UN SYSTEM TASK TEAM ON THE POST-2015 UN DEVELOPMENT AGENDA

The MDGs after 2015: Some reflections on the possibilities

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Following on the outcome of the 2010 High-level Plenary Meeting of the General Assembly on the Millennium Development Goals, the United Nations Secretary-General established the UN System Task Team in September 2011 to support UN system-wide preparations for the post-2015 UN development agenda, in consultation with all stakeholders. The Task Team is led by the Department of Economic and Social Affairs and the United Nations Development Programme and brings together senior experts from over 50 UN entities and international organizations to provide system-wide support to the post-2015 consultation process, including analytical input, expertise and outreach.

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The Millennium Development Goals (MDGs), which began life at the turn of the century, are the focus of attention among people for different reasons. Some are concerned with the past to review progress. Some concentrate on the present to consider the implications of the financial crisis and the Great Recession in the world economy. Some think about the future and how to traverse the remaining distance. The conjuncture is obviously important. It is time for an evaluation of progress with respect to the objectives set out in the MDGs.[1] The Millennium Summit in September 2000 set goals for September 2015. Therefore, the MDGs have completed almost four-fifths of their life span in their present incarnation.[2] Indeed, if 1990 was the base year and 2015 is the terminal year for the goals that were set in 2000, just about one-eighth of the stipulated time horizon of 25 years remains for the attainment of the goals. But that is not all. There is also a natural concern about the implications of the financial crisis, the food crisis and the environmental crisis which have roughly coincided in time. This triple crisis is bound to have implications and consequences for the MDGs. It is, therefore, an appropriate time for reflection, or introspection, on what remains to be done before 2015. However, the purpose of this paper is different. It seeks to discuss MDGs in prospect rather than retrospect. The object is to reflect on possibilities and options beyond 2015.[3]

The structure of the discussion follows. Section I sets the stage. It outlines the origins and significance of MDGs, to highlight why they are the focus of attention once again. Section II attempts an evaluation of MDGs. It provides a critical assessment of their conception and design. Section III contemplates their future. It discusses options beyond 2015 in terms of possible choices to explore the necessary and desirable contours of change which could be

1 There is extensive literature on the subject that attempts to provide an assessment of progress on MDGs. See, for example, United Nations (2009), UNDP (2010), ESCAP-ADB-UNDP (2010), United Nations (2010). See also, Vandemoortele (2010) and Fukuda-Parr and Greenstein (2010). It would mean too much of a digression to enter into a discussion here because the purpose of this paper is somewhat different.

2 Studies carried out by the United Nations, which has reviewed the experience so far, suggest some correctives in the MDG agenda for the period 2010 to 2015. See, in particular, UNDP (2010) and UNDP (2010a). See also United Nations (2009), United Nations (2010), and ESCAP-ADB-UNDP (2010).

3 The discussion that follows draws upon the author's earlier work on the subject. See Nayyar (2011).

the foundations of a modified or alternative framework. Section IV examines what developing countries could do in their respective national contexts for the pursuit and attainment of development objectives embedded in the MDGs. Section V is about the international context, where the focus has been narrow and the progress has been slow so far. It highlights possibilities of change for the better, but argues for a different approach and framework which would be conducive for development.

I. Origins and significance

Some of the essential commitments in the Declaration adopted by Heads of Governments at the Millennium Summit of the United Nations in September 2000 were selected, condensed and presented as the MDGs, which sought to eradicate poverty and hunger, achieve universal primary education, promote gender equality, reduce child mortality, improve maternal health, combat common diseases, ensure environmental sustainability and develop a global partnership for development.[4] This was an important watershed. It was the outcome of a long process in the United Nations.[5] The attempt to place poverty reduction and concessional assistance on the international agenda for development continued. It remained the theme at a sequence of conferences and summits during the 1990s where some commitments were made.[6] But it was also an outcome of history in a more substantive sense.[7] The period from 1950 to 1980 witnessed economic growth at a respectable pace across the developing world, which was a radical departure from the stagnation in the colonial era, but this growth did not translate into well-being for ordinary people. The period from 1980 to 2000, the era of markets and globalization, belied the expectations and promises of the ideologues. Economic growth across the developing world, except for China and India, was much slower and more volatile than the preceding three decades. What is more, there was a discernible increase in economic inequalities between countries and

4 See United Nations (2000).

5 There were two UN resolutions in 1970 on the International Development Strategy for the Second United Nations Development Decade, which set out the objective that official development assistance to developing countries should reach a level of 0.7 per cent of GDP of industrialized countries by the middle of the decade (United Nations, 1970).

6 For a discussion on MDGs in historical perspective, see Jolly (2010).

7 In retrospect, it is clear that turning points in thinking about development during the second half of the twentieth century, which reshaped strategies, were strongly influenced by history and conjuncture, reinforced by the dominant political ideology of the times. This hypothesis is developed elsewhere, at some length, by the author (Nayyar, 2008).

people, while poverty and deprivation persisted in large parts of the developing world. Thus, it would seem that the development experience of the preceding 50 years made 2000 an almost natural conjuncture for the birth of the MDGs.

