CHAPTER 2
The Millennium Development Goals: An Assessment

François Bourguignon, Agnès Bénassy-Quéré, Stefan Dercon, Antonio Estache, Jan Willem Gunning, Ravi Kanbur, Stephan Klasen, Simon Maxwell, Jean-Philippe Platteau, and Amedeo Spadaro

The Millennium Development Goals (MDGs) express the international community’s strong commitment to universal development and poverty eradication. It made this commitment in September 2000 in the United Nations (UN) Millennium Declaration. The goals include halving world poverty and hunger by 2015, as well as reaching universal primary education, reducing under-5 and maternal mortality by two-thirds, and halving the number of people without access to safe drinking water (see box 2.1). The declaration also calls for a new partnership between the developed and developing countries, determined “to create an environment, at the national and global levels alike, which is conducive to development and the

This chapter is extracted from a longer and more comprehensive paper by Bourguignon et al. (2008) entitled “Millennium Development Goals at Midpoint: Where Do We Stand and Where Do We Need to Go?” written for the Directorate General for Development of the European Commission as a background paper for the 2009 European Report on Development. The paper was funded by the UK Department for International Development.
Box 2.1 Millennium Development Goals

The following list of Millennium Development Goals is accompanied by the targets developed in 2002 and used until 2007 to measure progress toward the goals.

Goal 1: Eradicate extreme poverty and hunger.
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people.*
Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal 2: Achieve universal primary education.
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

Goal 3: Promote gender equality and empower women.
Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

Goal 4: Reduce child mortality.
Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

Goal 5: Improve maternal health.
Target 5.A: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.
Target 5.B: Achieve, by 2015, universal access to reproductive health.*

Goal 6: Combat HIV/AIDS, malaria, and other diseases.
Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.
Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Goal 7: Ensure environmental sustainability.
Target 7.A: Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.
Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.*
Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

Goal 8: Develop a global partnership for development.
Target 8.A: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system. Includes a commitment to good governance, development, and poverty reduction—both nationally and internationally.
Target 8.B: Address the special needs of the least-developed countries. Includes: tariff- and quota-free access for the least-developed countries’ exports; enhanced program of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction.
Target 8.C: Address the special needs of landlocked developing countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly).
elimination of poverty.” Developed countries are to improve market access, channel financial resources, and provide development assistance to the developing world, as well as reduce its debt burden. The developing world, for its part, is to improve governance and conduct effective development policies.

A year and a half later, in March 2002, the International Conference on “Financing for Development,” held in Monterrey, Mexico, reiterated the need for such a partnership. With respect to official development assistance (ODA) in particular, it established a compact between developed and developing countries by which developed countries would increase the volume of aid and its quality through better coordination, while developing countries would strive to use aid more effectively through improved governance and development management. At the same time, the arrangement called for development strategies to be fully owned by developing countries. In both the Millennium and the Monterrey declarations, the focus was on low-income countries, with particular emphasis on those in Sub-Saharan Africa.

This chapter is a contribution to the current debate on the MDG program of action. It begins with an empirical assessment of progress on the MDGs. We show that achievements are mixed, with great heterogeneity across countries, within countries, and across MDGs. We then discuss the conceptual foundations of the MDG process and the components of an “MDG Plus” strategy in light of experience and the conceptual foundations of the MDGs. The chapter ends with our conclusions.

**Where Does the International Community Stand on the MDGs?**

Before reviewing the stylized facts on MDG achievements so far, we must say a word about data. Compiling a clear picture of progress toward meeting the MDGs is not an easy task. The vast majority of developing countries do not produce reliable regular figures on, for example, life expectancy, infant and child mortality, water access, or poverty. Many
among the poorest and most vulnerable countries do not report any data on most MDGs. And, where available, data are often plagued with comparability problems, and MDG indicators often come with considerable time lags.

Most of the information from low-income countries is generated in donor-funded data-gathering exercises, such as the Living Standards Measurement Study (LSMS, World Bank), Demographic and Health Survey (DHS, U.S. Agency for International Development), and Multiple Indicator Cluster Survey (MICS, UNICEF). Only a limited number of countries in Latin America, together with China, India, Indonesia, South Africa, and Thailand, are equipped with national statistical agencies that produce high-quality national survey programs and provide the information needed to rigorously monitor the MDGs. Extending such high-quality national data gathering to more countries should be a central focus of the second half of the MDG time frame and beyond. Reliable data and indicators are essential, not only to enable the international development community to follow progress on the MDGs, but also to allow individual countries to effectively manage their development strategies.

