accountability framework.

The way forward

At this point, many different processes are underway, both within the United Nations system (see Box) and outside of the United Nations, led by CSOs, philanthropic organizations and the private sector. National governments and regional organizations are also initiating thinking on the post-2015 development agenda.

It is still unclear how the process will unfold in the coming months. A first important milestone was the 2012 Rio+20 Conference on sustainable development, which initiated the work on a set of sustainable development goals in its outcome document. There is broad agreement on the need to arrive at one global development framework beyond 2015, which captures both the developmental and environmental aspects. Thus, early convergence of the Rio+20 process and work on the post-2015 development agenda has been proposed by many stakeholders. The next crucial landmark in this process will be the 2013 Event of the President of the General Assembly on progress towards the Millennium Development Goals which might also help to further unfold how UN Member States envisage the post-2015 process.

Notes:

1. The Report can be found at: www.un.org/en/development/desa/policy/untask_team_undf/index.shtml
2. See the article in this issue by Ms Betty Maina, a member of the UN HLP, and Stefano Prato.

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What Role for the Private Sector in the post-2015 Round of Goals?

Paula Lucci

Many believe that the private sector has a role to play in a new development agreement to replace the current Millennium Development Goals. Yet there are few proposals specifically setting out what this could mean for the design and delivery of new goals. Drawing on recent debates, this article provides examples of three areas where a new framework could help shape companies' behaviours.



As we approach 2015, the target year for achieving the Millennium Development Goals, discussions as to what will replace them are gathering momentum. While there have been a number of conversations about the role of the private sector in a new set of goals, there have been few concrete suggestions on how businesses could become involved in a new framework.

Why private sector matters

The private sector is critical to development. Most fundamentally, businesses deliver growth and jobs. In addition, companies' operations have economic, social and environmental impacts in the places where they are located. As such, ensuring businesses act responsibly is also relevant for the purposes of a new set of goals. Further, in recent years, business has become more involved in development cooperation. For example, there are a number of multi-stakeholder partnerships, particularly in the field of health (e.g. GAVI or the Global Fund), that seek to leverage companies' core competencies to deliver against development challenges (e.g. research and development and capacity to deliver specific goods and services). Increasingly some businesses are involved in these partnerships as they see some convergence between their interests – e.g. mitigating risks, developing new markets, cultivating sustainable relationships with customers and investors – and development priorities, such as food security, environmental sustainability, access to health and education among others.

But the role of the private sector in development is not without controversy, given that companies respond to commercial imperatives. While there are examples of areas where development and commercial interests may coincide,¹ in others a strong rationale for public sector interventions still prevails.² Drawing on recent conversations on the role of the private sector and the post-2015 agenda, we have identified three different areas for business engagement in a new set of development goals.

Economic transformation and jobs

The first one refers to on-going discussions about a new goal on economic transformation and jobs, currently high on the post-2015 agenda. This is clearly an area with strong potential for private sector involvement, as businesses, mediated and supported by government policies, will ultimately be making this goal a reality on the ground. Such a goal could take different forms. As a minimum, the relevance of structural change and economic transformation (a means rather than an end in itself) could feature in an opening statement signposting the importance of this issue while leaving the specifics to be decided by national governments. Alternatively, a new framework could be more prescriptive by having a separate new goal for (decent) jobs or suggesting further indicators to track the delivery of key enablers of inclusive growth, such as skills and basic infrastructure.³ The point is that any of these options, no matter how specific, could encourage governments to implement policies relevant for private sector investment.

Transparency and accountability

The transparency and accountability agenda is another area where private sector actors could engage with the new goals. A goal on this theme could be expanded to cover corporate behaviour not just that of governments. As an example, drawing on existing reporting frameworks and discussions held at the Rio+20 Conference, companies could be asked to report on an agreed set of economic, social and environmental indicators which demonstrate the impacts of their activities in these areas. In fact, a new development framework could encourage governments to mandate this as part of their listing requirements.

Global multi-stakeholders partnerships

Finally, as part of the implementation phase of the goals, some suggest UN multi-sector initiatives such as *Every Woman Every Child*, could be extended to cover other goals. A review of existing partnerships⁴ suggests these are still fairly new and work in progress. Many experienced weak and complex governance

arrangements and poor monitoring mechanisms (which means there is little hard evidence on their achievements). If these delivery mechanisms were taken up in a new agreement, it should be on the basis of well-articulated added value of such partnerships, a clear understanding of different actors' motivations, expertise and resources leveraged, and any potential conflicts of interest. Most importantly, clear monitoring and evaluation systems would need to be in place to track evidence of progress.