There were three dimensions to the significance of the MDGs. It was an explicit recognition of the reality that a large proportion of people in the world were deprived and poor. It was a statement of good intentions that sought a time-bound reduction in poverty to improve the living conditions of those deprived and excluded. It was an attempt to place this persistent problem, until then a largely national concern, on the development agenda for international cooperation. Taken together, these MDG attributes introduced a mechanism, even if implicit, to monitor progress in the pursuit of stated objectives. In fact, some targets were specified in quantitative terms with respect to stipulated time horizons. Thus, in principle, national governments could be held accountable by their people, just as the international community could be held accountable by national governments.

In retrospect, it is clear that the MDGs, much like the human development index, caught the popular imagination. The reasons are almost obvious— a simplicity that is engaging, targets that are quantitative, objectives that are easy to comprehend, and good intentions with which no one could possibly disagree. It is no surprise that the MDGs galvanized widespread international support across the entire spectrum of stakeholders. The engagement of the international community was natural, so that multilateral institutions and international organizations provided the meeting space for continuing consultations and monitoring progress. The engagement of national governments was also inevitable, as domestic political processes and civil society organizations entered the picture. In practice, however, accountability of the international community and national governments was limited, because the constituencies, poor countries or poor people, that might have invoked it, simply did not have the voice let alone any power of sanction. What is more, as it turned out, the MDGs did not quite serve their larger strategic purpose of changing the discourse on development.[8]

8 See Vandemoortele (2010) and Fukuda-Parr (2010).

In this context, it must be recognized that the discourse on the MDGs, just as much as the debate on development, is often shaped by ideological perspectives. Therefore, the lessons drawn from experience, particularly in orthodox thinking, are selective and partial. The conventional view is that the MDGs are attainable wherever economic growth is rapid, foreign aid is substantial and governance is good. The moral of the story is that human development is largely growth-mediated, aid-mediated or governance-mediated. In this worldview, if countries performed poorly with respect to the MDGs, it was because growth was not enough, aid was not sufficient and governance was poor.[9] This is an oversimplification, if not simplistic, characterization of outcomes. In reality, growth may not trickle down, aid may be marginal if not irrelevant, and the quality of governance might be a consequence rather than a cause of development. The growth, aid and governance arguments have something in common because they believe that the MDG agenda is essentially about economic policies and economic development. The underlying belief is that there are best practices in every sphere which can be replicated, or scaled, across space and over time. This belief system is based on a convenient but inappropriate abstraction. In fact, economic outcomes are shaped by political processes and social transformation. Therefore, it is a mistake to focus on the economy in isolation from polity and society.

II. Evaluating the MDGs

Any assessment of the MDGs as a framework for thinking about, or monitoring progress in, development must begin with the focus on their conception and design, which can be followed by an evaluation of their strengths and weaknesses through the lens of experience.

In terms of conception, there are two basic problems. First, the MDGs specify an outcome but do not set out the process which would make it possible to realize the objectives. In other words, the MDGs specify a destination but do not chart the journey. Second, the MDGs are stipulated without any reference to initial conditions, but where a country gets to in any given time horizon depends at least, in part, on where it starts out from. Global goals meant as norms, but often read as targets, also do not recognize that there may be significant differences in national priorities. In sum, the MDGs focus on a comparison between an

9 For a lucid and critical analysis of this worldview, see Vandemoortele (2010).

undesirable state and a desirable state, but do not recognize the importance of the process of change, or the transition path, from one state to the other. This implicit separation of ends and means compounds the problem. But that is not all. There is another fundamental limitation. The MDGs are set out in terms of aggregates or averages which often conceal as much as they reveal because there is no reference to distributional outcomes. The depiction of social indicators of development as arithmetic means or statistical averages provides a single summary measure but it cannot reflect the well-being of the poor, most of whom are significantly below any line that is drawn on the basis of an average. Therefore, a meaningful assessment of progress in the living conditions of people must recognize rather than ignore the existence of inequality. The 'tyranny of averages' can be deceptive, if not misleading. It is essential to disaggregate outcomes so as to reveal rather than conceal distributional realities.[10]

In terms of design, there are three basic limitations. First, there is a multiplicity of objectives. There are 8 goals, 18 quantifiable targets now increased to 21, and 48 indicators now increased to 60. Second, the objectives are specified in many different ways. Some objectives are set out in proportional terms: reducing the proportion of people who live in poverty or hunger by one-half; reducing child mortality rates by two-thirds; reducing maternal mortality rates by three-fourths; or reducing the proportion of people without access to safe drinking water and basic sanitation facilities by one-half. Other objectives are set out in terms of completion: universal primary education; gender equality in school education; productive employment with decent work for all; or universal access to reproductive health. Yet other objectives are set out as statements of intentions: reduce loss in bio-diversity or improve the lives of slum-dwellers. Third, some indicators, particularly the poverty head count, are inappropriate and could be misleading. The problems associated with these three limitations are almost obvious. Even so, they are worth highlighting.

