The Global Partnership for Development

A Review of MDG 8 and Proposals for the Post-2015 Development Agenda

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Abstract

The Eighth Millennium Development Goal (MDG 8) covered a 'global partnership for development' in areas including aid, trade, debt relief, drugs and ICTs. We have seen progress as well as gaps in the areas which were covered: more aid, but with quality lagging and a link to progress in MDG areas that was weak; a better rich world performance on tariffs but one that misses increasingly important parts of trade; broadly successful debt relief but an agenda on the support for private investment left uncovered; mixed progress on drugs access and absence of a broader global public health agenda; and a global ICT revolution with weak links to the MDGs or a global partnership. Migration, non-ICT technologies, the global environment, and global institutional issues were all completely unaddressed in MDG 8.

Looking forward, by 2030, a global compact on development progress linking OECD DAC aid and policy reform to low income countries as target beneficiaries (the implicit model of MDG 8) would be irrelevant to three quarters of the world. Half of the rich world will be in non-DAC countries and the share of aid in global transfers will continue to shrink. Global public goods provision will increasingly require the active participation of (at least) the G20 nations. A post-2015 global partnership agenda should involve a mixed approach to compact and partnership issues: binding 'global compact' targets under specific post-2015 sectoral goals focused on the role for aid alongside a stand-alone global public goods goal with time bound, numerical targets covering trade, investment, migration, technology, the environment and global institutions.

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Introduction

The eighth Millennium Development Goal, or MDG 8, was to "develop a global partnership for development." It built on language from the Millennium Declaration that the UN member countries "resolve… to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty." The targets under the goal were to:

- Develop further an open, rule-based, predictable, non-discriminatory trading and financial system;
- Address the special needs of the least developed countries;
- Address the special needs of landlocked developing countries and small island developing states;
- Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term;
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries; and
- In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.

The indicators selected by the UN to monitor progress towards these targets covered aid, trade, agricultural subsidies, debt relief and debt service, access to medicines and ICT use.

MDG 8 is an outlier goal in that it is about means (a global partnership) rather than ends (health, wealth, education, equality). It can be justified in that regard on the basis that it focused on what the international community could do to support UN member countries in meeting goals one through seven. After all, this was a UN document designed (amongst other things) to provide a framework for UN family and broader international efforts in support of global development.

But perhaps related to its outlier status, MDG8 is also widely seen as a 'weak' goal. The UN System Task Team on the Post-2015 Agenda notes that while MDG 8 "provided a simple, transparent and easy to understand framework" it also "lacked precise goals to fill or benchmarks" including quantitative or time bound targets, it had indicators inconsistent with targets and its scope "omitted important actors and related areas."

This paper will review progress in the target and indicator areas worldwide over the past ten years. In the case of aid and debt relief in particular, it will also discuss the impact of flows and relief on changes in the first six MDG areas. Given the origin of the MDGs in the DAC development targets, it is perhaps unsurprising that the development community focused on aid as the major mechanism by which industrialized countries could foster progress in health, education, nutrition and poverty reduction sufficient to meet MDG targets.

The paper will also discuss gaps in the original MDG 8 –both within target areas but also areas where there is a role for global partnership that is not reflected in either targets or indicators. It will go on to examine two scenarios on the potential shape of the global economy in 2030. On the basis of those scenarios and the discussion of the original MDG 8, the paper proposes potential targets for a global compact in the post-2015 development agenda.

Given the original goal had no numbers attached and still has three years to run while any post-2015 global partnership goal will underpin a series of other goals and targets yet to be agreed, this exercise is clearly a speculative one, and the paper should be seen as at best an early and partial step towards analysis of the successes and failures of MDG 8 as well as what should follow in 2015.

Progress on MDG 8

This section will lay out the progress made on meeting the various targets enumerated in MDG 8, the gaps in the targets as full measures of the international trade, financial and technological flows that impact progress on broad based development and the link between progress in meeting MDG 8 targets and progress in the first six Millennium Development Goals.

Aid

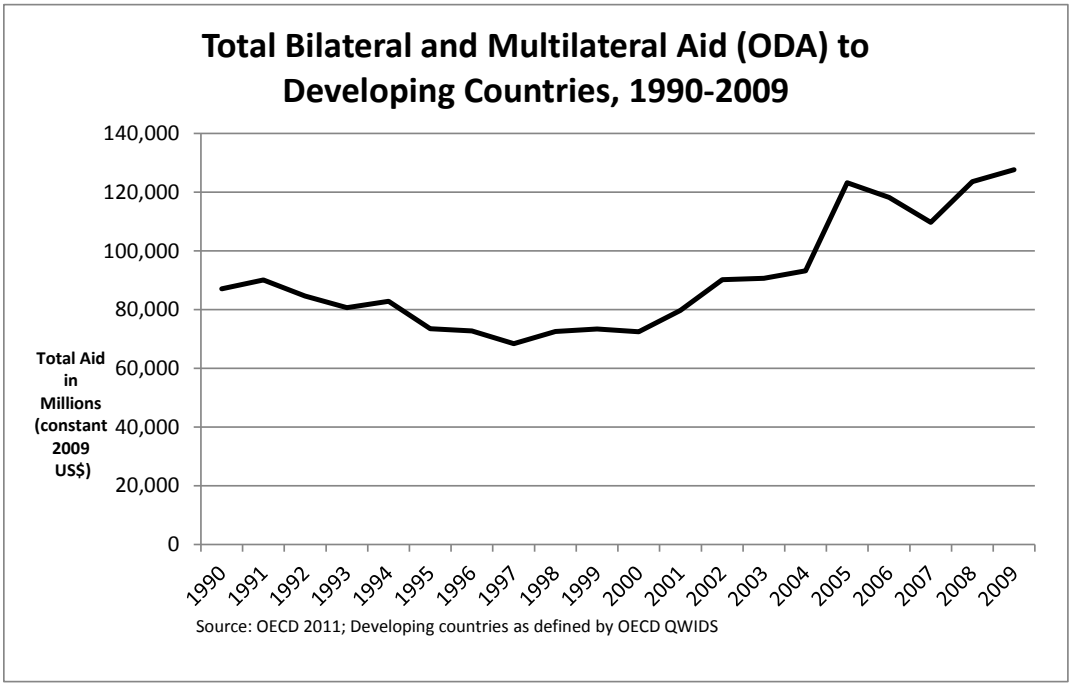
Targets: *(i) Address the special needs of the least developed countries; (ii) Address the special needs of landlocked developing countries and small island developing States.*

Indicators: *(i) Net ODA, total and to the least developed countries, as percentage of OECD/DAC donors' gross national income; (ii) Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic social services (basic education, primary health care, nutrition, safe water and sanitation); (iii) Proportion of bilateral official development assistance of OECD/DAC donors that is untied; (iv) ODA received in landlocked developing countries as a proportion of their gross national incomes; (iv) ODA received in small island developing states as a proportion of their gross national incomes.*

It is interesting to note that there is no MDG 8 target for aid flows, despite the fact that the original Millennium Declaration included the commitment "to grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction." Despite that, a series of indicators address aid flows and modalities. These indicators are the only ones to reference landlocked and small-island states. The heavy balance of aid indicators is perhaps justified by the UN's (2002) Monterrey Consensus document, which suggested "a substantial increase in ODA and other resources will be required if developing countries are to achieve the internationally agreed development goals." The Consensus also urged "developed countries that have not done so to make

concrete efforts towards the target of 0.7 per cent of gross national product (GNP) as ODA to developing countries."

Figure 1: Trends in bilateral and multilateral aid



Source: Kenny and Sumner (2011)

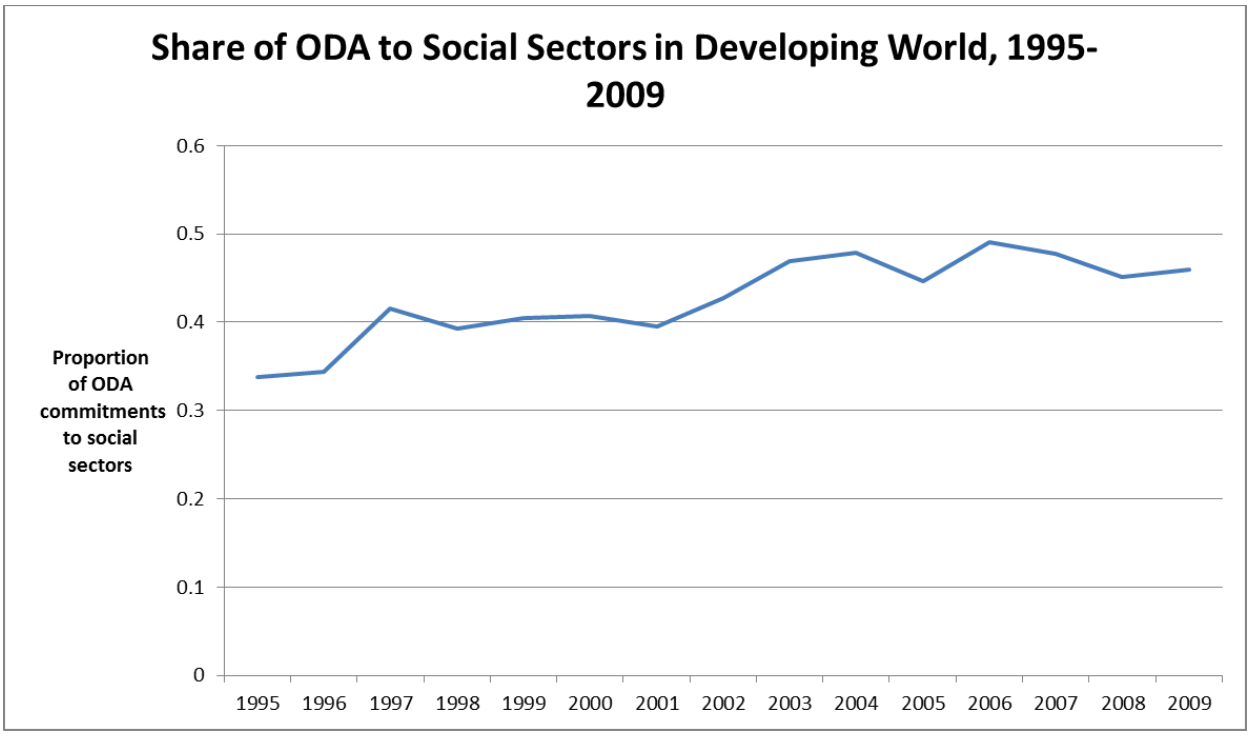
The last decade has seen a dramatic increase in aid flows. OECD data suggests total net ODA from major donor countries increased from about $40 billion in 1973 to around $80 billion in the mid-1990s and up to $127 billion in 2010. (Note that in 2010, non-DAC donors disbursed approximately $7 billion in aid and estimates of private assistance ranged from $30 to $56 billion according to the MDG Gap report. This suggests total aid flows approximately equal to $200 billion in 2010.) Total ODA as a percentage of DAC GNI increased to 0.31% by 2011, and ODA to low income countries in particular climbed from 0.05% of DAC GNI to 0.11% between the late 1990s and 2010.

