

# **Courant Research Centre**

## **‘Poverty, Equity and Growth in Developing and Transition Countries: Statistical Methods and Empirical Analysis’**

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**Policy Note:  
MDGs post-2015: What to do?**

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## **Policy Note**

### **MDGs post-2015: What to do?**

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#### **Summary**

With the recent appointment of the High-Level Panel to advise on the post-2015 development agenda, the preparation of a successor process to the MDGs is (finally) moving into high gear. In this note I provide an input to these discussions by briefly reviewing successes and failures of the current MDG process before making concrete suggestions of how a post-2015 goal system could look like.

The key points I would like to make are the following:

#### **Successes and Failures of the MDGs**

- a) The MDGs were remarkably successful in galvanizing action at the global level to tackle arguably the most egregious aspects of poverty and deprivation in the world. They were also successful in reversing aid flows from donors and redirect and focus activities of the UN system.
- b) When interpreted as country-specific goals, the MDGs were highly unrealistic and unfair to the world's poorest countries; when properly measuring achievements, it is precisely these countries that have made the most progress and they are now erroneously singled out as 'failing' to meet the MDGs.
- c) The goals were most successful at the global level, for donors, and the UN system. As they were devoid of country-specific realism and did not link to country-specific goals and indicators, they were much less successful in framing a development agenda at the country level.
- d) Some of the goals and targets were meaningless as the data to measure baseline or progress was (and often still is) not available.
- e) The goals were at their best when seen as shared commitments to overcome poverty in its multiple manifestations, staying explicitly silent on the precise mechanisms to overcome multidimensional poverty. They were at their worst when interpreted as blueprints for immediate action or as ways to generate a cost estimate for overcoming global poverty.
- f) Every step in the process of defining and revising the MDGs (from the International Development Goals and the Millennium Declaration in 2000 to the Millennium Development Goals in 2003 to the revised MDGs in 2005) was driven too much by special pleading of UN agencies to promote their agendas which made the MDGs increasingly complex, less useful, and in parts downright absurd.
- g) A successor framework should heed these successes and failures of the previous system. At the same time, it must recognize the dramatically changed international environment where

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aid from DAC donors is much less relevant, most of the world's poor live in middle-income countries that do not require financial assistance, and where these middle-income countries are now powerful players on the global arena that need to play an important role in a successor process. Despite this, I argue that a follow-up process remains desirable that should reflect a shared global commitment to eradicate absolute poverty (in its multidimensional manifestations).

### **A proposal for a new set of goals**

- h) I propose a follow-up set of goals that should be simple, measurable, transparent, and focus on the well-being outcomes of deprived individuals. A set of five goals focusing on income poverty, hunger, education, mortality, and sustainability would meet these criteria. Below I make concrete suggestions for indicators for each as well, some of which differ substantially from the current MDG indicators (see Table 1). Other important dimensions of well-being that cannot be adequately captured in a quantitative goal system (e.g. peace, security, decent work, human rights) and/or cannot command a sufficient consensus (e.g. human rights, distribution) should therefore be emphasized in a new declaration, but not included as goals. This also largely applies to the sustainable development goals which are unlikely to generate goals that meet the criteria above.
- i) For each goal, there should be an accompanying effort with clear commitments of all parties to generate and improve the measurement of well-being in that dimension and to rigorously evaluate policies that address these goals. In each goal should be accompanied by a discussion of the shared commitments of different players (the countries where the poor live, donors, the world community, and global civil society), although those cannot be included quantitatively. A sixth goal should summarize these commitments and work towards clear targets for all parties.
- j) These overarching global commitments should then translate into country-specific targets in these five dimensions. These country-specific targets should reflect global aspirations but also importantly reflect national plans and targets and also be based realistic assessments of what can be achieved, based on the assessment methods suggested below.

### **Process Issues**

- k) When designing the new set of goals, active participation and buy-in from emerging countries (including China, India, Brazil, Indonesia, etc.) in the process is critical as these countries still are home to a large share of world's deprived, are important donors themselves, are currently outside the DAC donor coordination system, and are key global players.
- l) While the UN system must own and drive the process, it must resist the temptation to saddle the process with pushing for an all-encompassing set of goals and targets that would reflect the interests of each and every UN agency.

