



NOPOOR Response to

European Commission's Public Consultation: "Towards a post-2015 development framework"

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INTRODUCTION

In 2000 the United Nations adopted the Millennium Development Declaration. It committed their members to a new global partnership to tackle poverty and other development challenges. In 2005, under the leadership of Jeffrey Sachs, a number of time bound targets were developed – they have become known as the Millennium Development Goals (MDGs). The deadline, 2015, is looming. Time to reflect on the usefulness of the MDGs and to think of new development guidelines.

As a reminder, there are eight MDGs and the UN monitors the progress based on 21 targets, measured by 60 variables. What has been achieved so far and will the MDGs be reached in 2015? The latest UN report indicates that remarkable progress has been made, four targets have been met ahead of 2015: extreme poverty and the proportion of people without access to safe water has been halved, lives for slum dwellers have improved and there is now parity in primary education between boys and girls. However, progress around the world is uneven. While China, India, Indonesia and Vietnam have experienced high growth rates, poverty reduction and improvements in living standards, other countries have seen far less progress towards the MDGs. The majority of Sub-Saharan African countries will miss most of the MGDs. Worldwide none of the fragile states will achieve a single MDG (Gates *et al.* 2012). Despite the progress to reduce extreme poverty, about 1 billion people will still be living on less than \$1.25 a day in 2015. Eighty per cent of these extremely poor people will be Africans. Other targets on hunger, infant mortality, maternal mortality and communicable diseases, are unlikely to be met globally by 2015.

Thus, we are still facing huge development challenges. How should we respond? Should we continue to use the MDGs as our measure of development progress; or should we look at ‘MDGs plus’? Or should we develop a new framework?

In the run up to 2015 the UN is beginning a worldwide consultation process. One project that provides guidance is the *Enhancing Knowledge for Renewed Policies against Poverty* (NOPOOR) FP7 research programme. Over the coming five years a consortium of 20 international partners aims to create new knowledge on the nature and extent of poverty in developing countries. The explicit aim of this EU funded programme is to provide policymakers with a broader understanding of poverty. Further information can be found here <http://www.nopoor.eu/>

NOPOOR, a consortium of partners participating in a 7th Framework Program (SSH.2011.4.1-1), is motivated by the need of finding new ways of understanding poverty dynamics and policy challenges in the fight against poverty. NOPOOR recognises that the MDG framework has placed poverty in the centre of the international policy agenda. We appreciate that the MDGs have paved the road for researching and taking action in poverty alleviation. NOPOOR also realises that this is a crucial time for evaluating the extent to which targets have been met and whether the MDG framework needs to be re-considered. Following its purpose of building knowledge on poverty dynamics, NOPOOR welcomes this consultation and joins the world-wide debate by reflecting on the usefulness of current approaches, such as the MDGs, in poverty alleviation.



A: The MDGs: benefits and limitations

1. To what extent has the MDG framework influenced policies in the country/ies or sectors you work in/with?

We can identify a diversity of ways in which the MDG framework has shaped policymaking, both in the countries in which NOPOOR operates, as well as in our own sector, the academic world.

a) At the country level:

MDGs have focused the rich countries' attention on the plight of the poor around the world and helped to build a constituency for change. Particularly, the MDG framework has influenced the action of the European Union: The EU as a whole is the major world donor, providing 56% of the total official development assistance (OECD, 2012). In 2005, EU and the international community gathered to come up with the so called "Paris Declaration" and again in 2008 for the Accra Agenda for Action or AAA-2008. Yet, first preliminary findings of the NOPOOR project point to limitations in implementing the provisions of these high-level meetings. In particular, according to our results DAC donors have so far largely failed to live up to their promise made in the Paris Declaration to better harmonize activities, rendering aid more effective by promoting efforts to avoid duplication.

Non-EU countries have adopted the MDG framework in their governmental action. To mention a few examples, Mexico has established the Specialized Technical Committee on Information Systems for the MDGs. This Committee is responsible for assessing the country's performance in relation to the MDGs. Similarly, the government of South Africa has included the MDGs as part of its national development strategy, called Vision 2014. Furthermore, the Ministry of Statistics and Program Implementation in India has carried out appraisals of the progress towards the MDGs.

Looking in more detail, Vietnam is a country accustomed to have policies with concrete objectives and quantitative indicators at all levels (national, provincial local, for administration as well as for public enterprises). It has long been a centrally planned economy and still has an indicative five years plan. Thus, the Vietnamese Government and bureaucracy rather feel at ease in pursuing quantitative targets. However, most of the MDGs were attainable for the country, given the context of growth and stability, and the starting conditions.

Nowadays, the indicative five year plans are prepared in partnership (for technical aspects) with UNDP and groups of donors. Vietnamese ministries and research centers collaborate with the World Bank, the UN and other agencies. Setting the targets and defining policies to reach them is a current form of governing. The MDGs framework plays its role in mobilizing people and resources. Vietnam is one of the main recipients of public aid in the world and is doing its best to satisfy the donors. Without abandoning an inch of its sovereignty, something donors have had to learn,



Vietnam has tried to progress in the different areas covered by the MDGs and succeeded in a spectacular manner for the first one.

