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Working Paper No. 7

Reflections on the MDGs, and the post-2015 Agenda, from Europe and Central Asia

By Ben Slay, Elena Danilova-Cross, Tuya Altangerel

December 2013

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Abstract

This paper argues that ‘lessons from the MDGs’ coming from the developing and transition economies of Europe and Central Asia are profoundly relevant for the post-2015 debate. This argument may seem somewhat counterintuitive, in that this region has not been in the vanguard of global MDG efforts. Likewise, the success of efforts to push the MDGs closer to the centre of development discourse in this region has been moderate at best. However, it is precisely the difficulties encountered in the application of the ‘MDG agenda’ to this region and the responses to these difficulties that have emerged that are germane for discussions on how to make global development goals more universally relevant — both thematically and geographically — after 2015.

Keywords:

MDGs, Europe and Central Asia, Post-2015, Global development goals.

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1. The MDGs and transition: EU-oriented Europe and Central Asia

In the global development discourse, 1990 is commonly associated with the start of the MDG timeline. But for some 30 European and Central Asian economies that for most of the past two decades have been referred to as ‘transition’, ‘newly independent’, or ‘post-communist’, 1990 is more commonly associated with the collapse of the closely networked Soviet bloc. In that year, the Warsaw Pact was dissolved, non-communist governments came to power in Poland, Hungary, and Czechoslovakia (for the first time in 40 years), and East and West Germany (re-)unified. Within the next two years, the socialist federations that had been the Soviet Union, Yugoslavia, and Czechoslovakia disintegrated and two dozen new member states were admitted to the United Nations. For elites in most of these countries, the decade preceding the Millennium Declaration in 2000 was not about reducing poverty or sustainable development. Rather, it was about finding their place in Europe and/or Eurasia, introducing (or surviving) market reforms, replacing communist with more democratic (or at least pluralistic) political systems, and recovering from economic crises and (in some cases) military conflicts. For the Central European and Baltic states, it was also very much about ‘rejoining Europe’.

Not surprisingly, the post-1990 global development discourse that revolved around the Rio principles, the Millennium Declaration, and the MDGs did not find quick purchase in these countries. This was not because issues of poverty and sustainable development were irrelevant. By the mid-/late 1990s, the economic crisis (dubbed the ‘transition recession’ by the Bretton Woods institutions) had brought ‘low-income country’ status to much of the former Soviet Union as well as to Albania. The desiccation of the Aral Sea and the collapse in the livelihoods of hundreds of thousands of people living in its basin, combined with increases in income (and other forms of) inequality across the region, declining social protection, and sometimes dramatic reductions in human security, underscored the importance of pursuing economic development together with environmental sustainability and social justice. However, for newly independent countries that were without strong democratic institutions, civil societies, or private sectors and that had been isolated from North-South dynamics and the non-aligned movement, connecting with the global development discourse was neither natural nor easy.

A number of other factors contributed to these circumstances. These included:

- **The Bretton Woods institutions (BWIs) and the European Union (EU) — not the UN — were the face of multilateralism,** at least in the 1990s. For many of these countries, independence (or, for the Central European and Baltic states, ‘escape’ from the Soviet bloc) came with economic crisis. While independence and a seat at the UN were valued, IMF standby programmes and World Bank structural adjustment loans were seen as matters of survival. Moreover, the ‘Washington consensus’ was not particularly focused on poverty alleviation, environmental sustainability, or social inclusion. Prior to the 2008 global financial crisis, the policy frameworks advocated by the BWIs emphasized economic growth as the antidote to poverty and private investment (domestic and foreign) as the drivers of growth. Such frameworks often proved difficult to reconcile with the logic of the MDGs, which highlight the role of governments (as drivers) and donors (as providers of ODA) in reducing poverty (or promoting sustainable development). Partly for these reasons, there is little evidence of MDG processes inducing policy changes in support of pro-poor growth in the region.
- **Subsequent national policy realignments, when they have occurred, have often been driven by the logic of European accession and integration** and not always by the Millennium Declaration and the MDGs. From the perspective of sustainable development, this is not necessarily bad:¹ EU accession conditionalities require the development of the institutional capacity needed to implement the environmental and social components of the *acquis communautaire*² — including the EU’s relatively rigorous environmental standards (with its European carbon trading system), its focus on

1 See, for example, *European Aspirations and Human Development of the Republic of Moldova*, UNDP-Moldova national human development report, 2012; and Paola Pagliani and Rastislav Vrbensky, “EU Accession and Human Development in Serbia”, *Development and Transition*, June 2006, pp. 10-12.

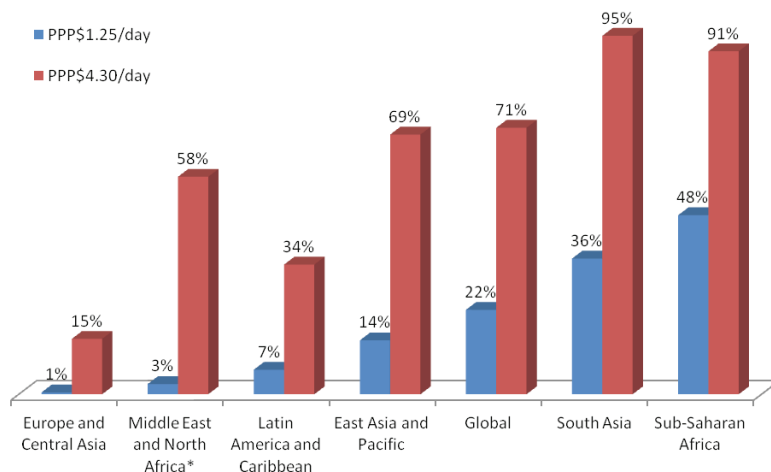
2 The EU’s common body of law and legal and regulatory principles.