## **1) Introduction**

The world community is slowly gearing up to developing a follow-up process to the Millennium Development Goals which are to expire in 2015. While the last summit on the issue in 2010 was focused on accelerating achievements until 2015 and most formal discussions at the global level have focused on procedural issues, it is high time to develop concrete substantive proposals for a post-2015 framework. This is also the task of the recently appointed High-Level Panel that is due to recommend a new framework for a post-2015 development agenda by the middle of next year. My note is meant to provide some inputs to these discussions.

In this note I will first argue that, despite a much changed international environment, a successor process remains desirable, but much would be gained if such a successor process learnt from the successes and failures of the current MDG process and made due recognition to the drastically changed international environment when developing a new set of goals. To do that, one first has to correctly identify what the MDGs achieved, to be clear about the shortcomings of the goals and the associated processes, pay due recognition to the current world economic situation in developing, emerging, and industrialized countries, and frame a new set of goals and processes with this in mind.

## **2) What did the MDGs achieve? (More than you think, if properly measured)**

The MDGs were, at their best, a rallying cry of the world community to make measurable progress in the most pressing development challenges of the time. After two decades of stagnation and regress in large parts of the developing world (most notably in Sub-Saharan Africa and Latin America), and rather slow progress in South and Central Asia, the aim was to galvanize action of the international community to change this state of affairs. In the world of the 1990s where the MDGs developed, this mainly meant more and better aid from rich countries to address a wider variety of development challenges, combined with better policies and a focus on these issues in poor countries. The MDGs certainly succeeded in reversing aid flows and made a particular contribution in accelerating action on key development challenges in the health and education field. Particularly in the health field, they contributed to a much greater focus in channeling resources to tackle AIDS, other intractable diseases such as malaria and tuberculosis, and greater attention to comprehensive approaches to tackle infant, child, and maternal mortality. In education, they succeeded in accelerating progress in boosting enrolment rates.

The MDGs were, on the whole, much more important for the donor community and the UN system in channeling and coordinating their activities and motivating for more resources and better use of them. In recipient countries, the MDGs were at best one of several processes shaping national policy-making. PRSPs and national development strategies dominated policy making but they were often generally consistent with the MDG agenda.

Were the MDGs actually met (or will they be by 2015)? Interpreted as global goals, the results are surprisingly positive. Income-poverty and the share of people without clean water has been halved, most of the world is close to reach the goal of gender equity in enrolment rates (particularly if you allow countries with more female than male enrolment to make up for countries with remaining deficits), and progress in under five mortality has also been just short of the global target. The goals that clearly will not be met at the global level are halving hunger (measured using underweight or FAO's hunger measure) and halving those without adequate sanitation. We cannot say anything

about maternal mortality since we do not know the levels in 1990 (nor even, with any reliability, today's rates); there is, however, circumstantial evidence of substantial progress.

But if you consider the MDGs as country-specific goals, as they have, contrary to the original intention, been interpreted subsequently by the international community, the scorecard looks bad. As has been repeated *ad nauseam* in official documents on the MDGs, most countries will fail to reach most goals. In addition, there are a large number of countries where the missing data do not allow an assessment; most are the type of countries (e.g. fragile, conflict-afflicted and/or failed states) that are unlikely to reach the goals.

But interpreting the MDGs as country-specific goals generated a lot of problems and biases. In fact the goals are largely unsuitable for those countries for which they were supposed to be most relevant: poor countries with low initial human development achievements. This is most obvious for the education and gender goals where the goal was reached in 1990 by a substantial number of developing countries but essentially unreachable for those developing countries with tiny initial primary enrolments or massive gender gaps.<sup>2</sup> But also for the health goals, the country-level goals were utterly unachievable for those countries that started with high levels of infant, child, and maternal mortality. Take the example of under-5 mortality. Here countries were asked to reduce mortality by 4.3% per year. While this is not a problem for countries starting with low levels of mortality (e.g. if you start with a level of 20/1000, a 4.3% annual reduction means that you need to reduce mortality by less than 1/1000 per year initially, and even less as time goes on, while countries starting with 200/1000 need to reduce it by about 9/1000 per year).

