

NEW CHALLENGES 1

THE MILLENNIUM DEVELOPMENT GOALS – HOW FAR HAVE WE COME?

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At the Millennium Assembly in September 2000, the world's leaders signed onto a global compact to reduce extreme poverty in the Millennium Declaration. The Millennium Development Goals (MDGs), which are drawn from the Millennium Declaration, call for a decisive reduction of extreme poverty in its key dimensions – income, hunger, disease, environmental degradation, and lack of access to basic services and infrastructure. Importantly, the MDGs specify a clear timetable for progress, with 2015 as the main deadline for halving poverty. They also specify that rich and poor countries are committed to working together to achieve those goals.

We are now entering the final decade of that commitment, with just ten short years left until 2015. Despite the stakes involved – international goals solemnly reached in a world desperate for progress against ancient and modern scourges – we are far off track from accomplishing the Millennium Development Goals in many parts of the world. In almost all of sub-Saharan Africa, countries will miss some or most of the goals if current trajectories continue. Other regions – notably in Central Asia, the Andes, parts of the Caribbean Basin, and parts of South and East Asia – are home to vast numbers of very poor people whose lives are still essentially untouched by the promise of poverty reduction.

This is not to say that little has been accomplished in the world. Many regions have experienced dramatic economic and social progress, notably parts of East Asia and South Asia, previously gripped by widespread and extreme poverty. This progress, indeed, gives hope that the goals can be achieved in all parts of the world. The MDGs are not, however, a challenge to achieve progress in some regions or some areas. The argument that the development glass is "half full" because of rapid progress in China is little

consolation to the AIDS orphans of Africa. The world has committed to help nations in all regions to root out extreme poverty. Yet hundreds of millions of people, in the world's poorest places, are still being left behind.

The Millennium Project, which I have the honor of directing on behalf of the Secretary-General, makes one basic diagnosis of the situation, and offers one overarching recommendation. Our basic diagnosis is that the global processes in which the world's rich and poor countries interact to tackle poverty are not yet up to the task of achieving the MDGs. The MDGs have not yet become operational targets for poverty reduction. Public investments, policy reform, data collection and monitoring are not sufficiently bold to achieve the MDGs. At the international level, the practices of donor agencies, multilateral institutions, development assistance programs, trade policies, and private sector engagement, are not yet focused on achieving the MDGs. In all of these inter-related processes and activities, the MDGs are referred to as a normative goal, but not yet as a basis for practical policy making.

Our recommendation is to put the MDGs at the center of national and international poverty reduction strategies. We must move from words to action. If this is done, the MDGs can still be achieved in every country. Ten years is still enough time, but only just enough, for the key stakeholders in this process – governments in the low-income countries, their development partners, international institutions, the private sector, civil society, and the world's scientific and technological associations – join forces in an operational manner to achieve the goals. There are several steps donors can take to help catalyze progress towards the MDGs.

First, donor countries need to take the MDGs seriously as minimum targets over a 10 year horizon. The MDGs should be at the center of national and international poverty reduction strategies and at the centre of bilateral assistance strategies. Second, donor countries must

support needs-based approaches to the MDGs. Until now, developing countries' Poverty Reduction Strategies (PRSs) have not been goal-oriented or needs-based; they have started with a given level of external finance from the donors, and done the best possible with that level of resources. Instead, in order to achieve the MDGs, every country in the world that still suffers from extreme poverty should adopt a PRS that works backwards from the 2015 targets to identify the sequence of investments and policy changes needed to achieve the goals. This will typically yield much bolder PRSs than those being produced today, and will require much larger levels of donor support.

The Millennium Project is working with a series of developing countries (including Cambodia, Dominican Republic, Ethiopia, Ghana, Senegal, Tajikistan, Tanzania, Uganda, and Yemen) to support them in designing MDG-based PRSs. These countries have all committed to the MDGs, they have empowered their government ministries, civil societies, and other stakeholders to work together transparently and vigorously towards writing serious needs-based plans. Donor countries need to support this need-based approach in every developing country, even if the end result exposes a financing gap between what developing countries require in order to achieve the MDGs and what they can afford domestically. Third, donors will need to begin honoring their commitment to give adequate (i.e. significantly increased) levels of finance. Many low-income countries not on track to meet the MDGs are stuck in a poverty trap, whereby they lack the prerequisite health, education, and physical infrastructure to achieve economic growth. Although poor governance is an issue in many countries, there are many well-governed countries whose economic growth and progress towards the MDGs has been too slow. The reality is that many of these countries are too poor to pay for the investments needed to achieve sustained economic growth and meet the MDGs, which is why donor financing plays such a critical role.

