

Concrete Measures for Advancing the Millennium Development Goals (Transcript)

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It is great to be with wonderful people like you who have the vision, dedication, generosity, and insight to do the great things you are doing. I am very grateful for the chance to speak to you.

I want to talk about one part of our common quest: the plight of the poorest of the poor in the world, the bottom billion, those living in extreme poverty that kills. Here we are in the year 2004, in the middle of the greatest technological and scientific explosion of knowledge that humanity has ever produced. Despite our tremendous wealth, hundreds of millions of people live at risk of death because of their extreme impoverishment.

A few weeks ago, I accompanied Kenyan Minister of Health Charity Ngilu to the Kitui District Hospital outside of Nairobi. Although a ramshackle set of buildings without running water, it is the only hospital for 700,000 people in the Kitui district of eastern Kenya. Patients bring buckets of water for washing hands, an unacceptable alternative to running water. There was one operating table for a general surgery serving 700,000 people. The attending medical officer in charge begged me to send a full surgical kit to the hospital. The pediatric ward was filled with children suffering from cerebral malaria, and three women had lost their children to malaria that day—not because of a lack of medicine, but because a sulpha-based drug known as Fancidar (a “first line” medicine) was no longer effective due to drug resistance. An effective alternative exists – a combination therapy based on Artemisinin – but donors had not yet decided to provide the financing, owing to the cost of \$1 rather than 5 cents per dose. “Fancidar doesn’t work, but at least it’s cheap,” seemed to be the logic behind this reasoning. Patients are sent home without the insecticide-impregnated bed nets that can protect them. Repeated clinical trials have shown that insecticide-impregnated bed nets reduce child mortality rates by 50%. A private survey confirmed that Public Services International (PSI), one of the NGOs that implements USAID/DFID policies, had experienced no success in increasing the use of bed nets in rural Kenya because families cannot afford the \$3 or \$4 required for a bed net.

Before we left the hospital, Charity, the Health Minister, explained the plight of a young, forlorn girl. The girl was staring at the ground and refused to smile. Charity explained that this girl has been in the ward for three months following a successful procedure. However, her parents were unable to pay for her discharge. She explained

this absurd situation, and I replied that I wanted to pay for the girl to be released immediately. The cost would be about \$250. I asked them to call the comptroller of the hospital. Nervous to see his Minister of Health, the comptroller mumbled about the difficulties of discharging the young girl, but Charity would not back down. A crowd of 100 spectators went into a whooping cheer when the girl finally left the hospital to go home. Charity turned to me and said, “When I complained about this policy, a senior World Bank official went to the President to report that I would be undermining the financial integrity of the health system of Kenya by inciting people not to pay their bills.”

As the Special Advisor to the Secretary-General, I was in Kenya not only to bear witness, but also to try to improve the situation. There is a profound shortage of doctors in Kenyan health sectors—12 doctors for 700,000 people, or 1 ½ doctors for every 100,000 people. There is also a long waiting list to see one, which means that people live and die without ever seeing a doctor. Over the last 15 years, Kenyan life expectancy has plummeted, not only because of the AIDS pandemic, but also because of the resurgence of malaria due to drug resistance.

Too often, I hear about the lack of absorptive capacity and the inability to scale up. But under the IMF/World Bank-supervised program, 5,000 Kenyan health workers had been laid off because there was no money in the budget, and nobody from the donor world stepped up to the plate. I have asked for a complete, district-by-district accounting of the nurses, doctors, medical officers, and clinical workers totaling the \$58 million needed to bring back the trained health workers who used to serve the people of Kenya. Incredibly, I am struggling to convince the donors to put in funds to get these much-needed trained health workers back into the public health system.

Let me share with you another vignette of extreme poverty. In a visit to Ethiopia, we visited an agricultural project in Nazareth, about 3 ½ hours from Addis Ababa. We saw a man behind a bullock pulling a plough that brought us back to biblical times. Such farmers cannot even apply the manure of oxen to their fields, as the manure must serve as cooking fuel in the absence of trees. This is a country of nearly 70 million people and a life expectancy of 42 years. There are three doctors for every 100,000 people, and almost all of those doctors are in Addis Ababa. An ambitious program to scale up the health sector was recently tabled. Despite promises and overtures, no donor has committed funding.