Regarding the other 'focus areas' for assistance, the MDG Gap Task Force report suggests that landlocked developing countries receive aid worth on average 4% of their GNI, down from 7.4% in the first half of the 2000s, but still considerably above income group averages. ODA to small island states increased from 2.4% of their GNI to 5% in 2010.[1]

[1] The three outliers when it comes to a set of landlocked countries that are large aid recipients are Burundi, Rwanda and Afghanistan –in 2008, all three saw ODA flows worth more than 19% of their GNI according to the UN. One wonders how much this is connected with either the MDGs or with a sense of greatest aid

Kenny and Sumner (2011) suggest that aid has flowed increasingly to social sectors and Africa (See Figures 2 and 3) –both outcomes that are consistent with the prioritization suggested by the MDGs. Analysis for this paper also suggests that countries further behind in terms of MDG progress are seeing higher aid flows.[2]

Figure 2: Trends in ODA commitments to social sectors

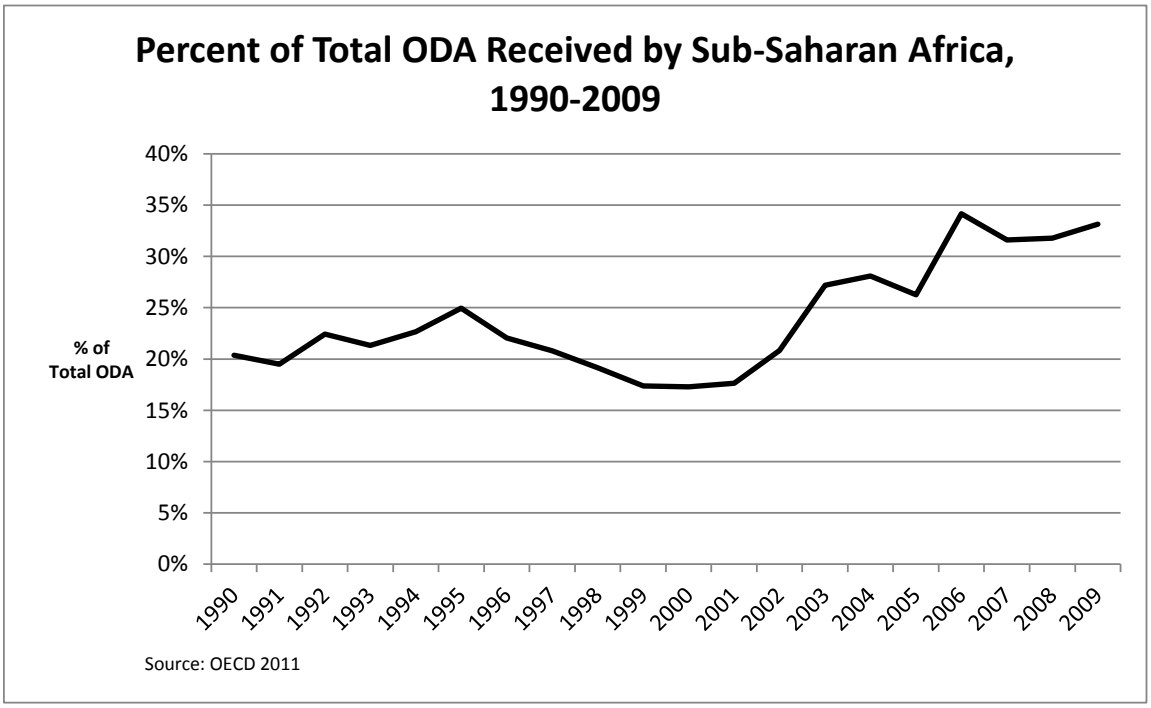


Source: Kenny and Sumner (2011)

effectiveness. For a set of goals about global progress in development, the focus on a set of small island states, many of which are middle income, and many of which already received aid per capita at levels considerably above the developing country average, perhaps reflects the one country one vote nature of the UN more than it does the pressing development challenge suggested by such countries. See: http://mdgs.un.org/unsd/mdg/SeriesDetail.aspx?srid=652

[2] This is based on a regression with 2010 log ODA per capita as the dependent variable and Leo and Barmeister's (2011) adjusted MDG progress index and GDP per capita as the independent variables. Countries score between 0 & 8 on the progress index, a score of 8 suggesting that it is on track for all goals. The 'adjusted progress index' gives a score out of 8 allowing for indicators with missing data. The results suggest that an increase of 1 point on the adjusted MDG progress index is associated with a 16% decline in per capita aid flows.

Figure 3: Trends in ODA received by Sub-Saharan Africa



Source: Kenny and Sumner (2011)

At the same time, the UN reports that in 2011, only Denmark, Luxembourg, the Netherlands, Norway and Sweden met the 0.7% target for aid flows.[3] Were DAC donors to reach the 0.7% target, the MDG Gap Task Force report suggests total 2011 DAC aid flows would have been $300 billion as opposed to $113 billion.

Despite rising aid flows, it is worth noting that 'aid dependency' is falling thanks to strong economic growth in developing countries. The GNI of low income countries alone is approximately three times what it was in in 1980, for example. About 40% of all recipient countries received aid worth more than 10% of GNI in the 1990s. That proportion has declined to below 30%. The proportion of recipient countries that receive aid worth more than 20% of GNI has halved over that period to under one in ten of all recipients (Kenny, 2012).

Regarding aid quality, the picture is mixed. The Paris Declaration of 2005 adopted five principles and 13 targets to strengthen aid effectiveness (covering areas including aligning flows on national priorities, financial management systems, aid predictability, and common procedures), but only one target (involving coordinated technical assistance) has been met.

[3] The MDG Report 2012

For example, by 2010, more than half of all aid disbursements were still managed through donor-defined financial management and procurement systems.[4] Aid fragmentation had if anything increased since 2005 –with the average number of small donors per country increasing to 44.

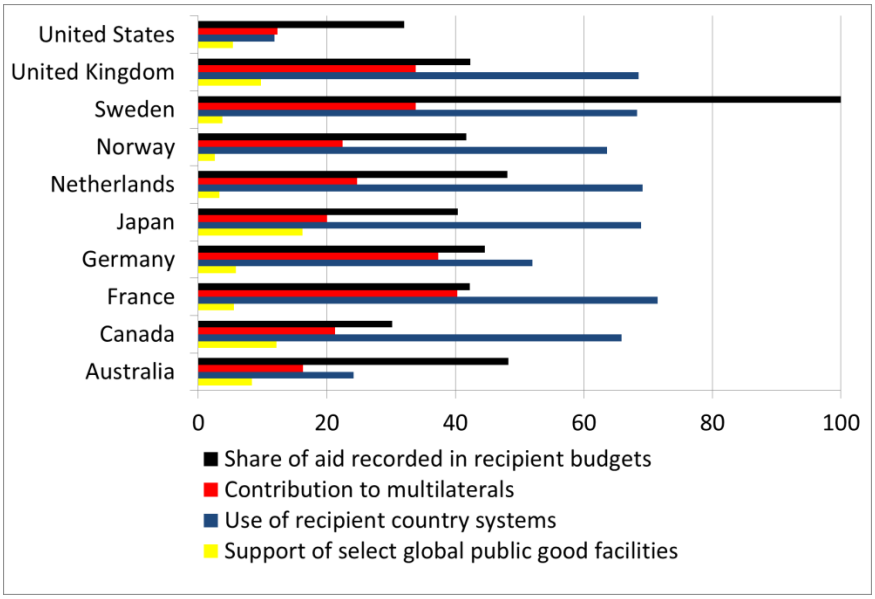
Table 1: The gap between untied aid de jure and de facto

Donor	% Aid Officially Tied	DAC Estimate of % contract value awarded to within donor country
France	10	16
Germany	27	44
Japan	25	87
UK	0	88
US	37	63
EC	100	63
Total DAC (Ex. EC)	24	60

Note: Data coverage for contract award partial, only accounts for $2.9bn of contracts out of $90bn of aid – by nature contract sample will not capture aid delivered through recipient country systems/budget. Japan figure for number of contracts rather than value of contracts.

Source: Clay, Geddes and Natali (2009)

Figure 4: Aid quality indictors among selected DAC countries



Source: Clay et al (2009)

[4] 2012 MDG Gap Task Force Report

Figure 4 displays aid quality indicators for a selected group of DAC countries. Donors vary considerably when it comes to their aid flows being recorded on recipient budgets and their use of country systems. Only Sweden out of these countries sees more than 50% of its support recorded on budget and few countries are above around two thirds of their country programmable aid using recipient country systems for implementation. The multilateral share of total ODA is currently about one third (DAC, 2010).

Again, over the past decade, there has been considerable progress in reducing tied aid, a practice that is associated with around a 20% reduction in the value of that aid (Roodman, 2012). But the OECD estimates that despite 76% of all DAC aid being officially untied, as much as 60% of the value of contracts issued by DAC aid agencies are awarded to domestic firms. Note this will exclude aid delivered as budget support or using recipient country systems, nonetheless it suggests progress on de facto untying is considerably slower than de jure progress.

The Impact of Aid on MDG Progress

Aid was considered a major tool by which rich countries would help poorer countries achieve the MDGs. It is not possible to demonstrate what the world would have looked like absent the MDGs and any additional aid that flowed as a result of their agreement –not least because it is impossible to know how much aid of what type would have been provided. But we can examine the plausible potential scale of impact based on the amount of progress achieved towards the MDGs and the link between that progress and the size of aid flows.

The High-Level Panel on Financing for Development (2001) estimated that to reach the MDGs an additional $50 billion per year in ODA would be needed, plus $3 billion more in humanitarian aid, and about $15 billion more for global public goods (see also Devarajan et al. 2002).

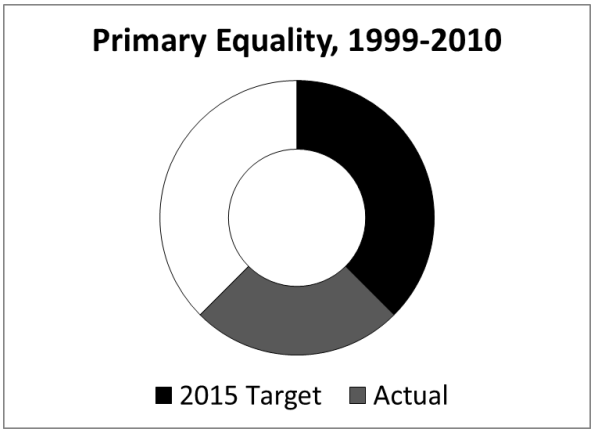
As we have seen, at least a considerable proportion of the necessary aid suggested by MDG costing studies did flow to developing countries –and that aid was increasingly focused to health and education as well as to Sub-Saharan Africa (the region furthest behind). Despite this, we remain off-track for the social sector MDGs, in particular in Africa (which is on-track only for targets covering gender equality in school enrollment and improved water supply targets).

More broadly, progress has only been faster than expected in a limited number of areas. Kenny and Sumner (2011) suggest that post-2000 progress in some of the MDG target areas is more rapid than would be expected based on historical rates of progress, but only marginally so. Child mortality in the developing world in 2010 was perhaps three deaths per thousand lower than would be expected on the basis of historical trends –this in the context of a target that aims to see child mortality lowered from a developing country average of around 97 per 1,000 to 32 per 1,000 between 1990 and 2015. Similarly, faster than expected progress between 2000 and 2010 is equal to about five percent of the total progress on maternal mortality that would be required to meet the MDG. Primary education completion

is considerably higher than would be expected –at about 90% compared to an expected 85%. Given the primary education goals was to reach 100% enrollment, this suggests progress faster than expected between 2000 and 2010 accounts for nearly one quarter of the progress required to meet the education completion MDG between 1999 and 2015.

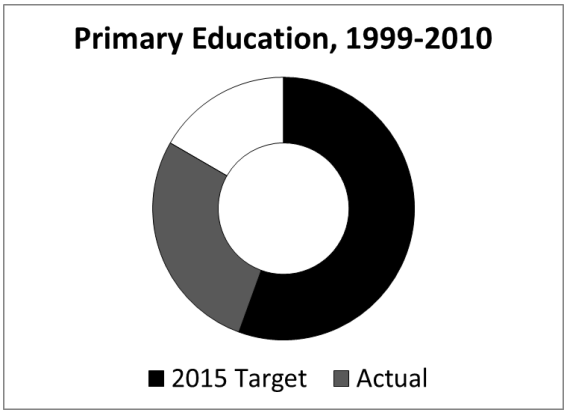
Figures 6-9 display the breakdown of progress compared to 'business as usual' forecasts from Kenny and Sumner (2011). The whole circle represents required progress from initial values to the MDG target. The white portion of the doughnut represents progress that would have been expected over that period based on historical trends. The grey represents additional progress achieved to 2010 because progress over the past ten years has been faster than would be predicted by historical norms. The black represents the remaining gap between 2010 achievement and the 2015 target. The grey area represents the bite of the doughnut for which additional aid flows between 2000 and 2010 might be able to take credit.