This good image is also important for foreign investors as Vietnam is highly dependent on FDI for its economic growth. The progress of Vietnam as measured by the MDGs gets worldwide recognition as the stability of the Government and of the economic policy. This creates a climate of confidence for investors. If the MDGs are not at the origin of the success of the economic policy, they certainly have contributed to some achievements in the social area because they fitted well in the Vietnamese governance practice and have been an instrument for the harmonization of aid.

b) In the academic sector:

The relationship between the MDG framework and the academic sector is bi-directional. On the one hand, the MDG framework has largely been nurtured by innovative academic thinking. On the other hand, academic work has been influenced by the MDG framework during the last decade. Specifically, the MDG framework has permeated scholarly work through:

- Monitoring and impact evaluation research, specific to MDGs.
- Taking into consideration the perspective of people living in poverty (through participatory research methodologies).
- Cooperation between scholars and policymakers in assessing what indicators are important to measure over time, what programs are helping to achieve MDGs, and what aspects of human development are not currently being taken into consideration by the MDG framework.
- Turning research from problem oriented to a scope oriented approach: avoid concentrating only on poverty but thinking systemically, following a strong sustainability approach which does not aim at adapting but at changing those systems which create poverty.

Specifically in our realm of action, the NOPOOR project acknowledges that the MDG framework has placed poverty reduction as a priority in the academic debate and in the international policy agenda. Furthermore, NOPOOR aims to build new knowledge on the nature and extent of poverty in developing countries to provide policymakers with a comprehensive understanding of poverty. Therefore, reflecting on the usefulness of the MDGs and on other possible development frameworks is at the centre of the NOPOOR initiative.



2. To what extent has the MDG framework been beneficial for the poor in the country/ies or sectors in/with which you work?

a) At the country level:

So far the evidence shows mixed results. On the one hand, the MDG framework has been helpful in improving people's lives. In the European Union, important steps towards achieving the MDGs have been made: the proportion of people without access to drinking water has been reduced; poverty rates have been on decline during the last decade; deaths from HIV and malaria have considerably reduced; and universal access to primary education is on its way (European Commission, 2012). In some developing countries, the MDG framework has shaped public action towards poverty alleviation. In the case of Vietnam, the poverty rate has fallen from 58% in the early 1990s to 14.5% in 2008 and estimated under 10% in 2010 (World Bank, 2012). The first MDG has been reached well ahead of the deadline. Propoor policies have been implemented specifically to reach this objective.

On the other hand, it seems that most of the worldwide reduction in poverty took place in countries following internal reform strategies that resulted in accelerated growth, such as China and India. Even in these cases, the weight of success of MDGs varies. While some MDGs have been partially achieved, it seems that the local context of each particular country presents specific challenges in terms of poverty alleviation. In China as well as in the Arab/ Mediterranean countries and the post-Soviet/Caucasus states, one highly relevant point is that the gap between urban and rural areas is increasing instead of diminishing. In China, especially in the rural areas, previous gains in gender questions are under threat. With the upcoming respect for westernised medicine, the Chinese TCM-system is losing their appreciation which contributes to a growth in costs of medical care. Within the NOPOOR consortium, countries like Ghana and Senegal face severe food crisis; Vietnam has suffered from crop devastation due to environmental shocks; South Africa and Mexico have seen intensification in urban conflict.

Specific contexts may affect the rate at which the MDGs are being met. For example, many Sub-Saharan African countries have made progress but historical comparisons suggest that since many started at very low levels the MDGs were too ambitious. Perhaps, each country needs different policies according to their specific challenges. Hence, it could be possible to argue that the MDGs have partially been helpful in alleviating poverty, to the extent to which it has provided a framework for common action with somewhat comparable standards.

b) In the academic sector:

A side effect of MDGs has to be mentioned. It is the fact that the focus on some areas such as poverty, primary education, maternal health, etc. has stimulated research and collection of data in many countries. One of the most striking examples is the innovated ways to measure poverty such



as in the case of Mexico. Many countries have considerably improved their statistical apparatus, often with the support of donors. This new knowledge is an important output of the MDGs framework. In the case of Vietnam, this knowledge has been disseminated through a multitude of seminars and meetings towards policy makers. The junction between research and policy making is well established.

In fact, research in the development field has been most of the time motivated by the aim of drawing policy recommendations. Specifically, conducting research on the type of factors associated with people falling into poverty or with getting out of poverty. This in turn has helped in the design and evaluation of public policy. Ultimately, academic work is intended to draw pathways for helping those living in poverty, including the work of NOPOOR by:

- Taking their voice into consideration in the study of what poverty means, dimensions of poverty, sources of risk, livelihoods, survival strategies, and impact of social programs.
- Helping policymakers in taking informed actions towards poverty alleviation.
- Promoting cooperation between stakeholders in understanding poverty dynamics and in guiding policymaking.