The MDGs and transition: EU-oriented Europe and Central Asia

reducing subnational disparities, and its joint inclusion memoranda. However, for elites in the Central Asian countries, as well as Azerbaijan and Belarus (not to mention Russia), ‘European’ development models are nowhere near as compelling as they are for the Central European countries that joined the EU in 2004 and 2007. Moreover, the power of the ‘European anchor’ has waned since the onset of the 2008 financial crisis—particularly as prospects for EU accession have faded for most of the Western Balkans and since the EU’s ‘Eastern Partnership’ initiative has met with only moderate success.

- **“The MDGs are not for us.”** The emergence of the global MDG campaign in the first years of the new millennium corresponded to a period of relatively strong economic growth—driven by cyclical recoveries, European integration, and rising prices for energy and other resource exports—for most of the region. By 2005, the number of low-income countries had been reduced to three; at present, there are only two. Income poverty rates also fell sharply during this time: according to World Bank data, the share of those living below PPP\$1.25/day by 2008 had dropped below 1 percent (compared to 22 percent globally—see Figure 1).³ Even when a higher poverty threshold (PPP\$4.30/day) is chosen, income poverty rates still compared quite favourably (15 percent, compared to 71 percent, globally). The 2011 values reported for the multidimensional poverty index (a broader measure of poverty) in the region likewise compare favourably with other regions (see Figure 2). Even among the region’s poorest countries, these trends reinforced beliefs that, thanks to their Soviet (or, for the Yugoslav successor states and Albania, European) heritage, they are not really poor countries. By the same token, the MDGs have been perceived by elites in the region as something that is ‘not for us’.
- **Remittances, not ODA, reduce poverty.** In addition to the rapid economic growth reported in most of the region’s poorer countries in the past decade, large remittance inflows have

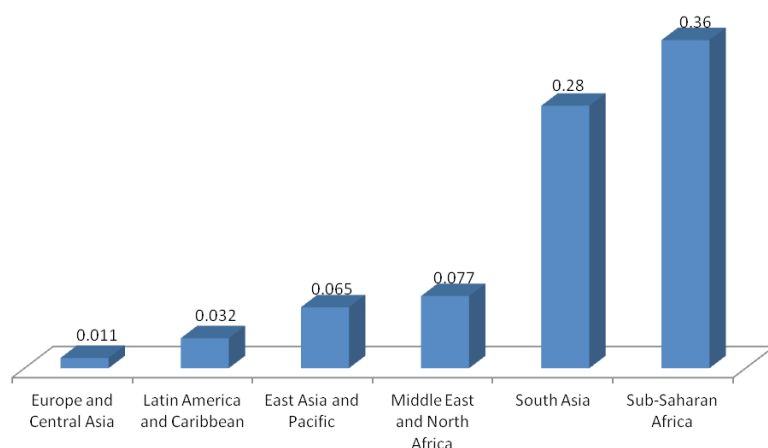
Figure 1: Global, regional income poverty headcount rates (World Bank data, 2008)



* Survey coverage less than 50%

Source: World Bank POVCALNET database

Figure 2: Regional multidimensional poverty index values (2011)



Note: The MPI combined information on various form of poverty/material deprivation into a single index number. A value of “0” represents the complete absence of multidimensional deprivation, whereas a value of “1” connotes absolute multidimensional poverty.

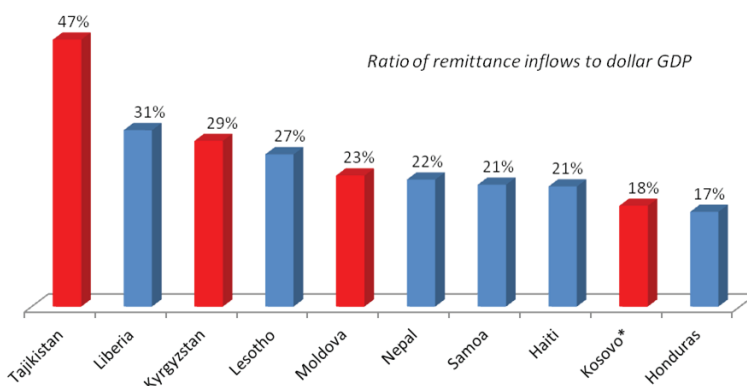
Source: Oxford Poverty and Human Development Initiative (www.ophi.org.uk)

³ iresearch.worldbank.org/PovcalNet/index.htm?1

emerged as an important driver of income poverty reduction. According to World Bank data, five of world's 10 largest recipient countries (or territories) in terms of remittance inflows in 2011 were among the transition and developing economies of Europe and Central Asia (Figure 3).⁴ These remittances are a much larger source of development finance than ODA inflows—as the data in Figure 4 show, in the region's poorest economies, the former exceeds the latter by a factor of two to eight. Rather than mobilizing to force their governments to offer better social services or help create better employment opportunities at home, men and women from poor households instead resort to migration (chiefly to Russia, Kazakhstan, and EU-15 countries) to earn the incomes needed for a better life. Understanding this, governments are perhaps sometimes less interested in mobilizing resources from donors to reduce poverty or provide better social services.⁵ Consequently, the region offers few successful examples of whole-of-government efforts to mobilize resources on behalf of the MDG agenda at the national (as opposed to sectoral) level.⁶