Figure 6: Progress toward gender equality in primary education



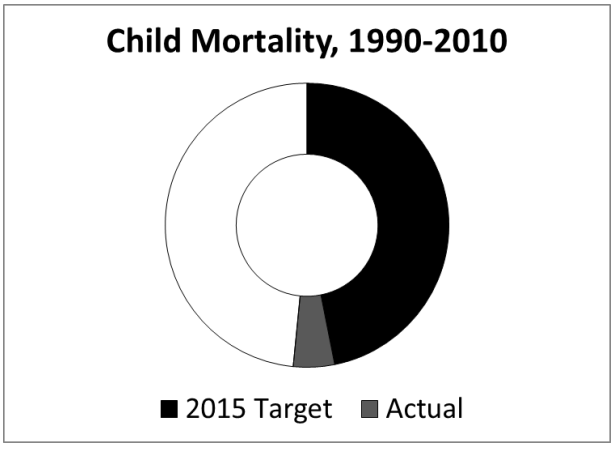
Source: Author's calculations. See Annex Table 10

Figure 7: Progress toward universal primary education



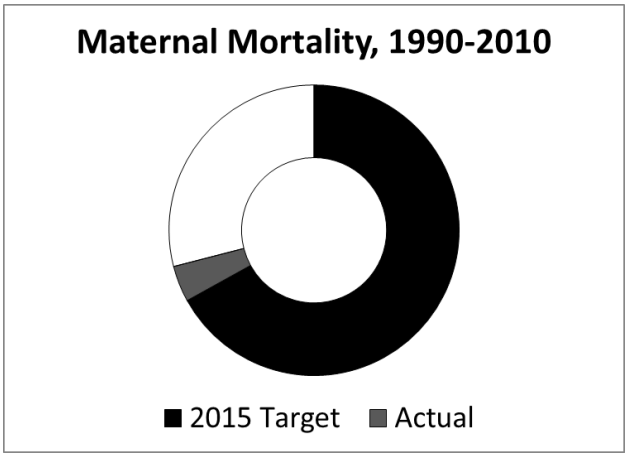
Source: Author's calculations. See Annex Table 10

Figure 8: Progress in reducing child mortality



Source: Author's calculations. See Annex Table 10

Figure 9: Progress in reducing maternal mortality



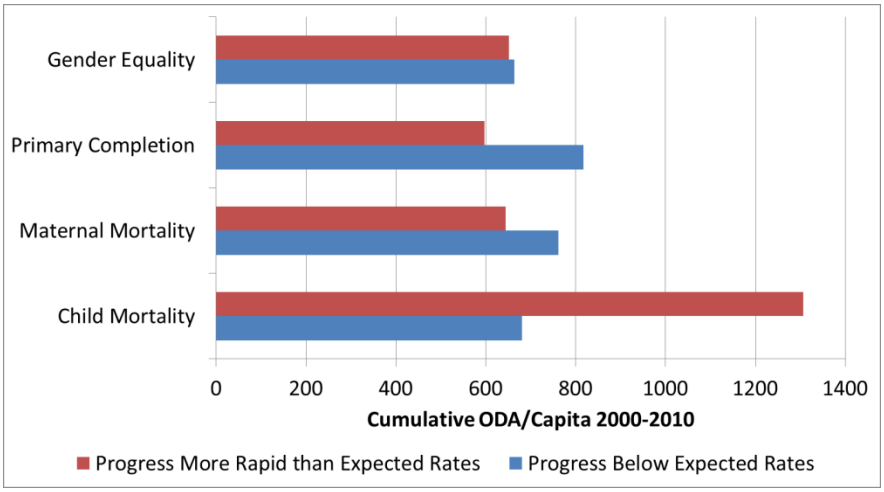
Source: Author's calculations. See Annex Table 10

How much of the credit for this somewhat faster progress can aid in fact take? First, it might be worth looking at another potential cause –changed policy in developing countries. Kenny and Sumner (2011) note that the available (weak) data suggests that there is little evidence of dramatic policy change in developing countries that might explain more rapid progress. But there are numerous other potential causes for progress –overall economic and social change, technology advance, domestic institutional strengthening, or behavior change unrelated to aid flows for example. To look at the link between aid flows and MDG progress in a little more detail, we examine the link between aggregate (all-sector) aid flows and the rate of progress in the MDG areas.

Leo and Barmeier's (2011) MDG progress index calculates percentage progress at the country level towards eight MDG targets. It also calculates an overall score from 0 to 8

based on the extent of progress towards the eight targets, with countries given a score of 0, 0.5 or 1 depending on progress below or above 50% and 100% of the rate required to meet each target. Kenny and Sumner (2011) calculate a rate of progress that would be expected of countries at a given initial level of mortality or education based on historical precedent. Countries can be divided on that measure into those that outperformed expected progress since 2000 and those that underperformed.

Figure 10: Progress relative to historical rates and aid flows, 2000-2010



Source: Author's calculations. See Annex Table 9

Cumulative ODA per capita 2001-2010 has a negative and significant relationship to the overall Leo and Barmier MDG Index score. A 22% decline in cumulative per capita aid flows associated with a one-point rise in the MDG progress index. At the individual target level, cumulative aid flows per capita 2001-2010 are negatively related to progress towards the clean water access target, and insignificantly related to progress against poverty, undernutrition, child mortality, primary completion, gender equality, maternal mortality and the HIV targets (see Annex Tables 12 and 15).

Countries which received more ODA per capita did not see more rapid progress than would be expected given historical trends calculated in Kenny and Sumner in the case of primary completion or gender equality in education. However, countries that made more rapid than expected progress in child mortality *did* receive more cumulative aid 2001-2010 than those countries which did not (although this result is not statistically significant (see Table 9).

The MDG index results should not be taken as strong evidence against the efficacy of aid in speeding progress in these areas. After all, aid increasingly flowed to Africa, where meeting the MDGs is a considerably greater challenge than other regions because of how far behind Africa began the decade in terms of MDG indicators (Kenny, Clemens and Moss, 2004; Easterly, 2007). However, the Kenny and Sumner (2011) measure takes some account of the greater difficulty of making progress at low initial levels –so that there is also a weak link

between aid and that measure of progress is a cause for concern for those who see more aid as a powerful tool to meet the MDGs.

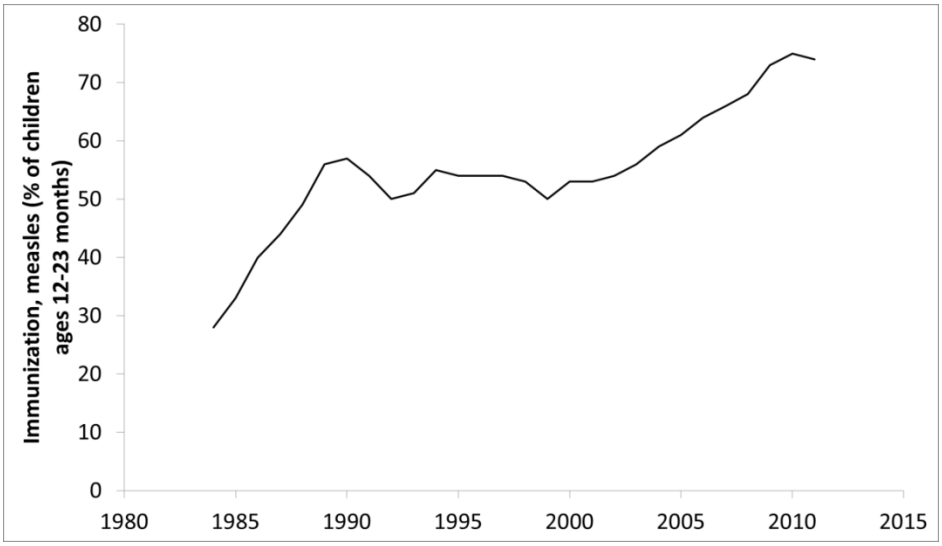
Again, that overall aid flows appear to be at best weakly associated with the rate of progress in MDG target areas does not mean that specific aid flows have not played a role. First, we are discussing more rapid progress than might be expected –this is not a measure of 'total aid effectiveness' but quasi-marginal aid effectiveness. Aid may have been important in sustaining historical rates of progress. Second, it might be that particular sectoral flows have played a major role –funding through the Education for All Initiative may have increased primary completion, for example, and health spending may have reduced maternal mortality. Having said that, in common with the general aid effectiveness literature, literature that studies the macro-level links between sectoral aid flows and outcomes is not immediately reassuring. Wilson (2011) uses data on development aid for health in 96 high-mortality countries and argues that greater health aid does not lead to faster progress in reducing child and infant mortality or extending life expectancy, although he notes that spending on infectious diseases and family planning in particular has a significant if small effect.

This last finding suggests that even sectoral disaggregation may be insufficient –that a very small percentage of aid funding may account for an outsized proportion of impact, perhaps particularly with regard to health. Not least, GAVI claims that "Since 2000, 370 million additional children have been immunized against leading vaccine-preventable diseases in the world's poorest countries with GAVI support."[5] Take the example of measles immunization. After vaccination rates stagnated in the 1990s, GAVI support helped renew progress towards universal vaccination in the new century (Figure 11). Since 2000, global measles deaths have decreased by 71% from around 550,000 to 158,000.[6] One piece of evidence that aid was non-fungibly used to increase vaccination rates is that GAVI-eligible low income countries now see higher vaccination rates than lower-middle income countries (Glassman, Duran and Sumner, 2011).

[5] See http://www.gavialliance.org/about/mission/impact/

[6] See http://www.who.int/mediacentre/factsheets/fs286/en/

Figure 11: Measles immunization in Sub-Saharan Africa



Source: World Bank World Development Indicators (2013)

In short, the evidence is consistent with a story that suggests aid focused at particular MDG target areas can (and sometimes did) affect progress. But we should be cautious in our assumptions about how much aid can 'bend the curve' of historical rates of progress in MDG outcomes, and concerned that aid appeared to be weakly targeted at the specific interventions likely to make the most difference to achieving the MDGs.

Given that a small proportion of highly effective aid may take the lion's share of the credit for the link between assistance and outcomes, this suggests that, if aid is to play a more significant role in forwarding the post-2015 development agenda, a tighter link between aid flows in general and post-2015 targets in particular should be established.

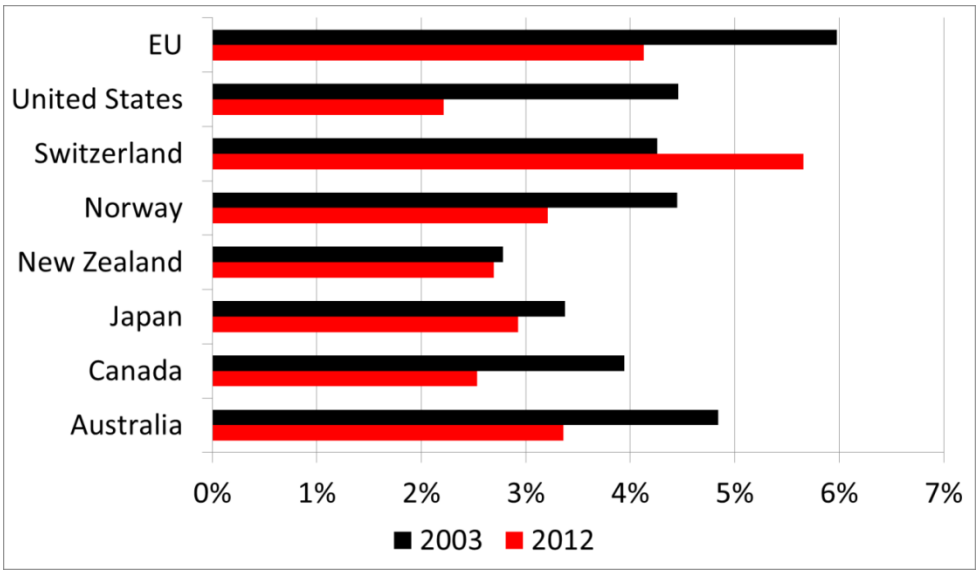
Trade

Targets:*(i) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (ii) Address the special needs of the least developed countries.*

Indicators: *(i) Proportion of total developed country imports (by value and excluding arms) from developing countries and least developed countries, admitted free of duty; (ii) Average tariffs imposed by developed countries on agricultural products and textiles and clothing from developing countries; (iii) Agricultural support estimate for OECD countries as a percentage of their gross domestic product; (iv) Proportion of ODA provided to help build trade capacity.*

There is some evidence that trade has become more development-friendly since 2000, if at a slow pace. Around four fifths of developed country imports from the developing world are admitted duty free, up from closer to two thirds in 2003.[7] While the proportion of goods from LDCs admitted duty free has remained fairly static at around 80% since 1996, more of those imports are admitted through LDC preference than was the case in 1996. There has also been a slow decline in tariffs faced by developing countries and LDCs on those goods that are not tariff-exempt. Outside of a few sectors including agriculture, industrial country tariffs are no longer a major barrier to (merchandise) export-led growth in developing countries –they are below 6% in most OECD countries (see Figure 12). The average tariff even on some of the most protected sectors including agriculture, clothing and textiles have declined below 10%.