In addition to the problem of data availability, technical issues are associated with defining several of the indicators currently used in monitoring the MDGs. For example, international poverty data were recently revised, based on the results of the International Comparison of Prices project. This revision has led to drastic changes in the level of poverty for several countries, some of which are difficult to interpret. Moreover, hunger indicators are severely deficient, and maternal mortality indicators are most often model-generated and thus lack a measured baseline as well as reliable measures of progress.1

Stylized Facts on Overall MDG Progress

The 2008 Global Monitoring Report (World Bank 2008) and the Millennium Development Goals Report 2007 (United Nations 2007) provide the following stylized facts on MDG progress:

1. *Global progress is surprisingly good*, especially for the poverty and the gender parity goals, but less so for the child mortality and maternal mortality goals. As is widely acknowledged, however, the progress on global poverty is very much driven by overachievers in East and South Asia, including Bangladesh, China, India, Indonesia, and Vietnam.

2. *There are clear regional patterns in MDG progress* that depend on initial conditions and recent growth performances. If Asian countries are overachievers on the income poverty goal, they perform relatively worse in health and, for India, in education and gender equity. Conversely, Latin America and the Middle East are relative underachievers on the poverty goal, but relative overachievers in health, education, and gender equity. Finally, the Sub-Saharan African countries lag far behind other regions.

---

1 These issues are considered in greater detail in Bourguignon et al. (2008).
3. Most countries in all regions are off track on most MDGs (or data to assess progress are missing), even some of those countries that have experienced very good growth performance. ²

4. MDG achievements are much lower in “fragile” states. One of the reasons why Sub-Saharan Africa lags behind on the MDGs is the relatively large proportion of fragile states in that region. The definition of fragile states used here is that established by the World Bank.

5. In most regions, including those successful in meeting the poverty goal, progress on reducing childhood undernutrition is extremely slow.

6. The poorest regions, South Asia and Sub-Saharan Africa, are the two still seriously off track for primary school completion rates and for child mortality.

7. Progress has been good on gender equity in primary and secondary school enrollments in all regions. Yet Sub-Saharan Africa and other fragile states still lag seriously behind. Most countries in Sub-Saharan Africa are unlikely to meet this goal.

Overall, the picture is that of a glass half-full and half-empty. Global progress on income poverty has been outstanding thanks to the high performance of mostly the Asian countries. Thus the global income poverty target should be reached. Other regions of the world have performed poorly, especially Sub-Saharan Africa. However, the picture probably would be brighter in that region because of somewhat better growth performances if indicators for the most recent years were available. Of the other MDGs, gender parity in primary and secondary schools is the only goal on which developing countries seem to be on track overall. The world is off track on the others, and the gap is the largest in the poorest regions in South Asia and Sub-Saharan Africa.

Country Heterogeneity in MDG Performance

Within regions and fragile versus nonfragile states, country heterogeneity remains considerable. For example, poverty in Sub-Saharan Africa ranged from an annual rate of 4.6 percent in Ghana between 1999 and 2006 (a decline) to 3.8 percent in Uganda between 2000 and 2003 (an increase), despite the two countries having comparable growth rates of gross domestic product (GDP) per capita of about 2.5 percent a year. Similarly, in the 10 countries in which poverty declined most, mortality declined at an annual rate greater than or equal to 2 percent, but increased at a rate of over 1 percent per year in the six worst-performing countries. ³ Measurement problems may be contributing to the variance of these results, but there certainly is a great deal of specificity in the patterns of progress, or

² This fact may appear to be in conflict with the first one, but that is not so. As noted in number 1, the good global performance is driven by the good performance of a number of countries that account for the bulk of the developing world’s population. The performance of the many countries in Sub-Saharan Africa accounts for number 3.

³ These terrible performances are mostly explained by HIV/AIDS. However, the worst-performing countries among countries less affected by this pandemic still do rather badly.
lack thereof, toward meeting the MDGs. In primary education, the nine best Sub-Saharan African performers increased their enrollment rates at an annual rate of over 5 percent, whereas the five worst performers saw a decline in primary school enrollment.

It is unlikely that such a variable MDG performance in Sub-Saharan Africa stems entirely from the measurement problems noted earlier. Besides, MDG performances in other regions also exhibit substantial variability. The issue then arises of whether these disparities can be explained by some specific factor within the region.

The distinction between fragile and nonfragile states comes to mind. However, if there is a clear difference between the two groups of countries in terms of the levels of the various indicators, the distinction between them explains very little of the variability in terms of the rates of change of MDG indicators. This is true whether one uses either the World Bank’s definition of fragile states or that of other agencies. In other words, the variability of performances remains extremely high within both fragile and nonfragile state groups.