What is going on here? I advise the Secretary-General about the Millennium Development Goals, the world’s commitments to cut poverty by half by the year 2015. It may sound fanciful and run against the grain of popular thinking, but it is straightforward. \$58 million to put back the Kenyan health staff that had been laid off, for example, would require 6 cents from every person in the rich world if we wanted to change the situation. If we begin scaling up, it is actually possible to solve the problem of global poverty. Scientific solutions exist for many of the problems facing the extreme poor. We understand quantum electrodynamics and ways of mobilizing energy. We know a lot about genomics, proteomics, and other ways of developing new drugs. We have learned

how a farmer in Ethiopia could triple yields, either through agroforestry or by applying fertilizer. It is certainly not beyond our ability to solve these problems.

We should not oversimplify matters in a complex world. In some places, globalization is working and there is rapid poverty reduction. Amidst rapid progress in China, India, and other countries, hundreds of millions of people are escaping extreme poverty. But globalization cannot work where it does not reach. Those in the highlands of rural Africa are poor not because they are the victims of multinational corporate exploitation, but because they are isolated from the international markets. They are ignored and dying for several, complicated reasons, whether drug resistant malaria, nutrient-depleted soils, fertilizer that remains too expensive, or any of the other conditions that render families too impoverished to feed themselves. Their girls often do not attend school, because they have to walk ten kilometers daily to fetch fuel wood and water for their families. Some cases of poverty have become so extreme that the situation cannot improve on its own—it instead worsens in what we call a “poverty trap.” Outbreaks of AIDS and increasingly drug-resistant malaria couple with episodes of drought due to an amplified ENSO (El Niño Southern Oscillation) Cycle, which has pounded Africa repeatedly with droughts over the last 15 years. Consequently, a significant part of the world, including more than 500 million people in Africa, is in desperate shape. There are other regions with extreme poverty like the Andean region, or parts of Central Asia (the root of problems is not the Taliban, but extreme poverty in arid, isolated, and impoverished areas).

The world promised it would do something about this impoverishment, and the poor countries heard that promise. The leaders of the U.N. Millennium Project recently visited Senegal, Ghana, Kenya, and Ethiopia to meet with government and civil society leaders, the U.N. Country Team, and the donors in each country. As a result of this trip, I have learned that these four countries already provide important leadership in the area of poverty; they have their act together. They heard the call to make poverty reduction plans, thought about it, and went to work. They said, “We want our girls to be educated and our children to have health care. We want paved roads and electricity.” Senegal has an excellent Poverty Reduction Strategy (PSRP). Ghana has its Ghana Poverty Reduction Strategy (GPRS). In Kenya, it’s the Economic Recovery Strategy and Wealth Creation (ERSWC). In Ethiopia, it’s the PSDPR, the Program on Sustainable Development and Poverty Reduction. These rigorous, technical plans demonstrate the leadership and initiative of these four African countries.

When Ghana, a peaceful and impoverished multi-party democracy, authored its Ghana Poverty Reduction Strategy, it estimated that breaking free of poverty would require \$8 billion over five years. This amount becomes less overwhelming when one considers the \$55 billion advocated by the U.S. from the rest of the world for Iraq. The Ghanaians were told, however, that they would never get that amount of money. The official program approved by the World Bank was only \$2 billion, a decrease in ambition because the rich members of the international community are not as seriously committed

as they ought to be to helping the poor members. While we often have solutions for the problems of the extreme poor, the world generally fails to successfully apply them.

I want to turn to you as fellow strategists to help figure out what to do about this predicament. For me, the operative word is “scale.” We are familiar with pilot projects all over the world that demonstrate the feasibility of enrolling more girls in school. We know how to triple food productivity on nutrient-depleted farm plots in Africa. We know how to save children from malaria and treat people with AIDS. We understand the methods for establishing safe drinking water and sanitation. We know we can end the plight of women who carry heavy loads of water and fuel wood to help their families stay alive. We have pilot projects, many of which you funded over the years, that have proven that we can fix these problems.

As a macroeconomist who has witnessed these conditions on a professional basis across 80 countries, I know that the issue is scale. Although there are “thugocracies” where the impediments are no doubt political, for a great part of the world the issues are simply economic. People are too poor to stay alive, and they have no surplus to save. Having no surplus and facing growing problems of deforestation, environmental degradation, falling crop yields, and rising populations, we see imminent disaster rather than the desired realization of Millennium Development Goals. Nevertheless, even in these bad cases, one easily discerns the solutions, including paving roads, building schools, providing bed nets, and helping with agro-forestry approaches to soil nutrients. But these interventions cost money, and the money is not there.

