

The Millennium Development Goals: running out of excuses

Targeted public investment in crucial sectors like health, education, water and transport could put an end to Africa's extreme poverty. But the world is still waiting for G8 countries to deliver the aid they promised at Gleneagles in 2005

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The Millennium Development Goals (MDGs) are at the mid-way mark of the 15-year period between their adoption in 2000 and their target date of 2015. Yet progress towards the MDGs in Africa, the world's poorest region, has reached much less than half-way. There is no mystery as to what needs doing, nor how to do it. Africa needs more investments – in agriculture, health, education, and infrastructure – supported by increased donor flows. This has been agreed for years. Yet it is the G8 that has so far failed to deliver, and has become the limiting factor in achieving the MDGs.

When the MDGs were announced in 2000, the world's governments also agreed on a need for a financing plan. This was adopted in March 2002 in Monterrey, Mexico, at the International Conference on Financing for Development. The Monterrey Consensus outlined the mix of private capital flows and official development aid that would be necessary for success. The argument went beyond 'aid versus trade', or 'public versus private' investment. It was rightly recognised that aid and trade, public and private investment, would be needed.

Paragraph 42 of the Monterrey Consensus set the specifics, when it called on "developed countries that have not done so to make concrete efforts towards the target of 0.7 per cent of Gross National Product (GNP) as Official Development Assistance (ODA)...". This goal was repeatedly enshrined in follow-up diplomatic processes, including the World Summit on Sustainable Development, the Council of Europe (notably in 2005), the G8 Gleneagles Summit in July 2005, the UN World Summit in September 2005, and in many more instances.

At Gleneagles, the G8 promised to double aid to Africa from the 2004 level by 2010 (in constant dollars,

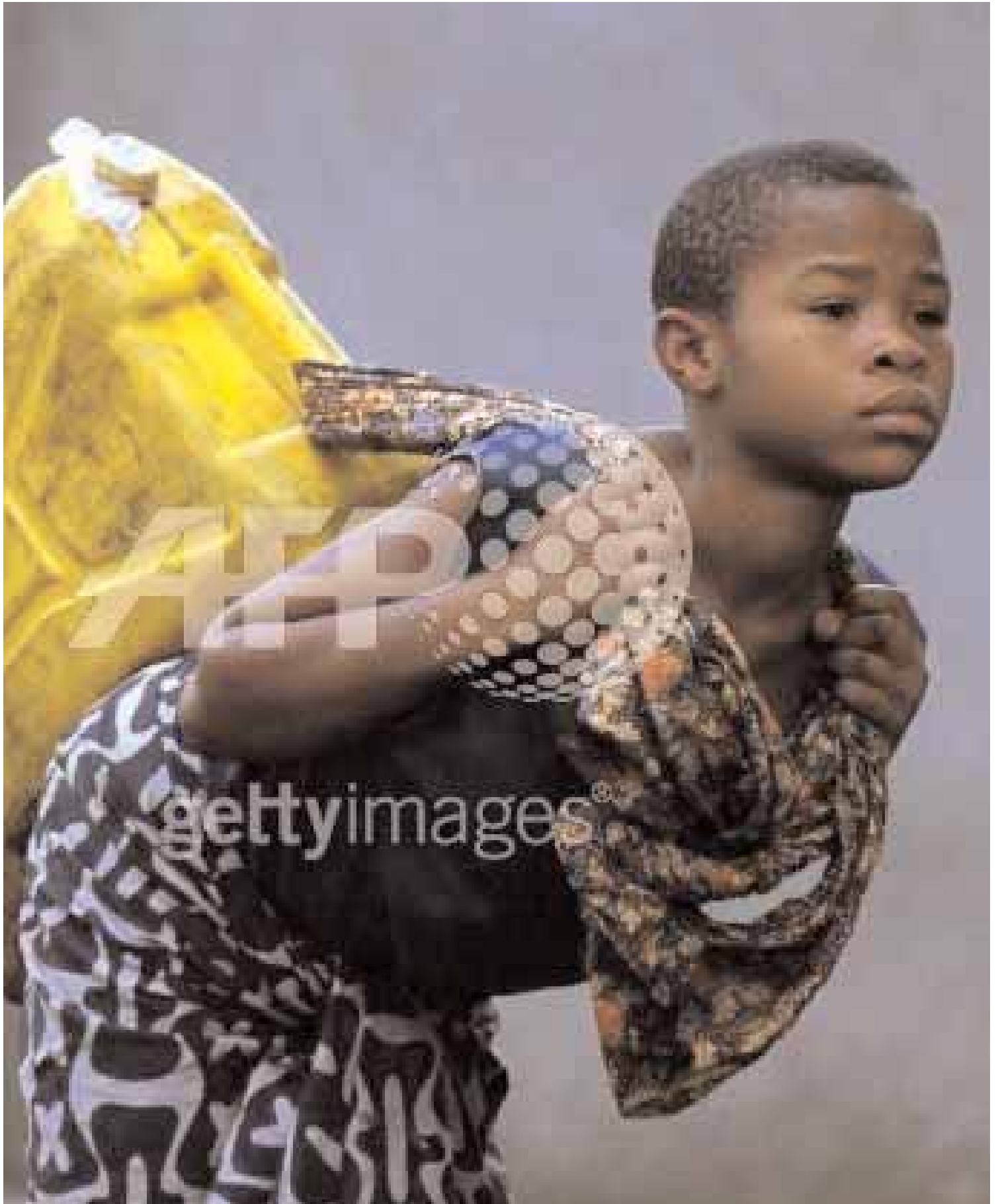
"Japan's leadership role could be very important"