This finding is illustrated in figure 2.1, which shows changes in the poverty headcount between 1990 and the latest available year after 2000 for fragile states (according to the World Bank definition) and in figure 2.2, which shows the same information for nonfragile states. Countries such as Cambodia, Nigeria, or Ethiopia saw very rapid poverty reduction, whereas in Niger and Zimbabwe, poverty increased dramatically over the period. The number of states with high levels of poverty reduction exceeds the number with large increases in poverty, indicating that at the global

Figure 2.1 Change in Poverty (MDG1) between 1990 and 2006, Fragile States (CPIA Definition) (poverty headcount ratio at $1 a day [PPP], percentage of population)

Source: Author’s calculation(s) based on World Development Indicators.
Note: CPIA = Country Policy and Institutional Assessment, World Bank.

---

4 A forthcoming European Development Report will focus on development challenges in fragile states.
Figure 2.2 Improvements in MDGs between 1990 and 2006, Nonfragile States (CPIA Definition) (poverty headcount ratio at $1 a day [PPP], percentage of population)

Source: Author’s calculation(s) based on World Development Indicators.

Note: CPIA = Country Policy and Institutional Assessment, World Bank.
level, on average, poverty reduction is more rapid for nonfragile states than for fragile states. Nevertheless, disparities across countries are comparable and sizable. The same is true for primary completion rates. Both fragile and nonfragile countries were able to make progress, but progress differs greatly across countries. The same applies to the under-5 mortality MDG.

Intraregional country heterogeneity might be explained by other country-specific characteristics. In its recent analysis of growth, the African Economic Research Consortium (AERC) found it convenient to distinguish between landlocked, coastal, and resource-rich states in Sub-Saharan Africa, a classification that would presumably also apply to other regions. As for the fragile/nonfragile distinction, however, if there are noticeable patterns across those three groups in the levels of the MDG indicators, no clear patterns emerge in MDG progress. It appears that the resource-rich countries have to date not benefited from the poverty reduction taking place elsewhere in Africa. However, since 1995 the trend in poverty reduction for the minority of countries where data are available is similar across the three groups. The same is true for the under-5 mortality rate.

It follows that country heterogeneity in relation to MDG performance must be explained by a complex combination of specific country characteristics and initial conditions rather than a few geographic and institutional features. This is particularly true for Sub-Saharan Africa and to a lesser extent for other regions.

**Heterogeneity across MDGs**

Regarding progress in any given MDG, there is heterogeneity across countries in the same region and within a given category. Moreover, progress is also heterogeneous across MDGs in a given country. Figure 2.3 is composed of simple scatter graphs that plot progress for pairs of MDGs. The results demonstrate that there is often little correlation between the MDGs—as if they were influenced by wholly independent factors and policies.

Figure 2.3 shows correlations between poverty reduction and other MDGs, as well as between the different nonpoverty MDGs. Hardly any correlation is evident between poverty reduction and changes in under-5 mortality. The same applies to poverty reduction and changes in primary school completion rates. Somewhat surprising, however, is the strong correlation between poverty reduction and changes in underweight (see Klasen 2008b), although there is virtually no correlation between poverty reduction and undernourishment. The correlation is close to zero between different

---

5 The Explaining African Economic Growth Performance Project was conceived in 1997 as a collaborative effort among Harvard University, Oxford University, and the African Economic Research Consortium. The project is designed to produce the first major comprehensive assessment by African research economists of the continent’s growth experience in the post-independence period. See http://www.aercafrica.org/programmes/research_collab_growth.asp. See also Ndulu et al. (2007).

6 The distinction between levels of indicators and progress is important. Interestingly, a cluster analysis of a large number of developing-country characteristics carried out for the Chronic Poverty Research Centre (2008) leads to a classification of developing countries based on those two variables.
Figure 2.3 Heterogeneity across MDGs
Figure 2.3 (continued)

correlation of annual growth rates, 1990–2006

correlation of annual growth rates, 1990–2006

correlation of annual growth rates, 1990–2006

correlation of annual growth rates, 1990–2006

Source: Survey means from POVCAL.
nonincome MDGs, as illustrated in figure 2.3 for primary education and under-5 mortality. These low correlations, as well as the puzzling difference between the correlation of underweight and undermining indicators with poverty reduction, could be driven in part by measurement errors and comparability issues. Nevertheless, it is hard to believe that the available data reflect only pure noise.

If the MDGs are weakly correlated among themselves, would they be more strongly correlated with some general economic indicator? In particular, it is to be expected that poverty reduction, and possibly progress on other MDGs, is positively tied to economic growth, because growth should progressively relax the budget constraint of public and private economic agents and ease the pursuit of various MDGs. As shown in figure 2.4, poverty reduction is closely correlated with growth in household per capita income. The importance of economic growth at the national level emphasizes the importance of growth at the global level and the feedback effects of global growth on developing country prospects. Bourguignon et al. (2008) present a detailed assessment of these linkages and consider the impact of the 2008–2009 global crisis on poverty—the direct impact through lost output and remittances and the indirect impact through a possible rise in protectionism and thus further negative consequences for growth in developing countries.