The United States, under the past four Administrations, has created elaborate mechanisms by which the international community signals to the poor that poverty is their own fault. According to this theory, if poor countries would simply learn how to properly govern themselves, they could rise out of poverty. This theory is wrong, cruel, and unworkable, and it fails to enhance our security. Taking these problems seriously would help make ourselves safer. We are rich and capable of ending these scourges in most of the developing world with proper investments. The issue for me is scale. The issue for philanthropists is “leverage.” How can you leverage what you are doing to create global solutions? On many occasions, I have told Bill Gates that he cannot do it all by himself. He has made the most extraordinary single contribution of our time in pursuit of global public health. What he has done is magnificent and historic. But if it is going to work, it has to be leveraged.

When I chaired the Commission for Macroeconomics and Health for the World Health Organization (WHO), we made a detailed assessment of what was needed. We found that we needed ten cents on every hundred dollars of rich world income, for a total amount of \$25 billion. By the estimates of this Commission, 8 million lives a year would be saved. In contrast, the Bill and Melinda Gates Foundation spends about \$800 million a year, not \$25 billion a year, on global public health. So that gives a sense of the leverage needed. Bill Gates needs a leverage of 30:1, and he has not yet obtained it. We must leverage philanthropists’ incredible leadership, generosity, and vision.

There are ways to leverage your vision and reach the necessary scale. How do we democratize philanthropy? One idea is to use public resources. Let me outline the orders of magnitude to address our concerns. On the macro scale, we need to double our development assistance, and then direct it to the poorest countries of the world in order to achieve the Millennium Development Goals. An estimated \$68 billion flows each year from donors to recipients, but only a fraction goes to the poorest countries. In the U.N. Millennium Project, we require an additional \$60-90 billion per year between now and 2015 to accomplish our goals. Aid of this magnitude would save millions of lives, bring hundreds of millions of people out of impoverishment and indignity. It is the best bargain in the history of the world. But we cannot achieve it without the assistance of American taxpayers. American development assistance is 0.14% of GNP compared to the international goal of 0.7% of GNP, a goal that several countries have already reached or exceeded. We stand about \$60 billion short of where we ought to be per year. How hard should it be to raise that money? Our Congress quickly approved \$87 billion for military operations in Iraq and gave away \$250 billion of tax cuts a year. We raised military spending by an annual rate of \$150 billion over the last three years. President Bush proposed his Millennium Challenge Account of only \$1 billion, and it has not even disbursed a penny yet. Right now, we give just \$16 billion in development assistance, but our defense budget nearly \$450 billion each year. We must increase public awareness of how little we currently dedicate to developing countries.

What can you do as leaders? Let me mention six things. First, **you can champion innovation**. There are specific things that can change the world. Anti-malaria bed nets are a proven measure to save villages. Such bed nets can reduce child mortality by 50% or more in holoendemic malarious regions. For small amounts of money, you could support programs like this. You will not eradicate malaria in these regions, but your funding demonstrates the results of innovation. The results on the ground are important, but we should also consider how a program like this—and your support for it—can reach scale by teaching the world what is possible in the next year. An example emerges from the central plateau of Haiti. Before anyone gave him permission, a doctor named Paul Farmer decided to treat patients with AIDS. He did the impossible to obtain the drugs needed to keep his patients alive. I related his results to the Secretary-General and helped write the first draft proposal for the Global Fund to fight AIDS, TB, and Malaria. Paul's project demonstrated what can be done and had an incredible effect on the whole world. Consider what one small clinic in Cange, Haiti has accomplished.

There are several outstanding innovations that you can champion:

- Malaria bed nets
- Agro-forestry to increase nitrogen in the soils
- Multi-platform energy sources for off-grid remote rural areas to save the time of women all over the impoverished world

- School meal programs with locally-produced food to improve children's nutrition, get girls into school and help the farming community locally
- Women's community organizations
- IT-enabled education and health care

These are specific innovations that can become the basis of scale-up and advocacy.

Second, **champion a cause**. Look at what Rotary International has done with polio; look at what Bill Gates has done with vaccines. Malaria kills three million people each year, but the crusade against it lacks leadership right now. Although we can never eradicate it, we can control and attack it.

Third, **champion an institution**, as Ed Scott did with Friends of the Global Fund to fight AIDS, TB, and Malaria, which had fallen desperately short of cash. The U.S. government, in a world of emerging and reemerging diseases, had recklessly squeezed the budget of the WHO. In the midst of the AIDS pandemic and the resurgence of malaria and TB, the core budget of the WHO has been frozen for the last twelve years. So think of championing an institution. The WHO would love to acquire some new friends, as do many other U.N. aid agencies. From my experience, these U.N. agencies are incredibly professional and filled with knowledgeable people.