These are just three examples of ways that the private sector could become more fully involved in new development goals post-2015. Once the main aim and design of a new set of goals becomes more settled – whether its priority remains poverty eradication, shifts to sustainable development or combines the two – it will be easier to think what role the private sector can play. It is likely that more specific conversations about implementing and resourcing the goals will emerge then.

Notes:

1. For example, targeting low income consumers with new products and services that help them solve a specific development challenge or involving local producers in supply chains.
2. This is particularly the case when it comes to guaranteeing access to basic services (e.g. health, education, basic infrastructure) to the poorest and hardest to reach.
3. Some are included in the current framework (e.g. access to basic education and water and sanitation), as they are desirable outcomes in themselves. There is a number of suggestions on how these goals could be improved.
4. For example, see Bezanon, K. A. and Isenman, P. (2012) *Governance of new global partnerships. Challenges, weaknesses, and lessons*. Washington DC: Centre for Global Development Policy.

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Putting People and Planet First: Business as Usual is Not an Option Post-2015

Tanya Cox

While the MDGs contributed to considerable progress in human development, a number of important development concerns were left out or inadequately addressed. Now is the moment to grapple courageously and differently with the considerable global challenges we are facing.



The Millennium Development Goals (MDGs) have played a significant role in the huge progress that has been made in areas such as getting children into school, child mortality has been significantly reduced and millions more people have access to safe drinking water. However, the world is a very different place to when the MDGs were designed at the turn of the century. Not only has the geo-political balance of power shifted, but a number of global challenges, such as climate change and environmental limits have taken on an importance we can no longer ignore. Other challenges, such as inequality, have taken deeper root, while the systems, models and paradigms by which we live our lives have been shown to function in the interests of only a few and to be unsustainable and even destructive in the longer term. If the post-2015 framework is to address these, it will therefore also need to be very different. Different in the processes by which it is drawn up and agreed and different in its design, content and implementation. Business as usual is certainly not an option.

It is now time to move beyond the traditional development cooperation agenda and identify and address comprehensively the root causes of the key challenges that the world is facing today: challenges as varied - and as linked - as food security, climate change, resource constraints, population dynamics and an unsustainable growth, production and consumption model. We must take this opportunity to challenge a number of the prevailing wisdoms and have the courage to question the current paradigms. For example, why are we so bound to GDP as a measure of growth and progress in a country? Is GDP an effective measure of development, or of *sustainable* development, if it ignores the human and natural capital of a country, does not reflect living standards, or well-being, and actually contributes to our consumerist culture?

European civil society is urging world leaders to come together to design a single, integrated and comprehensive post-2015 framework which addresses all three

dimensions of sustainability: social, economic and environmental. Decision-makers must put aside competing agendas and jockeying for power in order to meet the needs of the people and the planet going forward.

The framework must therefore focus on transformational processes and structural changes to address the root causes of inequality and unsustainability.

The starting point for the post-2015 framework must be that all people should see the progressive realisation of their rights, be able to fulfil their potential and live free from poverty. And all that should be accomplished in full respect of environmental limits. Poverty and inequality are not accidents of fate. They are the results of specific power relations and policy decisions which are discriminatory, exclusionary and unjust, and which create obstacles to people participating fully in the economy and in society in general. These barriers are rooted in political, legal, social, and economic structures starting at the household level and extending up to the international level. The framework must therefore focus on transformational processes and structural changes to address the root causes of inequality and unsustainability.

Henceforth, it will not only be the achievement of a number of objectives that counts, but also the road we travel to get there. In order to overcome barriers to participation and empowerment, and to focus on the most marginalised or

disadvantaged, the quality of the processes and the way all goals are pursued will be equally important and will in part determine the quality and scale of the outcomes.

As for the geographic scope of the future framework, given the nature and scale of the global challenges the world is facing, it is no longer possible to imagine a framework that is designed predominantly for implementation by developing countries. Rich countries can no longer dictate to poorer ones what needs to change. Rather, all countries - and all actors - will need to commit to work in partnership. The post-2015 framework must therefore be universal, with global goals pertaining to all countries and all countries needing to contribute to their achievement. But since one size does *not* fit all, while the framework must be global in scope, it will also need to be suitably flexible so as to apply to different national or regional contexts and to reflect differing historical contributions to the current situation.

A huge opportunity stands before us and hopes are pinned high on the post-2015 framework. We must work together in the common aim of creating an ambitious framework which transforms 'business as usual' and puts people, their rights and their well-being front and centre.

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ACP-EU Trade Calendar

May 2013

(TBC) EAC-EU Technical meeting, Brussels, Belgium
(TBC) EAC-EU Senior Officials meeting, Brussels, Belgium

Resources

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