The multiplicity of objectives means that, apart from duplication and overlap, it is difficult to monitor overall progress. The implicit assumption underlying targets that seek a

10 For a more detailed discussion on the importance of inequality in the context of MDGs, see Fukuda-Parr (2010) and Vandemoortele and Delamonica (2010).

proportionate reduction is that progress is linear. In fact, it is not. If the object is to reduce the proportion of people living in poverty by one-half, much depends on the initial level whether it is 60 per cent or 20 per cent. Consequently, targets may be set too high for some and too low for others.[11] The problem with targets that seek universal access in terms of completion is that outcomes are characterized as binary, so that it is difficult to differentiate between outcomes where there is little progress and where there is substantial progress. Targets that are set out as statements of intentions mean different things to different people and are exceedingly difficult to monitor. These problems are often compounded by difficulties in measurement which differ across objectives. In some countries and for some indicators, statistics are not good enough. In other countries and for other indicators, statistics are difficult to find. The limitation of inappropriate indicators such as the proportion of the population below a stipulated poverty line is somewhat different. These could be misleading because the measurement might miss the point.[12] The problem is not simply that counting the poor is often associated with serious differences because of methodology and statistics, although that often receives much of the attention. The focus on such poverty reduction might be misleading if it neglects those who are persistently poor or considerably below the poverty line.

The limitations of MDGs as a construct, in conception and in design, provide some basis for an evaluation of the MDGs as a framework. It would mean too much of a digression to attempt a systematic let alone a complete evaluation. Nevertheless, it is important to stress some aspects. First, their weakness is their strength. The MDGs are simple, catchy and acceptable, and, in part they focus on ends with which no one would disagree. At the same time, this strength is also their weakness, because there is an implicit assumption that one-size-fits-all. The weakness is accentuated because the MDGs are silent on the means. Second, the MDGs have been associated with unintended consequences, mostly in the form of misplaced emphasis on stepping up the rate of economic growth and mobilizing external financing for social sectors. This problem is attributable, in part, to the silence on means

11 It has been convincingly argued that the MDGs set the bar too high for countries in sub-Saharan Africa. See, for example, Easterly (2009). See also Vandemoortle and Delamonica (2010), who highlight this problem with the MDGs in a pointed manner: "..(this) begs the question whether Africa is missing the targets or the world is missing the point."

12 See Gaiha (2003) and Reddy and Heuty (2008). There is substance in such critiques. Yet, it must be recognized that the problem arises in part from the definition of poverty in the head-count measure. For any given poverty line, those below are poor and those above are not. If the definition is binary, so is the target.

with a focus on ends. Conventional economic thinking and orthodox economic policies simply occupied that vacant space. Given the dominant ideology of our times, it is no surprise. In the process, the essential values underlying the MDGs, which were drawn from the paradigm of human development, have been lost in translation.[13] Third, it would seem that the MDGs have been misunderstood, misused and misappropriated.[14]

There is a misunderstanding because global MDG targets are often used as a scale for assessing the performance of different regions or specific countries. But the MDGs were meant to be collective targets for the world as a whole which did not have to be reached by every country. In fact, countries were meant to contextualize the MDGs in terms of initial conditions and national priorities. There is a misuse in so far as the MDGs have come to be captured by a donor-centric view of development. This has led to a disproportionate emphasis on the importance of external financing in the pursuit of MDGs. It has also tended to shift the focus of attention away from national governments to the international community. But success or failure in the pursuit of MDGs depends largely upon what happens within countries, where governments are both responsible and accountable for outcomes. There is also a misappropriation of MDGs by the dominant orthodoxy which represents an ideological perspective on development. The MDGs articulate ends. Their silence on means might have been attributable to two reasons which are understandable: the recognition that development is characterized by specificities in time and in space, and the acceptance that there might be genuine differences of opinion on what are appropriate strategies of development so that a political consensus on means would be exceedingly difficult if not impossible. But the silence was transformed into an opportunity by orthodoxy, which had voice and exercised influence to focus on faster growth and more aid.

III. Contemplating the future: What next?

In contemplating the future of MDGs, the first step is to focus on the different possibilities after 2015 because there are a number of alternatives. The next step can be an attempt to

13 See Saith (2006).
14 For a detailed discussion, see Vandemoortele and Delamonica (2010). See also, Vandemoortele (2010).

explore alternative constructs to outline the broad contours of change even if it is difficult to conceive of an altogether new framework.

a. Possibilities after 2015

There are choices to be made, which can be posed as questions. First, is there any necessity for a framework such as MDGs when the stipulated period comes to an end? Second, should it be simply more of the same done better or faster? Third, is there need to modify the MDGs, plus or minus? Fourth, is it necessary to move away from generalized MDGs to contextualized MDGs because conditions differ across space and over time? The discussion that follows considers these questions in turn.