Figure 12: Non-agricultural tariffs



Source: Roodman (2012)

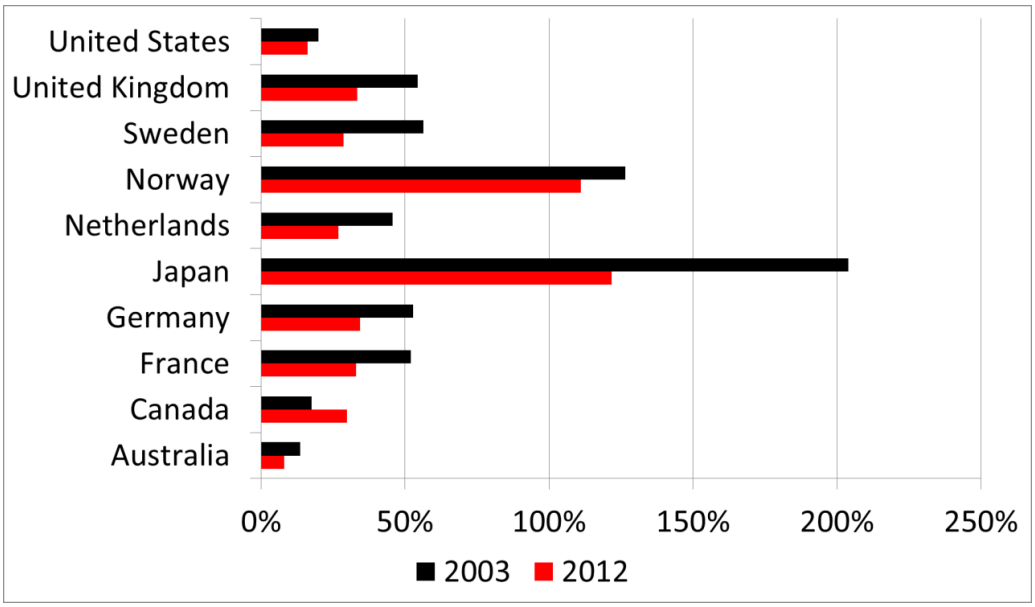
At the same time, there is no evidence of a trend-break around 2000 in this decline and agricultural support in OECD countries totaled $407 billion in 2011 –around three times the size of aid flows, and up from $321 billion in 2000.[8] The combined impact of higher tariffs and subsidies mean that developing country agricultural exports remain at a significant disadvantage, even if one that has declined over the past ten years (Canada is an exception – see Figure 12). For the EU, for example, the CGD Commitment to Development Index (hereafter CDI) measures the average agricultural commodity tariff weighted by production in non-CDI countries and the poverty of those countries at 18.9%. The authors then calculate a tariff-equivalent rate of agricultural subsidies received, which across the EU as a

[7] The MDG Report 2012

[8] 2012 MDG Gap Task Force Report

whole averages 12.1%. This suggests a combined tariff and subsidy barrier equal to the equivalent of a 31% tariff. In Japan and Norway the combined barriers amount to a tariff barrier of above 100% ad valorem (Roodman, 2012).

Figure 13: Agricultural commodities protection (tariffs and subsidies)



Source: Roodman (2012)

The merchandise tariff and subsidy discussion also excludes a considerable agenda covering both non-merchandise trade and non-tariff barriers. Anderson and Van Wincoop (2004) suggest that traditional trade policies including tariffs and non-tariff trade policy barriers are equivalent to an 8% surcharge on the cost of developed country imports. They compare this to other costs faced by exporters –security requirements add 3%, language and information barriers add 13%, currency transactions costs add 14%, transport costs 21% and wholesale and retail distribution 55%. In short, tariff policies are a very small percentage of total costs faced by exporters in getting goods to customers. The disadvantage faced by exporters compared to firms based in the destination country is equal to 74% of the cost of production –of which 8% is accounted for by tariffs.

Arvis and colleagues (2013) argue that the non-tariff barriers to trade are even more significant for developing country exporters. They suggest that the ad valorem equivalent cost of trade in manufactures including retail and wholesale distribution is around 110% for high-income countries compared to 275% for low-income countries. Arvis and colleagues suggest that most of the major drivers of the exporter disadvantage are related to features of the exporting country (including the size and competitiveness of the maritime transport sector, port and logistics quality) or features of geography (simple distance between exporter and importer). Nonetheless, there is a role for richer countries to do their part in easing barriers to imports from the developing world.

For example, rules of origin (which govern which country an imported good is deemed to have been produced in) are becoming increasingly burdensome as global production chains become more complex. A major failure of the last ten years has been the collapse of the Doha 'development' round and the proliferation of regional and bilateral trade agreements in their place. These agreements add further complexity to rules of origin. And the average country places technical barriers to trade on about 30% of all imports and sanitary and phytosanitary restrictions on about 15% of all trade. UNCTAD analysis suggests such non-tariff measures raise the effective tariff barrier to agricultural imports from low-income countries from 5% to 27%.[9]

With regard to non-merchandise trade, the potential for construction and services exports is significantly constrained by limits on the movement of people. There is an additional global agenda around trade in bads –including endangered species, arms and embedded greenhouse gasses—that was also unaddressed in MDG 8.

Finance

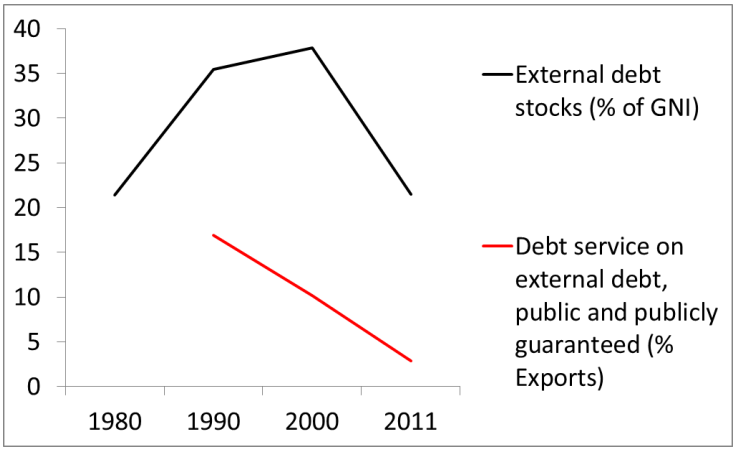
Targets: *(i) Develop further an open, rule-based, predictable, non-discriminatory trading and financial system (ii) Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term.*

Indicators: *(i) Total number of countries that have reached their HIPC decision points and number that have reached their HIPC completion points (cumulative); (ii) Debt relief committed under HIPC and MDRI Initiatives (iii) Debt service as a percentage of exports of goods and services.*

The MDG target to deal comprehensively with developing countries' debt has been broadly achieved. The issue of debt sustainability is considerably less pressing than it was as recently as it was in 2000. For low income countries, total external debt measured as a proportion of GNI has fallen from 69% to 29%. Similarly, public debt service as a percentage of exports has fallen from 18% in 1990 through 8% in 2000 to below 3% in 2011 (Figures 14 & 15)..

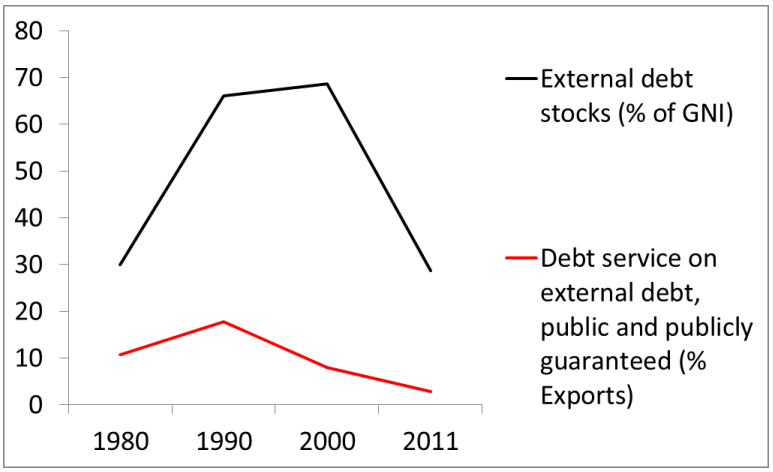
[9] 2012 MDG Gap Task Force Report

Figure 14: Developing country debt burdens



Source: World Bank World Development Indicators (2013)

Figure 15: Low income country debt burdens



Source: World Bank World Development Indicators (2013)

Industrialized country governments can take some direct credit for this decline, given the rounds of bilateral and multilateral debt relief initiatives that occurred from the late 1990s onwards –including enhancements to the HIPC initiative covering multilateral debt. Debt service paid by the 29 post-decision point HIPC countries declined from about 4 percent of GDP in 1999 to about 2 percent in 2005.[10] External debt service as a percentage of export

[10] See http://go.worldbank.org/DO0DK39FO2

revenues across developing countries as a whole fell from 12.6% in 2000 to 3.0% in 2010. For Sub-Saharan Africa, the ratio was 2.7%.[11]

At the same time, it is not clear this relief had much development impact (Arslanalp and Henry, 2006). Repeating a similar exercise to that used to examine a link between aid flows and MDGs progress, it appears that countries supported by HIPC and MDRI relief have not made more rapid progress than other countries using the Leo and Barmier measures of progress towards the MDG targets. The exception is child mortality, where countries benefitting from HIPC and MDRI saw smaller gains relative to those necessary to meet the Goal (see Tables 13 and 14). Note this is not evidence that these initiatives resulted in stunted improvement in child mortality. Rather, this reflects the fact that most countries receiving debt relief under these initiatives had high initial rates of child mortality and have to make much larger absolute gains in order to meet the goal. Nonetheless, it suggests the impact of debt relief on development progress may have been muted.

Regarding coverage of the finance targets, there is no indicator that reflects the target of an open, rule-based, predictable, non-discriminatory financial system –indeed, the issue of (non-aid) finance was reduced to that of debt relief. This appears an oversight given the importance of other flows: (i) FDI to developing countries remained more than three times the size of aid flows over the decade; (ii) remittances were more than double the size of ODA; and (iii) estimates of the size of illicit tax avoidance and profit shifting out of developing countries range between $50 billion and $284 billion each year.[12] Furthermore, the significant impact of the global financial crisis on developing countries suggests that a 'predictable financial system' is indeed a global public good.

Table 2: Remittances and other resource flows to developing countries (current US$ billions)

	2000	2009
FDI and Private Debt/Equity	176	444
Remittances	81	307
ODA	49	120
Illicit tax avoidance/profit shifting estimates		(50-284)

Source: FDI, remittance and ODA figures are from Dilip, Aga and Silwal (2012). Illicit flow estimates are from Fuest and Riedel (2009).

[11] The MDG Report 2012

[12] Estimates of revenue losses suffered by developing countries from corporate profit shifting range from $35 to $160 billion each year, and tax evasion by individuals in developing countries from $15 to $124 billion but Fuest and Riedel (2009) note in a literature review that "it is fair to conclude that most existing estimates of tax revenue losses in developing countries … are not based on reliable methods and data."

Drugs

***Target/Indicator**: Proportion of population with access to affordable essential drugs on a sustainable basis.*

We have seen that there has been considerable progress over the past ten years in increasing access to vaccines and immunizations that prevent some of the most common communicable diseases. Global measles vaccination coverage increased from 72% to 85% of infants 2000-2010, with a similar rise in DPT coverage. In Africa, measles vaccination coverage increased from 53% to 74% over the same period.[13]

At the same time, as these numbers suggest, gaps remain even in access to and use of some of the cheapest and most effective drugs. More broadly, stockage of essential medicines remains a significant issue across the developing world. Using data from WHO surveys, over the decade 2001-2010, the average public facility only stocked 39% of essential generic medicines (as defined by the WHO/HAI methodology). Private clinics stocked an average of 65% of these medicines. The variation between countries was considerable –between zero and close to 100% for both public and private clinics. Figure 17 provides regional average breakdowns for data from 2001-2007. Access to a list of essential medicines in public health facilities is low across regions –ranging between an average of 21% in Western Asia to 58% in Latin America and the Caribbean. In private clinics, access varies between 45% in East Asia to 79% in Central Asia. There is insufficient data to make statistically valid claims about time trends.[14]

Regarding costs, consumer prices for drugs were 2.6 times international reference prices in public facilities and five time international reference prices in private facilities between 2007 and 2011. There was also no notable trend towards lower prices over the past decade. Combined with low public expenditure on medicines (often considerably below $10 per year –see Figure 16), this suggests that affordability remains a considerable problem.