In fact, one can show that there is very robust 'normal' pattern of progress in educational enrolments, reductions in infant, child, and maternal mortality as well as undernutrition which is S-shaped (see Figure 1). Countries initially make slow progress, then progress accelerates after which it slows down again. When examining this actual pattern, it is quite clear that the required pace for countries with high levels of mortality is vastly over-ambitious while for those with low levels of mortality it is actually what the 'normal' pattern would prescribe. Figure 1 shows the 'normal' path and the much sharper required reduction implied by MDG4 for a country with initially high under-five mortality (such as Niger). Such an acceleration has never been seen in human history and thus entire unrealistic to achieve. Similar graphs can be drawn for undernutrition, MDG3, and Clemens and co-authors showed already in 2007 similar graphs for MDG2. So Easterly is right in the sense that the MDGs have been 'unfair' to Africa. There are ways to rectify this and one is to define success of a country by making progress that is 'faster' than the expected pattern. When one does this, many of the failures now turn out to be good achievers and, in fact, those with worst initial starting points have, on the whole been much more successful than believed. As a result, the overall scorecard for MDG achievements at the country level looks much better for precisely the countries it was meant for, those with low levels of initial achievements. For example, Niger, Malawi, Ethiopia, Liberia, and Angola are all countries who failed to reduce under-five-mortality by the required 4.3% per year and are thus in the list of countries failing to reach the goal. But they were actually able to reduce mortality substantially faster than the 'normal' transition path would suggest; in the case of Liberia and Niger, reductions were about 50% faster than expected which should count as a huge success!

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<sup>2</sup> This is also the case for the gender goal unless one allows for perverse ways of reaching it, i.e. by reducing male enrollment. As shown in Abu-Ghaida and Klasen (2004), such declining male enrolments were a serious issue in a number of countries across the developing world.

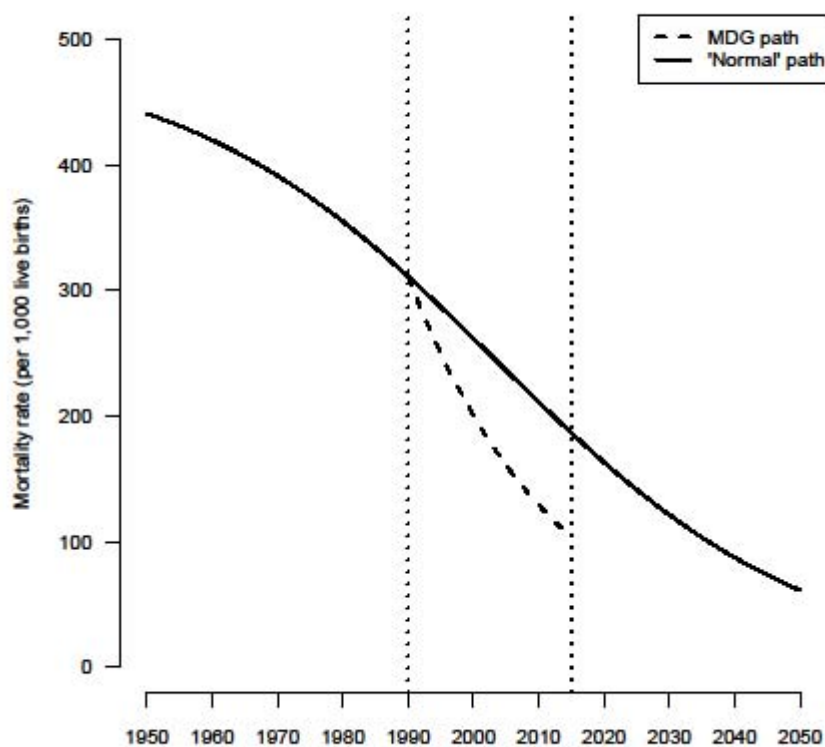


Figure 1: 'Normal' path and MDG4 requirement for country with high initial under-five mortality

Incidentally, a proper assessment of MDG progress at the country level also changes another common perception, that of poor MDGs progress in fragile states, another one of the often-repeated claims. Fragile states are mostly burdened with poor initial levels of achievements in MDG goals; as a result, defining the MDGs in country-specific terms, similarly imposed unrealistic targets on these countries. Again, if we look at a better way of measuring progress, we find that fragile states have performed as well as other countries in terms of MDG progress; in fact some (such as Cambodia) are among the best achievers overall.

In short, if properly measured, MDG progress looks much better than the official monitoring reports would suggest, particularly in Africa and in fragile states. Of course, this does not prove that the goal-setting in 2000 is mainly responsible for this progress, but it suggests that accelerated progress in the MDG indicators is possible and, in fact, happened in many places.