The answer to the first question is clear. Some framework, even if it is a point of reference, is essential after 2015. The MDGs have imparted a focus to concerns about poverty and deprivation, which is the fate of a large proportion of people in the world. The MDGs have also galvanized support for the idea that it is imperative to improve the living conditions of such people in a stipulated time horizon.[15] And, even if we have miles to go in our journey to the destination, the aspiration must remain centre-stage.

The answer to the second question is also clear. It cannot simply be more of the same. For one, that would only move the targets farther into the future. This would be an admission of failure. For another, it would negate the possibilities of learning from experience in the pursuit of doing better or moving faster. It might also be possible to do the same things differently or do altogether different things.

The answer to the third question is somewhat more nuanced and complicated. The MDGs can be modified by adding to them or subtracting from them. There might be a strong temptation to opt for an MDG plus scenario.[16] And there are many candidates that range from gender equality, human rights, good governance and climate change, to name just a few. It may also be tempting to introduce a qualitative dimension in the quantitative targets. But it would be wise to hasten slowly in this direction, for two reasons. The first is obvious.

15 The results of a survey of civil society organizations in developing countries suggests strong support for something like the MDGs (Pollard, Sumner, Polato-Lopes and de Mauroy, 2011).

16 See, for example, Sumner and Tiwari (2009).

More targets and more indicators would detract from the simplicity which was the virtue that made the MDGs so attractive. The second is not so obvious. Any addition would have to meet a double litmus test of being a sound indicator for which robust data are available. The MDGs minus scenario is also tempting for there are targets that duplicate or overlap. There is a need to minimize such duplication and overlap. It would also be sensible to reduce the number of indicators where the variable is not appropriate or the quality of data is poor. Of course, such a rationalization would mean that the MDGs lose something in coverage. There is an obvious need for prudence in such additions or subtractions. Even so, rethinking the MDGs, plus or minus, should not be stifled or shut out. What is more, it might be worth revisiting indicators of social development and human development, which pick up elements of quality or discrimination, to situate such rethinking in a wider context.[17]

The answer to the fourth question is more straightforward. Generalized MDGs and contextualized MDGs should not be presented as an either-or choice. Indeed, posing them as alternatives creates a false dilemma. Generalized MDGs were objectives for the world as a whole. And these global goals were meant to be modified in the context of initial conditions and national priorities. In other words, the MDGs constituted a set of norms and provided a framework for national governments to formulate their objectives with reference to specificities in time and in space. Given these norms, country-oriented MDGs could have reflected differences in priorities and objectives. Therefore, generalized MDGs and contextualized MDGs are complements rather than substitutes. Of course, it is important to strike a balance because global goals should allow space for differences in initial conditions and in national priorities. This space cannot be too much and should not be too little.

b. Exploring alternative Constructs

There is a fundamental question that arises. Is it time to think of something different to replace MDGs as a framework? It is difficult to provide an answer. The reason is obvious. A changed paradigm is perhaps too ambitious. Yet, it may be feasible to think about elements of a new framework that might replace the MDGs after 2015. Of course, this is easier said

17 The earliest discussion on social indicators of development is in Baster (1972). This was followed by a focus on meeting basic human needs. See, for instance, Streeten (1981) and Stewart (1985). There is now an extensive literature on possible indicators of human development. See, for example, Fukuda-Parr and Shivakumar (2003) and UNDP (2010a).

than done. Even so, it is possible to outline some contours of change which would represent departures from, or substantial modifications in the existing framework. There are three imperatives that deserve to be highlighted.

First, it is imperative that there is structural flexibility at the national level. It is essential to recognize differences in initial conditions. It is just as important to allow for differences in national priorities. In doing so, it is necessary to recognize the possibilities of some interdependence among objectives and some trade-offs between objectives. For this purpose, the new framework should state its premises that the MDGs are a norm rather than a floor or a ceiling, that the MDGs are illustrative rather than exhaustive, and that the MDGs are suggestive rather than definitive. It must also be explicitly stated that the MDGs represent objectives for the world as a whole, which are not a scale to measure progress in every country because national goals must be formulated using global norms as a point of reference.

Second, it is imperative that there is a cognition of inequality in any assessment of outcomes. It may be necessary to consider progress towards the stipulated objectives in terms of aggregates, or statistical averages, at the national level. But it cannot be sufficient, because there are inequalities between people and among regions within countries. Hence, it is also necessary to monitor progress at a disaggregated level or compute statistical averages by introducing some weights that reflect the distribution among people. This is essential because inequalities exist and distributional outcomes matter. The simplest method would be to focus on the poorest 25 per cent or the bottom 40 per cent of the population in respect of each of the objectives. This may be difficult in practice because statistics on the distribution of income or consumption are often inadequate or sometimes unreliable. But it is not impossible because information, even if imperfect or incomplete, does exist. It is just as important to recognize the spatial dimensions of inequality within countries. For that purpose, disaggregated data at a provincial or regional level, which establish sub-national league tables, are necessary to monitor progress. In fact, such information could help energize the process by emphasizing another aspect of distribution rather than focus on national averages alone.