3. What features and elements of the MDG framework have been particularly valuable in the fight against poverty?

First, MDGs represent a switch in the paradigm of how to look at poverty from a unique income indicator to a multidimensional perspective. One of the main authors driving this change was Amartya Sen, a Nobel prize economist winner, who introduced a capability approach into the analysis of poverty (1999). According to Sen, people should have the freedom to choose the ways through which they can enhance their potentials or capabilities. Such freedom-approach contradicted the paternalist donor perspective that the poor do not have enough knowledge to make decisions on what is best for them. Thus, aid programs usually came with strict conditions designed by policy makers in donor countries.

A second advantage is that a total of 189 countries politically agreed on the MDGs in 2000 in UN Headquarters in New York. In this way, MDGs represented a consensus and a truly global commitment towards this end (Melamed & Sumner, 2011:2). The fact that the MDGs have been instituted by the General Assembly of the UN and voted by the countries gives a legitimacy that cannot be denied.

Furthermore, MDGs are measurable over time. Despite the fact that the indicators were originally designed to measure progress per regions, individual countries have measured them systematically (Melamed & Sumner, 2011:2), introducing a result-oriented type of thinking in development programs. MDGs are simple, transparent, easy to understand, and easy to communicate. Therefore, MDGs facilitate international comparisons, to some extent. Objectives with indicators are concrete and even if the policies to be implemented in a given context to reach these objectives can be complex, the objectives and targets can easily be adopted at all levels of the administrative apparatus.

In sum, the setting up of MDGs brought a common understanding of some of the most important issues related to poverty and development. Indicators have been developed and monitored, despite of some current data gathering challenges. Targets have been established and the international community has accepted them. In most donor countries there is the political will to channel aid resources towards those ends. Most indicators show progress in absolute terms, nevertheless at regional and country level much needs to be done to have an optimistic view of the challenge.



4. What features and elements of the MDG framework have been problematic, in your view?

While the MDG framework has been helpful in some aspects, it has also shown some issues that appear to be problematic. The other side of the coin is that only areas covered by the MDGs are tackled with. For example, resources can be devoted massively to primary education to reach the MDG 2 while secondary education will be forsaken. While enrolment rates in primary education have increased, no attention has been given to the outlet of primary education, either to secondary education or to vocational or other opportunities.

Second, another adverse effect can be a search for quantitative results at the expense of quality. This is especially true for education where efforts are made to increase the enrolment rates but with less focus on quality (teachers training, teaching material and methods, etc.). In the same vein, poverty reduction has benefited more to the people just below the poverty line rather than to those in the most precarious situation. This applies also to research which has focused on areas covered by the MDGs, with a bias on measurement at the expense of a greater diversity.

Third, implementation seems to be a major problem. Findings of several evaluations studies have showed the large levels of waste being produced during the delivery of aid, which adds up to Euro 3.0 billion per year (Carlsson et al., 2009). Most of the problems have been identified at the donor side, such as the lack of coordination and the imperfectability of the resources and the misalignment between the donor's agenda and the development goals of the recipients. In some cases, donors have uncoordinated aid programs and policies, donor agencies are not willing to change their procedures, and there is high admin burden for recipients due to diversity of donors and procedures. Not to mention that there seems to be lack of information and accountability.

Fourth, an additional problem of the current MDG framework is related to the challenges of adapting indicators into specific contexts. To keep the momentum we should continue monitoring of important development targets. However, some of the targets should be revised to reflect achievable goals for the countries that have made the least progress. Unless we revise the targets for Sub-Saharan countries we fear the international community might disengage because they recognise that the targets cannot be achieved. Fragile states within as well as outside Africa should be given additional consideration. We need a better understanding of the impact of political, technical, financial and military support and combine these resources to assist in stabilization.

Lastly, it seems that emerging development challenges have not been taken into consideration. For example: environmental sustainability, employment conditions, inequality, population dynamics, particularly vulnerable groups, and inter-dependency of MDGs. In addition, the focus on the MDGs framework may have been detrimental to the other international commitments of the countries. There are numerous conventions signed by the countries, on governance, human rights and dignity, decent work and so on, which are not given as much attention.



5. In your view, what are the main gaps, if any, in the MDG framework?

Two main gaps in the MDG framework could be identified:

a) A gap in conceptualization:

The approach of poverty has been considerably deepened in the last two decades, but most policies, especially targeted policies are still based on a monetary and static definition of poverty. Not all dimensions of poverty, nor its dynamics, although they are more and more documented, are easily taken in account in policies. It is not granted that the decline of poverty has been accompanied by a decline of the vulnerability of people (their exposure to shocks) in the same proportion.