On average, 1 percent growth in mean income generates a 1 percent drop in the poverty headcount. However, this effect appears lower in quite a few countries, including Cambodia, China, Ghana, Honduras, and Uganda. The relatively low effect of growth on poverty reduction in the mean income of the population is related to the rising income inequality since the 1990s. As Jäntti and Sandström (2005) show using the WIDER World Income Inequality Database, in a majority of developing countries inequality began rising significantly in the mid-1980s after a period of decline. As shown by Bourguignon (2003), such an increase in inequality both slows the pace of future growth and reduces its impact on poverty reduction. Conversely, the recent decline in inequality in some highly unequal Latin American countries (including Brazil and Chile) was related to a more stable macroeconomic environment, coupled with sizable pro-poor social protection programs that have accelerated poverty reduction there.

In figure 2.4, growth is defined by the rate of annual increase in the mean household per capita income as observed in surveys used to calculate poverty indices. The correlation between growth and poverty reduction would still be visible and statistically significant, although less severe, had the growth in GDP per capita been used because of differences between the definition of household income in national accounts and in household surveys and because the distribution of national income across various uses changes over time. For example, a higher share may be devoted to

---

7 In this relative assessment, we excluded all observations in which the initial poverty headcount was below 5 percent, because percentage changes in such small figures can be very large and rather erratic. See Klasen and Misselhorn (2007) for a discussion.
The Millennium Development Goals: An Assessment

investment or to public spending. If so, household income will grow more slowly than national income.

The correlation between growth in GDP per capita and improvements in nonincome MDGs is practically zero, as illustrated in figure 2.5 for Sub-Saharan countries. This figure confirms the lack of a relationship between those indicators and poverty reduction. Because it would be hard to believe that information on nonincome MDGs is so badly affected by measurement error that it is pure noise, this lack of a relationship reflects some relative independence among policy instruments governing progress in the various MDGs. Furthermore, it highlights substantive differences in country policies and circumstances that may affect the relationship between these policies. This interesting finding suggests that economic growth is not sufficient per se to generate progress in nonincome MDGs. Sectoral policies and other factors or circumstances presumably matter as much as growth. It should be noted, however, that most of the scatter plots in figures 2.3 and 2.4 refer to a 15-year period during which the MDGs have been explicitly relevant for only a few years.

A point seldom emphasized by those analyzing nonincome MDG performance is the distribution of progress within the population. Because MDGs are presented as independent goals, they tend to be evaluated independently. It presumably makes a difference whether progress on access to water (MDG7) or health care (MDG3 and MDG4) takes place exclusively in urban areas, and therefore in the top half of the distribution of income, rather than in rural areas, which is presumably home to the poorest segment of the population. Unfortunately, the data needed to look at this distribution of progress are all too rarely presented. In principle, collecting such data should not be an insurmountable hurdle. Indeed, an analyst can use the same household surveys used to study changes in the distribution of income to examine changes in the distribution of progress in

Figure 2.4 Correlation of Annual Growth Rates, 1990–2006

Source: Survey means from POVCAL.
nonincome MDGs. For example, as shown in Klasen (2008a) and Grosse, Harttgen, and Klasen (2008a, 2008b), one can draw nonincome MDG progress incidence curves that plot the distribution of progress in enrollment rates, vaccination rates, access to water, under-5 mortality, and so forth against the relative level of income. Work of this type could reveal possible biases in the progress in nonincome MDGs and help monitor the MDGs more closely.

This short review of evidence on the MDGs at the midpoint of the 2015 horizon has revealed that most developing countries have been lagging behind on the income poverty front. In middle-income countries and in those countries with fast growth, filling these gaps may be essentially a question of implementing adequate MDG-oriented policies, because growth should provide the budgetary resources needed to implement such policies. In other countries, accelerating broad-based growth and generating budget resources may be as important as policies targeted directly at the MDGs. From that point of view, the focus of the international development community on Sub-Saharan Africa and the problems arising from its low growth performance, as stated, for example, in the Millennium Declaration, is fully justified.

However, heterogeneity in MDG achievements extends well beyond regions. Differences between fragile and nonfragile states are important, even though they are less important in MDG progress than in MDG levels. It turns out that a considerable part of the observed differentials in MDG achievements cannot be explained by any simple categorization of countries. This finding suggests that particular country circumstances and initial conditions play a big role in explaining MDG achievements so far.
Any program aimed at accelerating progress toward the MDGs must take this country specificity into account.