Third, it is imperative that the new MDG framework incorporates something on means rather than simply focus on ends. In other words, something needs to be said not only about outcomes but also about process. The absence of anything on means or process carries two dangers. For some, it leads to the wrong inference that one-size-fits-all. For others, it provides vacant space in which prescriptive policies can be imposed. Obviously, it is neither feasible nor desirable to specify policies or strategies in the pursuit of MDGs because development is characterized by specificities in time and in space. There can be no generalized prescriptions or universal blueprints that would deliver the well-being of humankind. In fact, policies and strategies must evolve at a national level as times and circumstances change. But the framework for the MDGs could enunciate some, at least a few, general propositions that might pre-empt misunderstanding or misappropriation. Some examples of such propositions, which are suggestive but cannot be definitive or exhaustive, would suffice. Economic growth is necessary but cannot be sufficient to bring about development. It is necessary to create institutional mechanisms that would transform economic growth into meaningful development by improving the living conditions of people.

Public action is an integral part of this process. Employment creation provides the only sustainable means of poverty reduction. Policies should not be prescribed once-and-for-all because there are specificities in time and space. External finance is a complement to, but cannot be a substitute for domestic resources. The role of the State remains critical in the process of development. Clearly, it is possible to think of more such propositions, but it would be wise not to increase their number or specify their content. It may also be tempting to be more explicit or specific about means, but that would be a mistake for three reasons. Such an approach could easily become prescriptive and move to the presumption that one-size-fits-all. At the same time, it is bound to constrain degrees of freedom for countries in the formulation of policies, so that it could end up diminishing policy space. What is more, it could lead to more explicit targets which are neither necessary nor desirable. In fact, the suggested propositions are meant as points of reference to provide a framework, which is flexible rather than rigid, that might enable countries to formulate policies and evolve strategies recognizing specificities in time and space. In other words, the idea should be to provide an outline of means, which set out the bare essentials of possible approaches but resist the temptation of setting out specifics of policies. This would suffice to ensure that a silence on means is not pre-empted or appropriated by prescriptive views that can surface with ease in a world of unequal partners. Indeed, the discussion that follows shows that such propositions, which are no more than a statement of some priors, could help countries adopt policies and strategies, suitable for and appropriate in their respective national contexts, that are conducive to the pursuit of development objectives embedded in the MDGs.

IV. The national context

The recognition of poverty and deprivation with an emphasis on human development in the MDGs served a valuable purpose. But it was not enough because nothing was said about strategies to meet this challenge of development. There was another basic shortcoming. People are not just beneficiaries of development. It is only if people are centre-stage in the process of development as the main actors that development can empower people to participate in decisions that shaped their lives. The significance of this proposition is highlighted by the medieval distinction between agents and patients, which is invoked by Amartya Sen. He argues that the freedom-centred understanding of the process of development is very much an agent-oriented view. This is because individuals with adequate social opportunities can effectively shape their own destiny and help each other. They must not be seen primarily as patients, or passive recipients, of the benefits of cunning development programmes.[18] In the national context, therefore, it is necessary to reformulate policies, redesign strategies and rethink development.

In reformulating policies, there is a strong need to reflect on macroeconomic objectives and macroeconomic policies.[19] Such a reformulation must begin by redefining policy objectives. In the short-term, or in crisis situations, the prime concern should not be the stability of prices alone. The stability of output and employment is just as important. In the medium-term, or in normal times, the essential objective of macroeconomic policies cannot simply be the management of inflation and the elimination of macroeconomic imbalances. It should be just as much, if not more, about fostering employment creation and supporting economic

18 For a lucid analysis, see Sen (1999).
19 See Nayyar (2011a). See also, Stiglitz, Ocampo, Spiegel, Ffrench-Davis and Nayyar (2006).

growth. The reformulation must also extend to reconsidering policy instruments. Fiscal policy cannot be reduced to a means of reducing government deficits or restoring macroeconomic balances. It is a powerful instrument in the quest for full employment and economic growth. Monetary policy cannot be reduced to a means of controlling inflation through interest rates. It is a versatile instrument where both the price and volume of credit can be most effective in the pursuit of development objectives. In sum, it is essential to return to a developmental approach to macroeconomic policies, which is based on an integration of short-term counter-cyclical fiscal and monetary policies with long-term development objectives. Economic growth with full employment should be the fundamental objective of macroeconomic policies, which must be an integral part of the mandate for central banks and finance ministries. In the longer term, poverty reduction is possible only with such an approach. In the interim, for people who remain unemployed, there is need for employment programmes and social protection, both of which require sensible macroeconomics. Even when people are employed, often with low incomes, their private consumption needs to be supplemented by social consumption. For this purpose, governments need to allocate resources for expenditure in social sectors, to create supply through higher investments and demand through lower user-charges, both of which require macroeconomic policy space.

