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Are the Millennium Development Goals proving counter-productive?

Oladiran Bello

>> The EU's discourse on the Millennium Development Goals (MDGs) remains unhelpfully inward-looking. Heavy on chest-beating reassertions of Europe's unmatched development spending, the official rhetoric falls short on concrete plans for connecting EU aid to trade and investment in partner developing countries. The restrictive, technical approach of the MDGs has come under criticism, inspiring donors in Asia and elsewhere to seize the initiative to canvass their own successful development models for Africa. For the EU, the opportunity to carve out a leading, agenda-setting role in the MDGs debate is fast evaporating amidst Brussels' unwillingness to broach policy alternatives and approaches to African development being canvassed by increasingly influential rival donors.

As the much anticipated September 2010 UN summit on the MDGs approaches, pronouncements by the EU development commissioner and several European functionaries suggest the goals remain attainable by the 2015 deadline. In this formulation, re-doubling ongoing international efforts and scaling-up aid commitments alongside better efficiency measures will be the centrepieces of a final push towards improving social development indicators in the poorest parts of the world. Yet, in a year dominated by discussions of the EU's own European External Action Service and plans to improve coherence between development policy and wider external action, the MDGs provide a major test of Europe's global ambitions and development impact post-Lisbon Treaty.

CHALLENGING THE STATUS QUO

The recently renewed EU commitment falls short on addressing at least three fundamental questions now confronting the MDGs. First, some

HIGHLIGHTS

- The MDGs summit might miss the opportunity to re-focus development aid
- MDGs emphasise social development indicators, not the economic processes to deliver them
- The EU should lead reconsideration of the MDGs towards a more comprehensive 'MDGs +'
- Europe will be a more credible voice if it grasps more fully Africa's truly improving prospects
- The MDGs provide a test of Europe's ambitions and development impact post-Lisbon Treaty

›››››› analysts charge that the goals have become a set of narrowly conceived, social-development ends in themselves, mostly disconnected from the real internal dynamics of countries they aim to help. Their so-called gains have been threatened by lack of local absorptive capacities and weak governance, raising concern about counter-productivity and the Dutch Disease.

Many others warn that the targets of halving extreme hunger and poverty, attaining universal primary education and reducing child/maternal mortality will be missed in Africa. Comparisons of progress between the 1990 baseline year and projections up to the 2015 deadline reveal massive shortfalls. Other parts of the developing world including Brazil and India are similarly predicted to miss at least some of their own targets, despite these countries' strong economic performance. Meantime, poor public education in donor countries on precisely what the MDGs objectives are and justifications for their funding threatens to delegitimise the whole campaign. The situation is reminiscent of the aid fatigue of the 1990s.

Third, the call by a group of late developers in the east for selling the 'Asian model' to African states is widely regarded as a direct challenge to the Western-based development aid consensus embodied in the Development Assistance Committee (DAC) guidelines. The coalescing criticism of the MDGs' restrictive approach explicitly links demands for a more broad-based approach to the emerging reality of economic renaissance in Africa. More explicit effort is needed to connect a broader conception of development to the extant re-balancing and transformations in the global economy trends seen by 'trade for development' proponents as offering unprecedented opportunities for sustained African growth. Yet the EU appears unreceptive to a wholesale re-conceptualisation of the MDGs, preferring to press ahead with its original technocratic framing.

RIGGED OBJECTIVES?

Aside from doubts over an exclusively social indicators-based approach, the very objectivity of the MDGs benchmarks has been called into question. Some highlight the artificialities and arbitrariness of the social targets, contrasting its emphasis on aid hand-outs and assistance (in specifically non-trade-related, social sectors) with the state-directed production, export and outsourcing which have brought success to especially India, China and a host of east Asian economies. Sustained periods of impressive growth in these economies have also coincided with corresponding improvements in their social development indicators. Between them, they have halved extreme poverty in their populations, and recorded impressive gains in healthcare delivery and education. The qualitative dimensions, speed and scope of these improvements – driven primarily by booming production and trade – seem to transcend the restrictive, technical headline goals of the MDGs.

William Easterly has argued that the MDGs' design 'makes Africa look worse than it really is'. He avers that skewed weighting of growth in poverty reduction, and the unjustified choice of 1990 as baseline year – taking in a decade in which African economies performed woefully before the MDGs were designed in 2000 – has set up Africa to fail to meet the goals. For example, the practice of arbitrarily allocating zero value to growth which increases the income of those remaining below the poverty line (counting only growth accruing to those above the line) has no basis in welfare economics. Such a choice is criticised for distorting the picture in sub-Saharan Africa where the initial headcount of extreme poverty was disproportionately high.