Conversely, one must also say that the MDGs have not been as successful as hoped for in leading to reforms in aid modalities. While aid volumes did go up again after 2000 and are now supplemented by rising aid flows from non-DAC donors, global funds, and private philanthropies, the total aid system is more fragmented than ever, progress on donor coordination and country ownership has been modest, and the aid bureaucracy is nearly as cumbersome for recipients as before.

To sum up: One can reasonably claim that the MDGs were rather successful in promoting human development in the poorest regions of the world. In fact, if properly interpreted, the MDGs were most successful precisely in the countries where accelerated progress was most urgent, including many Sub-Saharan African as well as fragile states. The MDGs contributed to this by greater aid flows, a greater dedication to these issues (particularly health and education), less so by great reforms in the aid delivery modalities where much remains to be done.

### **3) When devising new goals, be clear about the shortcomings of the existing goals (of which there are many)**

The MDG's were broadly right in their multidimensional approach to well-being and focused attention on actual results in key dimensions of welfare. They were also right in trying to focus on goals and targets for which there is broad consensus and where quantifiable indicators are, at least in principle, useful to track progress (although there were exceptions to this as discussed below). In that sense, it was right that the MDGs did not include particular goals and targets on important but largely unquantifiable aspects of welfare in the world, such as peace, security, respect for human rights, due process, or conservation of biodiversity. This is of course not to say that these goals are not important and worth pursuing. It just means that a pursuit of these goals within the system of the MDGs is simply not useful as no clear and uncontroversial ways to measure progress can be devised.

While the MDGs as a whole were thus a significant advance in focusing minds on key aspects of the development challenge, they were misleading and problematic if considered in detail. The more one took these goals, targets and indicators seriously as blueprints for developing planning and aid delivery, the more these problems became apparent. Let me name the most important problems. First, while some goals actually measured outcomes (such as the child and maternal mortality goals), most goals only measured outputs with no regard to outcomes. For example, the education goal has been about universal primary completion rates with no regard to educational quality. As we know from experiences in Africa and elsewhere, it is not so hard to boost enrolment rates (e.g. by lifting user fees or massive school-building programs), but often these boosts overwhelm the education system and lead to declines in quality. Similarly, one of the goals we have allegedly reached is about doubling the share of the population with access to safe drinking water. As has been shown in many studies by now, improving access to drinking water sources does not automatically lead to clean water at the household level, nor to reductions in diarrhea and mortality. In fact there are cases (including a recent impact evaluation extending urban water supply in Yemen which we completed recently) where improved access to drinking water has led to worse child health outcomes if this water access was irregular and not accompanied by improved hygiene behavior in the household. MDG8 is worst in this regard as it largely talks about possible inputs for better development outcomes. Clearly, it is not useful to have a system of goals that mixed inputs, outputs, and outcomes.

Second, some goals were and remain unmeasurable. It is laudable to have a goal to reduce maternal mortality by 75% across the developing world. But there are no reliable country-level or global figures for maternal mortality either in 1990 or today. There are some crude plausible estimates based on heroic assumptions but no hard data. In fact, the vast majority of developing countries, including nearly all of Africa, do not even today have a system in place to register and measure maternal mortality. Having quantitative goals with no data makes no sense. And unfortunately, the

urge to measure progress was apparently not big enough to actually get serious about putting in place systems of measurement of this very egregious form of mortality.

Third, the MDGs suffered from serious 'mission creep' and 'special pleading'. The precursors of the MDGs, the International Development Goals, had *seven* goals with *one single* indicator attached to each. By the time the report of the Millennium Summit was translated into the official Millennium Development Goals, we ended up with 8 goals, 18 targets, and 48 indicators. In 2005, the set of MDG indicators was further expanded to 21 targets and 60 indicators. Inter alia, the targets were expanded to include employment, but none of the indicators make a lot of empirical sense, are poorly measured, and have therefore had no impact on policy-making. What had happened? By the time it became clear that this goal-setting exercise appeared to be taken rather seriously by the international community, intense lobbying by UN agencies began to ensure inclusion of the goals of each agency in the MDGs. This way we got the goal to reduce the share of people that are undernourished although it is abundantly clear by now that the method used by FAO to count the number of 'hungry' people, is utterly unreliable in measuring levels and trends of hunger in the world. Similarly, we got the ILO-sponsored employment indicators which are particularly bizarre as it is not even clear which direction in the indicators is indicating progress (e.g. do we want the employment/population ratio to continually rise? Or could it be desirable that we can attain a high standard of living even with a low employment/population ratio which would allow early retirement, longer education periods, breaks from employment, more leisure, etc.); this is closely related to the problem the ILO was never able to produce convincing indicators for the laudable goal or promoting 'decent work', and now the MDGs have to contend with this confusion as well.

