

## Some Notes on the Conceptual Foundations of the MDG Process

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Before we can assess where we are with the MDG Process, we need to be clear about what the objectives are of setting the MDGs and the MDG Process. In order to do this, two fundamental questions need to be addressed:

In what precise sense are the MDGs the goals of the development process?

Of what use is goal setting in aiding the development process?

Each of these questions lead, in turn, to a series of sub-questions that unpack the possible rationale of, and that highlight the strengths and weaknesses of, the MDGs and the MDG process.

### MDGs as Goals of Development

If they are to have any force, the MDGs must surely represent some sort of international consensus on the goals of the development process. They fare best when viewed as a minimal set of objectives to which all or most in the international community would subscribe. Reducing Income poverty and hunger (MDG1) surely commands widespread assent as a goal of development, as do universal primary education (MDG2), reducing child mortality (MDG4), improving maternal health (MDG5) and combating disease (MDG6). However, despite the fact that the millennium declaration was signed by most countries of the world, it is not clear that MDG3, gender equality and empowerment of women, commands universal assent across cultures, at least in the way that is specified in the MDG documents. MDG7, ensuring environmental sustainability, would no doubt command assent as a general goal, but the agreement would melt as we got closer to specifying how the inevitable tradeoffs would be handled. And it seems that MDG8, developing a global partnership for development, is more akin to an instrument for development, rather than an objective of development.

MDG3, MDG7 and MDG 8 raise questions that in fact apply to the other MDGs, and to the MDGs as a whole:

Do the MDGs command universal agreement and, if not, are there other excluded elements that would command as much agreement as some of the MDGs?

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If the MDGs are indeed the final goals of development, how do we weight them relative to each other?

Are the MDGs the final goals of development—are they outcomes, outputs, or inputs?

### **Excluded Elements of the MDGs**

Each MDG is broad enough that many sub-goals, satisfying many constituencies, can be brought under that particular umbrella. But there are some categories that are excluded, the most prominent of which is voice and accountability as an independent goal of development. This is not the place to get into the evidentiary debate on voice and accountability as an instrument to achieve other objectives such as poverty reduction. The evidence is decidedly mixed. The question, rather, is what consensus would be commanded by this as an objective of development, how we would measure this consensus, and whether this consensus would be lesser or greater than, for example, the consensus on gender equality.

### **Tradeoffs between the MDGs**

In a world of limited resources, it is likely that there will often be situations where advance on one MDG will have to be at the expense of another, or at the expense of postponement of the achievement of another. Suppose country A rushes ahead on MDGx but falls behind on MDGy, while for country B the situation is the other way round. How is the MDG performance of the two countries to be assessed? Whose tradeoff weights are to be used—country A's, country B's, or a universal tradeoff determined internationally? This question will be particularly relevant if aid allocations are tied to the MDGs.

The above raises another question on tradeoffs—not across MDGs but across countries for a given MDG. Take MDG1, and halving of the incidence of poverty between 1990 and 2015. The goal will be met in India and China, but not in Africa. But, because of the population weight of India and China, and their spectacular performance on poverty reduction, the goal will be met globally. Does the last outcome have any significance at all in our assessment? Aggregation to the global level involves trading off Asian poverty with African poverty one for one. We might be comfortable doing this within a country, but it surely makes us uncomfortable doing it across countries. It is for this reason that the MDGs, which began life as global goals, have gradually devolved to country specific goals (halving the incidence of poverty in India, Ghana and Brazil country by country). But even within a country, across jurisdictions, for example, poverty can move very differently, whatever that national average picture. So are the MDGs to be devolved to regions, nations and then provinces within nations?

### **MDGs—Outcomes or Inputs?**

Spending on teachers is an input, the number of teachers hired is an output from that input, and the outcome (of this and other inputs) can be thought of as being the number of children taught in primary school. But is even this the final outcome we are concerned with? The quantitative measure of the number of children attending school ignores the quality of this education. A more satisfactory

measure of outcome would be quality adjusted years of schooling given to children, and quality can be measured, for example, through test scores. With limited resources, there may be a tradeoff between quantity and quality in education, especially as universal enrollment is approached. Scarce resources could be used to expand access at given quality, or even at lower quality, or improving quality for those who have access. This again raises questions of assessment—how are we to compare two countries, one of which emphasizes quality while the other emphasizes quantity? Such tradeoffs are present within each of the MDG categories, especially those to do with education and health. Even within poverty and hunger, there can be a tradeoff between alleviation for those close to the poverty or hunger threshold, or those far below it. As currently specified, MDG1 tends to draw attention and resources towards those just below the poverty threshold, since the incidence of poverty can be most easily lowered by lifting these people out of poverty.

