

# RETHINKING THE MILLENNIUM DEVELOPMENT GOALS: STAKEHOLDERS' PERCEPTIONS AND STRATEGIC CHOICES

## Executive Summary

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Country	Partner Institution	Project Member
Guyana	University of Guyana, Georgetown	Dr Prem Misir
Malawi	SADC Parliamentary Forum University of Malawi, Zomba	Paul Msoma Dr Ronald Mangani*
Nepal	Tribhuvan University, Kathmandu	Prof Arbinda Lal Bhomi
Sierra Leone	International Growth Centre Fourah Bay College, Freetown	Thomas Claudius Dr Osman Gbla*
Turkey	Koc University, Istanbul	Prof Ali Carkoglu
São Tomé and Príncipe & United States	Columbia University, New York	Mr Paulo Cunha
Georgia	Tbilisi State University, Tbilisi	Prof Valerian Melikidze*
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## Abstract

The Millennium Development Goals (MDGs) have dominated the policy discourse of international development since the early 2000s. With only a year remaining until the MDGs 2015 target date, and increasing efforts to renew the goal agenda with a new set of Sustainable Development Goals (SDGs), this study revisited national development priorities and donors' commitments in relation to international development goals. In this context, looking at the political economy of development at the country level, this research project aimed to shed more light on how different groups of stakeholders perceive the challenges of development, how they identify their policy priorities, and to what extent donors' commitments are in line with those priorities. The study involved surveys, including a choice experiment, in five developing countries from around the world. It is envisioned that the results of the survey will inform domestic and international policy debates on international development goals.

## Survey

Our sample of countries included five developing countries, namely Guyana, Malawi, Nepal, Sierra Leone and Turkey, which were identified through structural sampling based on the United Nations' Human Development Index (HDI) (UNDP, 2014). In each country, our respondent sample, the local elite, included a wide range of policy-makers, including Members of Parliament, ministers, a Prime Minister, executives of domestic and international NGOs, donor agencies, mass media, private sector, and academic institutions. The sample of respondents was selected, stratified by institutional affiliation, according to predetermined objective criteria. Since this was a limited scope elite survey, our sample was not representative, albeit covering a wide array of important stakeholders in the selected countries.

Potential respondents' personal email addresses were identified through invitation letters and phone calls. The electronic survey was sent only to individuals with personal email accounts. After a pilot study conducted in Nepal and Turkey, the electronic questionnaires in English for Malawi and Sierra Leone, in Preeti for Nepal, and in Turkish for Turkey were sent out in June 2012. The respondents were informed about the academic nature of the study, its objectives and the source of its funding. They were reminded that the opinions expressed in the questionnaire did not have to correspond with the official opinion of the institution they worked for and that all responses would remain anonymous and confidential. They were informed that the data collected during the study would be stored on a secure server and would only be accessed by the researchers of the study.

In total, 465 respondents completed and returned the questionnaires. Among them, 65 completed questionnaires have been collected from Guyana (14 %), 125 from Malawi (41 %), 109 from Nepal (23 %), 57 from Sierra Leone (12 %) and 109 from Turkey (23 %), respectively (see Table 1).

**Table 1.** Number of respondents by institutional affiliation and country

	Guyana	Malawi	Nepal	Sierra Leone	Turkey	Total	
<b>Political Org.</b>	28	35	14	2	6	85	18%
	43%	28%	13%	4%	6%	18%	
<b>Public sector</b>	7	15	24	8	18	72	15%
	11%	12%	22%	14%	17%	15%	
<b>NGOs (Domestic &amp; Foreign)</b>	8	51	44	15	26	144	31%
	12%	41%	40%	26%	24%	31%	
<b>Academia</b>	13	9	11	11	32	76	16%
	20%	7%	10%	19%	29%	16%	
<b>Donors</b>	1	6	6	8	3	24	5%
	2%	5%	6%	14%	3%	5%	
<b>Media</b>	2	5	4	6	5	22	5%
	3%	4%	4%	11%	5%	5%	
<b>Private sector</b>	6	4	6	7	19	42	9%
	9%	3%	6%	12%	17%	9%	
<b>Total</b>	65	125	109	57	109	465	100%
	100%	100%	100%	100%	100%	100%	
<b>Country percentages in total</b>	14%	27%	23%	12%	23%	100%	