Donor countries have repeatedly signed international commitments to increase official development assistance (ODA). In the 2002 Monterrey Consensus, they specifically pledged to make "make concrete efforts towards the target of 0.7 percent of gross national product [in official development assistance]" – while in return the developing countries committed themselves to sound governance and use of resources. A few months later, at the World Summit for Sustainable Development in

Johannesburg, the member countries of the United Nations reaffirmed their commitment to reducing poverty and protecting the environment, again placing the MDGs at the center of international development policy. However, levels of funding are not at a level bold enough to allow a breakthrough. Only five countries so far have reached the 0.7% commitment. Ireland will send a clear and decisive message to the world as it moves towards that target from its current level of 0.4%, reaching 0.7% in 2007 as it has promised.

Finally, donors will greatly improve the efficiency of their aid efforts by relying on mechanisms of aid delivery proven to work well. The International Development Association (IDA) of the World Bank should be a major focal point for expanding the aid flows. Specifically, the next round of IDA flows (the so-called IDA-14 replenishment), should triple IDA outlays from around \$8 billion per year today, mainly in loans, to around \$25 billion per year, mainly in grants, during fiscal years 2006-8.

IDA already provides an enormously successful form of development assistance and it can be made even better. It does five important things. First, it provides the world's single largest flow of low-cost development assistance to poor countries, though not enough of it and not at low enough cost. IDA currently makes commitments of around \$8 billion per year, of which 80% is low-interest long-term loans and the remainder outright grants. Second, it directs its outlays towards the priorities identified by the recipient countries. Third, IDA harmonises donor resources. Typically, the 22 rich-country donors torment recipient governments by insisting on separate aid projects that allow each donor to "show the flag". In the case of IDA, however, the donor governments agree, wisely, to pool their resources into a single basket that can back the specific strategy of the recipient country. Fourth, IDA commits its resources over a three-year time horizon rather than a one-year donor budget cycle typical of bilateral aid. Fifth, it aims to base its allocations on good performance, using indicators for governance and economic management.

Time for a Breakthrough

During the last year, the international agenda has been overwhelmingly dominated by issues of security, terrorism, and war. The U.S., for example, is spending around 30 times more on the military than it is on development assistance, roughly \$450 billion per year compared with \$15 billion. This is despite the clear truth that global stability critically depends on lifting the poorest of the poor out of subhuman conditions by providing safe drinking water, access to sanitation, adequate nutrition, education, and health care. These steps would do far more towards tackling instability around the world than any military approach, and would cost far less. In fact, preliminary estimates of the Millennium Project indicate that the MDGs could be reached in the well-governed countries of the world for around \$50-75 billion of additional ODA each year (which would still leave donor countries below their commitment of 0.7% of GNP).

The Millennium Summit was a landmark occasion of global consensus on a new development agenda. Now what is needed is a global breakthrough on action. The year ahead provides the opportunity for that breakthrough, particularly the high-level summit on progress since the Millennium Declaration that will take place at the United Nations in the fall of 2005. At this event, the world needs to sign off on a "business plan" to achieve the MDGs in the decade that remains. We must move from words to action. If this is done, the MDGs can still be achieved in every country. Ten years is enough time, but only just enough, for success assuming that the key stakeholders in this process – governments in the low-income countries, their development partners, international institutions, the private sector, civil society, and the world's scientific and technological associations – join forces in an operational manner to achieve the goals. Donors can hold their side of the bargain by significantly scaling up their efforts and stop talking of "donor fatigue" before expanded efforts toward the MDGs have even begun!

Ireland can play a tremendous role in galvanizing the donor community towards supporting needs-based approaches and increased ODA. Ireland's moral leadership on these issues has been outstanding – including the vigorous voices of Mary Robinson and Bono heard round the world, as well as the thousands of Irish aid volunteers that toil among the poorest of the poor.

For much less than 1% of GNP of the rich world, we can create a breakthrough towards the MDGs and, sooner rather than later, to the end of extreme poverty itself. This is the key to a safer world. The first step is to take the Millennium Development Goals seriously and to act on them decisively in the coming years.