Thus, within each MDG category as currently set out, there are issues of how exactly to specify the outcome we are interested in. But the trickiest conceptual questions arise as to what is set out in an MDG is an outcome at all, or whether it is just an instrument achieve an outcome. The most problematic MDG in this respect is MDG8. This becomes particularly clear when we go the detailed specifications of the general goal of developing a global partnership for development. These specifications include: (i) develop an open trading and financial system, (ii) tariff-free and quota-free access for developing countries, (iii) address the needs of landlocked and small island states, (iv) debt relief sustainability, (v) decent and productive work for youth, (vi) affordable access to essential drugs and (vii) make available benefits of new technologies.

Apart from having the feel of a catch all bucket, into which different constituencies' pet concerns were dumped, and independently of the value of any individual component in its own terms, all of these seem closer to inputs to the development process rather than outcomes to be valued in their own right. It has been argued that this 8<sup>th</sup> MDG was added to emphasize the responsibilities of donor nations, but it is not at all clear how it fits into the logic of development outcomes that can command consensus, as opposed to intermediate outputs and inputs, the translation of which into development outcomes remains contested.

### **Goal setting as an aid to development**

Lack of clarity on the MDGs as goals can and does hamper their use in the development process. But suppose there was no lack of clarity on this front. Can goal setting exercises of this type help development itself? There are a number of arguments that can be made:

Goal setting at the national level focuses debate, decision and action.

Goal setting helps to quantify resources needed from the outside, and helps to mobilize world opinion for development assistance.

Goal setting and performance assessment helps to target aid resources to countries where they would most effectively be used.

## **National level goal setting**

All countries set themselves developmental goals, which can be broad or narrow, implicit or explicit. In countries where governments are elected, the goals are implicitly, sometimes explicitly, set in the election manifestos of the competitors. Sometimes there is an explicit process, perhaps constitutionally mandated, of long and short term planning. The Indian Five Year Plans are an example of a mixing of shorter term political imperatives and longer term perspective planning exercises. In many African countries, the Poverty Reduction Strategy Paper (PRSP) process plays the role of goal setting as well as strategy making.

Goal setting is thus very much part of national processes in any case. Given this, what role can the MDGs play? One possibility is that they can act as “international standards”. If generally countries are adopting the goal of halving poverty by 2015, it is difficult to imagine domestic policy makers being less ambitious. In this sense the MDGs may help in “raising the sights” of policymakers and the population. Certainly the rhetoric of domestic goal setting has adopted some of the MDG language.

However, it must not be forgotten that it is the domestic debate and its outcome that should be paramount. If the outcome of the domestic debate is to agree to be more ambitious on some goals but less ambitious on others, that has to be accepted. There is the confusion that may be caused by the outcomes/input distinction. For example, if the policy makers of a country feel that building roads is a key input to achieving many objectives, including education and health, they may be observed to be spending more on infrastructure and less on education and health—but these input indicators should not necessarily be used as a gauge of their objectives on outcomes.

## **Goal Setting and Resource Mobilization**

National level goal setting on outcomes can be a useful first step in quantifying resource need. In order to do this, however, the crucial requirement is a credible model of the economy, and of government intervention, from which the resource needs can be backed out, given the trajectory of the required outcomes. Thus, for example, a given target for poverty reduction implies targets for economic growth and the evolution of inequality. Assuming constant inequality, the growth rate required for a given reduction in the incidence of poverty can be calculated. Then, given assumptions on the production and demand side, an aggregate level of investment can be derived. With projections of domestic saving, the need for foreign resources can be estimated. Finally, with a model of the evolution of private foreign flows, the need for development assistance can be estimated as a gap.