Another loophole of the MDGs framework is that it gives a limited or sectoral view at the expense of a holistic view of the phenomena (and everybody agrees that poverty is a multidimensional phenomenon). We have mentioned the case of primary education that should be put in perspective in the whole education system.

Finally, by focusing on the absolute rate of poverty (and other indicators in the same manner), the MDGs have neglected the distribution issue. In the case of Vietnam, the success story of the fight against poverty has put at the backstage the issue of rising inequality (it is true that this can occur only in a context of rapid economic growth). Inequality may become a major issue in Vietnam in the present decade as it may jeopardize the social cohesion. A similar case could be seen in Brazil, Chile, Mexico, and Peru, given that Latin America is the region with the highest levels of inequality. Nevertheless, inequality in the region goes beyond income distribution and is manifested in access to the labour market, education, health, and access to public services; “poverty and inequality in Latin America, as in other regions, are closely linked to another phenomenon, ethnicity” (Poole, Gauthier, and Mizrahi, 2007, p. 316).

Poverty has evolved due to new global trends that are not fully included in the MDG framework. The emergence of new challenges that affect quality of life, especially for those living in poverty, calls for a reconsideration of the MDGs. A development framework needs to take into consideration issues like the food crisis in Africa, human exploitation in terms of employment conditions or sexually, forced migration due to conflict or natural disasters, conflicts related to narcotraffic and terrorism, increase in energy prices, and new health challenges such as the H1N1 virus (worldwide, 2009-2010); Cholera (Zimbabwe, 2008-2009; Haiti 2010-2011); Ebola (Democratic Republic of Congo and Uganda, 2012), rural-urban disparities, ethnic conflicts, climate change, migration, natural disasters, economic crisis, and new patterns of investment and trade, including South to South cooperation.

We now have a wealth of micro studies investigating which interventions work in a large number of countries. Careful evaluation will suggest which interventions can be scaled up and in which context they are most likely to bring about the most change. So far little attention seems to have



been given to the complementarity between the MDGs. For example children born to educated mothers are more likely to survive and healthier children will be more likely to complete their education.

b) A gap in implementation:

The ways in which the MDGs have been addressed show implementation problems. A first aspect of implementation is related to what comes after achieving MDGs or certain development objectives. For example, as in the case of Vietnam, targeted policies in a context of growth can give very good results initially, when the rate of poverty is high. As the rate of poverty declines, it becomes more difficult (and more costly) to tackle severe poverty as these people live in remote areas and the factors that determine their status are more difficult to combat.

Moreover, evaluations show that while recipient countries are willing to change, donor countries are finding difficult to improve coordination, align their agendas to the development goals of the partners, and to save cost by unifying development programs and predictability or resources. For example, large waste is being generated by EU's multilayer donor structure.

Another aspect of the MDGs as a development framework that has received little attention is the prioritization of resources over time. Some interventions are more cost effective in the pursuit of development goals. For example the comparisons within the Copenhagen Consensus project show that health interventions have the best benefit-cost ratio. Rehydration drugs are cheap and save children's lives. Similarly, vaccinations drastically reduce infant mortality. These lifesaving technologies exist but are currently not affordable for the poor. Thus, it is largely not a problem of technology but affordability. In the longer term the hope is that countries grow out of poverty and build health care systems able to deliver these primary health care services without support from donors. However, many economists and political scientists believe that poor institutions hinder equitable growth in many countries. Often institutions are not inclusive but leaders use their political power to provide patronage goods to their narrow circle of supporters rather than public goods for all citizens. Spending aid on rehydration and vaccinations will save children's lives now but won't bring about fundamental change for the children of future generations. The current MDGs may cause us to spend a lot of aid on health and education interventions rather than on more difficult to measure changes necessary to bring about institutional change, enabling the country to grow out of poverty.

Finally, it seems that the MDG framework does not take into consideration that policies and programs require from administrative synergy and co-operation between various entities at the national and international level, a key implementation issue.



B. Feasibility of a future framework

6. In your view, in what way, if at all, could a future framework have an impact at global level in terms of global governance, consensus building, cooperation, etc.?

As mentioned above, the legitimacy of this framework given by the vote of the UN General Assembly is a condition for a good acceptance by the countries. It must be sincerely accepted by all countries that should make it their own at the national level.

A development framework should take into account the way in which national agencies or ministries interact and promote co-operation between them in achieving common goals. That would impact in larger development goals beyond the ones established in the MDGs. For example, a country would be interested not only in reducing child mortality but also in improving maternal health and pre-natal and early childhood services.

On the donor side, the main challenge is to fully integrate new players (emerging public donors such as China, India, and Brazil; private charities; big international NGOs) into efforts aimed at a better alignment of donor activities; these new players are too important to be neglected by the established DAC donors, even though their inclusion will definitely (further) complicate consensus building. One priority should be, for example, to urge China to accept DAC guidelines e.g. with respect to aid transparency.