The drug access and cost issue is one that extends far beyond global partnership. Indeed, it is primarily a matter of national budget capacity and priorities alongside the strength of health systems in developing countries. While the MDG 8 target might be considered too broadly measured in that regard, it is far too narrow in others. Uncovered global compact elements of the drugs issue include research, development and testing, intellectual property rights regimes, drug resistance and the use of vaccination campaigns as part of war-fighting. And the focus on drugs was significantly too narrow when it comes to the broader international community role in health which extends through support for non-drug interventions (from bed nets and condoms though water purification and sanitation to health practices, traffic safety and surgery), health systems reform and international and national health monitoring.

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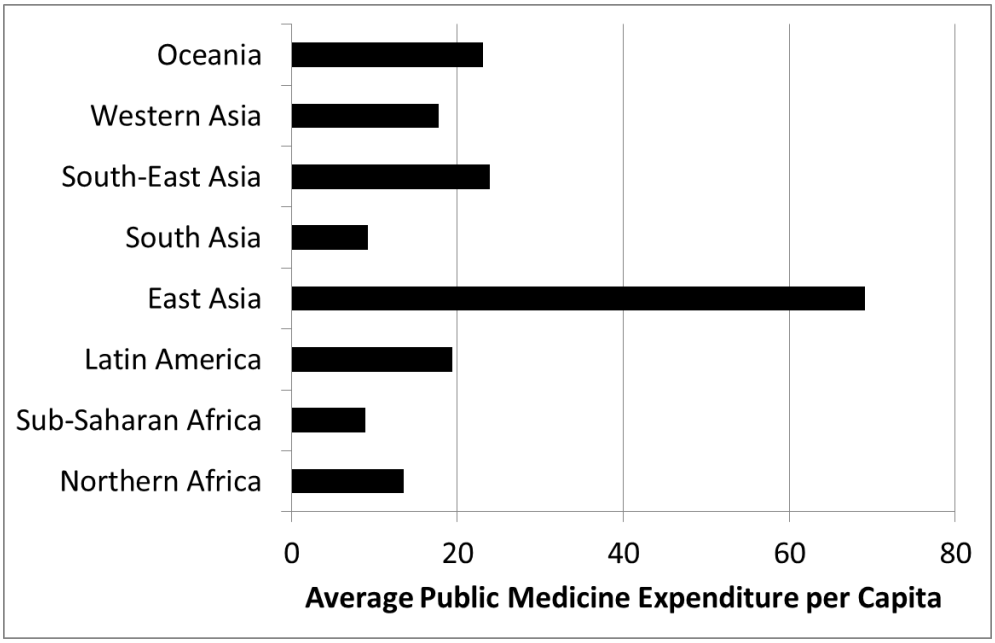
[13] See http://www.childinfo.org/files/immunization_summary_2012_en.pdf

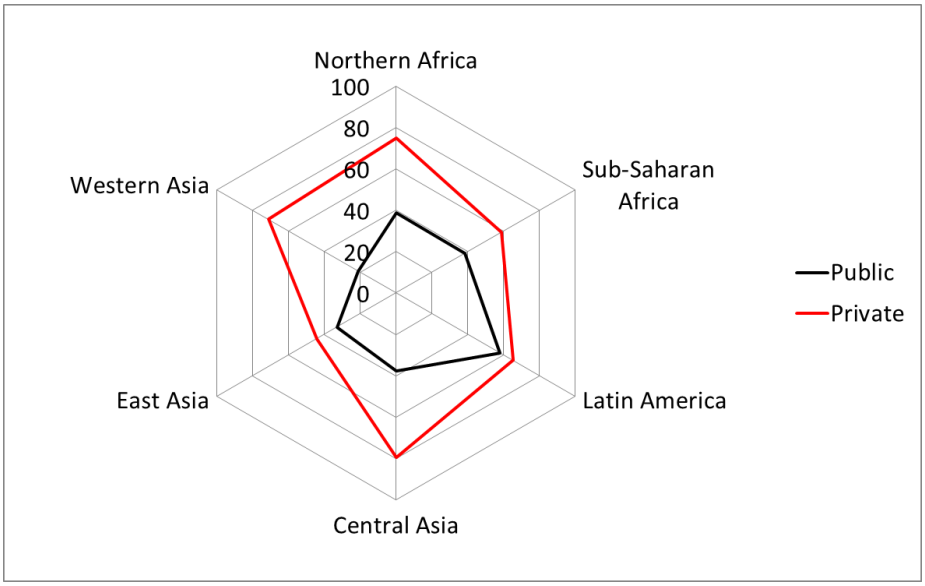
[14] The 2008 and 2011 MDG Gap Task Force Reports.

Figure 16: Average per capita public expenditure on medicines in developing countries, 2007



Source: The 2008 MDG Gap Task Force Report

Figure 17: Percentage of clinics stocked with essential medicines, 2001-2007



Source: The 2008 MDG Gap Task Force Report

Note: This figure is based on unweighted average stockage figures for a small number of countries in each region.

Technology

Target: *In cooperation with the private sector, make available the benefits of new technologies, especially information and communications.*

Indicators: *(i) Fixed telephone lines per 100 inhabitants; (ii) Mobile cellular subscriptions per 100 inhabitants (iii) Internet users per 100 inhabitants.*

Mobile telephones may have spread more rapidly than any other physical technology in history. By the end of 2011, there were 6 billion mobile cellular subscriptions worldwide. Cellular subscribers per 100 population in the developing world increased from 4 to 80 between 2000 and 2011. The number of internet users increased from 1.5 to 24% of the developing world over the same period. The vast majority of mobile subscriptions were to privately financed and operated networks –and an increasing percentage of Internet users accessed the web over those same networks.

At the same time, the causal chain between MDG 8 and ICT rollout is particularly tenuous. Donor financing played a very small role in total investment flows and the relevant international trade and technological agreements under the WWW consortium, the WTO and the ITU were in place prior to the Development Goals. As with drug availability and affordability, the main determinants of ICT access are technological and economic factors largely unconnected with international cooperation.

Furthermore it is not clear why mobiles and the Internet were highlighted to the exclusion of all other technologies. There is little empirical evidence that they have a uniquely significant role amongst infrastructures in promoting economic and social development.

This suggests the target was extremely narrowly drawn given the overall importance of technology in development. We have seen the role that vaccine technologies have had in improving health outcomes, but the list would extend at least to other health technologies including sanitation approaches and cheap diagnostic tools, agricultural technologies including new seeds, fertilizers and approaches to reduce water use, energy production and storage technologies alongside lighting technologies (in particular off-grid applications) and general manufacturing production technologies. Some of these areas have seen significant progress over the past ten years with support from governments –not least renewable energy technologies. In addition, one important determinant of the spread of such technologies is the global intellectual property rights regime, where the recent spread of bilateral trade agreements that include harsh intellectual monopoly provisions suggests steps backward.

Missing Targets

This section briefly discusses missing factors flows and global issues that belonged in a comprehensive MDG 8 designed to suggest how global policy change could support development progress under the first seven MDGs.

Migration – The Missing Factor Flow

In a considerable oversight, MDG 8 neglected a single target or indicator covering migration --a vital factor flow to improve development prospects. Pritchett (2006) estimates that a 3% increase in host-country labor forces would add $156 billion to world GDP (compared to $104 billion for complete liberalization of goods). Full liberalization of the movement of people would add nearly $40 trillion in value. Already in 2012, $406 billion in migrant remittances flowed to developing countries (World Bank, 2012). This all suggests a considerable impact of even marginal changes in global migration policy.

OECD countries vary considerably not just in their overall immigration levels but the percentage of immigrants that come from developing countries. There is also no consistent pattern in improvement in migrant flow between 2003 and 2012 (Figure 18). It is worth noting that for LDC emigrants by far the most common migration destination is another developing country rather than the rich world. High income OECD countries may account for less than half of global remittance outflows and perhaps a smaller percentage of remittances to low income countries (Table 4).

Table 3: Migration and remittance flows, 2009

	%
LDC Share of Developing Country:	
	14.8
Income	3.2
Remittances	8.0
LDC emigrant destinations	
High income OECD	19.2
High income non-OECD	9.8
Developing countries	71.0
Developing country emigrant destinations	
High income OECD	42.8
High income non-OECD	14.1
Developing countries	43.1
High income OECD immigrant source	
High income	31.1
Middle income	59.3
Low income	5.1
Unidentified developing	4.5

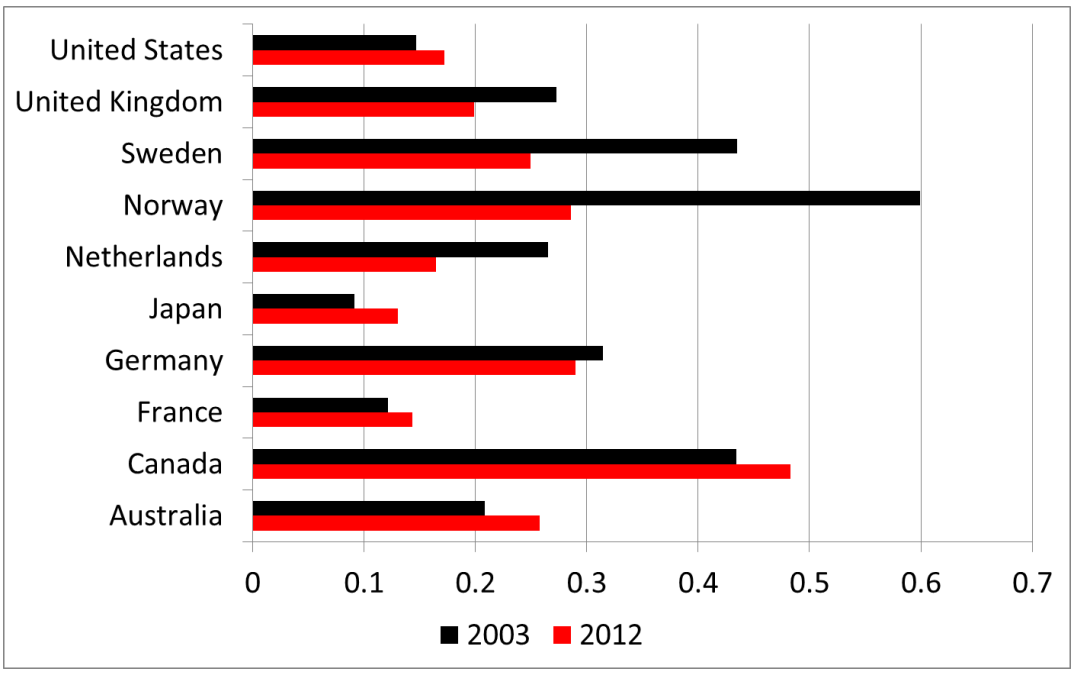
Source: World Bank World Development Indicators (2013)

Table 4: Sources of remittance inflows (US $ billions)

	2000	2009
High Income OECD	75.5	175.1
Other identified countries	33	107.4
Unknown	23	133.5

Source: World Bank World Development Indicators (2013)

Figure 18: Non-DAC (Documented) Migrant Inflow (% of population)



Source: Roodman (2012)

(Other) Global Public Goods

Beyond the role for global public good provision in trade, finance, health and technology, MDG8 also missed a range of other areas where a 'global partnership' is required, including peacekeeping, crime, sustainability and the management of global institutions themselves. There is widespread agreement on the urgent need for binding global agreement in areas including greenhouse gas emissions, the use of oceans, biodiversity and fisheries. The leadership and voting shares of a number of international institutions including the Security Council, the IMF and the World Bank look dated.

In addition, global public goods remain chronically underfinanced. Birdsall and Leo (2011) estimate that official transfers to non-country based global programs including basic agricultural research, vaccine production and distribution, UN peacekeeping, preserving biodiversity and reducing greenhouse gas emissions amounted to less than $12 billion in 2009. UN peacekeeping accounted for $9 billion and climate investment funds for a little over $1 billion, leaving only $2 billion for the rest.

The World In 2030

This section outlines how the likely change in the shape of the global economy over the next fifteen years suggests the need for a new model for a post-2015 global partnership goal.

The world in 2030 will look different from the world in 2015 –let alone 2000. This has some significant impact on what would make sense in the nature of a global partnership. In short, it suggests a model of high income DAC members assisting low income countries towards faster development progress primarily through the mechanism of ODA will be relevant to a shrinking proportion of the world's population and development challenges. It also suggests the increasing urgency of engaging non-DAC members in the sustainability of the global commons and in particular climate.

We illustrate the potential scale of such changes using two simple growth scenarios for the 2010-2030 period. It should be highlighted that these are *scenarios* not forecasts –the record at forecasting long-term growth across countries is extremely weak and our simple model would not improve on that record.