- **Data issues.** The Soviet, Yugoslav, and Czechoslovak successor states—comprising most of the countries of this region—did not have independent statistical offices in 1990. In those countries in which such offices were present (the Visegrad countries, Bulgaria, Romania, Albania) at that time, international best practices in income and non-income poverty measurement and monitoring were not typically observed.⁷ Thus, even countries with long national statistical traditions (e.g., Poland) did not initially possess the institutional capacity needed to take 1990 data as a baseline

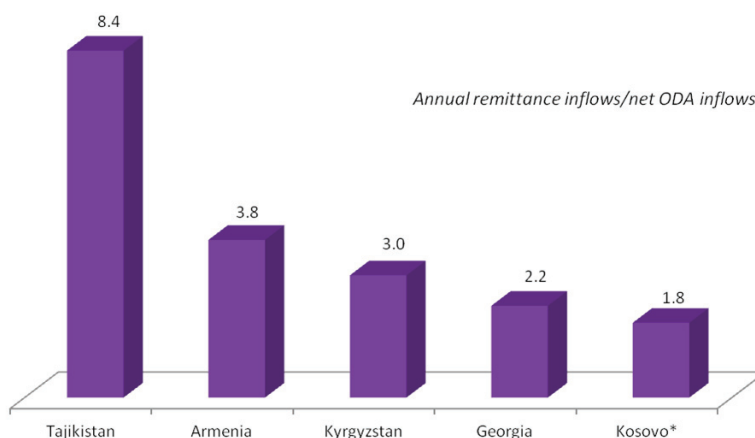
Figure 3: The world's ten largest remittance receiving countries/territories (2011)



* As per UN Security Council Resolution 1244 (1999)

Source: World Bank remittances and migration database

Figure 4: Remittances inflows relative to net ODA inflows (2011)



* As per UN Security Council Resolution 1244 (1999)

Sources: World Bank Remittances and Migration database; IMF-World Economic Outlook database; OECD-DAC ODA database; UNDP calculations

4 Ratios of remittance inflows to GDP are often estimated to be around (or above) 10 percent for a number of other countries in this region, including Albania, Armenia, Bosnia and Herzegovina, Georgia, the Former Yugoslav Republic of Macedonia, Serbia, and Uzbekistan.

5 Kyrgyzstan and Tajikistan (the region's low-income countries) have also benefitted from significant development finance inflows from China. However, these funds have typically taken the form of loans (not grants) and have financed large transport and energy infrastructure projects, rather than social services or protection.

6 Examples of large, donor-supported development programmes with extensive grant funding are more typically found in the aftermath of crisis or conflict, such as Georgia in 2008, or Kyrgyzstan in 2010. The political dimensions of these crises have often precluded significant support from Russia and/or China.

7 Demographic and epidemiological statistics were a partial exception.

for anything related to poverty reduction or sustainable development. In most other countries in the region, statistical agencies the first years of independence focused on building the institutional capacity needed for basic national account and consumer price data. The creation of official national databases derived from household budget and labour force surveys needed for detailed poverty measurement and monitoring (e.g., reflecting disaggregation by subnational, age, ethnicity, or gender criteria) took years. In many countries — particularly former Soviet republics — such data are still not publicly available. In some (e.g., Turkmenistan), they are not collected.⁸ This further mitigated against taking 1990 as a baseline for ‘measuring MDG achievement’ in the region.

Thus, when the global MDG campaign came to this region during the first years of the new millennium, it found the MDGs to be something of a ‘tough sell’. To be sure, ministries of foreign affairs (driven by their UN departments and consulates) grasped the importance of the Millennium Declaration and the MDGs. Poorly funded sectoral ministries (e.g., health, education, labour and social protection) and gender equality agencies were quick to rally around the MDGs as a resource mobilization and advocacy tool. But even in countries where the MDG agenda ‘broke through’ to ministries of finance and economic development (e.g., Tajikistan, Kyrgyzstan, Moldova), pledges to refocus national development policy frameworks around the MDGs were not fully realized. For most others, the MDG discourse was adopted when speaking to the UN — while discussions with the BWIs were conducted in the language of growth and fiscal sustainability; and negotiations with European structures were couched in terms of EU accession, integration, and ‘European values’. As a result, there are few cases from the region of ‘MDG-ized’ national development strategies that have in practice been aligned both with key sectoral strategies and with medium-term financial frameworks and that have MDG-compatible monitoring and evaluation frameworks.

The disconnect between the MDG and environmental sustainability agendas in the region is also disconcerting. At the national level, engagement by ministries of environment in the MDG agenda typically has not gone beyond MDG7. Likewise, poverty reduction issues were hardly prominent in the regional ‘Environment for Europe’ processes, which were linked to the global UN conferences on sustainable development in Johannesburg (2002) and Rio de Janeiro (2012). Examples of national economic development programmes or poverty reduction strategies that seek to promote growth by investing in natural capital (i.e., the ‘green economy’) are few and far between. These issues are, of course, present in other regions. However, in the developing and transition economies of Europe and Central Asia, they have significantly constrained prospects for using the MDGs to defragment national development policies, mobilize the international community, or engage civil society and the private sector around objectives of poverty reduction and sustainable development.

