



Sustainable Development Goals and Targets: Options for differentiating between countries

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Key messages

- If SDGS are to have traction at national level, aspirational universal goals will need to be complemented with targets that are relevant to the particular circumstances of each country and what the goal is aiming to achieve.
- Outcome targets can be developed based on the starting position of each country, to define what might be ‘aspirational yet attainable’ rates of progress towards universal goals.
- Targets for the contribution that each country should make towards the achievement of the goals are politically more difficult to negotiate, but differentiation can be informed by data about the relative importance of different actions, with political agreement being sought first for the issue areas and country actions that are likely to have the most benefit.
- The financial contribution of different countries and other actors will also be differentiated, and this can be assessed by considering both the countries and sectors for which finance is a key bottleneck for achieving the goals, and the appropriate division of labour between different actors given the likely impact and use of different sources of finance.

Introduction

Within 18 months, a new UN agreement will be launched upon the world. A successor to the MDGs, it's clear that the new global goals will follow a similar structure of goals and targets, plus indicators which monitor how governments are doing in meeting them.

The new goals will have some common features to the MDGs. A large part of the agenda will be familiar: health, education, water and sanitation and income poverty will be in there, and it will be accompanied by a financing package that includes an element of international aid.

But it will also be different, reflecting a different reality. The MDGs were born in a world where there were developed and developing countries, and where there was a global consensus on the imperative for the developed – characterised by high rates of economic growth, by stable institutions, and by a long history of improvements in human welfare; to help the developing – characterised by slow growth, political instability and a failure to improve human development outcomes. Increasingly the distinctions between the two groups have broken down – for good reasons, as more and more previously 'developing' countries are enjoying high rates of growth, improvements in human development and stable and functioning institutions, and for bad reasons – as growth rates in richer countries falter, poverty increases, and governments demonstrate their limited ability to rise to new challenges (Melamed, 2013).

While there is still a global consensus on the claims of a particular group of very poor people to help from the world at large, there is less agreement on what, if anything, 'development' means in this era, and therefore what the obligations of countries are to each other.

The negotiations around the post-2015 agenda have revealed deep political fault lines over a host of issues relating to appropriate global commitments for different countries. While these are highly political, and will be solved in the negotiating room and not the library, this paper suggests a number of ways in which empirical evidence could be deployed as one criterion for making those difficult choices.

Purpose and structure of new goals

Differentiation is a politically contentious issue, and finding both a political and a technical solution which works will require the careful balancing of interests between different actors. Firstly, it is useful to distinguish between the two types of functions that goals fulfil: establishing ambitious global norms in key areas, and also providing incentives and a monitoring framework for national level aspirations and policies.

Each of these functions implies a particular set of criteria for deciding and evaluating new goals, and has particular implications for how the differential commitments and obligations of countries might be embodied within them.

Ambitious global norms

One role for global agreements is to serve as broad norms, which may not have an immediate policy application but which, through their moral suasion, act as a standard setter for other agreements and policies. In doing so, they can help to increase coherence between global actions and agreements, and focus attention on the objectives that should drive any multilateral process, be that in the area of trade, of finance or of environmental protection.

The MDGs were instrumental as a set of global objectives to rally political, financial and public support for development. SDGs similarly offer a key multilateral opportunity, this time

to chart the course for a global deal that defines collective ambition to end poverty forever, by bringing all countries and actors on board in pursuit of shared, sustainable human and environmental development. SDGs are the only multilateral opportunity with a broad enough mandate to set a high level of ambition across a range of areas, and in that sense are of particular importance in setting the multilateral compass.

Success in this regard will depend on the level of political support for the new goals once agreed, and crucially on the content – whether goals are communicable and ambitious enough to have an impact on current global thinking. The intention, in the outcome document of the Rio+20 conference that launched this phase of the process, was to agree goals that were ‘limited in number, aspirational, and easy to communicate’ – all three central to their success in forming global norms.

If goals are to fulfil a function as global norms, it is important that despite the breadth of ambition they be limited in number and easily communicable beyond the negotiating rooms of New York. At present this is hard to predict – most proposals suggest around 12-15 goals, and the current list being discussed in the Open Working Group (at the time of writing), contains 17 goal areas. This is arguably too many for an agreement that aspires to attract broad public support.

There is likely to be a trade-off between making the number of goals sufficiently large and nuanced to represent the political compromise that is needed to get agreement, and making the agreement short enough to get public support. It would be helpful for NGOs and others at the interface between the political negotiation and the public to lobby for an agreement that is inspiring as a whole, as well as for their individual issues (which has the effect of increasing the pressure for more, rather than fewer goals).

