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“Sachs, 50, has been around the planet more times than a space station to promote the UN’s Millennium Development Goals, to raise annual aid to 0.7% of GNP of the donor countries (starting with an extra \$70 billion per year as of 2006), in order to halve poverty by 2015.”

TIME magazine

THE END OF POVERTY

How *our* generation can end
extreme poverty by 2025

JEFFREY SACHS

LT IS STILL MID-MORNING in Malawi when we arrive at a small village, Nthandire, about an hour outside of Lilongwe, the capital. We have come over dirt roads, passing women and children walking barefoot with water jugs, wood for fuel, and other bundles. The mid-morning temperature is sweltering. In this subsistence maize-growing region of a poor, landlocked country in southern Africa, families cling to life on an unforgiving terrain. This year has been a lot more difficult than usual because the rains have failed. The crops are withering in the fields that we pass.

If the village were filled with able-bodied men, who could have built rainwater-collecting units on rooftops and in the fields, the situation would not be so dire. But as we arrive in the village, we see no able-bodied young men at all. In fact, older women and dozens of children greet us, but there is not a young man or woman in sight. Where, we ask, are the workers? Out in the fields? The aid worker who has led us to the village shakes his head sadly and says no. Nearly all are dead. The village has been devastated by AIDS.

The presence of death in Nthandire has been overwhelming in recent years. The grandmothers whom we meet are guardians for their orphaned grandchildren. The margin of survival is extraordinarily narrow; sometimes it closes entirely. One woman we meet in front of her mud hut has 15 orphaned grandchildren. Her small farm plot, a little more than an acre in all, would be too small to feed her family even if the rains had been plentiful. The soil nutrients have been depleted so significantly in this part of Malawi that crop yields reach only about a half-ton per acre, about one-third of normal. This year, because of the drought, she will get almost nothing. She reaches into her apron and pulls out a handful of semi-rotten, bug-infested millet, which will be the basis for the gruel she will prepare for the meal that

evening. It will be the one meal the children have that day.

I asked her about the health of the children. She points to a child of about four and says that the girl contracted malaria the week before. The woman had carried her grandchild on the back for the six miles to the local hospital. When they got there, there was no quinine, the anti-malarial medicine, available that day. With the child in high fever, the two were sent home and told to return the next day. In a small miracle, when they returned after another six-mile trek, the quinine had come in, and the child responded to treatment and survived. It was a close call though. More than 1 million African children, and perhaps as many as 3 million, succumb to malaria each year.

As we proceed through the village, I stoop down to ask one of the young girls her name and age. She looks about seven or eight but is actually 12, stunted from years of under-nutrition. When I ask her what her dreams are for her own life, she says that she wants to be a teacher and that she is prepared to study and work hard to achieve that. I know that her chances of surviving to go on to secondary school and a teachers college are slim under the circumstances.

The plight of Malawi has been rightly described by Carol Bellamy, head of UNICEF as the perfect storm of human deprivation, one that brings together climatic disaster, impoverishment, the AIDS pandemic and the long-standing burdens of malaria, schistosomiasis and other diseases. In the face of this horrific maelstrom, the world community has so far displayed a fair bit of hand-wringing and even some high-minded rhetoric, but precious little action. It is no good to lecture the dying that they should have done better with their lot in life. Rather it is our task to help them on to the ladder of development, to give them at least a foothold on the bottom rung, from which they can then proceed to climb on their own.

This is a story about ending poverty in our time. It is not a forecast. I am not predicting what will happen, only explaining what can happen. Currently, more than 8 million people around the world die each year because they are too poor to



MALARIA SUFFERERS in Kenya, a country whose "debt service to the rich world is several hundred million dollars per year. Kenya's budget is still being drained by the international community, not bolstered by it."



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stay alive. Every morning our newspapers could report, “More than 20,000 people perished yesterday of extreme poverty.” How? The poor die in hospital wards that lack drugs, in villages that lack anti-malarial bed nets, in houses that lack safe drinking water. They die namelessly, without public comment. Sadly, such stories rarely get written.