Fourth, the MDGs can be misinterpreted as a tool to devise vertical programs to ensure progress in the particular indicators. This is most apparent in the MDG 'costing' exercises which are possibly one of its biggest dangers of the MDG system. As was particularly done in the 2002-2003 UN Millennium Project headed by Jeffrey Sachs, unit costs were attached to each goal to essentially use the MDGs to come up with a big financial bill that would be required to meet the goals. This process and related processes and papers completely misrepresent the transmission channels to reach those goals. For example, reductions in child mortality are unlikely to be sustainably achieved by piling money into vertical programs to address particular health issues. Instead, a broad mix of interventions is required ranging from health sector reforms that improve coverage and quality of health services (particularly at the primary level), nutrition interventions, programs to ensure reliable medicine supplies, health education, investments in safe drinking water at the household level, greater female education, higher and more stable household incomes, among others. Increased funds can help promote some of these determinants but is neither a necessary nor a sufficient condition for progress here. Also, transmission channels depend on country-contexts. In particular, in fragile and conflict-affected states, policies to promote the MDGs should look very different than in countries where stable economic and political institutions exist. In short, the MDGs do not and cannot imply a mechanism of how they can be achieved.

The current controversies about the achievements (or lack thereof) of the so-called Millennium Villages where this money-focused approach to the MDGs was put into action highlight these difficulties. Interpreting the MDGs as indicators that can directly be addressed is misleading at best, and downright dangerous at worst. They are (necessarily) silent on a transmission mechanism to reach each goal as the transmission mechanism will be highly context-specific. Thus they should only



have been seen as a way to focus attention on shared concerns about well-being, rather than as directly actionable and costed central planning tools.

Given these short-comings, it is actually a relief that most developing countries did not buy into these goals as direct planning tools. In fact, the best use of MDGs at the country level was that they were used to set some overarching benchmarks and focused attention to the areas covered by the MDGs (if that had not already been an area of focus in other processes, including PRSPs and national planning approaches).

To sum up, the MDGs were broadly right in generating attention to today's development challenges and mobilizing the international community to support progress in reaching well-being broadly conceived. The details of the goals were, however, highly problematic. If one is to continue with a similar goal-setting exercise post-2015, one should try to avoid the pitfalls of this current round. In particular, there should be few goals that focus on outcomes, be measurable with available data, be realistic at the country level, be developed in a transparent manner to avoid special pleading, and should be seen as overall commitments rather than tools for directly devising interventions.

**4) Does a new round of MDGs make sense given the dramatic changes in the world? (yes, but it will have to be a different process)**

The world today is very different from the 1990s, the time period where the goals were being formed at the big UN conferences and then consolidated at the Millennium Summit. For a post-2015 process the following issues are most pertinent. First, many fewer countries rely on aid flows as a critical resource to tackle their development problems. There are only very few countries in the Americas and Asia that rely on aid as an important source of financing, while aid continues to be rather important in many countries of Sub Saharan Africa. Thus increasing and redirecting aid flows will affect many fewer countries now than in the 1990s. And even many of those aid-dependent countries are experiencing fast economic growth and associated improvements in health and education. In fact, extrapolating from the last 5 years would render MDGs with a similar level of ambition as the current system, largely redundant. But this economic and social progress in many of the world's poorer countries is rather fragile, depends excessively on high commodity prices, a sound world economy, peace, stable governance, and economic and political stability. Given fragile national and global economic conditions, recent progress is not necessarily a good guide for continued progress in well-being in coming years.