2. The response: Nationalization and localization

National advocates for MDG agendas in the region — and their supporters in the international community — developed two sorts of responses to these challenges:⁹

Nationalization. The relatively high human development levels obtaining in much of the region in 1990 meant that some of the MDGs — in their global forms — had already been achieved in 1990, or could be easily achieved by 2015 via inertial developmental progress. However, accomplishments in eradicating extreme poverty or providing basic services often masked other, related development challenges. For example, having achieved universal primary education, much of the region faced challenges of adapting national education systems to modern labour markets. For Russia and countries in the Western parts of the former Soviet Union, disturbingly high and rising male mortality rates seemed at least as important as trends in infant, child, and maternal mortality

⁸ In a number of countries, the World Bank, UN agencies (e.g., UNICEF’s multi-indicator cluster surveys, UNFPA support for censuses), and other international organizations have tried to fill these gaps. While important, these efforts are generally an inferior substitute to government ownership of the national development data agenda.

⁹ A full accounting, or assessment, of the various national approaches taken to the MDGs in this region would be beyond the scope of this paper.

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rates—many of which compared not unfavourably with those reported in OECD countries. For other goals, the absence of robust data going back to 1990, and the fact that many countries experienced sharp development reversals (for reasons beyond their control) in the years after this ‘benchmark’, highlighted the irrelevance of the 1990 and argued for use of a different yardstick to measure progress.

The response has therefore been to redefine the MDG targets and indicators, to adapt them to ‘national circumstances’. These redefinitions have had both substantive (e.g., adding targets and indicators for male mortality) and temporal (e.g., choosing 1995 as a base year, rather than 1990) dimensions. In virtually all transition and developing economies of Europe and Central Asia, the MDGs were redefined and adapted.¹⁰ In many respects, these nationalization processes were obvious and logical. Without them, the MDGs could not have been made relevant to the heterogeneous development contexts of a region dominated by middle-income transition economies. Nationalization may also have increased awareness of, and helped to build national support for, the MDGs. However, nationalization processes have also had some downsides:

- New legitimacy issues. The alleged ‘legitimacy deficit’ in which the MDGs in their global form were conceived¹¹ could, in principle, be addressed by consultations around their redefinition at the national level. In practice, however, the form and extent of the ‘re-legitimation’ of the MDGs varied widely under different nationalization processes. In the best cases, the new ‘nationalized’ MDG targets and indicators were produced following inclusive national consultations and codified via dedicated national legislation. In some countries, however, the redefined MDG targets and indicators were approved together with national development or poverty reduction strategies—but were not renewed when the strategies lapsed. Even more importantly, national budgets (including annual budgetary allocations and medium-term expenditure frameworks) did not always reflect these MDG priorities. In other countries, this redefinition never went beyond consultations and national MDG reports produced with the support of UN agencies.
- Assessment issues. If country A’s relatively challenging (re)definition of MDG X creates a more difficult development bar to get over than country B’s relatively modest treatment of MDG X, it is not obvious a priori whether A’s problems in achieving MDG X should be a source of concern or whether B’s apparently solid progress should be a reason to rejoice.
- Different MDG databases. The complexities of these nationalization issues have sometimes eluded the international organizations that have sought to monitor progress towards meeting the MDGs. Some global MDG databases, and the monitoring reports that use them, have been based on global MDG targets and indicators that governments have dismissed as incorrect, since they are inconsistent with those produced by nationalization processes. Such incidents have not helped the credibility of efforts to achieve the MDGs in the region.

These experiences may suggest some lessons concerning the formulation and management of global development goals in the future.

Localization. A second common trend in the region has been to geographically disaggregate the MDGs—adapting their targets and indicators to subnational regions/administrative jurisdictions.¹² This approach made sense for many middle-income countries in the region in which national trends on MDG-related achievement seemed more or less on the right track—but in which income (and other socio-economic) inequalities were growing (Figure 5) and in which many of these cleavages had (and continue to have) important spatial dimensions.

10 For example, Albania added a goal on good governance and fighting corruption; Armenia, Kyrgyzstan, and Tajikistan modified MDG2 to require 8 to 9 years of primary education.

11 Due to the allegedly ‘closed door,’ ‘technocratic’ manner in which the MDGs were developed after the 2000 Millennium Summit and then ‘foisted’ on the General Assembly. Or, more diplomatically, “the process of MDG articulation and monitoring failed to draw on the legitimacy of states and governments” (Varun Gauri, “MDGs That Nudge: The Millennium Development Goals, Popular Mobilization, and the Post-2015 Development Framework”, World Bank Policy Research Working Paper 6286, November 2012).

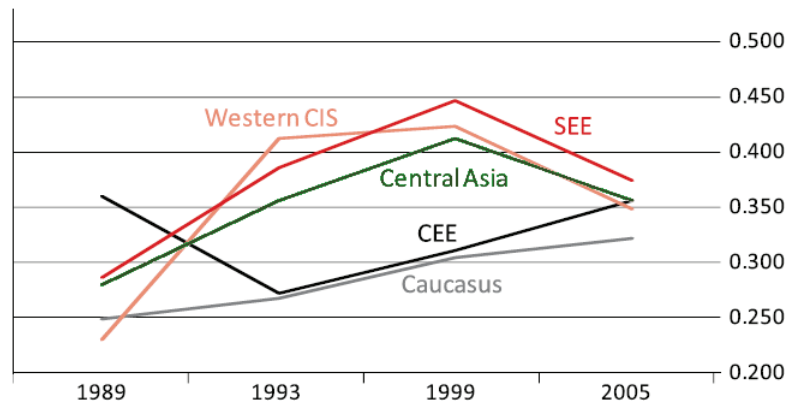
12 For a forward-looking overview of global issues associated with MDG localization, see “Localizing Sustainable Development: Considerations for Post-2015 Global Development”, UNDP Policy Brief, October 2012.