Since September 11, 2001, the US has launched a war on terrorism, but it has neglected the deeper causes of global instability. The nearly \$500 billion that the US will spend this year on the military will never buy lasting peace if the US continues to spend only one-thirtieth of that, around \$16 billion, to address the plight of the poorest

of the poor, whose societies are destabilised by extreme poverty. The \$16 billion represents 0.15% of US income, just 15¢ on every \$100 of our national income. The share devoted to helping the poor has declined for decades and is a tiny fraction of what the US has repeatedly promised, and failed, to give.

Yet our generation, in the US and abroad, can choose to end extreme poverty by the year 2025. To do it, we need to adopt a new method, which I call “clinical economics”, to underscore the similarities between good development economics and good clinical medicine. In the past quarter-century, the development economics imposed by rich countries on the poorest countries has been



The World Bank estimates that 1.1 billion people live in extreme poverty. Asia leads in numbers, but Africa has the largest proportion: nearly half its population

too much like medicine in the 18th century, when doctors used leeches to draw blood from their patients, often killing them in the process. Development economics needs an overhaul in order to be much more like modern medicine, a profession of rigour, insight and practicality. The sources of poverty are multi-dimensional. So are the solutions. In my view, clean water, productive soils and a functioning health-care system are just as relevant to development as foreign exchange rates. The task of ending extreme poverty is a collective one – for you as well as for me. The end of poverty will require a global network of co-operation among people who have never met and who do not necessarily trust one another.

One part of the puzzle is relatively easy. Most people in the world, with a little bit of prodding, would accept the fact that schools, clinics, roads, electricity, ports, soil nutrients, clean water and sanitation are the basic necessities not only for a life of dignity and health but also to make an economy work. They would also accept the fact that the poor may need help to meet their basic needs. But they might be sceptical that the world could pull off any effective way to give that help. If the poor are poor because they are lazy or their governments are corrupt, how could global co-operation help?

Fortunately, these common beliefs are misconceptions – only a small part of the explanation of why the poor are poor. In all corners of the world, the poor face structural challenges that keep them from getting even their first foot on the ladder of development. Most societies with the right ingredients – good harbours, close contacts with the rich world, favourable climates, adequate energy sources and freedom from epidemic disease –