Moreover, many of the countries that have emerged from a reliance on aid continue to house a large share of the world's poor and deprived. As has been pointed out by Sumner, now the majority of the world's poor and deprived live in middle-income countries, most of which receive very little aid. While in the 1990s, the MDGs could be successful by galvanizing action on increased and more focused aid flows, a repeat process would have many fewer beneficiaries. There are two ways out of this dilemma. One is to focus any follow-up process on commitments to those countries where aid is still important, leaving all the other countries unaffected by it. This would sit not only uneasily with the ambition of the MDGs as a shared global commitment; it would also leave out the majority of the world's deprived populations. The alternative would be to ensure that the MDG process is a truly global process with all developing and emerging countries having a clear voice. This would lead to a shared commitment about improving the welfare of the world's population with full buy-in from those who do not rely on foreign assistance. Of course, the latter option is much harder to

undertake and maybe it is already too late to start such a global process. But in principle, it is the better approach as there are other good reasons to bring in emerging countries. Among them is that a large number of emerging countries are aid donors themselves but operate currently outside of the DAC aid system. The post-2015 process should strive to integrate this aid into the shared global commitments that such a process could deliver.

Lastly, aid budgets in rich countries are seriously under threat. In the current global environment most DAC donors have to consolidate budgets. Foreign aid is an easy (even not very lucrative) target to generate some budgetary savings. In that environment, it will be rather hard to motivate for higher resource flows to support a post-2015 agenda. This is one more rather pragmatic reason why a serious post-2015 process will only work if it includes non-DAC donors as key participants.

### **5) What to do now (a concrete proposal on substance and process)**

The discussion above suggests that a continuation of the current system will not work and, given the flaws of the details of the current MDGs, is not desirable. At the same time, a broad global commitment on further reducing the most egregious forms of multi-dimensional deprivation across the world remains as valuable as ever.

On the substance of this global commitment, I would propose to focus a new MDG system to be based on a shared commitment to reduce deprivation of people in five dimensions: income poverty, hunger, education, mortality, and sustainability. As I emphasized above, this does of course not mean that other issues are unimportant (such as human rights, decent work, political freedoms, loss of biodiversity, etc.) but that it will not be useful to devise goals and targets for essentially unquantifiable concepts who additionally do not command consensus across the world.

Note that these goals focus on human development *outcomes* at the level of the individual level. Whatever inputs and processes are required to bring them about would not be subject of the goals as these transmission channels are highly country-specific.

I will first talk about the indicators and then address the question of (country-specific) targets below. Each goal has a substantive component and many have a critical measurement issue attached to ensure that the goals can actually be meaningfully monitored.

Clearly, income poverty remains a huge challenge in many developing countries and overcome material deprivation remains a key aspiration. The World Bank's \$ a day measure was critical in helping to shape an agenda on attacking income poverty in many countries. At the same time, the details of the \$ a day approach to poverty measurement are rather contentious. They relate to the setting of the international poverty line and the use of Purchasing Power Parities (PPPs) to arrive at the international poverty line (and to translate it into national poverty lines). The frequent revisions associated with new PPPs create confusion and uncertainties. Also, the international poverty line has no clear relevance to national policy-makers who have their own ways of setting the poverty line using national currency. A way to overcome these weaknesses would be to devise a new MDG that would call for reducing national poverty rates within the next 25 years again, using national ways of setting poverty lines. Simultaneously, an international process should be set into motion to standardize these national poverty lines so that they are comparable in methods and approaches and thus would allow an assessment of global poverty. Here an internationally coordinated approach to apply the so-called 'cost of basic needs method' to setting national poverty lines, which is currently

already used by most developing countries (though in inconsistent fashion), would be the best starting point.

Hunger also remains a central challenge in this world. Despite rising incomes, progress in reducing acute and chronic malnutrition has been insufficient. Acute malnutrition remains a central problem but this is hard to grasp with reliable and internationally comparable indicators. Chronic malnutrition is easier to measure, clearer to interpret, and more amenable to sustained policy interventions. Due to biases in the current underweight measure used in MDG1, it would be better to rely on stunting as the more reliable indicator. The FAO measure is not a reliable indicator of hunger and should therefore not be included in a new system.

In terms of education, the MDGs have been rather successful in pushing an agenda to boost enrolment rates. Now it is clear that boosting educational quality is critical. Here the database to assess educational quality has improved substantially but unfortunately there are still insufficient internationally comparable data available to assess schooling outcomes. Thus the proposal is to set goals in terms of (gender-specific) educational completion rates and at the same time set into motion a process of collecting internationally comparable educational outcome data (such as standardizing and extending the PISA, SAQMEQ, PASEQ, TIMMS systems of student achievements) to generate a subsidiary goal in this regard. That subsidiary goal should, over time, replace the existing goal.