We used an electronic survey-based choice experiment to measure the elite's preferences for development. The questionnaire included four parts: the first part contained general statements about the challenges of development, where the respondents were asked to rank various development goals according to their perceived importance and priority; the second part consisted of a budget allocation exercise, where they were asked to allocate a budget on different development goals; the third part included a number of questions and ranking exercises on donor agencies and related development activities, and the fourth part included a number of socio-economic questions about the respondents.

In the survey-based choice experiment, the respondents were asked to allocate a budget on different development areas. In total, 8 allocation tasks were performed: 4 tasks for the first set of 7 development goals, and 4 tasks for the second set of 7 development goals. The allocation exercise was described to respondents as though they were in a position to allocate financial resources to 4 different hypothetical "communities" with different development needs. Assuming that these communities have a population of 1000 each, the respondents would allocate US \$10,000 available to a list of 7 development goals in each community.

### **Econometric model**

We use the almost ideal demand system (AIDS) (Deaton and Muellbauer, 1980), which is a widely used model in estimating consumer demand. The model allows for the parametric imposition of conditions such as homogeneity and symmetry which ensure the consistency of the model with consumer theory. The AIDS model generates demand equations which are then used to estimate price and income elasticities. Although the AIDS model is applied to estimate consumption behaviour of a rational agent mainly in relation to consumer goods, there are also examples whereby it has been used to estimate allocation patterns in government budgets and voting behaviour (references). Nevertheless, to our knowledge, this is the first time it is applied to estimate political preferences obtained through a choice experiment.

### **Results**

In the first part of the questionnaire, the respondents were given a list of nine general political goals that their country should aim to achieve in the next ten years. They were asked to select six out of nine, and to rank them in descending order of importance. Our electronic questionnaire design allowed for all ranking questions to be executed easily through an interactive interface. By just clicking on their computer screen, the respondents could easily move an item on the list (order of which was automatically randomized), to boxes marked by the order of importance. The goal of "Achieving a high level of economic growth and creating employment (growth)" was ranked as first priority. In Malawi and Nepal, there was even a stronger agreement participants ranked economic growth as top priority. The cumulative frequencies showed that "growth", "good governance" and "education" entered the top three ranks most frequently. These are followed by other goals relating to equality, health, democracy, environment, gender and defence.

Then the respondents were asked to rank a set of MDGs and SDCs. The goals that entered the top three ranks most frequently were, in descending order, "poverty and hunger", "primary education" and "drinking water and basic sanitation". This is followed by goals relating to "gender equality," "climate change" and "child mortality". We observe a significantly weaker sense of agreement among the respondents on top priorities of SDGs as compared to the MDGs. "Invest in agricultural technology and infrastructure for adaptation to climate change" was ranked as the most important

SDG. At the country level in Malawi there was even a stronger emphasis on this goal. “Improve people's access to safe drinking water and basic sanitation” was also rated top priority. This goal was seen to be particularly important for Nepal and Sierra Leone. “Invest in renewable energy sources (solar, wind, biomass and geothermal energy)” was ranked as first priority, particularly in Turkey and Guyana (see table 2).