Also, a development framework should take into consideration forms of co-operation that have not fully been explored: between developing countries themselves (South-South cooperation); between the private and public sectors; and between international organizations and the private sector.



7. To what extent is a global development framework approach necessary or useful to improve accountability with regard to poverty reduction policies in developing countries?

The basic idea behind the Paris declaration was for donors to respect the developing countries' strategies to tackle poverty, making both recipients and donor countries accountable for the achievement of (measured) development targets.

A global development framework could then be helpful for:

- Establishing a check-and-balances system for national governments with regard to their social policies and programs for alleviating poverty.
- Assessing the real impact of investments on poverty alleviation programs (for example, returns for each euro spent).
- Looking at development strategies at the regional level and fostering cooperation between countries.



8. What could be the advantages and disadvantages of a global development framework for your organisation/sector, including how you work effectively with your partners?

A global development framework could strengthen the mobilisation on the MDGs worldwide. But this has advantages and disadvantages:

a) Advantages:

In many issues, developed countries are also concerned (about rising poverty for instance); rather than giving lessons to developing countries, developed countries would do better to clean up their own backyard; avoiding stigmatization, notably of fragile states. Also, a common global framework for development would:

- Facilitate keeping track of common research interests and policy objectives.
- Promote cooperation in sharing of ideas and evaluations about what programs work in achieving development goals.
- Help to establish a common ground for comparing the effects of policies and programs across regions of the world.

b) Disadvantages:

In some area, the gap between the best and the worst performers is too wide and setting up common targets would be inefficient or useless; a solution would be to have different targets for different groups of countries, but this would go against the universality of the process.

Other possible disadvantages are that:

- Focusing on pre-established global targets could restrain creative thinking. Perhaps, concentrating public action and research into measuring specific indicators would set aside the importance of other development aspects.
- The impact of policy recommendations for issues outside a pre-established global development framework could fade away if the latter is prioritized.



C. The potential scope of a future agenda

9. In your view, what should be the primary purpose of a future framework?

It must offer a coherent framework for national policies and favor the mobilization of all actors to reach the objectives. Specifically, a development framework should take into account the following issues:

- Quality of services.
- Responsibility.
- Impact of programmes.
- Inequality (income, resources, and access to public services).
- Population change.
- Vulnerable groups.
- Gender equality and female empowerment.

Also, a development framework should try:

- To find ways of securing that resources are in fact helping to alleviate poverty.
- To build channels of cooperation for searching innovative ways of tackling poverty.
- To include constant monitoring and impact evaluation of programs.
- To take into consideration global development issues as well as local challenges.



10. In your view, should its scope be global, relevant for all countries?

In some aspects, it would be helpful for a development framework to have a global scope. For example, basically all of the current MDGs are still challenges for many regions in the world. It would be hard to deny that providing access to clean water, universal education, gender equality, reducing child mortality, improving maternal health, combating diseases, and ensuring environmental sustainability are still needed. Furthermore, having a common development framework helps to establish a comparable base for assessing the evolution of development goals across countries and for evaluating the performance of specific groups, countries, or regions. Nevertheless, it is important to take into consideration the relevance and urgency of the development goal for each country, region, or vulnerable group. If the framework is global and concerns all countries, it will be necessary to have relative indicators, and to introduce thresholds or limits between which the objective is relevant (not all countries would be concerned by all objectives).

In other respects, a development framework would need to be adapted to the local context. As mentioned, some countries may want to prioritise some aspects of development over others or may need urgent action in certain areas. On the one hand, some countries may need first to build institutions to ensure that governmental programs and public action is channelled towards development. On the other hand, the implementation of programs that aim to achieve the current MDGs may need context-specific adaptations depending on rural/urban differences, cultural aspects, emergency situations (such as an environmental catastrophe or civil wars) . To mention one example, reducing maternal mortality requires more resources and administrative efforts in a larger country than in a smaller country. Another example relates to the importance of cultural issues in addressing development goals; a case in point is Peru, where domestic violence is a widespread practice; “cultural factors, tradition, and beliefs have shown to be determinant aspects in making it difficult to make progress in the women empowerment MDG” (Alcázar and Andrade 2010).



11. To what extent should a future framework focus on the poorest and most fragile countries, or also address development objectives relevant in other countries?

A future development framework should take into account both global challenges as well as local contexts. At a general level, objectives like the ones included in the MDG framework are still valid for many regions in the world. Developmental goals such as health, nutrition, education, housing, and gender equality are universal human rights. The current economic situation hints that some developmental challenges remain important for the entire world. Elements of the crisis will not remain localised: precarious situations also rise in the global north. However, this is a new chance for cross-continental solidarity! In times of growing awareness of the socio-economic crisis, a future framework must embrace the common future of all countries. A common, supranational framework is crucial for keeping up awareness, building legitimacy and enhancing an overall dialogue, and has the possibility of a value change towards sustainability in a strong sense. Situations of fragility and extreme poverty have to be stressed, but not isolated from the global system.