The child mortality goal was in many ways the clearest and most unobjectionable of the current set of MDGs (even if the targets were poorly devised). I would simply retain a child mortality goal and set it in a country-specific and gender-specific fashion. Regarding measurement issues, urgent progress is needed to measure and assess adult mortality. This depends on reliable national birth and death registration systems which are sorely lacking in most developing countries still. The commitment of the world community here should be to assist developing countries to develop such systems that would provide key vital statistics and also enable countries to produce national identity cards that can be used for accessing government programs, voter registration, etc.

It is clear that achieving economic and environmental sustainability of current development paths of all countries of the world remain a central challenge for many countries and needs to be considered in an MDG system. In contrast to the other proposed goals which focus primarily on developing countries, this goal should therefore be of relevance to *all* countries in the world. As became clear again at the Rio+20 summit, measuring sustainability in a conceptually sound and internationally comparable way is clearly rather difficult which is why so little progress has been made in this regard. On measuring economic and resource sustainability, the goal should be that more physical, human, and natural capital (per capita) is left to the next generation than was inherited from the previous one, i.e. countries should follow at least the weak version Hicks-Hartwick-Solow rule of non-declining capital per capita, broadly conceived.<sup>3</sup> To measure this, one has to relate savings in a country with the depreciation of capital. Of particular note should be that the savings considered are *domestic* savings, and do not include capital flows from abroad. This would mean that the unsustainability of relying on foreign capital flows in countries such as the US, some European countries, as well as some developing countries would be considered here. Using a version of the adjusted net savings rate would be a useful approach in this regard, where one would take the gross domestic savings rate as

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<sup>3</sup> The weak version allows for the substitution of different forms of capital, i.e. a depletion of natural capital could be made up by increases in human or physical capital. Clearly, there are limits to substitution so that this is a relatively weak condition.

the starting point, add education expenditures, subtract depreciation of physical, human, and natural capital, and add damage due to CO2 emissions. Basic data for this are in fact readily available although a process needs to be set into motion to increase the reliability of this and increasingly add further components of natural capital. A second sustainability target should relate directly to climate change, a key global challenge. Here I think the only sensible target could be to ensure that consumption based greenhouse gas emissions<sup>4</sup> are approaching a common emission-per-capita level in each country that is consistent with avoiding substantial and irreversible damage to the Earth's climate (where the commonly agreed goal is to limit warming to 2 degrees). The 4<sup>th</sup> and 5<sup>th</sup> Assessment report of the IPCC could provide ready guidance on what that common emission/capita level would be and what pathways of convergence to this path would be consistent with the 2 degree goal.

A last goal should be differentiated clearly from the substantive goals and clearly spell out responsibilities for achieving the new MDGs, with particular focus on the role of industrialized and emerging countries. This should include clear commitments on amounts and modalities of aid (particularly with regard to transparency, robust impact evaluations, country leadership and using country systems for implementation, and peer review), commitments to address the measurement challenges inherent in the six new goals, commitments to global public goods (e.g. vaccines, health technologies, low-carbon technologies, peace-keeping and international security) and work towards a trading system that provides preferential market access to the world's poorest countries. The process should also revisit the global governance architecture to reflect the new realities of the globe and pick up unfinished business (e.g. accelerated UN reform with the option of substantial consolidation of UN system coupled with increased mandates and resources).

Apart from the goals, target countries, and indicators, the target itself is of crucial importance. As discussed above, global goals can be useful but ultimately mean little at the individual country level. Just asking countries to have the same reduction as was globally envisaged leads to the problems of unrealistic goals and disappointed expectations. Instead, I would propose country-specific targets in reference to the 'normal' transition paths discussed above. For example, the goal could be in a corridor of achieving a 20-50% faster achievement over the next 25 years than the 'normal' transition path would imply; for example, if the normal transition path would imply a 40% reduction in child mortality, the goal could be to accelerate this to a 48-60% reduction. Countries could commit to specific targets within these ranges and then global goals could be built up from this. Table 1 thus summarizes my proposal for the new MDG system.

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<sup>4</sup> Consumption-based emissions calculate the emissions that are associated with consumption patterns in a particular country and include the emissions that are associated with the imports of goods (and exclude those associated with exports).