**“MDG Plus”: The Road Ahead**

The difficulty with getting the MDGs on track, even in countries with excellent economic growth, raises the question of whether this set of goals is an appropriate summary of the general objective of development. Related to this question, the great heterogeneity in performance—within countries, between countries, and across MDGs—raises other questions about the determinants of economic performance and about what the goals of development should be. Two lines of thought seem to be developing on this issue. The first tends to add monitoring indicators, thereby allowing both domestic policymakers and donors to see more clearly why progress is slow or fast on particular goals. In some sense, this line of thought reinforces the initial UN plan that combined the eight development goals with 18 “quantifiable targets” based on some 60 indicators (see box 2.1). According to this view, those targets are useful, but they miss some important aspects of the process to achieve the MDGs. The second school of thought favors simplifying the existing MDGs, possibly replacing some of them with other important dimensions of development in order to satisfy the need for more coherent development strategies that fully take into account country specificity. Thus there is an “MDG Plus” view in favor of enlarging the scope and number of MDGs, and a more compact view in favor of making the MDGs simpler and more consistent with fully articulated development strategies.

Midway to the 2015 deadline this debate is still relevant, and its answers may help countries pursue the MDGs more efficiently. This section outlines some of the lessons learned from the experience accumulated in recent years and reviews the main arguments on both sides of the debate in the light of some general conceptual remarks on the foundations of the MDGs.

**Conceptual Foundations of the MDG Process**

When discussing the achievements and the future of the MDGs, two fundamental questions must be addressed: First, in what precise sense are the MDGs the goals of the development process? Second, how does goal setting aid the development process? Each of these questions leads, in turn, to some subquestions that both unpack the possible rationale behind the MDGs and their process and highlight the strengths and weaknesses of them.

**MDGs as Goals of Development**

If they are to have any impact, the MDGs must surely represent some sort of international consensus on the goals of the development process. They fare best when viewed as a minimal set of objectives to which all or most in the international community would subscribe. However, some of them—gender (MDG3), environment (MDG7), and international cooperation
1. Do the MDGs command universal agreement, and, if not, are there excluded elements that might garner a level of agreement comparable to that of some of the MDGs?
2. If the MDGs are indeed the final goals of development, how do analysts weigh them in relation to each other?
3. Are the MDGs really the final “goals” of development? Are they outcomes, outputs, or inputs?

Excluded elements of MDGs. Each MDG is broad enough to allow many subgoals, satisfying many constituencies, to be brought together. Nevertheless, some categories of subgoals are excluded, the most prominent of which are voice and accountability as independent goals of development. The issue of voice and accountability as an instrument to achieve other objectives such as poverty reduction has been much discussed in the literature. However, from both a conceptual and a normative point of view the questions should be: What consensus would be commanded by these governance principles as an objective of development? How would analysts measure this consensus? Would this consensus be lesser or greater than, for example, the consensus on gender equality?

Trade-offs between MDGs. In a world of limited resources, it is likely that often progress on one MDG will have to be at the expense or postponement of another. Suppose country A rushes ahead on MDGx but falls behind on MDGy, whereas for country B the reverse is true. How is the MDG performance of the two countries to be assessed? Whose trade-off weights are to be used—country A’s, country B’s, or a universal trade-off determined internationally? This question would be particularly relevant if aid allocation were tied to the MDGs, which would be the case if aid were more results-based.

MDGs: Outcomes or inputs? Spending on teachers is an input; the number of teachers hired is an output from that input; and the outcome (of this and other inputs) could be the number of children taught in primary school. However, is the number of children taught really the final outcome of concern? The quantitative measure of the number of children attending school ignores the quality of this education. A more satisfactory measure of outcome would be quality-adjusted years of schooling given to children, where quality is measured, for example, through test scores. With limited resources, there may be a trade-off between quantity and quality in education, especially as universal enrollment is approached. Scarce resources could be used to expand access at a given level of quality, or even at a lower level, or to improve quality for those who already have access to education. Again, this issue raises the question of assessment. How can anyone compare two countries, one of which emphasizes quality, while the other emphasizes quantity? Such trade-offs are present in each of the MDG categories, especially those dealing with education and health. Even within
poverty and hunger, there can be a trade-off between alleviation for those close to the poverty or hunger threshold and those far below it. As currently specified, MDG1 tends to draw attention and resources toward those persons just below the poverty threshold, because the incidence of poverty can be most easily reduced by lifting these people out of poverty.

Goal Setting as an Aid to Development

Lack of clarity on the MDGs as goals can hamper their use in the development process. However, suppose more and more clarity is achieved in the future. To what extent can goal-setting exercises of this type help development itself? Three arguments can be made in this regard:

1. Goal setting at the national level focuses debate, decision, and action.
2. Goal setting helps to quantify resources needed from the outside and helps to mobilize world opinion for development assistance.
3. Goal setting and performance assessment help to target aid resources to countries where they would be used most effectively.