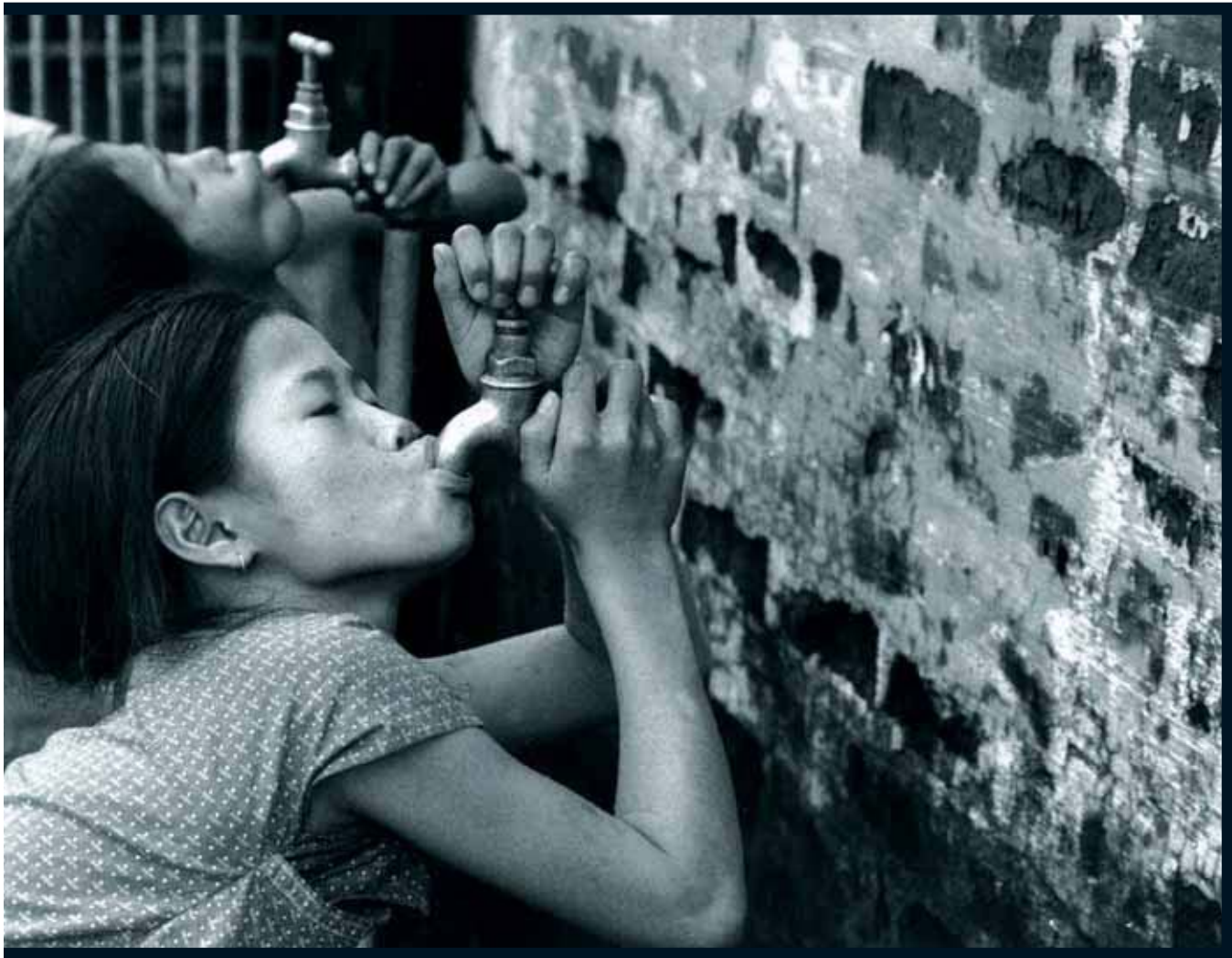
have escaped extreme poverty. The world's remaining challenge is not mainly to overcome laziness and corruption, but rather to take on the solvable problems of geographic isolation, disease and natural hazards, and to do so with new arrangements of political responsibility that can get the job done. We need plans, systems, mutual accountability and financing mechanisms. But even before we have all of that apparatus in place – what I call the economic plumbing – we must first understand more concretely what such a strategy means to the people who can be helped.

Nearly half the 6 billion people in the world are poor. As a matter of definition, there are three degrees of poverty: extreme (or absolute) poverty, moderate poverty and relative poverty. Extreme poverty, defined by the World Bank as getting by on an income of less than \$1 a day, means that households cannot meet basic needs for survival. They are chronically hungry, unable to get health care, lack safe drinking water and sanitation, cannot afford education for their children and perhaps lack rudimentary shelter – a roof to keep rain out of the hut – and basic articles of clothing, like shoes. We can describe extreme poverty as “the poverty that kills”. Unlike moderate or relative poverty, extreme poverty now exists only in developing countries. Moderate poverty, defined as living on \$1 to \$2 a day, refers to conditions in which basic needs are met, but just barely. Being in relative poverty, defined by a household income level below a given proportion of the national average, means lacking things that the middle class now takes for granted.

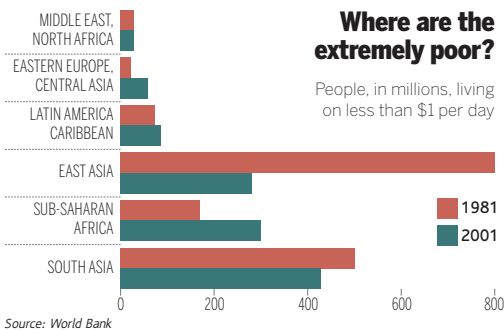
The total number of people living in extreme poverty, the World Bank estimates, is 1.1 billion, down from 1.5 billion in 1981. While that is



SHUT OUT from the economic transformation that has occurred in much of Asia. “Most people in the world, with a little bit of prodding, would accept the fact that schools, clinics, roads, electricity, ports, soil nutrients, clean water and sanitation are the basic necessities not only for a life of dignity and health but also to make an economy work.”