The ambition embodied in the content of goals is important here too. A plethora of international agreements already exist, and for the SDGs to be a worthwhile addition to these, they should increase the global level of ambition in a few key areas crucial to the realisation of sustainable human and environmental development. SDGs can thus serve as a tool to reinforce existing global commitments and, crucially, actions on these after 2015.

Global norm-setting is a valid function, and the impact of new norms can play out in different ways over long periods. To function effectively as global norms, SDGs will need to be simple and clear, and to speak to universal concerns and values, not to political bargains between states. This implies an agreement which, at least at the goal level, does not attempt to differentiate between countries but instead focuses on the common concerns that unite them.

But the ambition for SDGs is of course more than that – the expectation is that, in order to achieve changes in people’s lives, they will also drive specific actions by governments, both at the level of national policy and at the level of international cooperation. It is at this level that the hardest trade-offs and most difficult politics are to be found.

National level policies

The norms may be global, but the unit for action, resource allocation and accountability is primarily national. New global goals will only bring results for individuals if they can help drive national level actions and accountabilities. A new set of goals will be all but useless unless it is translated into effective national targets and then actions to generate outcomes in every country. The Rio+20 conference on sustainable development set the task for SDGs to be *“global in nature and universally applicable to all countries while taking into account different national realities, capacities and levels of development and respecting national*

*policies and priorities.*¹ A second function for SDGs will be to drive political actions and priorities in individual countries.

If it is the goals that define and shape global norms, it is the targets that provide the key set of incentives for country level policy. These need to be designed with an eye to what will be effective in generating the momentum to implement the right package of policies to drive poverty eradication and environmental sustainability. A combination of common universal aspirations matched to targets that are relevant at country level can achieve this, if political expediency can come together with analytic rigour.

Combining the overall goal of universality and global norm-setting, and the inevitable imperative of differentiation between countries requires striking a careful balance. The route to achieve this is commonly agreed to be ‘global goals and national targets’. This sounds deceptively simple, but in practice holds many pitfalls. Firstly, there is a risk that pursuing too great an extent of differentiation could undermine the global political traction around the framework. If the key strength of a global agreement is its ability to apply some influence through comparable country reporting, nationally set targets threaten to undermine this. Secondly, the political difficulty of agreeing a basis for differentiating between countries that is both effective and politically acceptable is likely to be great, and is proving one of the major stumbling blocks for current negotiations.

Our research suggests that the twin imperatives of universality and differentiation at the national level apply in different ways depending on the function that different targets are fulfilling:

1. Different rates of progress for different countries towards common goals.

The Open Working Group has highlighted the need for ‘aspirational’ yet ‘attainable’ targets. Getting to ‘zero’ on a range of different dimensions of poverty, such as extreme income poverty, avoidable deaths or educational attainment, is likely to be one of the greatest aspirations of the new framework.

A continuous critique throughout the post-2015 debate has been the way that the achievement of certain MDG targets overall, such as 1a on income poverty, has been possible in spite of rising inequality and a lack of improvement in the situation of the worst-off in many contexts. The call to ‘leave no one behind’ is a reaction to this, and new goals need to provide national level incentives to focus scarce resources and policy effort on the poorest – often the most marginalised and politically neglected. This can be done at the level of targets; defining universal targets in such a way that countries cannot be said to have achieved new goals unless they have reached the poorest; and also creating targets to incentivise policies which have demonstrated their impact in reducing both poverty and inequality, such as social protection and other forms of distribution, or access to opportunities. It can also be done at the level of the monitoring framework, with equity milestones built into the monitoring mechanism, expecting countries to demonstrate reductions in inequality of outcomes on key indicators (Melamed, 2014; Watkins, 2013; Melamed, 2012)

However, while high aspirations can and should be built into targets in some very specific ways for all countries, ‘attainability’ requires some consideration of the differences between them. Expecting every country to reach the same point in 2030, irrespective of the starting point, risks setting many countries up for failure. Differentiation which takes account of possible, even if ambitious, rates of progress in different countries is the solution to this dilemma.

¹ Rio outcome document

Differentiation for national policy making is about reconciling the urgency of poverty eradication, as expressed in the goals, with the reality of different starting points. This would mean universal goals that apply to all countries, in the sense that all countries report on their progress towards common aims but where progress towards these goals might be expected to happen at different rates, according to different national contexts.

The global targets in the MDGs were set by extrapolating global trends. In a similar way, extrapolating existing patterns of progress at the national level, and using these as reference points, would provide a more realistic way of calculating targets. However, setting individual targets for each country would be technically cumbersome, overly complex, and unlikely to be possible given data gaps. The approach proposed is a middle ground between purely global and purely national target setting.

