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

Prepared by the United Nations Development Programme*

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 counter-intuitive, in that this region has not been in vanguard of global MDG efforts. Likewise, the success of efforts to push the MDGs closer to the center of development discourse in this region has been modest 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. This paper focuses on these responses—particularly the nationalization and localization of the MDGs, but also trends in monitoring inequality, exclusion, and vulnerability—and their possible implications for monitoring development progress after 2015.

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1 This paper was prepared for UNDP’s 27 February – 1 March 2013 global MDG conference in Colombia, and was slightly revised in March 2013. It does not express the official views of UNDP, the United Nations, or its member states.

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Overview

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 counter-intuitive, in that this region has not been in 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.

The MDGs and transition- and 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. 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 without strong democratic institutions, civil societies, or private sectors, and which had been isolated from north-south dynamics, and the non-aligned movement, connecting with the global development discourse was neither natural nor easy.

2 This paper was prepared for UNDP’s 27 February – 1 March 2013 global MDG conference in Colombia, and was slightly revised in March 2013. It does not express the official views of UNDP, the United Nations, or its member states.

3 The authors are, respectively: regional poverty practice team leader, UNDP Regional Bureau for Europe and CIS; human development and social inclusion policy analyst, UNDP Regional Bureau for Europe and CIS; and policy specialist, MDG support team, poverty practice, UNDP Bureau of Development Policy.
A number of other factors contributed to these circumstances. These included the following:

- **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.

![Chart 1—Global, regional income poverty headcount rates (World Bank data, 2008)](image)

*Source: World Bank POVCALNET database.*

*“Survey coverage less than 50%”.

- **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 a sustainable development perspective, this is not necessarily a bad thing:** EU accession conditionalities require the development of the institutional capacity needed to implement the environmental and social components of the

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acquis communautaire\textsuperscript{5}—including the EU’s relatively rigorous environmental standards (with its European carbon trading system), its focus on reducing sub-national 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.

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\textbf{Chart 2—Regional multidimensional poverty index values (2011)}

<table>
<thead>
<tr>
<th>Region</th>
<th>Multidimensional Poverty Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe and Central Asia</td>
<td>0.011</td>
</tr>
<tr>
<td>Latin America and Caribbean</td>
<td>0.032</td>
</tr>
<tr>
<td>East Asia and Pacific</td>
<td>0.065</td>
</tr>
<tr>
<td>Middle East and North Africa</td>
<td>0.077</td>
</tr>
<tr>
<td>South Asia</td>
<td>0.28</td>
</tr>
<tr>
<td>Sub-Saharan Africa</td>
<td>0.36</td>
</tr>
</tbody>
</table>

\textit{Source: Oxford Poverty and Human Development Initiative.}
\textit{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.}

- **“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% (compared to 22% globally—see Chart 1).\textsuperscript{6} Even when a higher poverty threshold (PPP$4.30/day) is chosen, income poverty rates still compared quite favourably (15%, compared to 71%, 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 Chart 2). Even among the region’s poorest

\textsuperscript{5} The EU’s common body of law and legal and regulatory principles.
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”.

Chart 3—The world’s ten largest remittance receiving countries/territories (2011)

*Ratios of remittance inflows to GDP are often estimated to be around (or above) 10% 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.

*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.

*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.

- **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 emerged as an important driver of income poverty reduction. According to World Bank data, five of world’s ten largest recipient countries (or territories) in terms of remittance inflows in 2011 were among the transition and developing economies of Europe and Central Asia (Chart 3). These remittances are a much larger source of development finance than ODA inflows—as the data in Chart 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. 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.

* As per UN Security Council Resolution 1244 (1999).
Chart 4—Remittances inflows relative to net ODA inflows (2011)

<table>
<thead>
<tr>
<th>Country</th>
<th>Annual remittance inflows/net ODA inflows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tajikistan</td>
<td>8.4</td>
</tr>
<tr>
<td>Armenia</td>
<td>3.8</td>
</tr>
<tr>
<td>Kyrgyzstan</td>
<td>3.0</td>
</tr>
<tr>
<td>Georgia</td>
<td>2.2</td>
</tr>
<tr>
<td>Kosovo*</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Sources: World Bank Remittances and Migration database; IMF-World Economic Outlook database; OECD-DAC ODA database; UNDP calculations.
* As per UN Security Council Resolution 1244 (1999).