Fourth, **advocate U.S. leadership**. As a country, we are failing to lead on the specific targets to which we have committed ourselves repeatedly, such as those of the summit on Financing for Development in Monterrey, Mexico in 2002. There, President Bush signed the Monterrey Consensus, which committed all developed countries to making concrete efforts toward the target of 0.7% of GNP in official development assistance. The U.S. has only advanced from 0.12% to 0.14% of GNP as aid. This lack of American leadership is the greatest obstacle to reducing global poverty on the planet. Fortunately, some of our cities have started organizing; the Seattle Initiative for Global Development is a wonderful example of a local organization working with other cities to spur similar efforts. We need a civic movement for international development. People are beginning to understand that \$450 billion for the military, compared to \$16 billion towards development assistance, will not make us safe.

Fifth, we need **processes of deliberative decision-making and consensus-building**. There is a basis for consensus in this country. If we bring together the leadership of philanthropists, large corporations, government agencies, scientists (so much of what we are talking about is science-based), NGOs and environmental groups, this country could actually reach a consensus on issues that currently seem so divisive as to preclude consensus. Building this U.S. leadership has to be done on the basis of deliberation over the facts at hand. It also requires explanations, discussions, and respect, all things that philanthropy can help promote. We could get the heads of Exxon-Mobil into the room with the Environmental Defense Fund, together with the scientists who study global climate change and with General Motors forecasting what the market will look like in 20 years to tackle questions like, "Do we need fuel cells or not?" or "Do we

have to care about carbon?”. We would actually be able to reach consensus on a sensible, responsible course regarding climate change. We could do the same thing for development assistance. As philanthropists and leaders, you could help to spur the deliberative processes that could play a vital role in our democratic life. We are not as divided as this country appears to be.

Finally and specifically, I invite some of you to **help support** the Secretary-General directly in his work on the **Millennium Development Goals**. There is a desperate need for assistance in reaching these goals. Kofi Annan is the most remarkable politician in the world, and it is my great honor to work at his side. The United Nations is our best hope for peace: it represents global hopes to reduce and eventually eliminate extreme poverty. Secretary-General Annan is the focal point for the U.N., from the Millennium Declaration, to the U.N. Summit next year, and to the U.N. Country Teams within each poor country of the world. On a personal note, because the world is so fragile today, I will do anything I can to help. I sincerely appeal to you to help the Secretary-General in his quest to reduce extreme poverty. I think that together, we could take a major step towards accomplishing that goal. Thank you very much.

Question by Eugene Terry: My name is Eugene Terry and I’ve listened to you for the last couple of weeks. I met you at the Plaza Hotel in Accra and managed to give you my card and brochure this morning. I work for a foundation that brings technology solutions to resource poor farmers to prove that technology does exist. While we are spending time explaining the gaps between what we need to address the problems of the poor and what we’re coming up with, we’re also saying that it’s their fault. But it’s not their fault. It may be the fault of some of their leaders. We risk sending their leaders the wrong message if we do not emphasize that the malfeasance that they practice also contributes to the desperate situation. What do you tell those leaders in the quiet moments that you spend with them?

Reply by Dr. Jeffrey Sachs: First, I listen, because the insights they have about the true situation within their countries are important, and eye-opening. Prime Minister Meles in Ethiopia once gave me a three-hour lecture on development that I found amazing. First and foremost, I listen carefully.

When I chose Senegal, Ghana, Kenya, and Ethiopia for my trip, I picked four well-governed countries. I chose four countries where governance is not the issue, but where poverty is the issue. There are countries in the world where poor governance is the hindering issue, such as brutal and

despotic regimes. There are others where governance is not the limiting factor.

Yet even in the cases of democratic, well-governed countries the international community still does not help adequately. I do not have a solution for the worst-governed countries, except to say that we help the best-governed countries and thus lead by example. I do not want the United States to oust governments on some arbitrary vision of whom we believe should govern. Instead, I would like us to help leaders such as President Wade of Senegal, who has a clear understanding of world poverty. He knows how to bring water management to the arid sections of Senegal. When we do not even help the well-governed countries in the world, what are we going to do about the most miserably governed places? Helping them becomes progressively harder and, unfortunately, the U.S props up some of those poorly-governed regimes. We should focus on helping countries that are ready to grow now.