Taking GNI per capita data from the World Bank we create two scenarios for each country: one taking 2010 GNI/capita and projecting forward to 2030 using the average growth rate for that country in the last ten years, and one taking 2010 GNI/capita and projecting forward to 2030 using the average growth rate for that country over the last forty years.[15] The first is the 'convergence' scenario (so called because it is based on growth rates for a

[15] GDP data was used in the forecasts where GNI was unavailable. We capped the 2030 divergence GNI per capita figures at $100,000 (this affects 5 countries – Malta, Ireland, Norway, South Korea and Luxembourg) and the convergence income at US levels (affecting Equatorial Guinea and Azerbaijan, which both had astronomical growth rates). The caps were chosen arbitrarily.

decade when developing countries outperformed the industrial world), the other is a 'divergence' scenario (because it reflects the longer term pattern of industrial countries outgrowing poor countries).

This allows us to estimate which of the world's countries will have incomes in 2030 that would currently be viewed as low, lower middle, upper middle and high-income countries under each scenario. Figure 20 provides the results, which also presents gaps in the scenario based on the lack of historical data (for the divergence scenario this includes much of Eastern Europe and parts of Africa). In both scenarios, Brazil and China are predicted to be high-income economies by 2030, while India remains lower-middle income –although on the cusp of upper-middle income status in the convergence scenario. And in the convergence scenario, most of Eastern Europe and Central Asia also becomes high income, along with considerable parts of Latin America.

In order to develop scenarios for other indicators, we combine GNI/capita scenarios with population projections from the UN for 2030. This allows a breakdown of global population by income group under each scenario. We take current CO2 emitted per $ of GNI data from the World Bank and calculate the share of global CO2 produced by each country (and regional aggregates) today and under each scenario assuming constant 2010 CO2 per GNI and 2030 GNIs. (It should be noted that the trend is for both developing and developed countries to see declining CO2 per GNI over time and the scenarios do not allow for that.)

Similarly we take current trade levels expressed as a percentage of GNI, FDI outflows as a percentage of GNI, research and development expenditures as a percentage of GNI and the number of patents per dollar of GNI from World Development Indicator data and calculate change under each scenario assuming current ratios and 2030 GNIs. Table 5 present the results.

Even now, if the development agenda only involves high income DAC countries helping low income countries, it addresses only one quarter of the world. By 2030, it is likely that more than a third of the planet's population will live in countries we define today as high income. Today's DAC countries will account for less than one half of the population of high income countries.

Meanwhile, even a pessimistic reading of likely low income growth rates suggests that by 2030, only about 8% of the world's population would be in countries poor enough to meet today's low income classification. In terms of where poverty will remain, and as reflected in the concentration of remaining low-income countries in Africa, the region is likely to be home to more than three quarters of those forecast to live on less than $1.25 a day. Sub-Saharan Africa also poses some of the greatest challenges for other potential goal areas (see Table 6). It is forecast to see a child mortality rate of 6.6% compared to a developing country average of 2.8%, for example.

Table 5: Summary statistics, 2010 and 2030 scenarios

	DAC countries	Non-DAC countries	DAC share
GDP	($ bn)	($ bn)	(%)
2010	39,673	22,504	64%
2030 - convergence	54,602	82,258	40%
2030 - divergence	67,727	52,383	56%
Trade	($ bn)	($ bn)	(%)
2010	20,770.0	15,451.4	57%
2030 - convergence	28,977.0	53,001.0	35%
2030 - divergence	35,177.8	34,967.8	50%
CO2 emissions	(kt)	(kt)	(%)
2010	10,889.2	19,182.0	36%
2030 - convergence	15,344.3	83,038.8	16%
2030 - divergence	19,247.6	50,682.0	27%
FDI outflows	($ bn)	($ bn)	(%)
2010	1,205.5	327.6	79%
2030 - convergence	1,568.7	1,116.0	58%
2030 - divergence	1,983.2	765.9	72%
Patent applications	(thousands)	(thousands)	(%)
2010	766.6	355.2	68%
2030 - convergence	1,131.6	2,218.9	34%
2030 - divergence	1,474.7	1,423.5	51%
R&D investment	($ bn)	($ bn)	(%)
2010	1,019.4	177.2	85%
2030 - convergence	1,412.1	816.6	63%
2030 - divergence	1,751.5	532.5	77%

Source: Author's calculations using World Bank WDI data (2013)

Table 6: The Sub-Saharan challenge

Indicator	Sub-Saharan Africa's Forecast Status 2030
Share of global poor $1.25/day	72-87% of global absolute poor (200-492m people)
Share of global poor $2/day	50-75% of global poor (416-779m people)
Secondary Completion (% of pop. 25+)	17% compared to developing country average of 36%
Child Mortality Rate (%)	6.6% compared to developing country average of 2.8% (SSA may account for 61% of all child deaths by 2030)
Maternal Mortality Rate (per 100,000 live births)	308 compared to developing country average of 129
Undernourishment (%)	18% compared to developing country average of 13%
Life Expectancy at Birth	59 compared to developing country average of 71

Source: Kenny and Sumner (2011)

With regard to aid supply, Julie Walz and Vijaya Ramachandran (2011) conclude that 'traditional' DAC donors still account for between 70 and 90% of aid flows. Kharas and Rogerson (2012) suggest that emerging economies may provide as much as $50 billion in aid and aid-like flows by 2025. This would imply a share between 9 and 21% of total emerging and DAC flows. Current DAC donors would still remain the majority source of aid financing under these scenarios.

In terms of aid demand, because the number of likely recipient countries will fall, the potential resources available to those left is likely to grow. Low and lower-middle income countries today receive around 0.9% of GNI in aid. Under the convergence scenario, countries that would still be classified as low or lower-middle income in 2030 will have a combined GNI of around 13.9 trillion dollars, suggesting if DAC aid was focused on these countries it would equal 1.32% of low and middle income GNI at current DAC ODA ratios. This would increase to 2.8% at 0.7% DAC ODA ratios (See Table 7). Almost half of combined recipient GNI is accounted for by India, however –a country that (under the ten-year scenario) will be on the border of upper-middle income status and is already 'graduating' out of some bilateral aid programs. Removing India from the category of aid recipients, the numbers jump to 2.3% at current DAC aid budgets as a percentage of GNI up to 5.0% under the assumption of 0.7% aid budgets. Under the divergence scenario – with comparatively healthy DAC growth and weak recipient growth – the numbers would be higher again. And in 2030 under the convergence scenario, DAC ODA would equal between 36-76% of low income country GNI.

Table 7: Aid flows from DAC in 2030 under various scenarios

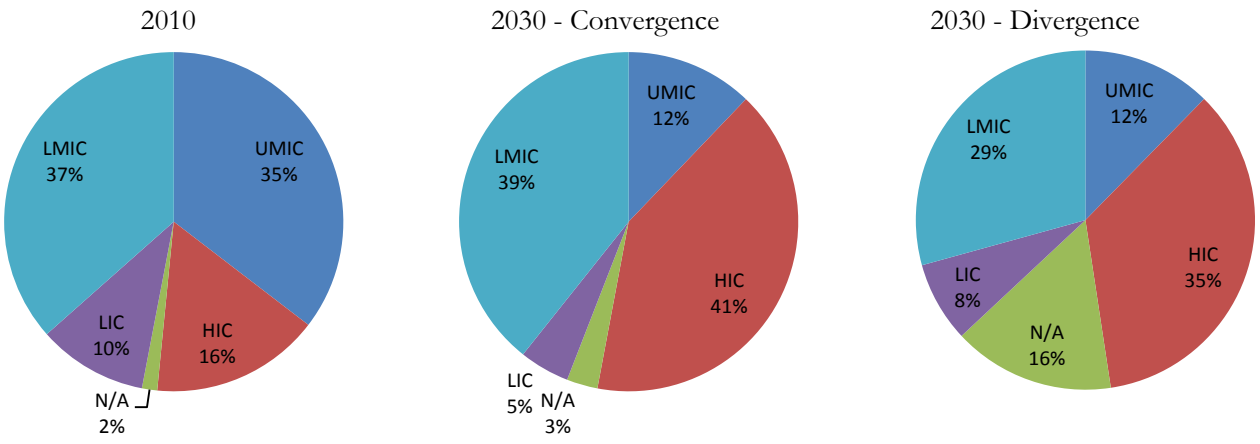
	Convergence	Divergence
0.7%	$388 billion	$480 billion
0.33%	$183 billion	$226 billion

Source: Author's calculations using World Bank WDI data (2013)

At the same time, for most countries the most pressing *development* challenges may become increasingly less amenable to comparatively simple technical fixes (constructing schools, running vaccination campaigns), and increasingly less reliant on outside financing. Instead, the challenges will be institutional (converting schooling into learning, health systems strengthening). There will also be increasing pressure to use ODA for global public goods provision – not least climate change mitigation and adaptation. This might suggest both less demand for 'traditional' aid and an increasing fragmentation of supply towards new areas.

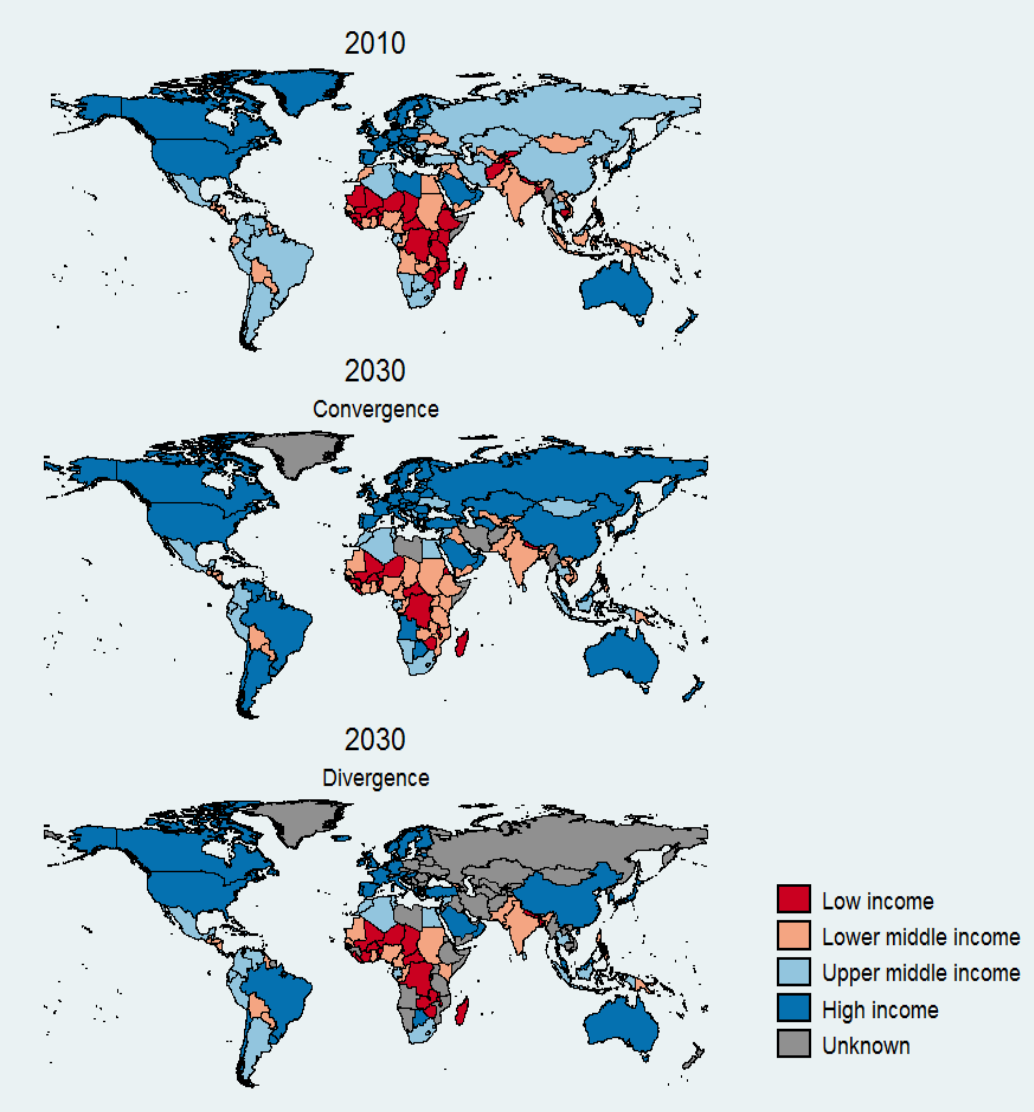
Looking at global flows of goods and finance, non-DAC countries already account for 43% of global trade; this may rise as high as two thirds by 2030. This may well underestimate the proportion of trade that will occur between developing countries. Already South-South trade accounts for about 56% of total developing country trade (Martins and Lucci, 2012). One estimate is that around three quarters of China's and India's exports may flow to the developing world by 2050 (King, 2011). While DAC countries may still dominate net outflows of FDI, non-DAC shares will likely climb to between 30 and 40% of the global total. Developing countries already account for approximately 70% of the world's reserves (Martins and Lucci, 2012). While DAC countries are likely to remain responsible for the bulk of global R&D, non-DAC countries may catch up in terms of patent applications. With regard to migrant flows, the majority of migrants from developing countries already move to a non-OECD country, this share may well increase over time, especially as many large developing countries including China have moved to (considerably) below-replacement fertility rates.