In redesigning strategies, it is necessary to introduce correctives and interventions that prevent or minimize the exclusion of people from development.[20] The object of correctives should be to foster inclusion. The inclusion of poor people requires the spread of education and an increase in social consumption. It also requires a substantial investment in infrastructure, particularly in rural areas. The object of interventions should be to curb exclusion. The extent of exclusion can be limited by providing public goods and services to regions or groups that are vulnerable, marginalized or excluded. For the people who remain excluded despite such interventions, it is essential to widen and strengthen safety nets such as anti-poverty programmes. The role of government is vital in every sphere. It is not sufficient to speak about inclusive growth as governments often do. It is necessary to ensure that the process of growth is pro-poor. Employment creation is the obvious foundation of pro-poor growth. At the same time, resources that become available to governments

20 These correctives and interventions are discussed, at greater length, in Nayyar (2003).

through growth should be used, in part, to provide public services for the poor in terms of both access and delivery. The MDGs would be easier to reach if governments decide that, in some critical spheres, access for all be provided within stipulated time horizons. The choice would, of course, differ across countries. But some obvious possibilities for such national development priorities are: the provision of safe drinking water, the creation of sanitation facilities, the immunization of children, and the completion of primary education.

In rethinking development, it is important to recognize the relevance of the balance between domestic and external factors and the critical importance of public action. It must be stressed that the developmental role of the state is critical across the entire spectrum of what needs to be done. For this purpose, it is imperative to restore the moral authority of the state which was eroded by the virtual ideology of market fundamentalism associated with globalization in a prescriptive mode. The reason is simple enough. If governments do badly, it is not possible to dispense with them or replace them with markets. Governments must be made to perform better.

It is essential to rethink the relative importance of the external and the internal in the process of development, in terms of market and in terms of resources. It is necessary to recognize that the domestic market is critical in the process of development and that external markets are at best complements but cannot be substitutes for the domestic market even in smaller countries. Of course, the validity of this argument depends in part on the size of a country. Even so, domestic markets are, at one level, constitutive of development because it means that ordinary people have purchasing power and are, at another level, instrumental in the process of development because they can drive processes of growth. Similarly, it is desirable to rely more on domestic resources for investment and think of external resources as complements rather than substitutes.

The time has come to recognize that there is a complex relationship between the State and the market.[21] The State and the market are complements rather than substitutes. What is more, the relationship between the State and the market cannot be defined once-and-for-all. In fact, the State and the market must adapt to each other as time and circumstances change.

21 For a more detailed discussion, see Nayyar (1997). See also, Bhaduri and Nayyar (1996).

Development experience during the second half of the twentieth century suggests that successes have come in countries that have found this right blend of State and market. It is time to give up the belief in the magic of the market to consider a more pro-active role for the State. If development is to be people-friendly, it does mean that the State has to play a critical role in terms of providing investment in infrastructure, which is not forthcoming from the private sector, whether domestic or foreign players. The State has also to focus on expenditure on social sectors because if development is about improving living conditions of people, allocating resources to support social consumption is both constitutive of, and instrumental in, development. But this cannot suffice. The State should also attempt to ensure that economic growth creates employment and livelihoods for people. Most important, perhaps, it is vital to redress the balance in the respective role of the market and the State for the pendulum had swung to one end, because the exclusion of large proportions of the population from well-being cannot even sustain growth let alone lead to development. And there is a developmental role for the State. So much of what needs to be done can only be done by the State. The reason is simple. Governments are accountable to people. Markets are not.

It is clear that the living conditions of poor people, in terms of poverty reduction and human development, will be shaped largely by what is done, or what remains undone, within countries. Thus, MDGs after 2015 must create a framework that allows, indeed encourages countries, to reformulate policies, redesign strategies and rethink development in the national context. The essential objective must be the well-being of people. This, in turn, will require employment creation that provides sustained livelihoods to support private consumption, combined with the public provision of services such as education and health care to support social consumption. The desired outcome will be ensured by the process, if governments are accountable to people and if people are actors rather than beneficiaries. In fact, participatory development can provide the connect between national development and the global agenda. And it is not necessary for the global agenda to incorporate incentives or disincentives. The very existence of a framework such as MDGs would serve that purpose, in so far as the juxtaposition of the international community with national governments can provide checks and balances which create an accountability to people without voice. The focus of the global agenda, as argued in what follows, must be different. For one, it should enlarge rather than diminish policy space for poor countries, so that participatory development becomes possible. For another, it should think of poor countries not as recipients or beneficiaries of largesse but as partners in development.

V. The international context

The international aspects of the MDGs are set out in Goal 8 which seeks to develop a global partnership for development. This aspiration has multiple dimensions which range from addressing the special needs of the Least Developed Countries (LDCs), through providing a comprehensive solution to the debt problem of the developing world, to creating a multilateral trading system and international financial system that are conducive to development. There are several reviews that attempt to monitor the uneven and inadequate progress in this sphere.[22] The objectives enunciated in the MDGs are long on words. But it would seem that outcomes have been short on substance.