It has also been argued that the choice of measuring relative or absolute change was applied inconsistently across the goals. Some MDGs benchmarks evaluate progress in positive terms while others measure changes in negative terms, with the consequence that choices made in many of the goals actually disadvantage Africa. To illustrate: a high initial level of child illiteracy in a given population sample means that achieving a percentage decrease in the number of children not enrolled in primary education is harder to achieve than a percentage increase in the number of

enrolled children. So, an African country recording progressive increases in enrolment still has to report the percentage increase in terms of the disproportionately high number of children not initially in school. Meanwhile, unrealistic and historically unprecedented levels of growth required for Africa to meet MDG targets underplay the continent's recent economic achievements.

A CONTINENT'S RISE?

EU efforts to speed up MDGs progress in Africa have been criticised for ignoring vital lessons from Asia. Even developed world commentators worry Europe risks becoming a marginal actor as its development policy fails to reflect Africa's growing clout within a shifting global economic balance. The recent African growth upswing, indicating perhaps a gradual change in its economic fortune, is being downplayed because of misunderstanding or more self-serving reasons. Undoubtedly, the remarkable macro-economic growth in Africa in the last decade has also been accompanied by improving conditions that lay the foundations for future social and economic progress. Expansion in information technology access is boosting commerce, transforming the operations of small scale businesses across the continent.

There are calls for a resurgent Africa to present itself as the 5th BRIC

But much of this success remains unacknowledged in policy planning. Critics blame the bias towards perpetually painting Africa's achievements in negative light. Many high profile studies emphasise that Africa is unmatched in terms of growth prospects, return on capital and the generous incentives it offers for new investments. Yet leaders of foreign companies are reluctant to acknowledge the unmatched profitability in their African operations.

Macro-economic stability, reduced conflict, reform of the business environment, improved infrastructure, shrinking debt and falling inflation are all contributing to continent-wide, sustained multi-sector growth. The nearly 4 percent annual growth rates recorded across the continent over the last decade is even seen by some analysts as following closely China's own economic trajectory. This has led some, like the World Bank vice-president, Ngozi Okonjo-Iweala, to call for a resurgent Africa to present itself as the 5th BRIC alongside Brazil, Russia, India and China. What makes this shifting discourse particularly remarkable is the diversity of the unusual suspects now trumpeting Africa's unprecedented prospects, among them even global consultancies like Mckinsey and the Boston Consulting Group. In the midst of all this, the notable anomaly is Western and European development policy, seemingly slow to reflect these trends in the concrete implementation of development programmes and priorities.

PREPARING FOR THE MDG SUMMIT

In the run up to the September UN summit, it is becoming increasingly clear that discussions will address only the narrow development and social indicators defined within the MDGs. Considerations will be focused on securing additional resources to speed up their attainment. On the EU's part, official communications such as the Commission's 2010 'Spring Package' on the MDGs continue to emphasise Europe's role in terms of being the largest ODA provider. The drive towards greater funding has even led to proposed legislation to guarantee a 0.7 percent target of member states' GDP as ODA by 2015. But no such concrete plans have been outlined better to connect aid to issues of trade, investment and changes now underway in African economies.

To be sure, in each of the decades since the 1960s, the emphasis in development discourse has oscillated between 'hard' economic growth and 'soft' social development approaches. Yet, it seems entirely odd that in an era when trade is spurring the rapid rise of new global economic powers, so

›››››› much efforts have gone into promoting the MDGs without a fundamental reassessment in development planning of Africa's emerging opportunities in global trade. Meanwhile, the fourth AU-EU Collegiate meeting of June 2010 could only repeat the empty cliché of forging stronger partnership for economic growth, without putting any radically new substance or innovative ideas on the table.

Yet, gaps in the MDGs have been accentuated by precisely the sort of changes now afoot in African economies. Other than the negative impact on financial flows into Africa arising from stringent official conditions attached to tax-funded bank bailouts in Europe and North America, Africa's recovering boom has been surprisingly immune from the slow recovery in the advanced world. It is generally true that the MDGs are a multilaterally validated, UN-level set of objectives. But Europe's shortcoming appears to be its own inability to leverage its biggest comparative advantage: joining up existing multi-instrument policy toolkits to form a better coordinated programme of beneficial investment, trade and institution-building relations with Africa. It is this that is needed to nurture African self-help strategies that can successfully draw on the sort of 'MDGs +' package now being advocated.