GALLO IMAGES



progress, much of the one-sixth of humanity in extreme poverty suffers the ravages of AIDS, drought, isolation and civil wars, and is thereby trapped in a vicious cycle of deprivation and death. Moreover, while the economic boom in East Asia has helped reduce the proportion of the extreme poor in that region from 58% in 1981 to 15% in 2001, and in South Asia from 52% to 31%, the situation is deeply entrenched in Africa, where almost half of the continent's population lives in extreme poverty – a proportion that has actually grown worse over the past two decades as the rest of the world has grown more prosperous.

In the past quarter-century, when poor countries have pleaded with the rich world for help, they

The US has promised repeatedly to give a larger share of its annual output to help poor countries. But year after year, America has failed to follow through

have been sent to the world money doctor, the International Monetary Fund. For a quarter-century, and changing only very recently, the main IMF prescription has been budgetary belt-tightening for patients much too poor to own belts. IMF-led austerity has frequently resulted in riots, coups and the collapse of public services. Finally, however, that approach is beginning to change.

It has taken me 20 years to understand what good development economics should be, and I am still learning. In my role as director of the UN Millennium Project, which has the goal of helping to cut the world's extreme poverty in half by 2015, I spent several eye-opening days with colleagues last July in a group of eight Kenyan villages known as the Sauri sublocation in the Siaya district of Nyanza province. We visited farms, clinics, hospitals and schools. We found a region beset by hunger, aids and malaria. The situation is grim, but salvageable.

Sauri could be rescued, but not by itself. Survival depends on addressing a series of specific challenges, all of which can be met with known, proven, reliable and appropriate technologies and interventions. (Thanks to a grant from the Lenfest Foundation in the US, the Earth Institute at Columbia University will put some novel ideas to work in Sauri.) Sauri's villages, and impoverished villages like them all over the world, can be set on a path of development at a cost that is tiny for the world but too high for the villages themselves and for the Kenyan government on its own. African safari guides speak of the BigFive animals to watch for on the savannah. The world should speak of the Big Five development interventions that would spell the difference between life and death for the savannah's people. Sauri's Big Five are:

Boosting agriculture

With fertilisers, cover crops, irrigation and improved seeds, Sauri's farmers could triple their food yields and quickly end chronic hunger. Grain could be protected in locally made storage bins using leaves from the improved fallow species tephrosia, which has insecticide properties.

Improving basic health

A village clinic with one doctor and nurse for the 5,000 residents would provide free anti-malarial bed nets, effective anti-malarial medicines and treatments for HIV/AIDS opportunistic infections.

Investing in education

Meals for all the children at the primary school could improve the health of the kids, the quality of education and the attendance at school. Expanded vocational training for the students could teach them the skills of modern farming, computer literacy, basic infrastructure maintenance and carpentry. The village is ready and eager to be empowered by increased information and technical knowledge.

Bringing power

Electricity could be made available to the villages either via a power line or an off-grid diesel generator. The electricity would power lights and perhaps a computer for the school; pumps for safe well water; power for milling grain, refrigeration and other needs. The villagers emphasised that the students would like to study after sunset but cannot do so without electric lighting.

Providing clean water and sanitation

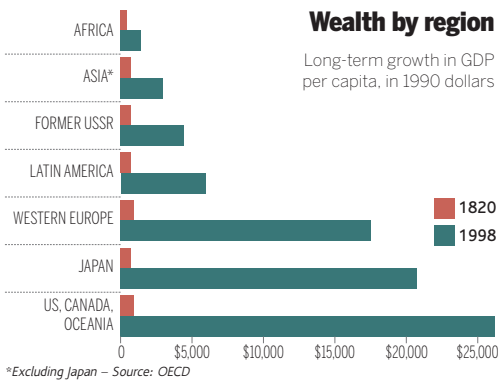
With enough water points and latrines for the safety of the entire village, women and children



INFORMAL SETTLEMENT in South Africa. But even a next, modest, step towards a more permanent dwelling may not help that much because (in the words of Hernando de Soto) "what the poor lack is easy access to the property mechanisms that could legally fix the economic potential of their assets so that they could be used to produce, secure, or guarantee greater value."