An approach to national target setting in a differentiated way could be based on dividing countries into a small number of groups, depending on their starting point in the area in question. Appropriate targets for each group could then be calculated, based on historical progress among countries with similar starting points, plus a 'stretch' of 10% to encourage ambition. This approach would have a number of advantages:

- **Universality:** a target could be calculated for all countries, not just those below a certain level.
- **Differentiation:** differentiation between countries on the basis of technical criteria would provide a clear and predictable set of targets, set in a transparent and rigorous way.

Separating countries into groups, based on similar rates of progress, rather than setting individual national targets, would provide greater coherence to the target setting process, avoiding unnecessary complexity and helping to compensate for data gaps. The focus on actual patterns of progress would help to bridge the gap between expectations and achievements, rendering a more optimistic view of advancement towards the MDGs, and an approach to target setting that combines ambition and achievability.

This approach could be used in two ways, either as an agreed framework for determining targets, or as a reference framework to use as a starting point for national level target setting. There may be reasons why individual countries would deviate from their suggested rate of progress, but this approach could provide a starting point for a discussion about national level target setting based on a realistic approach to universality and differentiation.

An approach based on variable targets, depending on a country's starting point, can help to differentiate in a technically rigorous way (Melamed & Samman, 2014). So, under a universal goal for eradicating income poverty, or eliminating preventable child or maternal deaths, differentiation can come into play in the assessment of country results: while all countries are aiming for the same 'zero' or 100% global achievement level, their pace of achievement could be compared with others within a country group defined by common starting points.

2. Different commitments to solving global problems.

As well as driving effective action on national policies leading to improved outcomes for individuals in specific areas, the new goals will contain within them targets aimed at driving forward progress towards solving some crucial global problems. These will be framed less around outcomes for individual people, and more around outcomes at the national or global

level. Examples might be reducing the pollution of the oceans, or improving the prospects for inclusive economic growth. Targets in these areas will be less about driving policies that affect how governments treat their own citizens, and more about national level policies that affect how governments relate to each other.

New goals and targets in the areas of environmental sustainability, or economic growth, or financial resources, will require quite different commitments depending on the country context. Some countries might be required to make politically difficult commitments to reduce their consumption of key resources, or to change domestic policies in the area of trade, tax or migration. This is where 'different commitments towards common goods' would come in, rather than different rates of progress for different countries.

Defining an acceptable – to both politicians and the public – basis for different commitments towards common goods is possibly the hardest part of the new goals. This is a political and not a technical process. However, negotiators can make sure that their political resources are deployed to best effect by ensuring that they are used where the potential benefits are greatest.

While at the global level many beneficial reforms can be imagined, the **scale of benefits** is not the same for each. Political capital can best be expended when the benefits are greatest. Climate is clearly the area where the gains are most significant and the cost of failure most damaging. On the economic reform side, the global actions where benefits are likely to be highest are in the areas of migration and of financial flows – especially trade mispricing and illicit capital flows (Martins, Glennie & Mustapha, 2013). Increased tax revenue arising from reduced trade mispricing could raise up to \$160 billion for developing countries annually.

Given the political difficulty of achieving differentiation on global commitments, energy can best be focused on areas where the potential benefits are highest – and here research can help by indicating where those might be.

3. Different commitments to provide resources to achieve new goals.

Finance will be a central part of any deal to agree new goals. Increased global, national and local actions to achieve a very wide range of objectives will have to be paid for. Agreeing the funding package – both the volumes and the different commitments from a range of actors – will be one of the most difficult parts of the negotiations. Two possible ways that evidence can inform this negotiation are to identify the key bottlenecks – the parts of the agenda that cannot be achieved without new funding – and the appropriate division of labour between actors in overcoming them, based on historical experience.

- **Overcoming key bottlenecks:** The post-2015 agenda stretches into many new areas, and new commitments will be expected from a range of actors to meet them. Again, evidence can help to decide where political energy can best be expended by illustrating in which sectors and countries the bottlenecks are greatest and where new initiatives can make the most difference. Universal access to energy provides a useful example. The annual cost of providing universal access to energy is estimated by the International Energy Agency to be around \$49 billion per year, though other estimates put it as high as \$136 billion (Doczi et al, 2013). This is one bottleneck for which new resources will have to be found, given that the total foreign aid budget in 2013 for members of the OECD's Development Assistance Committee was US\$ 135 billion.

The extent to which finance is a barrier to progress looks different in different countries. While some of the cost of new commitments can of course be borne by domestic resources in every country, this too is finite. A recent ODI study to assess the cost of meeting all existing international obligations in five countries in Africa showed that if all countries were to meet all agreed sectoral spending targets

(including on energy), in four out of the five cases even spending on just those areas would exceed total government expenditure, while in the fifth country (Kenya), it would only leave 2% of the budget for other areas (Hagen-Zanker and McCord, 2011).

There are some sectoral commitments which can only be met with new finance, and some countries in which new finance will be a prerequisite of almost any new commitments, and this is one guide to where attention can be most usefully focused on the volume and the destination of new funding commitments.