Figure 19: Population distribution by income category



Turning to global public goods and bads, DAC countries currently account for only one third of the world's CO2 emissions, that may drop to a quarter or less by 2030. And given the considerable majority of the world's biodiversity stocks are also in non-DAC countries this all suggests global public goods issues require truly global cooperation to address.[16] The story is similar with regard to the global infectious disease burden which remains concentrated in developing country reservoirs despite declining vaccination rates in many high-income economies. For most of the 'global partnership this suggests that the G-20 at least, are the appropriate target group.

Figure 20: Income classification, by scenario



Source: Author's calculations

[16] Millennium Ecosystem Assessment (2005)

Proposals For A Post-2015 Global Compact

This section builds on the analysis of the successes and failures of the original MDG 8 as well as the forecast changes in the nature of the global economy to propose potential target language for a post-2015 global partnership goal.

The primary role of a 'global partnership' in the context of a post-2015 development agenda would be to provide resources and the environment for countries to meet the goals and targets laid out in the development agenda itself. Those goals and targets are yet to be agreed, making the exercise of proposing content for the partnership speculative at best. Having said that, there appears to be a growing consensus that the post-2015 development agenda should: (i) continue a focus on progress against absolute deprivation including income, health and education; while (ii) providing a broader vision of development beyond the escape from absolute poverty; and (iii) encompassing sustainability. Given that, this suggests scope for the global compact to span all factor flows, the global commons and global institutional reform.

It is worth noting that some of the current proposals for MDG targets, including 'zero goals' around poverty, child mortality, maternal mortality, AIDS and education, suggest rates of progress for many countries that are not only considerably above historical norms but also considerably faster than progress required to meet the current Millennium Development Goals. Most of these same countries, concentrated in Africa, are currently off-track to meet the current MDGs. And the implied acceleration of progress suggested by zero goals is magnitudes larger than that accomplished in the period 2000-2010. This is to say nothing of sustainability goals, which will likely require economic transformation on a scale considerably more extensive than any global partnership has achieved to date.

Given these facts, if a Post-2015 development agenda is to set ambitious targets, the strength and breadth of the global partnership underpinning that agenda should also be unprecedented compared to historical norms –*considerably* more ambitious than either MDG 8 or the increase in aid flows that occurred 2000-2010.

Format

It is plausible to imagine specific elements of 'global compact' language being linked to each goal area. Especially with regard to goals primarily about private and national or subnational public goods, 'compact language' might commit developing countries to some minimal standard of policies in support of those goals while committing donor countries to financial support or other assistance in meeting them –and preferably the targets could be written in a manner that moves beyond a rich/poor dichotomy.

At the same time, elements involving 'true' global public goods where the actions of all countries are to some large extent immediately self-interested could be separated into an

MDG-8 successor. Such global public good issues would include climate change mitigation, global public health, and encouraging global (private) factor flows.

Support for Meeting National Development Goals

The disappointing but important role that aid may be playing in fostering more rapid progress in the original MDG areas suggests that, for the post-2015 development agenda, there should be a more explicit link between goal targets and aid targets. The numerical, time bound nature of MDG targets makes them suited to an approach that provides financing on the delivery of results (this does not necessarily commit to larger aid flows, merely towards greater targeting).

With regard to the poverty goal, aid has not proven itself a powerful and reliable tool for increasing GDP per capita in a manner sufficient to ensure sustainable poverty reduction. Having said that, Kharas and Rogerson (2012) argue that the poverty gap (the sum of the gap between the incomes of absolute poor people and $1.25 a day) is already becoming small enough to imagine aid could fill it after allowing for somewhat increased domestic efforts (equal to 1% of recipient GDP). They suggest that, mis-targeting aside, poverty eradication would cost around 0.5% of DAC GDP today and falling to 0.3% by 2025. The second number is below current aid levels amongst DAC countries.

Donors might agree to provide finance to fill the 'poverty gap.' Note, however that such a commitment would target aid without regard to country capacity to use aid effectively. To limit this problem, the aid commitment might only be held to stand if domestic countries had already put in poverty alleviation programs equal to one percent of GDP and systems that allowed for comparatively accurate transfers to the poorest.

Similarly, donors might provide a payment in support of the costs of meeting other sectoral MDGs. Approaches that add up the individual costs of particular child health interventions like vaccination programs come to a number of around $14 billion in additional spending to provide an essential package of child health interventions (although these would be sufficient to meet the original MDG target of a two thirds reduction on mortality, it is not clear they would be sufficient to reduce deaths to 'zero target' levels) (van Ekdom et al., 2010 and Stenberg et al., 2007). As with income poverty reduction, the real cost is likely to be considerably higher due to mis-targeting, however donors would provide an incentive for sustainability by providing financing only on the basis of efficient costs.[17]

Again, in developing countries that committed to improve the quality of education, donors could commit to provide an ex-post incentive payment for each additional student that

[17] Carrera et al (2012) study suggested that for each $1 million invested in equity-focused national health programs, 81 deaths of children under age five could be prevented. That implies that reducing the current 7 million child deaths worldwide by two-thirds might cost as much as $86 billion each year.

completed primary school and was independently verified to be able read and write a simple paragraph, do simple sums and make change.[18]

Potential target language for a compact around national progress and aid flows might include:

- As part of a global commitment to [end absolute poverty], low and lower-middle income countries commit to introduce a transparent and efficient transfer system to their poorest citizens, mobilizing domestic resources equal to at least one percent of GDP to fund it. Between 2020 and 2030, high income countries will finance the additional incremental efficient costs of transfers to ensure no person lives on less than $1.25/day, with payment made on the basis of verified completed transfers.
- As part of a global commitment to [reduce child and maternal mortality alongside illiteracy], low and lower middle income countries commit to putting in place universal health and education systems that ensure efficient delivery of basic learning and health services to all. Between 2020 and 2030 high income countries will finance the incremental efficient costs of a provision of a basic package of health and education services in low and lower middle income countries sufficient to meet the commitments, with payment made on the basis of verified achieved mortality reductions.

Aid

Beyond goal-specific aid flows, there is also space for targets to improve quality of aid and overall commitment amounts, which might fit (somewhat awkwardly) in a global public good goal. These might include:

- In order to increase the quality of assistance, the proportion of ODA channeled through multilateral institutions will increase to [one half] of total aid flows by 2020. The proportion of bilateral ODA that uses country systems and appears on country budgets will reach [four fifths] by 2020
- In order to strengthen the global commons, donor countries will ensure that support for facilities providing global public goods provision (excluding climate and peacekeeping) reach [10%] of total ODA by [2020]

[18] Note financing issues are a comparatively minor part of meeting likely education goals. Any goal around improved learning outcomes, for example, is far more about systemic education sector reform rather than additional money. India provides a recent example: independent surveys suggest that over a recent period where funding per primary student increased 70%, test scores actually fell. Similarly with easily prevented child and maternal mortality, the challenge is to see far wider adoption of simple health techniques including hand washing, safe birth practices, getting kids vaccinated, learning how to administer oral rehydration therapy and putting children under bed nets.

- We recommit to the UN target of high income countries progressing towards ODA flows equal to 0.7% of GNI, and we commit to direct existing and new flows towards achievement of post-2015 development agenda priorities.

Non-Aid Finance

While there is a considerable agenda in the non-aid finance component of a global partnership –not least to avoid crises and foster greater flows—it is difficult to imagine sensible numerical targets in this area. However, important language might be included in the post-2015 development agenda that could hold governments at least somewhat to account in areas including financial stability and the development impact of private flows as well as increased legitimacy and funding for the IMF:

- We will work towards greater stability in global financial flows and lower risk of financial crises through cooperation at the IMF and the Basel Committee on Banking supervision. We will ensure international public debt terms are public and transparent. The G-20 group of nations will strengthen the peer-review process to foster policies which ensure strong, sustainable growth.
- We commit to a strong global agreement on tax avoidance and tax transparency (including a requirement for corporations to publish taxes paid in each tax jurisdiction in which they operate). We commit further to a global agreement on tax credits for foreign taxes paid.
- We will support continued enhancement of IMF capacity to respond to financial crises including increased quota contributions especially from economies that are responsible for an increased proportion of global output.
- We will ensure greater responsible and well-regulated private sector participation in delivering the broad post-2015 development agenda by: facilitating public-private partnerships in health, education and infrastructure, and increasing the proportion of investment from private sources by [25%] by 2030; and increasing the transparency of public-private partnerships through open contracting and wider adoption of standards including EITI and the Equator Principles.

Trade

Turning to a global partnership on trade, while emerging economy tariffs on LDC imports remain higher than OECD tariffs –14% on agricultural products, 8% on textiles for example. Nonetheless, China is already expanding duty-free access to LDCs from 60% in 2010 up to 97%, and India pledged to reach 85% by 2012.[19] This suggests it might be possible to ask for *all* countries to provide duty-free quota-free access for least developed countries by 2020. There is an additional non-tariff agenda, although this may be harder to put in terms of numerical targets. It is worth noting that, given their comparative advantage

[19] 2012 MDG Gap Task Force Report

in low-cost labor, lower income countries would benefit in particular from further progress on trade in services and construction.

- We recommit to global agreements through the WTO as the most effective tool to increase the development impact of trade.
- We will complete progress towards G-20 duty-free quota-free access for least developed countries and as a global community we universally commit to duty-free, quota-free access for goods from least developed countries by [2020].
- We will move towards simplified rules of origin better suited to support all countries benefit from participation in global production chains.
- We will work together at the World Trade Organization towards a new agreement that reduces non-tariff barriers to trade including harmonized standards on goods and services that can be traded (in particular covering phytosanitary and technical barriers to trade) and the movement of people as part of trade in services and construction.

Migration

Given the considerable percentage of low-income migration in particular that flows to other developing countries, this is a second area where G-20 (or broader) involvement will be important to making any targets meaningful. Migration is of course a particularly contentious area but it may be possible to increase the development impact of immigration without increasing the overall number of migrants, which might increase the acceptability of any targets. There is also the potential to increase the number of students and skilled workers which might create less opposition.

Given the importance of remittances to development, another suitable MDG 8 target might be to further reduce the costs of remittances. The global average cost of remitting funds is about 9% of the sum being transferred (World Bank, 2012). Costs to Africa are higher –at about 12%. Within the G8 that cost varies between about 16% in Japan and 2.4% in Russia. The G8 and G20 have both endorsed the 5x5 initiative that aims to bring remittance prices down to 5% by 2014. Given prices are already considerably below that in some countries, and with technology advance, it should be possible to reduce costs further. Each 1% reduction in remittance sending costs translates into an additional $4 billion flowing to recipients in developing countries.

Given these constraints, potential Goal language might include:

- We recognize the importance of cross-border movement of people to broad-based development and we commit to facilitating that movement both with regard to temporary and permanent relocation, including the strengthening of global institutions that support such facilitation.
- High income countries commit to [double] the proportion of all migrants admitted that come from low and lower-middle income countries by [2025].

- The G20 will reduce the cost of remitting funds to low and lower middle income countries to below [5%] of remittance value by 2020 and below [3%] by 2030
- High income countries commit not to practice tuition fee discrimination against LDC students.
- We commit to work towards agreeing stronger international standards governing professional and technical qualification to improve the portability of skills worldwide.

Technology and Ideas

Given the centrality of technology to global progress –especially in health-- there are grounds for a considerably increased focus on technology in a global compact for development. And once again the increasing role of G-20 countries in global research and development suggests that they should play an important role.

Limiting the potential negative impact of the WTO TRIPS agreement on LDCs should be an important element of the health agenda.