At a more specific level, however, the circumstances of each country (or region within a country or vulnerable group) may require specific action. While some countries already have the institutional support and the macro-economic circumstances to achieve certain development goals, other countries are particularly fragile in terms of political instability and poor economic performance.

It appears that the divergence among developing countries has increased considerably. On the one hand, many Asian countries as well selected African countries (Ghana, for instance) have graduated to middle-income status and are characterized by a fairly high degree of political and social stability. On the other hand, most of the remaining low-income countries are fragile and prone to conflict. Hence, the more or less uniform approach of the MDGs may no longer be appropriate. Rather, a future framework should explicitly focus on the specific needs of poor and fragile countries, e.g. by putting a particular emphasis on improvements in security and acknowledging that progress towards overcoming absolute monetary and non-monetary poverty is likely to be slow in these countries.

Moreover, there are some specific features from the poorest and most fragile countries that deserved special attention. For example, people in Muslim societies, currently living in countries with a population over 1.2 billion where poverty is rather extended, are forbidden by religion to take loans that charge interest rates. As we know, access to financial services has been one of the keys issues poverty alleviation programs. However, in this context, access to finance is limited to the so called *Islamic finance products*, where banks participate by sharing the risk of the projects and providing equipment rather than by charging interest rates. Some finance and microfinance institutions have set up specific branches that offer *Islamic financial products*, but the whole system needs to be backed up not only by national institutions (central banks, regulators, educational system to provide trained specialists) but by the international financial and development communities. (Jabakhail, 2012)



Furthermore, it seems that some issues could be more urgent than others; for example, one could argue that tackling famines and child mortality seem to require more immediate action than gender empowerment, although that the latter is important for sustained development. Perhaps, a global development framework should let governments, citizens, organisations, donors, and stakeholders prioritise the issues that they consider to be the most important and urgent.

In sum, a development framework should address both, all countries in general as well as fragile countries. The future framework cannot be restricted to a group of countries with a given characteristic at that moment but it must take into consideration the specific conditions of some countries.



12. How could a new development agenda involve new actors, including the private sector and emerging donors?

This is indeed a crucial issue to reflect on. On the one hand, it would be possible to argue that the government remains the main actor; opening the MDGs framework to other actors, and in particular to the private sector is not convincing (see the inanity of some targets of the MDG 8 in that respect). Such a view seems more realistic if one considers that the motivation of the private sector is not to ensure social development but concentrated in private economic growth.

Nevertheless, convincing the private sector and non-governmental organizations about their importance in social development and getting them involved in a global development agenda is crucial. Today, many companies have acknowledged that fostering social development is in the end beneficial also for companies themselves. The rationale behind –what is known as– corporate social responsibility is that family-friendly and environmentally-friendly policies help to create wealth and well-being that goes back to the company. In addition, corporate social responsibility (or the way in which the private sector gets involved in social development) helps companies to boost their image, attract clients, and reduce personnel rotation. So far, most of these efforts from the private sector have remained localised to their own contexts. The challenge would be to get companies involved in a larger debate about a global development framework.

Moreover, the current financial crisis has made evident that governments cannot provide social development by themselves. The private sector plays an important role in people’s well-being: from creating employment and fostering economic growth, to investing in training and education, to researching on environmentally-friendly energy sources. For example, the private sector can participate in the development of basic infrastructure through public-private-partnerships or PPPs. Basic infrastructure, such as roads, hospitals, schools and even prisons, are now being built and operated successfully through these mechanisms all over the world. In a PPP, the government runs a competitive bid and offers a fixed-term contract for 20-25 years to a firm or group of firms that offer the most favourable conditions (level of investment, fees to the general public, construction period, design, technology and so on). At the end of the contract, the infrastructure is transferred to the public sector who continues providing the services.

The most obvious actions by private actors are of course the provision of permanent full-time jobs. In this respect, industrial clusters or agglomeration of geographically concentrated firms, backed by local, state and federal government can be an optimal way to integrate local firms into the global economy. In this respect, free trade schemes that increase the demand for local products can also help clusters to become competitive worldwide and to offer permanent full-time jobs. The cluster of firms, however also need the right atmosphere to operate, including efficient supportive industries, the right set of inputs such as trained specialists, and the proper regulations in place. NOPPOOR research will expand on the role of clusters on development. If the private sector is made accountable and engaged in poverty alleviation, there would be more favourable conditions for achieving human development.



Furthermore, financial private institutions, such as microfinance organizations can successfully provide access to credit, savings and insurance options to the poor, helping them conducting commercial activities and planning for catastrophic events.

Another important issue to take into consideration is the emergence of new donors and the power shift in the economic power at the international level. Given that the international aid architecture will not function properly without involvement of the major emerging donors, efforts should be made to integrate them into the OECD/DAC system. This could at least be achieved for countries such as Brazil and India, and China might later follow their example.