adjusting for inflation and exchange rate changes). The 2004 level was approximately \$29 billion. At today's exchange rates and price levels, a doubling of the 2004 aid would require something of the order of \$75-\$80 billion. Instead, aid remains nearly stuck at the 2004 level. The only notable increase in aid was the temporary boost that came with debt cancellation. Cash flows in real terms have hardly budged since 2004.

We are running out of time and out of excuses. Every few months the European leaders re-emphasise their commitment to reach the 0.7 per cent target by 2015 (and at least 0.51 per cent in all countries by 2010) and to double African aid by 2010 – but then they repeatedly fail to deliver. The leaders of the US, Canada, and Japan do less, rarely even mentioning these goals. (As host of this year's G8 Summit, and host of TICAD IV this past May, Japan has recently taken a more visible leadership role. If backed by increased Japanese resources as well, Japan's role could be very important, in view of the highly pragmatic and effective nature of Japanese aid in the past, especially towards East and Southeast Asia in the 1960s to 1980s.)

A typical encounter for me occurred in West Africa in 2007, at the time of the Heiligendamm G8 Summit. I was in a room of donor representatives and had just called on the donors to make good on their commitment to double aid to Africa. A European ambassador spoke up and said: "Professor Sachs, we are not going to spend another penny on this continent." I was shocked, to say the least, and noted that his head of government had just declared his country's intention to honour its pledge to double aid by 2010 and to reach 0.51 per cent of GNP. The ambassador waived me off, saying "Oh, that's just political talk."

He may be right, but if so, the disasters ahead could cause the world to shudder. The effort required is so small that the cynicism is commensurately great. Doubling aid to Africa – say by another \$40 billion per year – is roughly 0.1 per cent of the donor GNP, which is now around \$40 trillion. It is around 20 days of US



Pentagon spending, which now comes to around \$700 billion per year. It's also not far from the total Christmas bonuses earned on Wall Street each year, which have totalled around \$30 billion per year or more. But even these sums – small, relative to the vast income of the rich world – have been too much for the world's richest countries to honour, despite their repeated, explicit, time-bound commitments.

Now we are in an era of soaring food prices and food riots, and soaring oil and fertiliser costs. The situation is even more desperate for the poorest of the poor. Time for the MDGs is running out. Will any of this matter?

With adequate financing – another \$70 billion per year by 2010, another \$100 billion per year by 2015 – Africa's extreme poverty could actually be ended. The 'what to do' is not so complicated, and indeed the stable countries of Africa drew up plans long ago. (And let's recognise that instability is often the result of extreme poverty, not just the cause of poverty). The key public investments should focus on the critical areas of agricultural production, public health, education for all, roads, power, clean water and sanitation, and internet connectivity. Concerted public investments in these areas would be complementary to private capital flows. The argument, as I mentioned earlier, of 'public versus private' investments is long-since moot, since both kinds of investments are complementary inputs to poverty reduction and long-term economic growth.

With adequate financing, African yields could be doubled within the next five years, easing poverty and hunger at the same time. Malaria deaths could be brought down to nearly zero. All HIV-infected individuals who need anti-retroviral medicines would have access by 2010, as promised. All children could be in school, and indeed receiving midday meals, using locally produced food from the increased yields.

“With adequate financing, African yields could be doubled within the next five years”

A boom in solar power could extend clean and reliable energy to hundreds of millions of people in Africa's villages who now lack any access to electricity whatsoever. And all-weather roads and fibre-optic cables could break economic isolation and allow Africa to play a fully-fledged role in the global trading system.

There are few mysteries left as to what to do up until 2015. The only mysteries are whether the G8 still has the will to act on its repeated promises. A new US President might make a huge difference. Europe might still rouse itself from the audacity and consequences of failed promises. Indeed, I believe that is likely.

Perhaps if these promises fail, all is still not necessarily lost. Brazil, China, India, Korea, and the Middle East's oil states could fill in much, or most, of the gap. The world system would then be re-ordered by the emerging powers if the rich countries display such lethargy and loss of dynamism. The poor would no doubt suffer mightily in the transition, but a different and possibly even more robust global system might yet emerge.

These are big 'ifs', however. A safer and more prudent path for the world – the one most likely to keep the peace and achieve the benefits of global prosperity – is clear. And that is for all countries, including the richest as well as the poorest, to follow through on their long-standing commitments, and to achieve the goals set down as a global compact and partnership at the start of the Millennium.