In fact, the above type of analysis is now routine in finance ministries and ministries of planning in developing countries, and in aid agencies of donor countries. But exercises similar in spirit can be carried out for many of the other MDGs. For example, the cost of achieving universal enrollment can be calculated, and has been calculated by the UN’s MDG project, country by country. These calculations are only as good as the assumptions and data they are based on—teacher pupil ratios, teacher absentee rates, trajectory of teachers’ salaries, cost of excusing fees, etc. However, given the assumptions, any

given goal, on primary enrollment for example, the cost of achieving alternative targets can be simulated, and aid requirements estimated.

The existence of the MDGs, and the MDG process, was not wholly necessary to conduct the sort of analysis described above. Indeed, many countries were doing this analysis in any case. However, the MDG process has made these sorts of calculations much more common and discussions of them, at least among development professionals, more routine. It also has the potential to put donor assessments of resource needs on a common footing, if all donors focus on the achievement of specified MDG targets. But the MDGs can be used not only to estimate resource needs, but also to assess performance and thus to inform aid allocation and reallocation.

### **MDGs and Performance Assessment**

If the MDGs capture, however imperfectly, an international consensus on the objectives of development, then they can be used to assess performance as well as need. Take MDG4, the reduction of under five mortality by two thirds. Very few would disagree with this as an objective of development. The question, however, is how to achieve it. The usual debates are about direct and indirect routes. Richer societies on average have lower child mortality rates, so it is suggested that policies and interventions (including reducing some government interventions in the market) that maximize economic growth will achieve the objective—this would also have a beneficial impact on MDG1, as discussed earlier. However, other indirect routes, for example improving women's education and their empowerment, are also argued to produce significant impact on child mortality. Finally, direct interventions, for example vaccinating against diseases that kill small children, are also suggested, and sometimes championed as the dominant intervention, for achieving the objective.

The above shows how complicated it is to in fact design specific policies and interventions to achieve an objective that is well specified and around which there is consensus—because although there is consensus on the objective, there is no consensus on the means. There is little enough consensus on how exactly to proceed down each of the three routes above, let alone on which of the three routes, or on what precise combination of the three routes, to take. Thus assessing performance through the input side—whether the policies and interventions are conducive to equitable growth, whether they are good for women's empowerment and thence good for infant mortality, or whether the particular direct interventions on vaccinations and so on are efficacious for the task at hand—is bound to be contentious. It is bound to involve faith in a particular channel of causation, or faith that evidence does indeed support that channel of causation. There is also the question of outsiders' views and insiders' views of the channels of causation. Suppose the government leans heavily on one of the three routes because it interprets the evidence differently from outsiders. Is it then to be marked down in the performance assessment by outsiders, and perhaps given less aid as a result?

There is a possible way out of these dilemmas, although it is not without its own problems. Given the uncertainties on identifying specific channels of causation, and given the difficulties of disentangling lack of political will from lack of technical knowledge, one route to assessing performance

is to give far greater weight to the actual evolution of what it is the MDGs are targeting—child mortality in the specific case above. The MDGs, at least those which are clearly about outcomes and around which outcomes there is international consensus, thus come into their own in performance assessment. The *level* of infant mortality can be used to measure need, but the *rate of improvement* in child mortality has some claim to be a measure of performance. How this performance came about could be the subject of controversy. That it came about is indisputable if we believe the data, and it is an important piece of information for the international community.

There are still many issues for us to address. If improvement in child mortality is to be used as a performance indicator, how are we to benchmark it? Relative to a country's past performance? Relative to the performance of countries that are at similar levels of child mortality? Or relative to an exogenously given target, like reducing child mortality by two thirds? These are open questions that require further research. A companion piece makes up a specific proposal for detailed discussion.

## Reference

Francois Bourguignon et. al., 2010. "Millennium Development Goals at Midpoint: Where Do We Stand and Where Do We Need to Go?", <http://www.kanbur.aem.cornell.edu/papers/MDGsAtMidpoint.pdf>. In Ravi Kanbur and A. Michael Spence (Eds.) *Equity and Growth in a Globalizing World*, 2010. The World Bank on behalf of the Commission on Growth and Development.