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

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

However, as repeatedly emphasized earlier, it must not be forgotten that the domestic debate and its outcomes should be given priority. If the outcome of the domestic debate is to agree to be more ambitious on some goals but less ambitious on others, that outcome must be accepted. Some confusion may be caused by the outcomes/input distinction. For example, if a country’s policymakers feel that building roads is a key input to achieving many objectives, including education and health, they may spend more on infrastructure and less on education and health. Nevertheless, these input indicators should not necessarily be used as a gauge of their progress toward outcomes.

Goal setting and resource mobilization at the national and international levels. National-level goal setting on outcomes can be a useful first step in quantifying resources needed. A crucial requirement, however, is a credible model, in terms of both the economy and government intervention, through
which the resources needed, especially aid, to achieve a particular outcome can be established. Such exercises are now routine in finance ministries and ministries of planning in developing countries and in aid agencies of donor countries. They also can be carried out for several of the MDGs. For example, the cost of achieving universal enrollment can be calculated, and has been calculated, country by country by the UN’s MDG project. Nevertheless, these calculations are only as good as the assumptions and data on which they are based (such as teacher-to-pupil ratios, teacher absentee rates, trajectory of teachers’ salaries, cost of fees exemption). In view of these assumptions, for any particular goal, such as primary school enrollment, the cost of achieving alternative targets can be simulated and the aid requirements estimated.

Analysts need not rely on the MDG process to conduct the kind of analysis just described. Indeed, before the MDG process many countries were already undertaking such analyses. However, not only has the MDG process made this type of calculation much more common, but also discussions about them, at least among development professionals, have become more routine. Such analyses also have the potential, if all donors focus on achieving specified MDG targets, to put donor assessments of resource needs on a common footing. In addition, the MDGs can be used to estimate both resource needs and, more important, to assess performance and thus to inform aid allocation and reallocation.

Perhaps more important than quantifying resource requirements is the willingness of the international community to devote more resources and policy attention to development issues in general, and in particular to poverty reduction. As discussed earlier, the MDGs have been quite successful in this respect. However, efforts to turn them into precise national targets or quantified resources have, for good reasons, not been as successful. In this sense, in the future the overarching goal of the MDGs should be to keep development issues high on the international agenda and promote lobbying for more policy coherence, greater aid flows, and better delivery.

**MDGs and performance assessment.** If the MDGs capture, however imperfectly, an international consensus on the objectives of development, then they can be used to assess performance as well as need. The alternative performance assessment method would be to rely on the inputs employed to achieve a specific result on a particular MDG. However, the complexity and the context-specific nature of the process that transforms inputs into outcomes may be such that it is easier to assess development efforts and performances than to rely on the MDG itself.

---

8 Such exercises are much more complex when the interaction between the various MDGs is taken into account. Investing in education rather than in infrastructure, for example, clearly has a cost in foregone growth and poverty reduction. At the same time, faster accumulation of human capital may accelerate growth at a later stage in the development process. These interactions are at the core of the MDG modeling tool MAMS (see Bourguignon, Diaw-Bonilla, and Lofgren 2008).
For example, MDG4 calls for reducing under-5 mortality by two-thirds. Very few would disagree with this goal as an objective of development. The question, however, is how to achieve it. Typically, debates revolve around direct and indirect routes. Some development experts suggest that policies and interventions that maximize economic growth will achieve the objective and would also have a beneficial impact on MDG1. However, some also argue that other indirect routes (e.g., improving women’s education and empowerment) have a significant effect on child mortality. Direct interventions (e.g., vaccinating against diseases that kill small children) are also suggested, and sometimes championed, as the principal intervention for achieving particular objectives. There is, then, little consensus on how exactly to proceed and on the combination of approaches to use. Thus assessing performance through the input side—whether the policies and interventions are conducive to poverty-reducing growth, whether they are good for women’s empowerment and thus good for infant mortality, or whether the direct interventions such as vaccinations are effective for the task at hand—is bound to be a contentious issue. Suppose the local government heavily favors one of the three routes because it interprets the evidence differently from outsiders. Should it then be marked down in the performance assessment by outsiders and perhaps given less aid as a result?