It would be no exaggeration to state that the pursuit of multilateral development cooperation has been characterized by a selective focus, if not a misplaced emphasis, on concessional development assistance. This is attributable, in large part, to a donor-centric world view, with a focus on aid, that dominates the discourse. This is also attributable, in part, to a concern that the volume, effectiveness and architecture of aid leave much to be desired. It is clear that the international community needs to do better at this unfinished business for its completion is not even on the distant horizon. But it must be recognized that far more needs to be done. Even if the targets for development assistance set out in the MDGs are met, and that is most unlikely, it is not obvious how this would ensure development outcomes. Evidence and experience suggest that aid is a mixed blessing. Indeed, it is possible to go further and argue that aid often turns out to be the equivalent of a natural resource course. That may be a contested proposition. But there can be little doubt that the availability of aid tends to ease the pressure on governments to implement change or reform that is necessary for development. And it is more than plausible to argue that aid often becomes a soft option for governments so that domestic resource mobilization does not receive the attention it deserves as a means of financing the MDGs. In fact, for

22 See United Nations (2008) and United Nations (2010a). See also, UNDP (2010).

developing countries, remittances from migrants are a much larger and more stable source of external financing than aid inflows.[23] Thus, it might be worth thinking about policies and mechanisms that could more effectively use remittances for development. In any case it is clear that, for developing countries, access to markets in the form of trade and access to knowledge in the form of technology is far more important in their quest for development than foreign aid could ever be. The bottom line is clear. It must be recognized that foreign aid is not all there is to external finance, and that external finance is not all there is to development. This recognition alone will reduce some of the asymmetries in the existing MDG framework. And it could provide a starting point for thinking about a new global agenda built upon partnerships in development.

Reviews of progress on the MDGs in LDCs suggest that it will not be enough to reach global targets. This is surprising, at least on the surface, because economic growth in LDCs during the 2000s, until the financial crisis, was rapid and quite unprecedented as it exceeded most projections, thanks to the boom in prices of primary commodities, the abundance of cheap capital (even if some of it was footloose money), and the great bubble in the world economy. There could be three plausible explanations: the targets were set too high, the growth was not enough, or the growth was not inclusive. Obviously, the task has been made more difficult by the financial crisis and the Great Recession in the world economy. Even without these setbacks, however, the MDGs would not have been attainable in the LDCs partly because the targets were too ambitious and partly because national strategies were neither adequate nor appropriate. The irony is that the LDCs were not quite allowed, let alone enabled, to move beyond what was set out in Poverty Reduction Strategy Papers (PRSPs). The strategy in PRSPs was to focus on economic growth assuming that it will trickle down and on investment in social sectors assuming that the services so produced would reach the poor.[24] This approach, advocated by orthodoxy, which was nothing new, almost assumed away the problem. But there was little, if any, thinking on how economic growth or social sectors could be made more inclusive or, even better, pro-poor. In fact, the emphasis on social development meant that governments in LDCs relied on external resources to finance expenditure on social sectors but did not mobilize domestic resources to finance investment

23 See Nayyar (2008a).
24 For a more detailed discussion, see Fukuda-Parr (2010).

in infrastructure, agriculture or productive activities. There is need to transform such thinking. Macroeconomic policies need to be integrated with long-term development objectives rather than be shaped by the objective of price stability in the short-term. Domestic resources need to be mobilized to step up investment in infrastructure and in agriculture that enhances production capacities. The approach to poverty reduction needs to be re-oriented away from compartmentalization in social sectors into integration with development strategies that seek to combine economic growth with employment creation and participatory development. This is not only about reformulating policies, but also about rethinking development in the LDCs. Clearly, the time has come to depart from this past and think anew about MDGs in LDCs.

Going beyond the LDCs, to consider the entire spectrum of developing countries, it is clear that, during the first quarter of the twenty-first century, development outcomes would be shaped, at least in part, by the international context. It is also clear that unfair rules of the game in the contemporary world economy do encroach upon policy space so essential for development.[25] Many of these rules are a part of the WTO regime, while several are implicit in IMF-World Bank conditionalities. Similar conditions are increasingly imposed, particularly on LDCs, by donor countries that provide foreign aid. And, for other developing countries, the problem is compounded by an integration into international financial markets, as portfolio investment flows exercise a disproportionate influence on macroeconomic policies and exchange rates. The consequence is a further contraction in policy space. This situation needs to be corrected. The correctives should endeavour to make existing rules less unfair, introduce new rules where necessary and recognize that even fair rules may not suffice.[26] In reshaping unfair rules, the nature of the solution depends upon the nature of the problem. Where there are different rules in different spheres, it is necessary to make the rules symmetrical across spheres. Where there are rules for some but not for others, it is necessary to ensure that rules are uniformly applicable to all. Where the agenda for new rules is partisan, it is imperative to redress the balance in the agenda. But that is not all. There are some spheres where there are no rules such as environmental sustainability, international financial markets, or cross-border movements