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This trend has reflected three different drivers:

- The realization that, in middle-income countries, poverty is most often concentrated in socio-economically lagging regions, towns, or other subnational jurisdictions;¹³
- The preponderance of subnational areas within the developing and transition economies of Europe and Central Asia that have either undergone armed conflict or are at risk of doing so—and whose prospects can in principle be supported by integrated territorial/area-based development;¹⁴ and
- Preparations for absorbing spatially oriented pre- and post-accession EU funds (e.g., the cohesion funds, or cross-border cooperation programming modalities).

Figure 5: Income inequality in the developing and transition economies of Europe and Central Asia (as measured by the Gini coefficient, 1989–2005)



Source: *Beyond Transition: Towards Inclusive Societies*, page 16

In this region, programming to ‘localize the MDGs’ is generally seen as having the potential to address subnational disparities, marginalization, vulnerability, and exclusion, and improve public service delivery¹⁵—in ways that are linked to the overall development paradigm associated with the MDGs. In principle, localized MDG targets and indicators can inform local level investments and help to more effectively address subnational disparities and the needs of various vulnerable populations (such as ethnic minorities, the displaced, or families with many children) who tend to be concentrated in certain geographic areas. Also, when subnational MDG targets and indicators are aligned with analogous national-level instruments, localization can improve consistency across national and subnational/local-level development planning. And since the effective design and implementation of subnational development programming typically requires at least some decentralization/deconcentration of state authority, localizing the MDGs has in practice often been associated with efforts to reform/improve central and local governance institutions. Programming to localize the MDGs can in this way restore the links between MDGs and the governance/normative elements of the Millennium Declaration that, in practice, are often lost.

For these reasons, most, if not all, countries in this region had introduced localized development efforts even before the advent of the MDGs—with the support of UNDP and other development partners. In addition to the area-based (or territorial) development programming mentioned above, these initiatives have featured community-based and integrated local development initiatives.¹⁶

13 The depth of these problems in the former Soviet republics has been exacerbated by the importance of ‘monocities’—company towns whose local economy was based on a small number (or even a single) industrial enterprise(s) that proved to be uncompetitive following the introduction of market reforms. These enterprises’ closures have typically had deeply unfavourable implications for employment, basic service provision, and social exclusion at the local level.

14 See, for example, Rastislav Vrbensky, “Can Development Prevent Conflict? Integrated Area-Based Development in the Western Balkans—Theory, Practice, Policy Recommendations”, Centre for the Study of Global Governance, London School of Economics, 2008.

15 For a concrete example from the Western Balkans, see UNDP and SNV, *Capacity Development for Quality Public Service Delivery at the Local Level in the Western Balkans*, May 2009.

16 Whereas community-based programming mainly fosters participatory decision-making and joint planning and financing for community projects (UNDP 2011b), integrated local development projects strive to harmonize stand-alone development initiatives and capitalize on synergies and best practices.

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Box 1: 'Localizing the MDGs' in Albania*

Albania was the first country in Europe and Central Asia to adapt MDG targets and indicators to the subnational level. With support from UNDP's Local Governance Programme, other UN agencies, and local NGOs, localizing the MDGs in Albania has focused on two key areas:

- **Regional development strategies and reports**, which used the DevInfo platform to provide socio-economic analysis of Albania's 12 regions by goals, provide comprehensive regional development strategies and articulate MDG-compatible regional development goals, targets, and indicators that are aligned with the 2007-2013 National Strategy for Development and (EU) Integration. The regional development strategies and reports were developed via participatory processes, involving local, regional, and central government institutions, as well as civil society and international partners.
- **Advocacy:** The UN Country Team selected well-known local Albanians to serve as 'MDG ambassadors'. Together with central and local government officials, they hosted town hall meetings to raise awareness of the MDGs in all 12 of the country's regions. Media training was carried out in each region on how to address the MDGs and development issues in everyday reporting.

Activities to localize the MDGs have helped to:

- Build grass-roots support and momentum for the MDGs
- Assess subnational poverty challenges and to serve as an engine for comprehensive regional and local development
- Strengthen the links between national and subnational development programming.

These activities led inter alia to the design and implementation of an area-based development programme for Kukes (Albania's poorest region), which helped improve the coordination programming for local economic development, demining, security sector reform, and gender equality.

** Adapted from www.undp.org.al/index.php?page=MDG/mdg_localization.*

As of 2010, about 126 UNDP local development projects (worth US\$51 million) had been implemented in the region, by 22 country offices; the largest portfolios were in Albania, Kyrgyzstan, Tajikistan, Ukraine, and Uzbekistan (UNDP 2011b).¹⁷

The advent of the MDGs naturally raised questions about 'MDG-izing' local development programming. Among the developing and transition economies of Europe and Central Asia, efforts to localize the MDGs were pioneered in [Albania](#) during 2003-2005 and then expanded to much of the rest of the region (see Box 1). Where this programming has worked well, it has promoted local development while also increasing public awareness about the MDGs. On the other hand, a balanced assessment of 'localization' efforts in this region must also admit to some weaknesses. In particular:

- Programming to localize the MDGs has often been more interesting as a conceptual, UN-driven undertaking than as policies that are owned by local or national governments. Within UNDP, programming to 'localize the MDGs' within this region has often stemmed (at least in part) from the desire to align relatively large local development/local governance (including community-based) programming portfolios with the corporate emphasis on the MDGs. To be sure, cases (including Albania and Ukraine) of government regional development programmes that have included disaggregated MDG targets and indicators, which used the MDGs to attract resources into these programmes that would not otherwise

¹⁷ For a review of 126 UNDP local governance projects implemented in Europe and Central Asia (only a small subset of which sought to localize the MDGs), see Clare Romanik, "A New Definition of Local Development", *Development and Transition*, July 2011, pp. 3-6.