- **Division of labour:** An increased level of demand from the expanded remit of new goals, and anxiety about stagnant or possibly declining budgets in traditional donor countries, has led to a great deal of optimism about the role of new sources of finance, to meet new needs arising from the post-2015 agenda. However, the evidence suggests that this needs careful thought – at least in relation to the private sector, one of the areas where the expectations are highest (Greenhill & Ali, 2013).

Private sector flows do not necessarily go to the areas most relevant for meeting new goals. While FDI to the agriculture sector increased from \$15 billion in 2002 to approximately \$60 billion in 2007, 90% of those investments were in food and beverage processing and marketing. What is most important in improving food security and nutrition to achieve new goals is investment in the primary sector (HLTFGFC, 2010), and the FAO (2012) concluded that the relatively low amounts of FDI going to the primary sector means that it is unlikely that FDI can contribute to the capital stock needed to increase production in any significant way. Combined with the fact that only 4% of FDI to agriculture goes to low income countries, this suggests that private investment is unlikely to be a source of improved food security in the short term in the countries most in need of external resources in this sector.

Similarly in the water and sanitation sector, the experience of using the private sector for operating, modernising and expanding WATSAN infrastructures has been mixed (OECD, 2009), and many concessions have failed to invest the amount of private sector funding originally committed (Marin, 2009).

Private flows are likely to be much more important in meeting sustainable energy goals. The IEA (2011) estimated that the private sector should provide \$15 billion, or roughly one-third of the \$48 billion needed to meet access to energy goals, while the private sector is also expected to provide 75% of the required investment in renewables. In this sector, there is scope for higher-income households to pay tariffs at or close to cost recovery levels in the energy sector, meaning that private investment on purely commercial terms is likely to be viable, especially for higher-income consumers and/or where governments provide guarantees to reduce risk or other financial incentives.

Private flows will have a role in some sectors and in some countries. However, a careful examination of the evidence on how different types of finance can be useful for meeting different objectives would assist in defining the different commitments that might be made by different actors in relation to finance. It is clear that, however large the amounts of private money that move around the globe, when it comes to focused investments for the poorest public money will continue to play a key role.

A global deal that works

New global goals respond to a much changed and changing global context since the MDGs were agreed. The implications of this are that SDGs must innovate both in terms of the political and technical approach that they take in order to rise to new challenges. This

presents a seemingly complex task. Yet the purpose of new goals remains straightforward, and almost entirely unchanged from that served by MDGs. In much the same way, SDGs will first and foremost serve as a tool - for driving ambitious global norms, helping to define grounded national objectives, and bringing about the essential global cooperation to fulfil both of these.

The most pressing challenge at this stage of the debate, however, is defining ‘differentiation’, and making it work for rather than against new goals. In the absence of clear proposals on how differentiation can work, there is a risk that this gap undermines the whole goal-setting exercise at this critical point that negotiations are about to commence. This is a particular challenge as the concept of ‘differentiating’ a universal new framework is at the heart of the politics, making a solution to this puzzle one of great urgency.

In this paper we propose three key ways in which ‘differentiation’ might be applied, and some possible criteria for doing so, based on technical analysis to feed into and inform a political process. Firstly as ‘**different rates of progress for different countries**’. This means taking account of the *possible*, even if *ambitious*, rates of progress on targets for human progress in different countries, based on different current starting points and national contexts. This will help to differentiate targets in a technically rigorous way, and would rely on different country groupings. Secondly, as ‘**different commitments towards common goods**’, meaning that targets encourage countries to cooperate in an appropriate way to solve pressing global problems. This means taking into account what actions will make the most difference at a global level. A third way to apply differentiation is in terms of ‘**different commitments to provide resources**’. Here the relevant criteria are which sources of finance will contribute most to overcoming key bottlenecks to achieving other goals, and what the appropriate division of labour is between actors.

As the post-2015 process nears its final phase, adopting decisive approaches to the specifics of setting (differentiated) SDG targets is one of the most important challenges. While the analysis presented here does not answer all the questions that need to be worked out, it does demonstrate that by applying clear principles and evidence differentiation need not be as complex as it may seem.

Differentiation checklist: where evidence can help

targets on outcomes:

1. what are rates of progress on outcomes in countries with different starting points?
2. base differentiation on country starting points and likely rates of progress towards universal outcome

targets on commitments towards common goods:

1. what are areas of most global benefit?
2. base differentiation on those national level actions of most benefit in achieving goals

targets on resourcing:

1. what are sectors and countries where finance is a key bottleneck to achieving the goals?
2. base differentiation on appropriate division of labour between types of finance to achieve levels needed to overcome bottlenecks in different contexts

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