25 This proposition is developed, at some length, in Nayyar (2007).
26 The discussion that follows in this paragraph, on rules of the game in the world economy, draws upon earlier work of the author (Nayyar, 2002 and 2003).

of people. Climate change is on the agenda even if there is little progress. The time has come to introduce some rules that govern international financial markets. Similarly, it is worth contemplating a multilateral framework for consular practices and immigration laws that would govern the movement of people across borders.[27] Rules that are fair are necessary but not sufficient. For a game is not simply about rules, it is also about players. If one of the teams or one of the players does not have adequate training or preparation, it will simply be crushed by the other. For countries at vastly different levels of development, there should be more flexibility, instead of complete rigidity in the application of uniform rules. Indeed, uniform rules for unequal partners can only produce unequal outcomes. And there is a need for positive discrimination if not affirmative action in favour of poor countries, particularly but not only for the LDCs, that are latecomers to development.

In sum, the object of change, whether reshaping unfair rules, introducing new rules, or allowing exceptions to existing rules in the world economy, should address the problems associated with the constraints on poor countries implicit in the presence or absence of rules, so as to enlarge the policy space available for the pursuit of national development objectives. This alone can provide the foundations for what is described as a global partnership in development. Of course, such a global partnership will also require a change in the asymmetrical relationship between rich and poor countries that has unfolded as the reality in present agenda for global development cooperation, read by some as no more than performance criteria for developing countries, even if the intentions underlying the MDGs were noble. In this quest, there is need for a more equal partnership between industrialized countries and developing countries. There is just as much need for a partnership among the latter at different levels of development, particularly between the emerging economies and the LDCs.

The possibilities of cooperation among developing countries provide a new window of opportunity at this juncture in time. So far, this has been in the world of rhetoric rather than reality, words rather than substance. But this subset is an integral part of the logic of international collective action. What is more, the world has changed. In 2005, developing

27 For a discussion on the rationale for such a multilateral framework to govern cross-border movements of people, see Nayyar (2002a).

countries accounted for 81 per cent of the world population and 22 per cent of world income (almost 45 per cent of world GDP in PPP terms). But that is not all. In the same year, 2005, developing countries accounted for 34 per cent of world exports, 33 per cent of world manufactured exports, 25 per cent of world manufacturing value-added and 30 per cent of the stock of inward foreign direct investment in the world economy.[28] It needs to be said that much of the significance is concentrated in 12 developing countries which account for 60 per cent of the population and 68 per cent of the income in the developing world.[29] Even so, this changed situation opens up possibilities. In the international context, where the distribution of economic and political power is so unequal, the increased economic significance and political influence of developing countries provides an opportunity to reshape rules and institutions even in the world of unequal partners. At the same time, the large emerging economies – say, Brazil, China, India and South Africa – taken together may be able to exercise significant influence through multilateralism, whether institutions or rules, in the global context.[30] The United Nations, the World Bank, the International Monetary Fund and the World Trade Organization are among the most important multilateral institutions in which the large emerging economies could exercise influence on behalf of the developing world.

Even if developing countries cannot change the world by articulating their voice or by using their bargaining power as a group, or subset of a group, there are possibilities of cooperation among developing countries for themselves in many spheres. The institutional mechanisms might be inter-regional or intra-regional arrangements that pool markets and resources for development. The institutional mechanisms could also be bilateral or plurilateral forms of assistance where some developing countries, learning from their experience, can help other countries that have to traverse a similar path. In fact, cooperation among developing countries may be particularly important in the pursuit of the MDGs, because it is about learning from each other in spheres where countries in the industrialized world simply do not have the experience.

28 This evidence on the significance of developing countries in the world economy is from Nayyar (2009).
29 For more detailed evidence on this concentration, see Nayyar (2009).
30 The implications and consequences of the emerging significance of Brazil, China, India and South Africa in the wider context of the world economy are analyzed, at some length, in a recent paper by the author. For a detailed discussion, see Nayyar (2010).

In reflecting on the MDGs after 2015, there is an almost obvious need to think again and start afresh on the international aspects of MDGs. In doing so, it is imperative not simply to adapt, modify or transform the existing Goal 8 but also to reformulate, indeed redefine, the global agenda for development cooperation beyond its confines. This reflection should be concerned with three dimensions of the international context. First, it is necessary to remove the asymmetries implicit in the relative importance of different issues and in the relationship between rich and poor countries. Second, it is essential to enlarge the policy space available to countries that are latecomers to development, which has been encroached upon and significantly diminished by unfair rules for unequal partners in the contemporary world economy. Third, it is time to move away from unidirectional or asymmetrical relationships to evolve partnerships in development between industrialized countries and developing countries, as also among developing countries, in keeping with the logic and the spirit of international collective action.

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