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have been forthcoming and which linked MDG-based local development strategies to national development strategies, can be found. But their overall frequency, depth, and impact seem uncertain. In many countries, the cause-and-effect relationships—or even sequencing—between MDG localization and various local development initiatives are difficult to establish.¹⁸

- Likewise, practice has yet to reveal compelling attributes of using MDG targets and indicators as subnational planning instruments—compared to their alternatives. To some extent, this may reflect the absence of robust monitoring and evaluation frameworks in ‘MDG-ized’ (and many other) local development frameworks. But, at a more conceptual level, it is not clear why other development indicators (e.g., spatially disaggregated human development indices) could not perform this function at least as well. Likewise, MDG targets and indicators would seem to have rarely (if ever) been included into the ‘made in Brussels’ modalities for managing EU spatially oriented subnational/cross-border programming.¹⁹
- As mentioned above, the localization agenda has an important governance element: because it requires at least some decentralization/deconcentration of state authority, localization in practice is closely linked to questions of public administration and local governance reform. However, in a number of former Soviet republics (e.g., Belarus, Turkmenistan, Uzbekistan), this governance agenda has not been taken up. More generally, it is not clear how the MDGs can be localized in countries where subnational authorities do not have the requisite legal jurisdiction or financial capacities.
- Monitoring mechanisms have traditionally been weak, and data collection and analysis regarding specific MDG targets have not been consistent or rigorous (partly because of resource constraints). In fact, with the exception of some EU candidate and pre-candidate countries like Albania and the Former Yugoslav Republic of Macedonia (where accessing pre-accession funding requires that subnational information systems be in place), there are few examples of MDG indicators being included into monitoring systems for subnational development. Budget constraints are a factor: in countries with relatively underdeveloped subnational capacities for measuring and monitoring development progress, the costs of establishing and maintaining a dataset on subnational development trends can be prohibitive. Moreover, many international development organizations (including UNDP) do not routinely collect strong baseline information (including concrete indicators and measures for each area of intervention, and expected individual and aggregate results) in project implementation. As a result, the subsequent reporting and measuring of results becomes more blurred.²⁰

Recent changes in the ‘laws of motion’ of local development further complicate assessments of efforts to localize the MDGs. The emergence of decentralized cooperation networks between local authorities of developed and developing countries (as exemplified by the ArtGold programme, which is active in the Balkans) and the ‘crowdsourcing’ of investments through social entrepreneurship organizations are increasingly challenging traditional approaches to local development in the region. In countries with high internet connectivity and relatively free media, local authorities, communities, and individuals can use these innovations to address local priorities and needs. For example, through the ART programme, over 600 decentralized partnerships have to date been established globally; local communities in Albania and Kosovo²¹ are among those who have benefited. KIVA, a non-profit online-based organization that facilitates lending between individual citizens, has processed about US\$400 million in loans since 2005, reaching communities in Armenia, Bulgaria, Moldova, Kyrgyzstan, Tajikistan, and Turkey. Such partnerships can place additional resources and capacities at the disposal of local institutions, such as microfinance banks and academia, that play crucial roles as agents for service delivery.

18 For a more optimistic assessment of localization efforts in other regions, see “Localizing Sustainable Development”: Considerations for Post-2015 Global Development”, UNDP Policy Brief, October 2012.

19 In practice, the EU often conditions the release of (significant amounts of) pre- (and then post-) accession regional development funding on the presence of effective subnational data and indicators. This can strengthen incentives for EU candidate and pre-candidate countries to improve their information systems for subnational development.

20 “Monitoring for Scaling Up Local Development”, NYU Wagner School and UNDP, 2012; see <https://undp.unteamworks.org/node/267672>

21 For more information on ART, please see: web.undp.org/geneva/ART/

3. MDG needs assessments

Overview

In 2004, the UN Secretary-General established the [Millennium Project](#) to help countries assess and implement investment strategies, as well as best practices, in order to achieve national MDG targets, especially in countries where the challenges are greatest. The Millennium Project developed needs assessment tools and methodological guidance notes for all major sectors and areas relevant to MDGs: agriculture, nutrition, education, gender, health, HIV/AIDs and TB, environment, water and sanitation.²² The needs assessment (costing) tool provided an Excel-based sectoral template allowing a country-based user to input activity-based data the unit cost per intervention, along with population/target group projections, in order to estimate the overall human and financial resources and infrastructure needed to achieve a certain MDG target. For example, an education-sector needs assessment would typically estimate the number of teachers, classroom infrastructure (e.g., girl-friendly bathrooms), uniform provision, and curriculum materials needed to increase overall enrolment rates (MDG2). This assessment would be linked to other issues directly or indirectly influencing primary education enrolment, such as nutrition and free school meals for vulnerable and poor children, the education and health of mothers, and transport. Once the resource needs are estimated, a country would then develop a financing strategy, (ideally) to be linked to such national development/poverty reduction strategies and medium-term expenditure frameworks, as well as sectoral plans and strategies. Globally, some 44 needs assessment exercises have been conducted, with various degrees of implementation success.