- **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. 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 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 sub-national, 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. 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)

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10 Demographic and epidemiological statistics were a partial exception.
11 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.
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 which have MDG-compatible monitoring and evaluation frameworks.

The disconnect between the MDG and environmental sustainability agendas 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). 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.

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.\(^{12}\)

**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 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 1990’s irrelevance, 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 the transition and developing economies of Europe and Central Asia, the MDGs were redefined and adapted.\(^{13}\) 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

\(^{12}\) 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.

\(^{13}\) For example, Albania added a goal on good governance and fighting corruption; Armenia, Kyrgyzstan, and Tajikistan modified MDG2 to require 8-9 years of primary education.
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 conceived could, in principle, be addressed by consultations around their redefinition at the national level. In practice, however, the form and extent of the “relegitimization” of the MDGs took different forms 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.

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 sub-national regions/administrative jurisdictions. This approach made sense for many middle-income countries in the region, where national trends on MDG-related achievement seemed more or less on the right track—but in which income (and other socio-economic) inequalities were perceived as growing, and where many of these cleavages had (and continue to have) important spatial dimensions.

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 sub-national jurisdictions;16

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14 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).


16 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.
• The preponderance of sub-national 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;\textsuperscript{17} and

• Preparations for absorbing spatially oriented pre- and post-accession EU funds (e.g., the cohesion funds, or cross-border cooperation programming modalities).

In this region, programming to “localize the MDGs” is generally seen as having the potential to address sub-national disparities, marginalization, vulnerability, and exclusion, and improve public service delivery\textsuperscript{18}—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 sub-national 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 sub-national MDG targets and indicators are aligned with analogous national-level instruments, localization can improve consistency across national and sub-national/local-level development planning. And since the effective design and implementation of sub-national 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.\textsuperscript{19} As of 2010, about 126 UNDP local development projects (worth $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).\textsuperscript{20}

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. 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

\textsuperscript{17} 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.

\textsuperscript{18} 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.

\textsuperscript{19} 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.

\textsuperscript{20} 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.
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 have been forthcoming, and which linked MDG-based local 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.21

- Likewise, practice has yet to reveal compelling attributes of using MDG targets and indicators as sub-national 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 sub-national/cross-border programming.22

- 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 sub-national 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 require that sub-national information systems be in place), there are few examples of MDG indicators being included into monitoring systems for sub-national development. Budget constraints are a factor: in countries with relatively under-developed sub-national capacities for measuring and monitoring development progress, the costs of establishing and maintaining a dataset on sub-national 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 blurred23.

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

21 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.
22 In practice, the EU often conditions to release of (significant amounts of) pre- (and then post-) accession regional development funding on the presence of effective sub-national data and indicators. This can strengthen incentives for EU candidate and pre-candidate countries to improve their information systems for sub-national development.
23 “Monitoring for Scaling Up Local Development”, NYU Wagner School and UNDP, 2012; see https://undp.undp.org/node/267672
active in the Balkans), and the “crowdsourcing” of investments through social entrepreneurship organizations, is 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 ART programme, over 600 decentralized partnerships have to date been established globally; local communities in Albania and Kosovo are among those who have benefited. KIVA, a non-profit online based organization that facilitates lending between individual citizens has processed about $400 million 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.

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 those individuals living in poverty are to be found 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 Charts 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-

24 For more information on ART, please see: http://web.unpd.org/geneva/ART/.
26 This formulation is not intended to suggest that the MDGs, as such, should or should not be continued (e.g., “MDGs 2.0”); or that they should (or should not) be replaced by the sustainable development goals, or by some other instrument for measuring progress in poverty reduction or toward sustainable development.
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 both donor and recipient countries) with the provision of global public goods;27 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 had a rather spontaneous, heterogeneous character, 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; and

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 sub-national 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 of the 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 both 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 both 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 in terms 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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