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would save countless hours of toil each day fetching water. The water could be provided through a combination of protected springs, rainwater harvesting and other basic technologies.

The irony is that the cost of these services for Sauri's 5,000 residents would be very low. My Earth Institute colleagues and I estimated that the combined cost of these improvements, even including the cost of treatment for AIDS, would total only \$70 per person per year, or around \$350,000 for all of Sauri. The benefits would be astounding. Sooner rather than later, these investments would repay themselves not only in lives saved, children educated and communities preserved, but also in direct commercial returns

to the villages and the chance for self-sustaining economic growth.

The international donor community should be thinking round-the-clock of one question: How can the Big Five interventions be done on a larger scale in rural areas similar to Sauri? With a population of some 33 million people, of whom two-thirds are in rural areas, Kenya would need annual investments on the order of \$1.5 billion for its Sauris, with donors filling most of that financing gap, since the national government is already stretched beyond its means. Instead, donor support for investment in rural Kenya is perhaps \$100 million, or a mere one-fifteenth of what is needed. And Kenya's debt service to the rich world is several hundred million dollars per year. Kenya's budget is still being drained by the international community, not bolstered by it. This is all the more remarkable since Kenya is a new and fragile democracy that should be receiving considerable help.

The outside world has pat answers concerning extremely impoverished countries, especially those in Africa. Everything comes back, again and again, to corruption and misrule. Western officials argue that Africa simply needs to behave itself better, to allow market forces to operate without interference by corrupt rulers. Yet the critics of African governance have it wrong. Politics simply can't explain Africa's prolonged economic crisis. The claim that Africa's corruption is the basic source of the problem does not withstand serious scrutiny. During the past decade I witnessed how relatively well-governed countries in Africa, such as Ghana, Malawi, Mali and Senegal, failed to prosper, whereas societies in Asia perceived to have extensive corruption, such as Bangladesh, Indonesia and Pakistan, enjoyed rapid economic growth.

What is the explanation? Every situation of extreme poverty around the world contains some of its own unique causes, which need to be diagnosed just as a doctor would a patient. For example, Africa is burdened with malaria like no other part of the world, simply because it is unlucky in providing the perfect conditions for that disease: high temperatures, plenty of breeding sites and

particular species of malaria-transmitting mosquitoes that prefer to bite humans rather than cattle.

Another myth is that the developed world already gives plenty of aid to the world's poor. Former US Secretary of the Treasury Paul O'Neill expressed a common frustration when he remarked about aid for Africa: "We've spent trillions of dollars on these problems and we have damn near nothing to show for it." O'Neill was no foe of foreign aid. Indeed, he wanted to fix the system so that more US aid could be justified. But he was wrong to believe that vast flows of aid to Africa had been squandered. President Bush said in a press conference in April 2004 that as "the greatest power on the face of the earth, we have an obligation to help the spread of freedom. We have an obligation to feed the hungry." Yet how does the US fulfil its obligation? US aid to farmers in poor countries to help them grow more food runs at around \$200 million per year, far less than \$1 per person per year for the hundreds of millions of people living in subsistence farm households.

From the world as a whole, the amount of aid per African per year is really very small, just \$30 per sub-Saharan African in 2002. Of that modest amount, almost \$5 was actually for consultants from the donor countries, more than \$3 was for emergency aid, about \$4 went for servicing Africa's debts and \$5 was for debt-relief operations. The rest, about \$12, went to Africa. Since the "money down the drain" argument is heard most frequently in the US, it's worth looking at the same calculations for US aid alone. In 2002, the US gave \$3 per sub-Saharan African. Taking out the parts for US consultants and technical co-operation, food and other emergency aid, administrative costs and debt relief, the aid per African came to the grand total of perhaps 6¢.

The US has promised repeatedly over the decades, as a signatory to global agreements like the Monterrey Consensus of 2002, to give a much larger proportion of its annual output, specifically up to 0.7% of GNP, to official development assistance. The US's failure to follow through has

INDIAN STREET CHILD.
"Currently, more than 8 million people around the world die each year because they are too poor to stay alive."



