

**DEVELOPMENT CO-OPERATION DIRECTORATE
 DEVELOPMENT ASSISTANCE COMMITTEE**

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**ACCELERATING PROGRESS TOWARDS THE ACHIEVEMENT OF THE MILLENNIUM
 DEVELOPMENT GOALS (MDGs): PREPARING FOR THE 2010 MDG SUMMIT**

DISCUSSION PAPER

DAC Senior Level Meeting, 14 April (afternoon) and 15 April (morning) 2010

This document is submitted for DISCUSSION under Item 5 of the Draft Annotated Senior Level Meeting Agenda [DCD/DAC/A(2010)5/REV3].

This document has been approved by the DAC for submission to, and discussion at, the Senior Level Meeting.

This paper presents a series of discussion points around which participants can exchange views as they prepare for the MDG forward-looking review process now launched in the UN, leading to the MDG Summit in September. The Secretariat will summarise the SLM discussion in a short note. An OECD Secretariat paper is planned for mid-year as an input into the Summit, drawing on this discussion and on material from other OECD policy communities, including material submitted to the Ministerial Council Meeting on development and related issues. A number of member countries have been formulating ideas for the MDG Summit which they may wish to bring into the discussion. The process of preparing the UN Summit has been launched, with the issuance of the UN Secretary-General's report "Keeping the Promise: A forward-looking review to promote an agreed action agenda to achieve the MDGs by 2015". Work on an outcome document, which has yet to start, will be facilitated by the Danish and Senegalese Ambassadors to the UN.

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ACCELERATING PROGRESS TOWARDS THE ACHIEVEMENT OF THE MDGS
PREPARING FOR THE 2010 MDG SUMMIT: A DISCUSSION PAPER

1. The discussion on the MDGs at the SLM will focus on **three topics**:
 - **The continuing political and policy relevance of the MDGs**
 - **Changing global contexts, and**
 - **Key substantive challenges, responses and opportunities for this MDG Review.**
2. SLM participants are invited to **share views on the following questions**:
 - **Is it agreed that the MDGs continue to be a valid and indispensable basis for international dialogue and co-operation on development?**
 - **How do SLM participants see the new patterns and dynamics in the global economy and economic governance arrangements impacting on development prospects and on the opportunities for new broadly-based partnerships for development? What role might the MDG Summit play in this context?**
 - **What should be the priority areas for concentrating our collective efforts over the next five years to ensure that the MDGs are achieved by 2015? Where could a submission from the OECD Secretary-General best make a contribution?**
3. The conclusions of the SLM discussion are expected to feed into a submission to the UN MDG Summit by the OECD Secretary General.

Issues for discussion

A. *The continuing political and policy relevance of the MDGs*

4. The idea of a compact set of interrelated development targets as a political rallying point for development co-operation came from the DAC in 1996 and then became, via the Millennium Declaration of 2000, the Millennium Development Goals. The MDGs are a broadly-owned outcome-based set of concrete development objectives which could be measured, tracked and be the basis for mutual accountability.
5. The MDGs have exerted a powerful impact on public discussion and international co-operation, providing:
 - A common reference point for development dialogue and co-operation across the whole international system, including Heads of State and international organisations, and at national and sub national levels.
 - A beacon for mobilising public interest and participation in development efforts, helping to motivate established and new Foundations, NGOs, the private sector, and prominent individuals who have become champions of development.

- A political foundation for decisions to embark on major development finance initiatives, including large-scale debt relief, ambitious aid targets and new global funds.
- A basis for strengthened efforts to develop national statistical systems as a foundation for evidence-based policy-making in developing countries.

6. The impact of the MDGs on development progress is less clear. It is widely believed that while the targets may be met globally because of the outstanding performance of a widening range of emerging economic powers, China and India in particular, many countries will not meet the targets, especially countries in sub-Saharan Africa. At the same time,

- Some recent studies are providing evidence that progress may be faster than previously estimated, with the trajectories of economic and social progress in low income countries having clearly turned upwards since the mid-1990s, though with great variations in the impact on poverty reduction, and with large numbers of very poor people still in the middle-income countries.¹
- Countries experiencing war or ongoing political fragility have suffered setbacks and the most serious underperformance against the targets is to be found in these countries. But there is evidence that the establishment of stability does provide a basis for rapid catch-up. The cost of conflict puts a heavy strain on achieving the MDGs. The estimated annual cost of one new conflict – over USD 64 billion² – is approximately half of the total value of OECD DAC members' development aid in 2009.

7. There has been debate on whether the MDGs have caused a shift of aid away from productive sectors. In fact, the social goals in the MDGs stimulate essential high return investments in human capital (including gender equality as a major accelerator of economic and social transformation), and hence in the possibility of accelerated development; the Aid for Trade agenda, under the Global Development Partnership goal (MDG8), has helped to bring additional aid to productive sectors; there is now renewed attention to food security and agriculture and to infrastructure development; and, emerging donors are heavily focussed on productive sectors and infrastructure.