One issue is the use of levels rather than rates of change of MDGs as a measure of performance. For example, the rate of improvement in child mortality might be used as a measure of performance, but that measure raises its own questions. If improvement in child mortality is to be used as a performance indicator, how are analysts to benchmark it? Relative to a country’s past performance? Relative to the performance of countries that have similar levels of child mortality? Or relative to an exogenously given target, such as reducing child mortality by two-thirds? These open questions require further research, but they are important in considering the future of the MDGs. After all, the fact that some countries that perform well in economic growth do not perform well on goals such as infant or maternal mortality may simply mean that these goals were not set in a realistic or developmentally consistent manner.9

The Case for Broadening MDGs to Obtain Better Development Monitoring

Another possible way out of the dilemma just described is to combine both inputs (MDGs) and outcomes (the means to reach the MDGs) in monitoring pursuit of the goals. Practically, this approach implies upgrading the MDGs by adding a set of input-based monitoring indicators to the standard indicators that are usually part of MDG assessments. Of course, such a change requires some consensual understanding of some of the minimum

---

9 On the implications of formulating MDG4 and MDG5 in proportional terms (two-thirds), see Easterly (2007).
requirements that must be met to reach a specific MDG, something that does not apply to the example of child mortality just given.

In view of the various determinants of the progress toward an MDG such as access to water or possibly schooling, the monitoring gaps currently not covered by the MDGs seem to be as follows:

- Should the financial, human, and institutional absorptive capacities be monitored just as systematically as the MDGs are?
- Should the interpersonal, interregional, and intertemporal equity of the MDG implementation strategies be monitored?
- Should the voice revelation mechanisms be monitored?
- Should outcomes or inputs be monitored?

The first question clearly is more general than any particular MDG (except probably MDG1) because it deals essentially with the macroeconomic circumstances surrounding the MDGs and the macroeconomic constraints in absorbing the aid that might be needed to fund their achievement. Although macroeconomic coherence is central to the success of any MDG strategy, it may seem too far removed from the MDGs themselves to be taken as part of MDG monitoring indicators. Moreover, there are simply too many degrees of freedom in the relationship between macropolicy and MDGs for the macropolicy to be monitored in any sensible and simple way that is meaningfully comparable to the MDGs.

Equity has often been mentioned as one of the missing MDGs. In fact, in some countries inequality has increased so much that it considerably weakened the poverty reduction impact of growth. The World Bank’s 2006 World Development Report documented in enormous detail the need for equity to increase the efficiency of developing economies, in particular in some MDG-linked areas such as education and health care. Both general development and MDG strategies should pay attention to this important point, provided that equity is interpreted as equality of opportunities rather than just incomes. However, caution is required. It is possible that a progressive development path, and efficient pursuit of the MDGs, may at an interim stage result in a worsening of the distribution of both income and perhaps opportunities. However, as long as this worsening remains a temporary phenomenon, without longer-term implications, it may not pose a significant threat. Again, this is an issue that requires general monitoring by policymakers, but not necessarily in close relationship with the MDGs.

Voice is another area often mentioned as another possible MDG. Our discussion of participatory governance has shown that this area should be viewed with great care. A greater voice by poor people at the local level may be counterproductive if it leads to capture by the elite. And yet it may be beneficial to the welfare of the poor and the pursuit of the MDGs in different contexts. Here, too, defining indicators that have uniform validity across countries and contexts seems inappropriate at this stage.

Most of the MDGs have been defined as outcomes, not inputs. Yet there is a sense that part of the difficulty in implementing them is that many
countries have underestimated the importance of inputs. In cases in which inputs can be identified without too much uncertainty, it should indeed be possible to introduce an indicator to allow the monitoring of progress in a specific MDG. In the water sector, for example, the initial focus was on increasing the access rates to improved water sources. However, because of the budget constraints and the urgency, the debate soon moved to the optimal form of delivering access. Should countries promote large-scale utilities to deliver access, knowing that their investments might be slow to materialize, or should more resources be allocated to installing water pumps that are cheaper and may require replacements more often, but that are easier and quicker to install? Because of the nature of these questions, it is unclear whether we can ascertain a single indicator that describes the situation of a particular country in this sector. Again, context specificity is of great importance.

Overall, then, it appears that, despite the views of some analysts, there is little justification for broadening the scope of the MDGs by adding more goals or more monitoring indicators. Such additions may be possible only in some very precise areas where it is known that a specific input is absolutely necessary for a particular outcome. Immunization against various diseases may well be indispensable for reducing child mortality (immunization against measles is actually one of the MDG targets), but on its own this step may not be sufficient. And yet difficulties in achieving immunization campaigns may themselves be the result of more important and deep-rooted problems that must be addressed. Moving in the direction of accuracy and specificity may be a useful exercise when thinking about strategies to implement the MDGs. As for the MDGs themselves, which already provide overall direction and focus on poverty in its multiple dimensions, broadening their scope or adding detail and precision does not seem warranted and would, in any case, require dealing with many of the MDG-related problems detailed at the outset of this chapter.