**Table 1: Proposed MDG Goals System post-2015**

Goal	Indicator	Target	Measurement issue	Target Countries
Substantive Goals				
Reduce absolute income poverty	National income poverty headcounts	Country-specific targets based on feasible paths	Apply consistent method to national income poverty measurement	Developing countries
Reduce chronic hunger	Childhood stunting rates	Country-specific targets based on feasible paths	Extend nutrition monitoring to more countries and more time periods	Developing Countries
Promote Education	Schooling completion rates	Country-specific targets based on feasible paths	Commit to global measurement of educational quality via regular and comparable achievement tests	Developing Countries
Reduce mortality and morbidity	Under-five mortality rate	Country-specific targets based on feasible paths	Support global birth and death registration and monitoring	Developing Countries
Achieve Sustainable Development and Mitigate Climate Change	Adjusted net savings (using domestic savings), Globally equal consumption-based GHG emissions/capita consistent with 2 degree goal	Adjusted net savings rate to exceed population growth (possibly with country-specific adjustment paths), Country-specific paths based on contraction and convergence scenarios of IPCC	Extent measurement of depreciation of natural capital, Improve measurement of consumption-based emissions	All Countries
Process Goals				
Assist developing countries through financial and technical assistance and a conducive policy environment to meet 6 goals	Aid flows, provision of global public goods, preferential trading system, global governance reforms (including UN reforms), addressing measurement challenges for 6 goals, peer-reviewed transparent aid program owned by countries, robust impact evaluations, analytical support on transmission mechanisms	Country-specific targets for old and new donors to be negotiated		Industrialized and emerging economies

## **6) How to get from here to there?**

Currently many processes are going on to make proposals for a post-2015 MDG system. Most donors are beginning to make proposals, academics and activists are actively debating and at the UN (with a recent report from a UN task team outlining an overall vision and the next steps), a high-level process is underway that is guided by a High-Level Panel Co-Chaired by Liberia's President Ellen Johnson Sirleaf, British Prime Minister David Cameron and Indonesia's President Susilo Bambang Yudhoyono with working groups within the UN supporting the process. While this high-level group is an important and critical step to advance the process of developing a post-2015 development agenda, there are three serious challenges that will need to be considered. First, a follow-up process to the MDGs will only stand a realistic chance of developing a new shared global commitment if it reflects the new realities in the world. This will mean in particular that the emerging economies need to be integrally involved. In fact, without an active involvement of India, China, and Brazil in formulating a new global vision, it is hard to see how one can bring such a new global vision about; they need to be participants and active players in a new system for the reasons outlined above.

Second, as the recently published report by the UN interagency task group suggests, there is a great temptation within the UN system to expand the ambit of a post-2015 process to include peace and security, broader notions of sustainability, and distributional goals. While these are all laudable goals, it is entirely unrealistic that it is possible to generate a broad consensus on how to incorporate these items into a new system of goals and targets. This is due to the fact that some of these goals are essentially unmeasurable (certainly in a intertemporally and internationally consistent framework), and some goals do not command the required consensus. Thus these attempts to broaden the agenda are more likely to derail it.

The third danger relates to the process within the UN system. While the UN will ultimately need to lead and drive the process, it must at all cost resist special pleading from within the UN system that would endanger the integrity of the process by piling on goals to serve the needs of the UN system itself as well as its sub-organizations. Thus it would be much better to think of the UN system to house the development of the post-2015 process, but it be led by the new emerging economies, with support and input from the developing and the industrialized world.

## **7) Conclusions**

It took about 10 years, several major UN conferences, and a confluence of fortuitous circumstances that produces the first set of Millennium Development Goals and helped focus the global development agenda. We are now two years away from trying to come up with a credible follow-up process. In this note I have suggested that the most useful way forward is to devise a much reduced set of goals that command broad consensus, are quantifiable, set in motion important advances in the measurement of development, and cover key aspects of the most egregious deprivations still haunting the planet. If emerging economies can credible be brought on board, I believe that pursuing this agenda is politically feasible and would ensure that the development agenda in coming decades would continue to be shaped by a shared global vision to eliminate the most egregious forms of deprivations.

## Further readings<sup>5</sup>

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<sup>5</sup> In this policy note, we draw on these readings where further information and details on some of the arguments can be found. For readability of this policy note, we refrained from formally referencing individual sources in the way it is standard in an academic paper.

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