Finally, it is also important to acknowledge the role that non-governmental organisations could play in shaping a global development framework and in keeping track of development objectives. Non-governmental organisations could serve as observers and evaluators of public and private action. Also, they could get involved through the operation of microfinancial services, training, or monitoring social programmes.



13. How could a future framework support improved policy coherence for development (PCD), at global, EU and country levels?

Policy coherence at the global level could be improved if the future framework explicitly acknowledged potential contradictions between different policy spheres such as the aid system, trade policy, immigration policy and so on, and showed up ways how to ease these contradictions. The most obvious contradiction is of course the co-existence of aid for agriculture and agricultural protectionism in developed countries.

At the EU level, policy coherence for development can be improved by channeling official development assistance through one institution, for example the European Commission. This would once and for all avoid program duplicity among MS and the inefficiencies associated with multiple donor structures and overhead. The Commission can approach the risk problem (donors concern that the resources would not be used properly when provided to recipients' budget systems) by establishing fair and unified conditions to country recipients. The Commission can also help to address some of the key constraints of recipient countries, such as the lack of institutional capacity, social capital and transparency, making the MDGs easier to achieve.

Country recipients would have the benefit of having one-stop window when dealing with Europe (instead of 15, as it is now the case for some countries). In this way, the cost of dealing with multiple donors with diverse procedures would go down, making aid more effective. Countries can also benefit from the technical expertise of the Commission, improving aid program performance over time. Other benefit from making aid provision a competence of the EU not yet identify in the literature is making EU aid processes accountable through the European Parliament and the Court of Justice of the European Union.

Policy coherence at the country level can only be achieved if local governments and administrations are committed to development and "own" their policy programs. There is thus not much room for the traditional kind of policy conditionality. What donors could do is to support policy coherence by offering technical assistance, but in a way that avoids crowding out domestic ownership. Hence, a possible way to ensure policy coherence could be through penalizations and incentives. Nevertheless, it seems that a crucial aspect is to have clear delineation of responsibilities at each level of government along with quantified commitments from the donor side.



14. How could a new framework improve development financing?

Financing is certainly a challenge in development projects. A first obvious (but still a challenge) way of addressing financing for development is to avoid resource waste. A significant amount of resources in Europe (6 billion Euros approx.) is being wasted every year in inefficiencies. Despite that this amount is relatively small to the total of Europe aid (less than 5%), the resources are imaginable for countries in the far end of development. There is room for improvement by solving the multilayer donor structure currently in the EU.

A re-design of the MDGs beyond 2015 should address pressing political economy issues. Here is an example. The adoption of inclusive institutions is more likely if governments are accountable to their citizens. One important link between governments and the governed are taxes: “no taxation without representation”. However, tax revenue is typically low in poor countries. Financial flows from remittances, oil and minerals as well as aid often dwarf tax revenues. Non-tax income undermines good governance by distorting accountability. As Adrian Wood points out, governments dependent on aid pay too much attention to donors and too little to their citizens. He proposes capping aid to developing countries: aid should be limited to 50 per cent of the amount of tax revenue that the aid-receiving government raises from its own citizens, excluding revenue from oil and minerals. With such a cap governments would have an incentive to pay more attention to their own citizens. A cap could be phased in over a period of time, possibly over a decade for aid dependent peaceful countries and 15 years for post-war countries. The introduction of a credible cap on aid would place the emphasis on long term strategies rather than the attainment of short term outcomes.

Also, a new development framework could find new ways of channelling resources, not only financial but also human resources. Development projects could take advantage of public-private partnerships (PPPs) or volunteering associations that could find a benefit that does not necessarily have to be monetary. For example, students who get involved in a development project may get academic credits; private companies that get involved in development programmes could get financial incentives and so on.



D. The potential shape of a future agenda

15. What do you consider to be the "top 3" most important features or elements which should be *included* in or ensured by any future development agenda?

As in the case of MDGs, the new development agenda should be reached through global consensus, among countries and the new actors, such as the private sector and non-governmental organizations. Debate about a new global development framework is necessary, where the opinions of government, NGOs, the private sector, and citizens are taken into account. In that respect, we consider this consultation to be an important step. NOPOOR would welcome further forums and discussions around this topic. Meanwhile, we could delineate three issues:

1. Placing poverty as a priority for all international, national, and local government action. In addition, it would be important to find ways to get the private sector and non-governmental organizations involved. However, objectives must be attainable for all countries, even with different initial conditions.
2. Securing that policy decisions are informed, based on constant research, monitoring, and evaluation. In order to achieve that, objectives and target must be clear with well-defined indicators (this is a characteristic of the first framework of MDGs -although there are exceptions-that must be kept). Additionally, it is important to secure information transparency, both in the ways in which policy is decided and the impact of social programmes as well as in the possible economic interests of donor countries, which are acceptable but must be made transparent to the receivers.
3. To widen the scope of the current MDG framework to include issues such as governance, climate change, and Human Rights. Important discussions are needed. For example, in relation to closing the gap between urban and rural regions, find new ways to establish inter-generational justice (in China, the old generation is under threat; in the Arab World youth is marginalised). It is important then to broaden the scope of the development goals, but also it is important to broaden the scope of the ways of taking action. For example, to take into consideration the potential of transformative and transformational approaches in arts and culture; to prioritise the existing knowledge and structures in the receiving countries and adapt intervention under this scope; and to enhance local value chains to foster independence from crises and enhance resilience of local social systems



16. What do you consider to be the "top 3" features or elements which must be *avoided* in any future development agenda?

