JEFFREY SACHS INTERVIEW

A role for everyone

The main focus of the UN Millennium Project's report, *Investing in Development*, is on the role of governments and multilateral agencies in providing development aid to poor country governments. Is there a role for the smaller funders, such as foundations and companies and even individual social investors, *Alliance* asked Millennium Project Director Jeffrey Sachs.

Professor Jeffrey Sachs is Director of Columbia University's Earth Institute and Director of the UN Millennium Project. He can be contacted at sachs@columbia.edu

Foundations and companies have a critical role to play in the decade remaining to achieve the Millennium Development Goals (MDGs). As early as the 1960s, the global community articulated the vision of rich countries helping poor countries by devoting 1 per cent of their income to foreign assistance. Of that total, the generally agreed target was 0.7 per cent of GNP from the budget (so-called official development assistance) and 0.3 per cent from private sources, including individual philanthropists, companies and foundations. Thus, for decades, help for poor countries has been seen as a joint effort of official agencies and other donors.

Multilateral and bilateral donors are needed for massive funding whenever very large-scale donor-supported investments are required, for example to help build infrastructure or fight pandemic disease. Private donors have a comparative advantage in other areas: innovative or experimental programmes; a transfer of technology to meet the needs of the poor; people-to-people exchanges; and research, development and technological extension in areas where government expertise might be limited.

A famous example of aid from a private foundation was the Rockefeller Foundation's pivotal support in the 1950s and 1960s of the research, development and extension of key agricultural technologies that came to be known as the Green Revolution. More recently, the Gates Foundation has been providing invaluable, breakthrough support to a range of new biomedical technologies to help fight diseases of the poor. With regard to giving by private businesses, an enormously successful programme has been Merck's contribution of medicine and other aid to the fight against African River Blindness (onchocerciasis), a devastating disease that has been substantially brought under control through the combined efforts of Merck, the World Health Organization, the Carter Center, the World Bank, and of course numerous governments and communities in Africa.

There are abundant opportunities for companies and foundations to contribute to the fight against poverty. Poor countries need agricultural technologies, information and communications technologies, healthcare technologies, and much else, if they are to escape the trap of extreme poverty. Many companies, fortunately, are now stepping forward to provide just this kind of help.

On a smaller scale, any individual can direct modest sums towards targeted investments to fight poverty, through a number of channels. A gift of just $10 through Millennium Promise, a new non-governmental organization devoted entirely to helping poor countries achieve the MDGs, will enable a young child in Africa to sleep under an insecticide-treated bed net, protected from malaria.

Should the roles of companies and foundations be harmonized with the individual country MDG-related poverty reduction strategies?

The Millennium Project has recently encouraged countries to design their Poverty Reduction Strategies around the eight MDGs. This will help countries to achieve a greater degree of harmony and consistency in the mobilization and use of donor funds. Furthermore, the MDGs set time-bound and quantitative targets, and thereby help to set the framework for outside assistance. On a similar note, the UN Millennium Project encourages public-private partnerships. Private firms often have the expertise in delivery and logistics to deliver publicly financed goods and services efficiently and at scale. Public-private partnerships in the context of MDG-based poverty reduction strategies will be another effective way for private companies to become actively involved in the fight against extreme poverty.

Is there a danger that the Quick Wins suggested in *Investing in Development* might not be sustainable? After all, earlier mass vaccination programmes were thought to have eliminated diseases that then reappeared owing to the lack of local infrastructure to carry on the programmes.

The Quick Wins are wonderful opportunities for the world to achieve quick, life-saving successes in many important areas: malaria control, productivity in smallholder food growing, immunization coverage, school meals for children in hunger hotspots, and the like. These proven interventions require increased donor financing to extend their reach to the poorest of the poor.

These Quick Wins will become sustainable as very poor countries achieve sustained economic development,

and therefore higher income levels, at which point they will be able to finance the programmes out of their own revenues. This could take a decade or more. It is vital not to withdraw donor support too early.

The idea that such programmes become sustainable only by deploying market forces (eg selling anti-malaria bed nets) has a limited application. It can work in some urban centres but not in impoverished rural areas. The poorest of the poor have no money to buy vital, life-saving items such as anti-malaria bed nets. In such circumstances, the bed nets (or vaccines or other health services) should be delivered for free. Otherwise the poorest will simply and tragically be excluded.

***Investing in Development* has been acclaimed for insisting that we can afford to end world poverty, and calling on rich nations to keep their promises and deliver the aid that is needed.[1] But it has been criticized for suggesting that all that is needed is more money. History suggests that more aid may not be successful in eliminating poverty. What is different now?**

There are several responses needed. First, the argument is not that money is *sufficient*, only that it is *necessary*. We believe strongly that good governance and more aid need to be combined to support practical, proven, measurable and auditable investment programmes at scale. There is no blank cheque proposed here.

Second, we are lucky to have very powerful new tools – medicines, farming techniques, water management solutions, etc – that constitute known and practical interventions to address the most urgent development needs of the poor. However, they require a massive scaling up to reach poor communities, and that is where official development assistance plays such a vital role.

Third, some of the integrated rural development schemes of the 1960s and 1970s had the right concepts but were poorly executed, particularly by adopting a top-down approach that neglected local expertise and talent. These programmes also suffered from a lack of sustained funding, and funding often dried up before communities emerged from poverty. The programmes were also suspended at highly inopportune times, for example during the extensive droughts in West Africa in the 1970s and 1980s.

Four decades later, the circumstances are much more promising. There are important networks of expertise to draw on, such as the Consultative Group for International Agricultural Research (CGIAR). There are new and powerful technologies. There is much greater awareness about the importance of community-based development strategies. And there is growing recognition that donors need to have a long-term commitment. The MDGs are targeted for 2015, not as a short-run three-year project.

The differences between food aid and the recently proposed African Green Revolution illustrate the new emphasis on investment and sustainability. Emergency food aid has consumed large portions of scarce aid budgets. It saves famine-ridden populations, but it does not help them to grow more food in the future. On the other hand, a true African Green Revolution of food production, based on proper use of chemical and organic soil nutrients, improved fallows and improved seeds can triple food yields in much of Africa. The UN Millennium Project showed this in a group of villages in western Kenya during the 2005 growing season.

***Investing in Development* says that 'developed countries must improve access to their markets for developing country exports and dismantle trade-distorting subsidies'. Does this mean the US and the EU ending subsidies to their own agricultural sectors?**

In June, I travelled to southern Mali to meet with impoverished cotton farmers, and I saw firsthand the disastrous effects of the cotton subsidies introduced by rich countries. Malian cotton farmers struggle against drought, depleted soil nutrients and limited irrigation; in 2004, swarms of locusts wiped out crops. Since 2001, though, they have faced another devastating, manmade hurdle: a sharp decline in export prices due to heavy subsidies of production and exports by Europe and the US. This year, the farmers worked the entire year and ended up deeper in debt: world cotton prices were so low they couldn't even cover the costs of inputs at the start of the planting season. Rich-country subsidies on cotton are thereby creating a new and devastating cycle of debt.

The point is that poor countries need fair market access in rich-country markets, unimpeded by artificial subsidies on products such as cotton where poor countries have a comparative advantage. But they need help with trade in other ways as well. For African countries to achieve competitiveness in non-traditional export sectors, there will have to be investment in skills as well as reliable power, water, roads, ports and other basic infrastructure for international trade. Thus, trade competitiveness itself requires international donor assistance to help the poorest countries enter the world economy in non-traditional sectors. @

1 A suggested figure for achieving the UN plan is $135 billion in 2006, rising to $195 billion in 2015.

See www.unmillennium project.org