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no political fallout domestically, of course, because not one in a million US citizens even knows of statements like the Monterrey Consensus. But we should not underestimate the salience that it has abroad. Spin as we might in the US about our generosity, the poor countries are fully aware of what we are not doing.

The costs of action are a tiny fraction of the costs of inaction. And yet we must carry out these tasks in a context of global inertia, proclivities to war and prejudice, and understandable scepticism around the world that this time can be different from the past. Here are nine steps to the goal:

Commit to the task

Oxfam and many other leaders in civil society have embraced the goal of Making Poverty History. The world as a whole needs now to embrace the goal.

Adopt a plan of action

The UN's Millennium Development Goals, approved by all of the world's governments at the start of the millennium, are the down payment on ending poverty. The Goals set out specific targets for cutting poverty, hunger, disease and environmental degradation by 2015 and thereby laid the foundation for eliminating extreme poverty by 2025. The rich and poor countries have solemnly agreed to work toward fulfilling the Goals. The key is to follow through.

Raise the voice of the poor

Mahatma Gandhi and Martin Luther King Jr. did not wait for the rich and powerful to come to their rescue. They asserted their call to justice and made their stand in the face of official arrogance and neglect. It is time for the democracies in the poor world – Brazil, India, Nigeria, Senegal, South Africa and dozens of others – to join together to issue the call to action.

Redeem the US role in the world

The richest and most powerful country, long the leader and inspiration in democratic ideals, is barely participating in global efforts to end poverty and protect the environment, thus

undermining its own security. It's time to honour the commitment to give 0.7% of our national income to these crucial goals.

Rescue the IMF and the World Bank

They have the experience and technical sophistication to play an important role. They have the internal motivation of a highly professional staff. Yet they have been used like debt-collection agencies for the big creditor countries. It's time to restore their role in helping all 182 of their member countries, not just the rich ones, in the pursuit of enlightened globalisation.

Strengthen the UN

It is no use blaming the UN for the missteps of recent years. Why are UN agencies less operational than they should be? Not because of "UN bureaucracy", though that exists, but because the powerful countries fear ceding more authority. Yet UN specialised agencies have a core role to play in the ending of poverty. It is time to empower the likes of the UN Children's Fund (UNICEF), the World Health Organization (WHO), the Food and Agricultural Organization (FAO), and many others to do the job – on the ground, country by country.

Harness global science

New technology has led directly to improved standards of living, yet science tends to follow market forces as well as to lead them. It is not surprising that the rich get richer in a continuing cycle of growth while the poorest are often left behind. A special effort should be made by the powerhouses of world science to address the unmet challenges of the poor.

Promote sustainable development

Ending extreme poverty can relieve many of the pressures on the environment. When impoverished households are more productive on their farms, for example, they face less pressure to cut down neighbouring forests in search of new farmland. Still, even as extreme poverty ends, we must not fuel prosperity with a lack of concern for industrial pollution and the unchecked burning of fossil fuels.

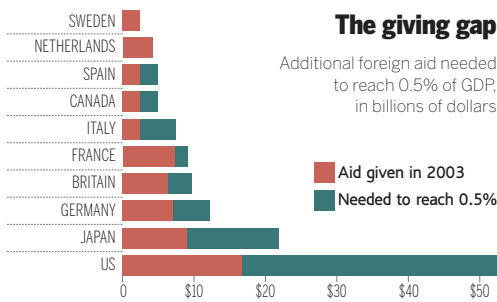


CIVIL WAR LEGACY in Angola. "Much of the one-sixth of humanity in extreme poverty suffers the ravages of AIDS, drought, isolation and civil wars, and is thereby trapped in a vicious circle of deprivation and death."

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Source: OECD

Make a personal commitment

It all comes back to us. Individuals, working in unison, form and shape societies. The final myth I will debunk here is that politicians are punished by their constituents for supporting actions to help the poor. There is plenty of experience to show that the broad public will accept such measures, especially if they see that the rich within their own societies are asked to meet their fair share of the burden. Great social forces are the mere accumulation of individual actions. Let the future say of our generation that we sent forth mighty currents of hope, and that we worked together to heal the world.

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