National experiences: Tajikistan

Within this region, Tajikistan undertook a full-scale needs assessment exercise covering all sectors related to the MDGs: nutrition and rural development/agriculture (MDG1); primary and secondary education (MDG2); gender equality (MDG3); maternal and child health (MDG4-5); HIV/AIDS, malaria, and tuberculosis (MDG6); environmental sustainability and water and sanitation (MDG7); partnerships for development (MDG 8); as well as MDG-compatible energy and transportation. In addition to a technical team housed by the UN Country Team, five government sectoral working groups were established to ensure country ownership, coordinated by the president's administration. This effort was undertaken in 2004-2005 and culminated in the organization of the government-donor investment roundtable for the MDGs. In addition to using global templates developed by the Millennium Project, in some areas (e.g., environmental sustainability, gender equality), the country technical team developed templates from scratch.

[Tajikistan's needs assessment](#) found that some US\$13 billion would be needed between 2005 and 2015 to achieve the national targets or at least to make significant progress. (See Table 1 for more information about the assessment of needs in general secondary education.) According to different development scenarios (high-growth versus low-growth, high- vs. low-investment from budgetary resources), estimates of the financing gap that would need to be met in order to achieve the MDGs ranged from US\$2.12 billion (in the most favourable scenario) to US\$4.7 billion (in the 'business-as-usual' scenario). The needs assessment report also analysed overall institutional capacities and the policy/structural reforms needed (in addition to the resource investments) to meet the MDGs in each area/sector. For example, the report estimated improvements in agricultural productivity and reductions in poverty if small-scale farmers were allowed to grow crops of their own choice and if land reform and other liberalizing measures were fully carried out.

Based on this needs assessment, an MDG-based national development strategy until 2015 was developed in Tajikistan. However, because this exercise was not tied closely to the development of the country's poverty reduction strategy, the challenges of financing Tajikistan's MDG needs were not fully taken up by either the government or the donors. Nor were they reflected in national or sectoral budgets, either annually or within the medium-term expenditure framework. This resulted in part from resistance from the World Bank and other donors: concerns about possible duplication vis-à-vis the country's poverty reduction strategy, and excessively

²² For more on MDG needs assessments globally, see Millennium Development Goals Needs Assessments: Country Case Studies of Bangladesh, Cambodia, Ghana, Tanzania and Uganda.

Table 1: Tajikistan's needs assessment for general secondary education (2005-2015, in US\$ millions)

Expenditure area	Annual expenditure			Cumulative expenditure	
	2005	2010	2015	2005–2015	Share of total
Capital costs	21	46	76	497	28%
- Construction of new schools	0	22	47	228	13%
- Reconstruction of new schools	13	13	13	145	8%
- Furniture	5	7	11	83	5%
- Equipment	1	1	2	15	1%
- Heaters	0	0	1	4	0%
- Latrines	1	2	2	19	1%
- Water connections, hand pumps	0	0	1	4	0%
Recurrent costs	68	112	165	1268	72%
- Teachers	22	49	83	562	32%
- Non-teaching staff	6	13	19	149	8%
- In-service training	1	1	1	10	1%
- Pre-service training	0	0	1	3	0%
- Utilities and regular maintenance	5	6	6	61	3%
- Basic education school feeding programmes	10	14	20	160	9%
- Scholarships	0	3	3	23	1%
- School supplies	10	10	12	116	7%
- Assessment costs	8	9	11	100	6%
- Textbooks	2	2	3	29	2%
- Administration (5% of recurrent costs)	3	5	8	59	3%
Total	89	157	242	1766	100%
- % of GDP*	4.4%	5.6%	5.9%	5.4%**	
- Expenditures per-student (in US\$)	53	89	110	84**	
- Expenditures per-capita (in US\$)	13	21	29	21**	
- Per-student spending as % of per-capita GDP*	0.2%	0.29%	0.31%		

* Assuming an annual average GDP growth rate of 5% during 2005-2015.

** Annual average for 2005-2015.

Source: Investing in Sustainable Development: MDG Needs Assessment Tajikistan.

high financing estimates, played a role in this resistance. (These can be considered prevailing criticisms of MDG needs assessments globally.) As a result, there is little hard evidence that needs assessments contributed to national policy frameworks to achieve the MDGs either in Tajikistan or elsewhere in the region.

On the other hand, there is evidence that the needs assessment in Tajikistan contributed to sectoral development efforts, particularly in education (in terms of the design of the government's National Strategy for Education Development 2006-2015 — see Table 1) and in health (for programming financed by the Global Fund to address HIV/AIDS, tuberculosis, and malaria). The technical tools and information generated by the assessments may in practice be most useful in helping governments and donors to cost sectoral development initiatives.

4. Implications for post-2015 development goals

This paper is not intended to fully assess, criticize, or praise the progress made in achieving the MDGs in the developing and transition economies of Europe and Central Asia. Nor does it seek to portray governments, the international community, the UN, or UNDP as especially worthy of accolades or blame for these outcomes. Rather, the argument is that the possible significance of lessons in MDG implementation that have been tentatively identified above goes well beyond the region in some key respects.