**Table 2.** Top three rankings of the MDGs and SDGs

Rank	Total	Guyana	Malawi	Nepal	Sierra Leone	Turkey
	<b>MDGs</b>	<b>MDGs</b>	<b>MDGs</b>	<b>MDGs</b>	<b>MDGs</b>	<b>MDGs</b>
1	Poverty	Poverty	Poverty	Poverty	Poverty	Poverty
2	Primary education	Primary education	Fighting diseases	Primary education	Drinking Water	Primary education
3	Drinking Water	Fighting diseases	Primary education	Drinking Water	Primary education	Climate change
	<b>SDGs</b>	<b>SDGs</b>	<b>SDGs</b>	<b>SDGs</b>	<b>SDGs</b>	<b>SDGs</b>
1	Climate adaptation	Renewable energy	Climate adaptation	Drinking Water	Drinking Water	Renewable energy
2	Renewable energy	Climate adaptation	Drinking Water	Climate adaptation	Climate adaptation	Disaster preparedness
3	Drinking Water	Drinking Water	Renewable energy	Renewable energy	Renewable energy	Soil protection

**Econometric analysis**

The AIDS for the primary and secondary set of development goals are estimated using an iterated seemingly unrelated regression procedure. In the first stage, only unit costs and expenditures are used as predictor variables. The AIDS was estimated with the parametric imposition of symmetry and homogeneity. In a second stage a set of demographic variables were added to the model.

The expenditure coefficients ( $\beta$ ), which measure the change in the particular goal’s budget share with respect to a change in respondents’ budget, and cross cost coefficients ( $\gamma$ ), which indicates the sensitivity of the budget share of a goal to the change in the cost of other goals, were estimated. A vast majority of the coefficients were significantly different from zero, which gives us confidence on the validity of our results. We estimate that all expenditure coefficients for the primary set of goals with the exception of “child health” and “telephone and internet” are negative. This suggests that most of the primary goals are necessary goods, those relating to “telephone and internet” and to

some extent “child health” are, expenditure elastic. Among the seven goals, “electricity” and “HIV/AIDS” exhibit the lowest income elasticities, indicating that they were assessed to be the most primary goals in the list. As for the secondary set of goals, most expenditure elasticities are closer to luxury.

We also investigate the effect of demographic factors on goal preferences. For example, while African respondents demand significantly more HIV/AIDS treatment as expected, male respondents and respondents working for donor institutions and for the private sector tend to demand less HIV/AIDS treatment, all other things being equal. Respondents from donor organisations (and those working in the field of education) tend to demand more child health. Respondents from the private sector, government institutions and academia tend to demand more electrification.

As for the secondary set of goals, demographics factors are found to exhibit strong influence on their demand. For example, respondents who have a postgraduate degree and those working for environmental institutions tend to demand more biodiversity as expected, whereas respondents from government institutions (mainly Parliamentarians), academia and donors spend less. African respondents and those working for donor agencies and for institutions operating in the field of health services tend to spend more on clean water and sanitation. It is also noticeable that respondents from the real economic sectors prioritise climate adaptation more than mitigation, as compared to other respondents.

### **Policy relevance**

These findings suggest that, despite the recent efforts to widen the scope of international development goals, the local elite’s demand priorities will continue to lie with the primary areas of development, which may lead to important policy implications. The elasticity estimates we produced can inform policy discussions in relation to the allocation of government budgets and overseas development aid (ODA). While ODA commitments seem to follow the local elite’s demand priorities as observed in this study in certain areas, there seems to be substantial investment gaps in others. In particular, for environmental goods, there are significant variations in donors’ involvement among different areas of sustainable development, and some ODA allocation patterns do not seem to reflect the local elite’s demand for development.

On the other hand, certain areas such as access to telecommunication, including telephone and internet which appeared to be a luxury good in our survey, and was subjected to a weak demand by the local elite, and to limited commitment by donor agencies. Hence it is likely that both the local elite and donors might have left this area to private investment.

Donors should reflect on the properties of local demand for development in their allocation of official development assistance. One implication of this might be that ODA allocations should act as compliment for government allocations in the primary areas of development while they could substitute for government allocation in secondary areas, where there seems to be significant underinvestment. Hence, ODA priorities might need to be shifted to the secondary areas of development, such as biodiversity and forest protection that pertain global public good attributes. Further research on actual allocation behaviour of policy makers and donors would improve our understanding as to how public goals are set and allocation decisions are made, which would contribute to the literature in public economics and policy.