Indeed, while late developers appear increasingly adept at masterminding their individual variants of state-led economic push, Europe's experience in tested and effective institution-building practices remains an under-explored reference point for African reformers. Nevertheless, the views being expressed from Asia considerably strengthen growing scepticism over the MDGs and calls for their revamp. South Korea, host of the November 2010 G20 forum which it wants to address development, laments that the MDGs focus on the end products of development, not the processes behind social transformation and modernisation. Seoul alone boasts nearly USD1billion in ODA (a level comparable to many fellow DAC members from Europe); China boasts even vaster sums in mixed aid instruments increasingly deployed to great effect in Africa. Their assertions raise concerns in the West that hard won advances in aid transparency, governance and other DAC standards may be under threat. But this need not be viewed with alarm. Renewed fillip to the aid efficiency agenda in the wake of the global financial crises makes it inevitable that an enhanced Policy Coherence for Development framework focuses on better aid coordination and consolidated division of responsibilities beyond the DAC.

Yet, the EU appears ideologically and institutionally rooted in a mindset that precludes re-thinking its own MDGs approach, failing to capitalise on new openings for assuming leadership in shaping a post-2015 agenda. A rethink is necessary if aid's delegitimisation post-MDGs is to be avoided altogether. In a reversal of the long-standing problem of lack of political will, the recent burst of actions within donor and recipient governments, backed-up by multilateral institutions, has still to stimulate clearer, forward-looking plans amidst the seeming heavy institutional investments in the artificial and rigid targets set for 2015.

BEYOND THE MUDDLE

The EU and other donors must recalibrate the way aid is delivered (including systematically rebalancing disbursements to underpin African growth). Otherwise, the African continent will be unlikely to sustain and profit maximally from its growth surge, or even channel the gains of robust growth to meeting the MDGs. Such a shift will have to wean both donors and recipients away from the conventional treatment of the continent as passive object of MDGs aid and assistance. Gordon Brown's was one among the growing number of voices now exhorting Europe to look to Africa as it searches for new sources of growth. He averred that 'future growth in the world economy, and future jobs in the developing world, will depend on harnessing both the productive potential and the pent-up consumer demand of [Africa]'.

A recently published World Bank study, comparing Africa's inward and outward financial flows,

also concluded that 'capital flight explains why aid-driven development efforts have under-achieved'. It claims that for every $1 received by countries of the South in external assistance, $10 is lost through illicit flows abroad to especially British, French and US banks. Loopholes are created not only through corruption in African governments but also sharp business practices involving many OECD area companies. The revelation raises the question of why more practical effort is not being put into trade-enabling development assistance in a way that African efforts and resources – not aid hand-outs through the MDGs – become the driver of development beyond MDG indicators. Much discussion has taken place recently about closing tax loop-holes in so-called 'fiscal paradises'. Yet, remedies under consideration reveal how attention is still too focused on recouping evaded taxes rather than on internally-generated development funding. The EU pays little more than lip service to the question of corporate complicity in sapping developing countries of vital resources, with developed world taxpayers ultimately filling the shortfall through aid.

Gaps in the MDGs have been accentuated by changes now afoot in African economies

Admittedly, reporting MDGs progress has proved to be fraught. The choice often comes down to either reporting too positively and seeing the tap of generous aid flows turned off, or reporting too negatively on development progress in a way that risks turning 'failure' into a self-fulfilling prophecy. A positive balance needs to be struck between objective MDGs assessment and maintaining legitimacy and support for aid that actually delivers more than fleeting, superficial solutions.

Europe will be a more credible voice if it grasps more fully Africa's truly improving prospects. This is because leading the fight to counter unfair pessimism about Africa will be key to progress on the MDGs and sustaining economic growth. This is also important for advancing the EU-Africa strategic partnership, as China's 'can-do' attitude continues to find enthusiastic acceptance throughout Africa, much to Europe's detriment.

To counter charges that the MDGs focus too narrowly on the social dimensions of development, the 8th goal (Global Partnership for Development) must be radically revised better to exploit the unfulfilled potentials of 'technology for development' within an 'MDGs +' plan. One approach may be to add a 9th goal focused specifically on capacity-building and stimulating adapted local solutions in developing countries through technological and knowledge transfer from the outside. This will be best taken forward in the context of a much promised, but so far under-delivered, trilateral cooperation of developing, advanced and middle income countries (MICs), allowing better clarification of the MICs' own burden-sharing responsibilities in a transformed development landscape. Making available simple, transferable, clean, cutting-edge technology remains one of the big hopes of the world's poorest states.

Oladiran Bello is researcher at FRIDE

e-mail: fride@fride.org
www.fride.org