Concentrating on the Core of the MDGs
Arguments have also been heard for reducing the importance of the MDGs and focusing more on general development objectives. But this does not mean losing sight of the MDGs. Quite the contrary, it means keeping them as either consequences or inputs in a dynamic process of development. And yet by introducing a set of universal imperfect targets that mix up means and ends and confuse stocks, needs, financial flows, or performances, we might weaken the process of development and also the process of assisting development. For example, the broad use of headcounts for many of the indicators (such as income poverty in MDG1 or school enrollment in MDG2) provides incentives to offer quick gains to those closer to the target.

Alternatively, a case can be made for retaining the overall approach of the MDGs, but with a focus on a smaller set of essential MDGs. To capitalize on the main feature of the MDGs, an international focus on
multidimensional poverty reduction, concentrating on fewer indicators (e.g., just income poverty, health, education, and sustainability) might be sufficient. More effort should then be concentrated on ensuring that the selected indicators make sense, can be measured effectively, and are easy to understand, communicate, and interpret.

There is also the question of whether the MDGs, which were set at a global level (and never actually designed to be goals for each country), should explicitly take account of regional and country heterogeneity. To succeed down the road, the MDGs would have to reflect the realistic aspirations of a population for their desired condition at a particular point in the future, and the goals would have to be expressed in the form of a set of ambitious, forward-looking indicators. They would then be relevant to the current generation and their children. In fact, the current MDGs could have been used in this way had they not been applied indiscriminately to incomparable sets of contexts, and had the resulting industry of rhetoric and monitoring not served to significantly undermine their objectives.

In the future, MDGs will have to assume a form that ensures that differing low-income countries are treated differently. At one level are those countries whose overall outlook is one of hope, even if they are currently facing low incomes and considerable deprivation. They tend to experience continued deprivation in many dimensions, and will not necessarily achieve the MDGs. However, with an optimistic outlook of what development can deliver in the decades ahead, using reasonably clear trajectories, these countries will achieve the goals shortly after 2015. Much of Asia is in this category, and a few countries in Africa may graduate to this group soon. A strong case could be made for considering as one group these countries together with the middle-income countries that have still failed to make sufficient progress on particular MDGs, but whose well-defined development trajectories could make those goals achievable.

The other group is of more concern. It is made up of countries with limited signs of hope that are currently often sliding rather than progressing in meeting the MDGs, including, but by no means limited to, many fragile states and often countries with severe and widespread deprivation but relatively high incomes such as Nigeria. A full compendium of MDGs does not make much sense here. A small number of priorities, offering the framework for sustainable development processes, may be preferable. These priorities could focus on the reduction in income poverty, human capital formation in terms of education, health, and nutrition, and basic accountability of the state relative to its population.

For both types of countries, but perhaps more so for the second, the practice of monitoring MDGs has to be changed fundamentally. Too often, the MDGs have been used as pure backward-looking indicators. Clearly, it would be dangerous to stick exclusively to such a view. An analysis of why and how a country is lagging behind on specific MDGs should be given much more importance than has been done to date. Such an analysis implies that the donor community will call into question the supremacy of
measuring MDGs over understanding the processes leading to their most effective implementation. Under the guise of requiring evidence-based policymaking, a whole industry of monitoring the MDGs has indeed sprung up, and it risks concealing the need for a more analytical approach to MDG-achieving trajectories. Equally pertinent, reducing the number of indicators and paying more attention to modeling and understanding the overall development process that leads to success or failure in promoting the MDGs seem to be a more promising avenue.

Every country in the world (and every large financial institution) has developed relatively careful mechanisms for assessing growth in its own economy, based on the use of forecast models. But for poverty and the MDGs such mechanisms are almost uniformly lacking. In the context of the MDGs, the business of backward-looking performance monitoring has to be transformed into a forward-looking strategic monitoring business. A forward-looking strategy would harness knowledge of the past and of the heterogeneous processes involved in achieving different MDGs. This strategy would, in turn, allow for the careful development of scenarios outlining if and how the core set of MDGs can be delivered.

Conclusions

Two main conclusions can be derived from the discussion in this chapter. First, the central message on MDG achievements is one of heterogeneity of outcomes—between countries, within countries, and across MDGs. Some of this observed heterogeneity, and the lack of correlation between different MDG dimensions, simply reflects the quality of the data, and we certainly call for greater investment in better information for monitoring and assessment. Yet another explanation is that the MDGs as currently constituted combine measurement of stocks with measurement of flows, and do not distinguish clearly between inputs and outputs. But even with these qualifications, the lack of correlation remains surprising. The heterogeneity calls for more detailed country-specific analysis of the policy and structural determinants of well-being and poverty. The second main conclusion derived from this chapter is thus that the practice of monitoring MDGs must be changed fundamentally from a backward-looking exercise to one that uses the information to understand why one country is lagging behind and another is succeeding and to understand better the country- and context-specific reasons for success and failure.

References