1. Dictating specific actions without taking into consideration the local context or without involving local people into the decision making process. In this way one must not think of poverty alleviation, or compliance with MDGs as the sole responsibility of national governments and international organisations. Related to this, it is important to avoid that only a small group of people lead the development agenda.

2. To draw a fixed development agenda, instead of a flexible one that includes new perspectives throughout the process. In the past decade, poverty has evolved due to new global trends that current MDGs did not include, such as climate change, migration, natural disasters, economic crisis, and new patterns of investment and trade, including South to South cooperation. Thus, poverty will continue to evolve over time and the new future agenda should be flexible enough to incorporate the new trends. By the same token, a country or donor organization should not fund development projects only if they fit into one or more MDGs. In other words, MDGs should not be used as a screening tool but rather as comprehensive perspective on development.

3. Lack of coordination among donor countries. Currently, it seems that each donor country has its own development agenda with its own targets and requirements for recipient countries. This translates into duplicity of programs, bureaucratic schemes and waste of resources that recipient countries need to live with in order to obtain resources for development. In addition, it is important to avoid hidden agendas in development co-operation, to support the approach of shared responsibility and to avoid giving up responsibility when transferring ownership from donors to receivers.



17. Should it be based on goals, targets and indicators? If any, should goals have an outcome or sector focus? Please give reasons for your answer.

Yes. A development framework, being the MDGs or a new one, should be based on goals, targets, and indicators. Otherwise, it would be hard to monitor development objectives or to evaluate whether policy action is promoting human development. The importance of measuring indicators and keeping track of progress goes back to Lord Kelvin's famous words: to measure is to know, and what cannot be measured cannot be improved. In other words, goals and targets are helpful; even if they are not fully achieved, they set a pathway for what to aim for.

In addition to this, looking at trends and rates of change of the indicators would also be important. Targets have to be realistic and despite all the useful measuring we should not just focus on narrowly defined yardsticks but keep the long term development aim, inclusive growth, as the main focus of our attention. Also, goals should take into consideration the outcome that we want to accomplish; for example, not only to focus on providing universal primary education but also to nourish people through good quality education. A development framework could also establish goals that are based on citizen capacity and responsibility.

18. How should implementation of the new framework be resourced?

A new development framework requires a commitment from international agencies, such as UNDP, and inter-sectorial commissions at the national level to follow-up political agreements. Also, there could be (national and/or international) entities responsible for evaluating the impact of social policies on achieving the MDGs. Furthermore, coordination at the national level is needed, along with the establishment of national budgets and plans that do not entirely rely on international aid.

While recipient countries are willing to change, donor countries are finding difficult to improve aid coordination; align their agendas to the development goals of the partners; save cost by unifying development programs; and improve the predictability of resources. A new development framework needs to take this into consideration to make the allocation of resources more efficient.

NOPOOR joins the discussion raised by the European Commission about the MDGs and the possibility of defining a new development framework. We confirm our commitment to engage in the debate and to find channels of co-operation between academia and policymaking in relation to poverty alleviation.



About NOPOOR

NOPOOR aims to build new knowledge on the nature and extent of poverty in developing countries to provide policymakers with a broader understanding of poverty. Poverty cannot be tackled without a comprehensive approach. It is a multidimensional phenomenon, and NOPOOR explores its new and uncharted dimensions. An understanding of poverty entry and exit processes is also needed for achieving MDGs and for making the policies more effective. Twenty experienced partners are involved in the project, which includes ten teams from developing and emerging countries in three regions (Latin America, sub-Saharan Africa and South Asia). These countries have implemented different poverty reduction policies, and this forms the basis for the comparative and case studies approach taken. The project seeks to identify key mechanisms that explain the persistence and exacerbation of poverty, which have been altered by the insertion of developing countries into the globalization process, including trade, aid, FDI and migration, and by the growing interdependence of economies.

NOPOOR puts significant resources into generating new knowledge from original surveys, database work and qualitative work. NOPOOR also pursues an active policy of dissemination and capacity building, including training of young partner countries researchers and statisticians.

The project is policy-oriented. NOPOOR accompanies the EU's agenda for its policy against poverty and for the review of MDGs by consultations, guidance notes, and policy briefs on issues relating to the program.

www.nopoos.eu



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