



From the MDG Summit to the UN LDC IV Conference

Focusing on the Least Developing Countries for the Millennium Development Goals and Filling the Gap

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***Focusing on the Least Developing Countries for the Millennium
Development Goals and Filling the Gap***

« Main issues to be addressed »

by

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Why to focus on LDCs and why so little focus?

A paradox

- MDGs initially designed to reach a consensus on development priorities
- Development priorities first concern those countries needing the most to develop, the LDCs
- However, specificity of LDCs not fully taken into consideration in the MDG debate
- Only few references to LDCs in official documents on MDGs (3)
- In particular in statistics on MDGs achievements (tentative assessment in the Ferdi document circulated)



Three main issues to be addressed

- Assessing the progress of the LDCs towards the MDGs
- Taking into account the specific situation of the LDCs in designing or refining the MDGs
- Assessing the impact of the international support to the LDCs commitment to the MDGs



1. Assessing the progress of the LDCs towards the MDGs: why the diagnostic is elusive?



Ambiguous outcomes of LDCs

Another paradox

- Two contrasting ways of considering LDCs achievements (here average moves are considered, weighted)
- In absolute terms: LDCs in several cases evidence higher move than other DCs,
- In relative terms: LDCs in the same cases evidence lower or similar move than DCs
- Three exemples are given



Three examples of ambiguous results (1990-2005)

- *Decrease in headcount index of poverty:*
Absolute: LDCs -10 pts < All DCs -19pts
Relative: LDCs - 16% << All DCs -42% *Goal: -50%*
Number of poor: LDCs (+26%), all DCs (-3%)
- *Decrease in the % of population undernourished*
Absolute: LDCs -8pts > All DCs - 4pts
Relative: LDCs -20% = All DCs -20% *Goal: -50%*
Then number increased in both due to population growth
- *Decrease in child mortality*
Absolute: LDCs -52pts > All DCs -28
Relative: LDCs -29%pts > All DCs -28% *Goal: -2/3*



Seemingly contradictory achievements when the number of people affected is considered

- For a given change in the monitoring indicators the number of people affected depends on the growth of population
- Main examples are
 - while poverty ratio decreases, the trend of poor people is rising in LDCs, decreasing in other DCs
 - While the % of undernourished decreases, the trend of undernourished people is rising both in LDCs and DCs
- Not yet a global evidence of the impact of the food crisis on undernourishment in LDCs, compared to DCs



Heterogeneity of MDGs achievement in LDCs and what message it conveys

With regard to synthetic (always debatable) measures of MDG achievements, such as those from ODI or CGD, striking heterogeneity, with LDCs both at the top and the bottom

- ODI: 8 among the top 10 for absolute change
0 among the top 10 for relative change
- CGD: 7 among the top 15, 8 among the bottom 12
- Is heterogeneity a result of domestic or external factors?
- Illustrates the possibility for LDCs to « move out of the trap », when they are given opportunities, which partly depend on the measures implemented for LDCs



2. Taking into account the specific situation of the LDCs when designing or refining the MDGs



A lesson of the previous ambiguity

- Limited relevance to have designed goals and targets independently of the initial level when the goal is expressed as a relative decline (opposite picture would appear from the relative increase of non poor, of not undernourished, of child survival,...)
- By definition these relative goals were more difficult to reach for the LDCs, what should be kept in mind in assessing achievements
- 2 solutions:
 - Differentiate the goals according to the initial level
 - Better: express the goals differently (logit change)



MDGs and economic growth: the risk of misunderstanding for LDCs

- MDGs should not be opposed to growth of income per capita, in particular in LDCs. Growth particularly needed in LDCs to durably reach the MDGs
- Main exemple: the impact of growth on poverty reduction
- One additional point of growth leads to a lower *relative* decline of poverty in LDCs (lower income elasticity of poverty): more growth is needed to reach MDG1
- At the same time this point of growth results in a higher absolute decrease of the poverty ratio
- The same holds for most of other MDGs



Qualitative results behind the best quantitative achievements: back to basics as an LDC concern

- Useful to formulate MDGs as quantitative goals, but may generate a bias against quality, in particular in LDCs.
- Clearest example given by the Goal 2 « Achieve universal primary education »: best LDCs achievement, primary school enrollment ratio increased by 26pts (i.e. +50%) and reaching 79% (in 2008)
- Has the rapid quantitative expansion been obtained at the price of a weaker learning?
- Need to refine the goal with a more relevant target of learning attainment and to survey consequently



Is the scope of MDGs too narrow for LDCs?

- Two areas not really covered by the MDGs are often considered as missing, that of particular importance for LDCs
- One is peace, an universal goal, closely linked to development: the frequency (and risk) of civil conflict is significantly higher in LDCs than in other DCs
- The other one is related to climate change: adaptation, if it was an MDG, would meet a special concern of many LDCs, and even more of the gradating ones, found particularly vulnerable to climate change
- Relevant indicators may be missing



3. Assessing the impact of the international support to the LDCs commitment to the MDGs



Assessing the impact of measures to support LDCs: a specific difficulty

- MDG 8 Target 8B: « Address the special needs of LDCs »
- Need before the LDC IV Conference to assess the impact of special measures adopted at previous conferences.
- But impact assessment here meets a logical difficulty because it needs a « counterfactual »: the countries in similar situation but not on the list are very few (« discordant countries »)
- Rather than final impact on MDGs attainment in LDCs, has been examined the impact on the intermediate monitoring indicators, as well as on growth



Resumption of growth: does it result from support measures?

- Evidence of an overall improvement of the situation of the LDCs during the last decade (1995-2005).
- First decade with a growth rate of income per capita significantly positive and close to that of other DCs
- But unclear reasons: better domestic policy? better international environment and terms of trade (until 2008)?
Impact of the Brussels Programme of Action?
- Uncertain prospect with changing international environment



Has improved market access been effective?

- Important measures taken for LDCs, such as EBA
- But dampened by the rules of origin, still to be improved
- And by the decrease of tariffs on imports from other DgCs, leading to an erosion of preferences
- The long term drift of LDCs in world trade has been reversed, but only due to 5 oil exporter
- Without them LDCs share in world trade seems to have stopped around 0.5%
- No clear impact of special trade measures according to gravity models



Has the target of ODA to LDCs been effective?

- Have ODA levels become closer to the target of 0.15% of GNI (for most donors)?
- Increasing trend in 2000's after a decrease in the mid 1990's, reaching a level still far from the target: 0.09%). Unclear trend of the ratio of ODA to LDCs/Total ODA,
- Aid more effective in LDCs because of their vulnerability: it dampens the impact of the shocks
- Aid also more equitable when going to LDCs because they are the furthest from the MDGs
- Need to use the criteria of LDC identification as criteria of aid allocation



Have the special support measures for LDCs helped them to overcome the structural handicaps explaining their growth lag and used for their identification?

- This issue is the most difficult to answer
- Three remarks as a conclusion :
 - Aid, if sustained and predictable, is a factor of resilience, reducing the vulnerability,
 - Reduction of structural vulnerability is a more complex and long lasting process, not fully aimed at by support measures
 - Progress towards MDGs underlined above, by improving human capital, leads to overcome a major structural handicap to growth

Variation relative de la pauvreté en fonction du taux de croissance 1990-2005