First, it is now widely understood that the vast majority of individuals living in poverty are in middle-income countries (MICs) and increasingly in urban settings. According to the World Bank's taxonomy, 108 countries are currently classified as 'middle-income', as opposed to only 36 low-income (and 70 high-income) countries. Prospects for progress in poverty reduction, as well as in movement towards sustainable development, therefore depend on middle-income countries' abilities to enjoy economic growth without more income inequality or further depletion of natural capital. In terms of post-2015 lessons from MDG implementation, the relevance of the developing and transition economies in Europe and Central Asia — all but two of which fall into the MIC category and which report relatively low levels of income and multidimensional poverty (see Figures 1 and 2) — must therefore be seen as growing. That is, while discounting lessons from the region may have been sensible when the primary focus of the global MDG campaign was on the low-income and less developed countries of Africa and South Asia, such discounting could be increasingly problematic going forward.

Second, because the extensive nationalization and localization processes the MDGs underwent in this region were a reflection of its 'MIC-intensive' status, it follows that post-2015 global development goals are also likely to undergo nationalization and localization in many countries. This seems particularly likely if these goals focus on key sectors/broader measures of sustainable development (e.g., food, water, oceans). This suggests three important implications for the post-2015 development framework:

- 1) Designers of post-2015 global development goals should not attempt to draft goals, targets, and indicators that would be universally, and rigidly, applicable to all countries — developed and developing, North and South, etc. It would instead be more important to ensure that the post-2015 framework for measuring and monitoring progress towards sustainable development embodies key, universal principles. These might include the:
 - a) rights-based principles embodied in UN conventions;
 - b) need for 'triple win' programming and policies that build on synergies between (rather than tensions across) the economic, social, and environmental dimensions of sustainable development;
 - c) importance of aligning national policies (in donor and recipient countries) with the provision of global public goods; and
 - d) reflection of broader partnership modalities than the 'North-South' relationships implied by the MDGs (e.g., encouraging South-South cooperation and cooperation between OECD/DAC and other donors; facilitating private-sector contribution to development, etc.).
- 2) The MDG nationalization processes that took place in the developing and transition economies in Europe and Central Asia was rather spontaneous and heterogeneous, driven by national development contexts. This spontaneity and heterogeneity had certain drawbacks — for the legitimacy of the nationalized targets and indicators and for efforts to assess and compare progress across countries. Efforts to design post-2015 global development goals could therefore be well served by a rigorous review of national experiences (not just from one region) in adapting the MDGs — and the subsequent drafting of guidelines — with a special focus on:
 - a) Appropriate formal acknowledgement and codification processes for nationalized MDGs (e.g., national legislation, government decrees, inclusion of MDG indicators into national and local development plans, etc.)

- b) Appropriate roles/division of labour between governments, civil society, and the international community in nationalization processes
 - c) The circumstances under which reliance on global (as opposed to nationalized) MDG targets and indicators is (and is not) appropriate.
- 3) In the same vein, a rigorous review and codification of the lessons (likewise, not just from one region) learned in localizing the MDGs could likewise be quite useful in ensuring that post-2015 frameworks appropriately build on experience to date. (Such a review could benefit from the Capacity 21 Global Evaluation Report, 1993-2001.) This could be followed by the drafting of guidelines to support the replication of best practices in localizing the MDGs, particularly in terms of advocacy, the use of MDG targets and indicators in subnational monitoring, planning, and programming frameworks, the use of DevInfo and similar data platforms, and links to MDG-based planning and programming at the national level. For UNDP, the extent to which local development/local governance programming should be aligned with local (and national and global) MDG agendas could be an interesting question to explore. In any case, in countries where national averages seem better off, but huge regional and urban/rural disparities exist, localized development (and the accompanying decentralization/governance reforms) should continue to be prioritized by the MDG agenda, to address the needs of socially excluded groups and those living in pockets of deprivation.

Third, inequalities—in incomes, access to basic services, gender-related, and reflecting other vulnerability criteria and forms of social exclusion—have been at the centre of the region's development challenges. This has led to new approaches to measuring and monitoring social exclusion—inter alia in the form of UNDP's 2011 regional human development report on social inclusion. The methodology underpinning this report could be broadly useful to many middle-income countries in the post-2015 context, for which the importance of reducing extreme income poverty may be declining—relative to that of addressing inequalities, exclusion, and vulnerability.

Fourth, it is clear that remittances dominate other forms of development finance for most low- and lower middle-income countries in the region. This is not an aberration: remittance inflows are now significantly greater than ODA inflows for many developing countries. As more and more countries achieve middle-income country status and if ODA flows continue to decline, even more countries are likely to find themselves in this situation. However, remittances (and the migration flows that underpin them) seem at present to be occupying a rather modest place in the global post-2015 debates—in terms of both development policies and finance. While remittances certainly have some important advantages (e.g., they tend to be self-targeting), as a source of development finance they also leave much to be desired—particularly in terms of their pro-cyclical character, as well as social, cultural, and demographic tensions in source and destination countries for the migration flows that generate remittances. Efforts to move discussions on possible improvements in the global migration regime—and in national policies dealing with migration (in source and destination countries)—closer to the centre of the post-2015 development debates could therefore pay large dividends.

Finally, the diversity of national development contexts in the region implies a similar diversity of longer-term national priorities. For low- and lower middle-income countries like Tajikistan, Kyrgyzstan, Uzbekistan, and Moldova, continued investments in water and sanitation, income poverty reduction, education, and maternal health will remain very relevant in the post-2015 context. This also underscores the importance of making as much progress as possible in off-target MDG areas before the 2015 deadline. In other countries, where national averages seem more favourable but where significant regional, urban/rural, and social disparities are also present, the continued prioritization of localized development approaches and their associated decentralization agendas—to more effectively target the socially excluded and pockets of deprivation—will remain critically important.

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