

2005 – The year of development



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September 2005 is a critical time for the Millennium Development Goals. With only ten years left, it is clear that a powerful effort in 2005, with a strong commitment by the leaders of donor nations, is imperative if the Goals are to be met. Now is the time to take practical steps to scale up the response before the goals become impossible to achieve.

This year marks a pivotal moment in international efforts to fight extreme poverty. Following the United Nations Millennium Summit in 2000, 191 countries adopted the Millennium Development Goals (MDGs) to address extreme poverty in its many dimensions – income poverty, hunger, disease, lack of adequate shelter, and exclusion – while promoting education, gender equality, and environmental sustainability, with quantitative targets set for the year 2015. We are now at the five-year checkpoint with a stark realisation: many of the poorest regions of the world, most notably in sub-Saharan Africa, are far off track to achieve the goals. Yet the MDGs are still achievable. The lives of hundreds of millions of people could be dramatically improved and millions could be saved every year, but only if the world takes bold steps in 2005.

Scaling up

In impoverished countries where governance is adequate, and there are dozens of such countries, the key to achieving the MDGs is a scaling up of investments in targeted sectors and regions. One vital lesson from the UN Millennium Project task forces is that sound, proven, cost-effective interventions indeed exist that can ameliorate, and often eliminate, the underlying causes of extreme poverty. If these proven technologies can be implemented at scale, in the poorest parts of the world, some real breakthroughs are possible. Good science and practical experience have identified core technologies that can deliver increased food production, disease control, and access to basic infrastructure such as safe drinking water.

When these basic investments are in place, people's health, nutrition, and skills improve and allow them to raise their productivity and income. By raising income levels above subsistence levels, households begin to save for the future, and thereby further increase their

incomes. Of course, the increased public investments need to be accompanied by sound policies. Scaling up education systems, for example, requires significant investments in schools, teachers, and supplies, but it also needs management systems that allow greater transparency. Similarly, investments for gender equality need to go hand-in-hand with legislation to guarantee property and inheritance rights for women and girls, and to protect them from violence.

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Go for the 'quick wins'

In some aspects of the MDGs, there are potentially huge 'quick wins' in which simple interventions can make a profound difference to survival and quality of life, even before breakthroughs in public management, infrastructure, or mass training of service providers. Increased coverage of immunisations, replenishment of soil nutrients with chemical or organic fertilisers, the mass distribution of insecticide-treated bednets to fight malaria, and expansion of locally produced school meals programmes to improve school attendance and performance, can all be accomplished rapidly and on a very large scale. The UN Millennium Project urges a rapid scale-up and financing of such quick wins in many sectors. In many instances, non-governmental organisations will be best placed to achieve this.

The UN Millennium Project's core operational recommendation is that every developing country with extreme poverty should adopt and implement a national development strategy that is ambitious enough to achieve the MDGs. The country's international development partners should give the technical and financial support needed to implement the strategy. Official development assistance (ODA) should be adequate to pay for the financing needs, assuming that governance limitations are not the binding constraint, and that the receiving countries are making their own reasonable efforts at domestic resource mobilisation. An existing instrument is the Poverty Reduction Strategy Paper (PRSP), which has focused governments' development efforts and is the main national framework used by the international development agencies in low-income countries.

in 2006, scaling up to \$124 in 2015. Needs assessments for other low-income countries show similar levels of investments required for the MDGs.

After assuming a major increase in domestic resource mobilisation, the UN Millennium Project estimated the amount of development assistance required to pay for the difference between what countries need to meet the goals and what they can afford. In addition to these direct investments in the goals, there are added national and international costs – such as emergency and humanitarian assistance, outlays for science and technology, enhanced debt relief, and increased technical capacity of bilateral and multilateral agencies. We calculated that a plausible level of overall development required to meet the goals will be \$135 billion in 2006, rising to \$195 billion in 2015 (in 2003 dollars). These

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However, as the central strategy document at the country level, the PRSP must be aligned with the MDGs. So far, most national strategies have not been ambitious enough to meet the MDGs, especially in low-income countries, and have instead planned around modest incremental expansions of social services and infrastructure on the basis of existing budgets and amounts of donor aid. Instead, MDG-based poverty reduction strategies should present a bold, 10-year framework aimed at achieving the quantitative targets set in the MDGs. They should spell out a financial plan for making the necessary investments, then show what domestic resources can afford and how much will be needed from the donors.

World support for low income countries

The core challenge of the MDGs is in the financing and implementation of the interventions at scale – for two reasons. One is the sheer range of interventions needed to reach the goals. The second is the need for national scaling-up to bring essential MDG-based investments to most of the population by 2015. Scale-up needs to be carefully planned and overseen; the planning is much more complex than for any one project and requires a working partnership between government, the private sector, non-governmental organisations, and civil society. Previously, scaling up has been immensely successful when governments are committed, communities participate in the process, and long-term, predictable financing has been available.