SLM participants are invited to consider:

- ***Is it agreed that the MDGs continue to be a valid and indispensable basis for international dialogue and co-operation on development?***

1. Studies include: Young, Alwyn. The African growth miracle. London School of Economics (Draft, February 2010); Sala-i-Martin, Xavier and Maxim Pinkovskiy. African poverty is falling...much faster than you think! National Bureau of Economic Research (Working paper 15775, February 2010); and, Easterly, William. How the Millennium Development Goals are unfair to Africa –In World Development, Vol.37, no.1.

2. United Kingdom. House of Commons International Development Committee, “Conflict and Development: Peace building and Post conflict Reconstruction”. October 2006.

B. Opportunities and challenges of changing global contexts

8. **The emergence of new economic powers over the last two decades has changed the shape and the dynamics of the world economy.** Furthermore the financial crisis of 2008-2009 has revealed **financial fragility in a number of developed countries** which will take some time to repair, with both private and public debt levels and financial regulation now key agenda items for many OECD countries. The strategy for treating these issues extends beyond the financial and macro-economic agenda to social and structural policy issues, including employment and social protection as well as innovation systems.

9. **Developing countries meanwhile have largely coped better with the crisis than expected and growth is resuming more quickly than in developed countries.** The emerging economies, with their expanding wealthy and middle classes, are providing a source of strong demand for commodities and food from developing countries and are also supplying investment, technology and a range of development finance, both public and private, from banking flows, to export credits to aid. The BRICs as well as a number of other emerging economies all have both public sector and private sector corporations with the capacities and interest in investing in developing countries.

10. **The success of the emerging economies is creating new interest in their varied and heterodox development paths, with more attention now being paid to the evidence that governments can play a strategic role in promoting development.** New information technologies are changing the development possibilities in developing countries, with broad-band internet now extending its global reach and likely to become widely accessible on hand held devices in developing countries. Climate change adaptation imperatives and mitigation opportunities will also be key new factors. Fertility rates are falling fast in many developing countries (though not so quickly in the poorest), opening up opportunities for women's increased participation in the economy. For all these reasons, development paths will not be the same as in previous decades.

11. In response to these new trends and patterns in the global economy, **new global economic arrangements have emerged**, in the form of the G20, which draws on intellectual and policy support from the major international institutions, including the OECD. Adjustments to the "voice" of developing countries in the Bretton Woods institutions are imminent. At the same time, consensus building and collective action across a range of areas is becoming more complex, as the experience with the Doha Development Round of trade negotiations and the Copenhagen Accord bear witness. Meanwhile the G8 is moving to establish more systematic tracking and accountability for undertakings announced in recent years, particularly in the development field.

12. The implementation of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, which reflect **agreed mutual accountability between developing countries and donors**, has demonstrated that stronger partnerships with developing countries and other stakeholders is the best means of delivering aid effectively to achieve improved development results. Such partnerships need to go beyond government to government processes, building the political and administrative cultures and capacities necessary to demonstrate accountability to the needs of the poor, to develop and use country level processes that are inclusive of the poor and that empower poor women and men to be involved in key policy decisions affecting their lives.

13. **In the OECD itself, the policy of enlargement and enhanced engagement is moving forward, bringing a qualitative change to the scope and nature of policy analysis and discussions.** An increasing range of emerging countries is involved in country and regional studies across a wide spectrum of subjects, many of which involve peer processes. The Development Centre's membership is increasing and the DAC hosts/supports two major global partnerships: on aid effectiveness and on conflict and fragility. With the agreement to create a set of OECD-wide development goals, the OECD Council is

moving towards a more whole of OECD approach to development, including a new flagship publication on Policy Coherence for Development. These approaches are in line with and support the key conclusions of the DAC Reflection Group's report.

SLM participants are invited to share views on:

- *The impact that new patterns and dynamics in the global economy and economic governance arrangements will have on (a) development prospects and on (b) the opportunities for new broadly-based partnerships for development. What role might the MDG Summit play in this context?*

C. Key substantive challenges, responses and opportunities for this MDG Review

14. The development agenda associated with the MDGs has continued to deepen and broaden since the Millennium Summit in 2000. At the same time there are significant areas of either weakness or failure in the collective efforts to achieve the MDGs. Key areas where the DAC can add substantive value and where improved aid delivery can accelerate the achievement of the MDGs include:

- **Climate change and development strategies** - climate change will exacerbate droughts, floods and extreme weather events which may contribute to food shortages, infrastructure damage and the degradation of natural resources upon which livelihoods are based. It will make it more difficult to reach the MDGs. Adapting to climate change is, therefore, critical. It is not just an environmental issue but also affects the economic and social dimensions of sustainable development.
- **Conflict and fragility** - Countries experiencing conflict and fragility are furthest away from achieving the MDGs. Members of the OECD DAC's International Network on Conflict and Fragility (INCAF) have called for an 'accelerator support strategy' to achieve the MDGs in conflict and fragile settings.³ Such a strategy would focus on: i) support for countries struggling to prevent and recover from conflict, including financing options, ii) prioritise peace dividend and sustainable livelihoods for the poor, iii) foster statebuilding⁴, state-society accountability and a voice for all, and iv) support justice, security, violence reduction and peacebuilding activities.
- **Gender equality and women's empowerment** – investing in women and girls will speed up progress on all the MDGs.⁵ Four areas where increased attention and investments would have accelerator and multiplier effects are: the completion of girls' education; sexual and reproductive health; the availability of banking, finance and credit facilities; and, women's leadership.

3. INCAF. Accelerating Progress Towards the MDGs in Countries Affected by Conflict, Violence and Insecurity [DCD/DAC/INCAF(2010)3].

4. OECD INCAF Policy Statements on Financing and Statebuilding [DCD/DAC/INCAF(2010)4].

5. "I believe that investing in women and girls in itself constitutes a breakthrough strategy for achieving the MDGs, and that almost any investment we make in women and girls will have multiplier effects across the Goals" Helen Clark, UNDP Administrator, 25 March 2010.

- **Economic growth and social protection** – meeting the MDGs on poverty and other objectives needs economic growth to be more pro-poor, so that poor women and men can participate, contribute and benefit from growth. Strategies need to give more attention to underpinning framework conditions for growth in areas where poor people earn their livelihoods and connecting them up (e.g. via vocational training, infrastructure and better functioning markets) to growth processes. More effective efforts, including in the informal economy, are needed to reduce the vulnerability of poor people to recurrent crises, and measures to support employment, social protection and empowerment need to be strengthened.
- **Food security** – over one billion people are hungry and malnourished, exacerbated by food and fuel prices and the global recession. Despite increases in food supplies and a fall back in international prices, there are still food shortages in many parts of the world. Volatile prices, severe underinvestment in agriculture and pervasive low productivity all keep food insecurity on the political agenda. Improving availability and affordability of food requires a broad multi-sectoral agenda. Partnership frameworks such as the Comprehensive Africa Agriculture Development Programme need to be strengthened and used to mobilise and better spend donor and other resources to improve food security. As chronic hunger is inevitably closely linked to chronic poverty, with malnutrition contributing to its persistence and intergenerational transfer, strategies also need to go beyond agriculture to improve the wider economic, social and political frameworks needed for pro-poor growth to stimulate overall development, raise incomes and nutrition levels and reduce poverty.
- **Improving health outcomes** – progress remains too slow towards the achievement of all health-related MDGs, particularly maternal and child health.⁶ Constraints on health systems and limited capacities for delivering health outcomes are the main bottlenecks in partner countries. Addressing these issues will require dedicated action in several areas: funding (including through additional, innovative sources⁷) needs to match countries' absorptive capacities; country-led capacity development should focus on supporting effective national health strategies; increased use and strengthening of country systems should support long-term strategies; and, coordination of all donors and initiatives, especially at country level, needs to improve.⁸
- **Good governance, domestic accountability and human rights** – increased institutional capacity and improved support to accountability - e.g. support to the demand-side of governance for improved citizen-state relations – can accelerate progress toward the MDGs by enhancing the likelihood of success by giving individuals and communities the ability to take charge of their own lives. Human rights instruments, norms and key principles of non-discrimination, meaningful participation and accountability, provide a foundation for engagement, also increasing access for poor and marginalised communities.

6. United Nations. The Millennium Development Goals Report, 2009.

7. DFID. Chair's summary – DFID MDG conference, (London 11 March 2010).

8. OECD. Working Party on Aid Effectiveness. Aid for better health – what are we learning about what works and what we still have to do? An interim report from the Task Team on Health as a Tracer Sector. DCD/DAC/EFF(2009)14.

- **Development financing** – international resource availability scenarios from both advanced and emerging economies, mapped to MDG needs will be critical to success. Taxation, complemented by domestic financial markets, provides the basis for sustainable and predictable development financing and is the antidote to aid dependence in the poorest countries in the long term

15. Each of these issues can be addressed through the existing MDGs, including the intensification of MDG8 partnerships. The OECD has a number of recent and current initiatives which can be drawn upon.

SLM participants are invited to discuss:

- *What should be the priority areas for concentrating our collective efforts over the next five years to ensure that the MDGs are achieved by 2015? Where could a submission from the OECD Secretary-General best make a contribution?*