- We commit to extend the WTO low-income Trade Related Aspects of Intellectual Property Rights compliancy transition period until [2030]
- We will work towards a global agreement on simplification and harmonization of clinical trial procedures and approval of new crop varieties and foods.
- G-20 nations will progress towards increasing the percentage of GDP that goes towards research into global public good priority areas such as disease, renewable energy and energy efficiency, agricultural productivity and sustainability by [0.5%].
- High income countries will [double] financing to the Consultative Group on International Agricultural Research and support the creation of similar bodies covering small-scale off-grid renewable energy and neglected tropical diseases.

Other Global Public Goods

The Cancun climate conference provided a warming goal and initial funding requirements while the UN Sustainable Energy For All Initiative provides goals on energy intensity and renewable energy use required to make that goal plausible:

- We will ensure greenhouse gas emissions are constrained in order to limit climate to 2^{o}C or less. As part of this target, we will increase renewable energy use globally by 30% by 2030.

- Current developed countries will provide $10 billion a year to establish a Green Climate Fund to mobilize $100 billion in private funds annually to assist with climate mitigation and adaptation.

Another option for climate goals based on previous commitments might include:

- The G-20 nations will eliminate all fossil fuel subsidies by [2020]

Additional approaches to climate and energy that focus on technology and consumption rather than output might include:

- We will support policy and technology innovations to ensure that, on the margin, renewable power is the cheapest form of electricity for wholesale distribution to the majority of global demand by [2025]
- We commit to reduce the greenhouse gas content of global consumption by [40%] by 2030

On the basis of historical trends, forest area will reduce by 6.8% by 2030. A stretch goal might be to halt and reverse this loss. In addition the 2010 Nagoya Conference of the Parties to the Convention on Biological Diversity agreed a number of goals suitable for a global environment goal.

- Worldwide, areas under agriculture, aquaculture and forestry as well as all fish and invertebrate stocks and aquatic plants should be managed sustainably by 2020, and that incentives, including subsidies, harmful to biodiversity should be eliminated, phased out or reformed

- We will halt (by 2020) and reverse the global trend towards deforestation.

The largest current challenge of the global commons is communicable disease. Just looking at vaccine-preventable deaths, vaccines and immunizations currently avert between 2-3 million deaths a year, and 1.5 million children still die each year from vaccine-preventable diseases according to the WHO.[20] Compare war, genocide and state-sponsored violence, which Leitenberg (2006) estimates killed an average of around 2.5 million deaths a year over the course of the Twentieth Century, or the impacts of climate change that has already occurred –which the WHO estimates at 150,000 deaths a year. This does not account for the majority of diarrheal deaths, malaria and HIV deaths, which are largely preventable but for there is no immunization. One approach to this issue might be an over-arching treaty:

- We commit to negotiate a global infectious disease treaty that**:** provides protections to international vaccine workers; commits signatories to make all reasonable effort to monitor disease spread and burden while vaccinating every child worldwide against a range of the most common vaccine-preventable infectious diseases; provides for enhanced financing of vaccination programs, monitoring, research efforts to develop vaccines, treatments and responses to resistance; supports standardized trial and approval procedures; and guarantees an intellectual property regime that ensures rapid dissemination of new immunizations and treatments worldwide.

[20] See http://www.who.int/immunization_monitoring/Global_Immunization_Data.pdf

Turning to war and violence, on the basis of recent historical trends, global military expenditure as a percentage of GDP will fall by one quarter by 2030 providing the basis for a one third reduction stretch-goal. Military expenditure declining by as much as a third as a proportion of GDP still suggests that absolute global spending would increase by as much as 48% (this given Subramanian's forecast that global GDP will increase 124% between 2010 and 2030):

- We will reduce global military expenditure as a percentage of GDP by one third, while fully supporting international peacekeeping operations.

Global Institutions

Given the post-2015 development agenda will be agreed at the UN, which will be expected to play a central role in monitoring and delivering on the commitments, there appears to be a role for targets related to global institutions themselves:

- We commit to an open, merit-based appointment system regardless of race, creed, sex or nationality throughout UN system at all levels
- We will engage in ongoing voting reform at international financial institutions to better reflect the changing global economy, and membership reform at the UN Security Council to better reflect representation of the world's people.

CONCLUSION

Sustaining global progress into the third decade of the new millennium requires greater global cooperation, especially given the growing challenges of preserving the global commons. If aid in particular is to play a role in that progress, it should be closely tied to actual outcomes related to post-2015 development goals.

The original MDG 8 failed to provide either a strong global compact on progress against poverty and deprivation or a language to underpin a robust partnership to provide global public goods.

The post-2015 development agenda offers a second chance for world leaders. Given both the increased urgency of questions around sustainability and the increased ambition suggested by potential 'zero goals' covering development targets, the need for a robust numerical targets surrounding compact and partnership issues is greater than ever. To date, the discussion over partnership and compact issues has lagged significantly behind that on development targets. It is time for that to change.

ANNEX I: Language from The Millennium Declaration on A Global Compact for Development

We resolve… to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.

… We are committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.

We are concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development…

We also undertake to address the special needs of the least developed countries…

We call on the industrialized countries:

• To adopt… a policy of duty- and quota-free access for essentially all exports from the least developed countries;

• To implement the enhanced programme of debt relief for the heavily indebted poor countries…

• To grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction.

We are also determined to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries…

We also resolve to address the special needs of small island developing States....

We recognize the special needs and problems of the landlocked developing countries, and urge both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special development needs ..

ANNEX II: Indicator Definitions

Relative progress towards MDGs:

Each country's progress in terms of the MDG indicators below was measured relative to required improvement for each country to meet the target. The percentage change in performance between 1990 and the latest year for which data was available was calculated, and this figure was divided by the percentage change required to meet the target.

- Proportion of population below $1.25 per day
- Prevalence of undernourishment
- Primary completion rate (% of relevant age group)
- Ratio of girls to boys in primary and secondary education
- Under-5 mortality rate (per 1,000)
- Maternal mortality rate (per 100k births)
- Prevalence of HIV/AIDS (% of population ages 15-49)
- Improved water source (% of population without access)

Source: Leo and Barmeier (2010).

Improvement relative to historical patterns of change:

Progress within each country during the period before the MDG targets were declared was compared to countries' progress toward each target between 2000 and 2008. Countries whose current rate of progress was greater than their historical rate of change were coded as 1.

Source: Kenny and Sumner (2011)

HIPC and MDRI countries:

Initiative for Heavily Indebted Poor Countries (HIPC Initiative): A joint IMF - World Bank approach to debt relief that provides special assistance to the world's poorest countries. The thirty-five countries which have reached the program's completion rate and are receiving debt relief were coded as 1.

The Multilateral Debt Relief Initiative (MDRI): All countries reaching the completion point under the HIPC Initiative are eligible for the MDRI, an initiative which provides 100 percent relief on eligible debt. Countries which benefitted from the MDRI by 2012 were coded as 1.

Source: http://www.imf.org/external/np/exr/facts/mdri.htm

Table 9: Aid flows and performance within countries relative to historical trends

	N	Mean cumulative ODA / capita 2001-2010 (Current $)
Child mortality		
Outperforming trend	68	1306.2
Not outperforming trend	68	681.1
Difference		*625.1*
Maternal mortality		
Outperforming trend	42	643.5
Not outperforming trend	87	761.4
Difference		*117.9*
Gender equality		
Outperforming trend	35	652.3
Not outperforming trend	26	663.6
Difference		*11.2*
Primary education		
Outperforming trend	46	597.4
Not outperforming trend	22	817.1
Difference		*219.7*

Note: A two-sided t-test was employed to test for a difference in means between each group. No significant differences were observed.

Table 10: Expected and actual progress in reaching selected MDGs

	Child Mortality	Primary Education	Primary Equality	Maternal Mortality
Start Year Date	*1990*	*1999*	*1999*	*1990*
Start Year Value	97	82	91	440
Expected Value 2010	66	85	95	258
Actual Value 2010	63	90	97	240
Target Value 2015	32	100	100	110

Note: start date, actual value and target value data from UN MDG progress report. Because the two data sources have different country samples and report different actual outcomes, results have been standardized by calculating expected value using Kenny and Sumner (2011) table 8, and UN MDG report actual value applying the following formula: Expected value = (UN MDG report Actual) - (Population Weighted Developing Country Average (Actual)) + (Kenny and Sumner Population Weighted Developing Country Average (Predicted))

Table 11: Summary statistics for indicators used in analysis

Indicator	Mean	Standard deviation
Aid		
ODA / capita (2010)	$138.93	$245.35
Cumulative ODA / capita (2001-2010)	$979.23	$1919.26
Countries' relative progress toward MDGs		
Poverty	0.18	3.94
Nourishment	0.39	1.29
Primary education	1.33	23.33
Gender equality	0.45	3.19
Child mortality	0.83	0.46
Maternal mortality	0.47	0.8
HIV/AIDS	-4.83	7.92
Water	0.59	1.93
Leo and Barmeier		
MDG Progress Index Score (out of possible 8)	4.1	1.66

Source: ODA figures are from the World Bank WDI data (2013), relative progress and MDG Progress Index Score is from Leo and Barmeier (2010).

Table 12: Multiple regression analysis of cumulative ODA received, or ODA received in 2010, and MDG Progress Index score and log GDP / capita in 2011

	(1) Cumulative ODA/capita 2001-2010 (log)	(2) ODA/capita 2010 (log)
MDG Progress Score (adjusted for data avail.)	-0.10 (0.08)	-0.16 (0.09)
GDP / capita, 2011 (log)	-0.10 (0.11)	-0.08 (0.13)
Constant	7.13*** (0.80)	5.15*** (0.89)
N	121	120
r2	0.03	0.04

*p<0.05, **p<0.01, ***p<0.001

Table 13: Simple regression analysis of relative progress toward selected MDGs and HIPC status (countries reaching completion point by 2013 were coded as 1)

	(1) Poverty	(2) Nourishment	(3) Primary education	(4) Gender equality	(5) Child mortality	(6) Maternal mortality	(7) HIV/AIDS	(8) Water
HIPC	0.68	-0.04	-0.96	0.57	-0.41***	-0.28	1.62	0.09
	(-0.93)	(-0.26)	(-4.9)	(-0.72)	(-0.08)	(-0.16)	(-1.71)	(-0.39)
Constant	-0.01	0.40**	1.58	0.31	0.93***	0.55***	-5.37***	0.56**
	(-0.49)	(-0.13)	(-2.51)	(-0.36)	(-0.04)	(-0.08)	(-0.99)	(-0.2)
N	91	128	118	106	138	132	96	125
r2	0.01	0	0	0.01	0.15	0.02	0.01	0

*p<0.05, **p<0.01, ***p<0.001

Table 14: Simple regression analysis of relative progress toward selected MDGs and MDRI status (countries reaching completion point by 2013 were coded as 1)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Poverty	Nourishment	Primary education	Gender equality	Child mortality	Maternal mortality	HIV/AIDS	Water
MDRI	1	0.1	-1.22	0.55	-0.41***	-0.25	1.89	0.31
	(-0.9)	(-0.25)	(-4.8)	(-0.7)	(-0.08)	(-0.15)	(-1.69)	(-0.38)
Constant	-0.12	0.36**	1.67	0.3	0.94***	0.54***	-5.49***	0.50*
	(-0.49)	(-0.14)	(-2.54)	(-0.36)	(-0.04)	(-0.08)	(-1.00)	(-0.21)
N	91	128	118	106	138	132	96	125
r2	0.01	0	0	0.01	0.15	0.02	0.01	0.01

*p<0.05, **p<0.01, ***p<0.001

Table 15: Simple regression analysis of relative progress toward selected MDGs and cumulative ODA / capita received

	(1) Poverty	(2) Nourishment	(3) Primary education	(4) Gender equality	(5) Child mortality	(6) Maternal mortality	(7) HIV/AIDS	(8) Water
Cumulative ODA/capita 2001-2010 (log)	-0.11 (-0.36)	0.05 (-0.09)	-0.89 (-1.53)	-0.08 (-0.21)	-0.05 (-0.03)	-0.05 (-0.05)	-1.15 (-0.73)	-0.41*** (-0.12)
Constant	0.74 (-2.04)	0.08 (-0.55)	5.66 (-9.28)	1.07 (-1.26)	1.14*** (-0.18)	0.73* (-0.33)	1.61 (-4.25)	3.05*** (-0.75)
N	84	121	112	100	131	125	90	120
r2	0	0	0	0	0.03	0.01	0.03	0.09

*p<0.05, **p<0.01, ***p<0.001

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