How much will it cost to achieve the goals? What share of total costs can be borne through increased domestic resources, and what must be provided by donors? These questions can be properly answered only through detailed needs assessments that must be carried out at the country level. We found that Ghana, for example, required annual public investments for the MDGs totalling \$80 per capita

figures are respectively equivalent to 0.44% and 0.54% of donor GNP, well within the long-standing 0.7% commitment (note that additional ODA will be required to finance other needs such as measures to deal with climate change or to protect global environmental resources, which means that reaching the 0.7% commitment will still be important). The required doubling of annual official development assistance pales beside the wealth of high-income countries – and the world's military budget of \$900 billion a year.

International promises

The increased aid required to meet the MDGs has been promised, though not yet delivered. In March 2002, governments worldwide adopted the Monterrey Consensus. Donor countries reaffirmed their pledge to reach 0.7% of their income in official development assistance, compared with the current developed world average of about 0.25% of gross national product (GNP). With the combined donor-country GNP at roughly US\$31 trillion, 0.7% of GNP would be about \$220 billion per year compared with present aid flow at about \$80 billion per year. The UN Millennium Project's findings show ramping up additional aid by an extra \$130 billion per year by 2015 would be more than enough to scale up the critical interventions needed to achieve the MDGs in well governed, developing countries.

Since the Monterrey Consensus in 2002, the central question has been whether the rich world would finally meet the long-standing 0.7% target, to enable the poorest countries to break out of the poverty trap and thereby achieve the MDGs. At the beginning of the year, six countries had timetables to reach 0.7% of GNP by the year 2015: Belgium, Finland, France, Ireland, Spain, and the United Kingdom. In addition to the five countries (Denmark, Luxembourg, Netherlands, Norway, and Sweden) with a long-standing success in

achieving 0.7%, this brought the total number of committed countries to 11, exactly half of the 22 donor countries that are members of the rich world's 'donor club' known as the Development Assistance Committee.

Positive European action

A few months ago, Germany took a step of great international leadership by announcing a timetable for increasing its ODA to 0.7% by 2014. That brought the total number of countries on a timetable for 0.7% to 12, more than half of the 22 donor countries. That was followed in June by an announcement by the entire European Union committing member countries (including Austria, Greece, Italy, and Portugal) to reach 0.56% by 2010, and 0.7% by 2015. In addition, new EU member countries (which are not on the traditional list of donor countries) have committed to reaching 0.33% of GNP in ODA by 2015.

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Europe deserves special congratulations for honoring its international commitments, especially at a moment of fiscal strain for some of its member countries. Germany, for example, still bears the heavy fiscal costs of unification, as well as the mounting pension costs of an ageing population. Governments have been working hard to keep budget deficits under control. Yet Europe's leadership has recognised something of fundamental importance. Increased aid is not merely a matter of convenience for the world's poor, but a matter of life and death. And by choosing to help the poorest of the poor, Europe has also chosen to help ensure global stability, since extreme poverty is one of the major risk factors in causing political upheavals and violence. The other donors that have not set a timetable to reach 0.7% would do well to follow Europe's example.

2005 – The critical year

A major increase in effort must be made in 2005. Fortunately, two world leaders, the UK's Tony Blair and France's Jacques Chirac, building on a far-thinking plan of UK Finance Minister Gordon Brown, have promised exactly that. They have pledged to make 2005 a breakthrough year. To lay the groundwork, President Chirac commissioned Jean-Pierre Landau to report on innovative financing mechanisms for development. Prime Minister Blair similarly appointed a high-level commission for Africa, which issued its report in March and identified an immediate African absorptive capacity

of at least \$25 billion per year. Blair travelled to capitals around the world encouraging other leaders to follow Europe's lead in fulfilling ODA promises. The G8 Summit in July was another important, albeit small, step forward. At the World Summit in September 2005 in New York, world leaders had the task of pushing donor countries towards doubling official development assistance in the next few years, reaching 0.5% of GNP by 2010 and 0.7% by 2015. This would be part of a greater agenda at the UN General Assembly in September 2005, where all countries were called on to commit to a series of specific actions to lay the foundation for a decade of rapid growth and social improvements in the most impoverished places on the planet.

In 2005, the world needs desperately to follow through on its commitments, taking practical steps at scale before the goals become impossible to achieve. The Commonwealth Finance Ministers can bring a welcome degree of support to these efforts, from their wide variety of viewpoints. The credibility of the international system is at stake. Without a breakthrough in 2005, well-governed poor countries will not have enough support to launch an MDG-oriented strategy, and the already dwindling faith in international commitments to reduce poverty will probably vanish. If we do not act now, the world will live without development goals, and it will be a very long way to the next Millennium Summit in the year 3000.

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The UN Millennium Project is an independent advisory body commissioned by the UN Secretary-General to advise the UN on strategies for achieving the Millennium Development Goals, the set of internationally agreed targets for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015. The research of the Millennium Project is performed by more than 265 development experts through 10 Task Forces. The Project has recently presented its report, 'Investing in Development: A Practical Plan to Achieve the Millennium Development Goals', to the Secretary-General.

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