Millennium Project

Report to the UN Secretary-General

Investing in Development

A Practical Plan to Achieve the Millennium Development Goals

Overview

The UN Millennium Project is an independent advisory body commissioned by the UN Secretary-General to propose the best strategies for meeting the Millennium Development Goals (MDGs). The MDGs are the world's targets for dramatically reducing extreme poverty in its many dimensions by 2015—income poverty, hunger, disease, exclusion, lack of infrastructure and shelter—while promoting gender equality, education, health, and environmental sustainability.

The UN Millennium Project is directed by Professor Jeffrey D. Sachs, Special Advisor to the Secretary-General on the Millennium Development Goals. The bulk of its analytical work has been carried out by 10 thematic task forces comprising more than 250 experts from around the world, including scientists, development practitioners, parliamentarians, policymakers, and representatives from civil society, UN agencies, the World Bank, the International Monetary Fund, and the private sector. The UN Millennium Project reports directly to UN Secretary-General Kofi Annan and United Nations Development Programme Administrator Mark Malloch Brown, in his capacity as Chair of the UN Development Group.

Investing in Development
A Practical Plan to Achieve the Millennium Development Goals

Overview

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2005 New York

This publication should be cited as: UN Millennium Project 2005. *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals. Overview.*

Photos: Front cover, top to bottom and left to right, Christopher Dowswell, Pedro Cote/UNDP, Giacomo Pirozzi/Panos Pictures, Liba Taylor/Panos Pictures, Jørgen Schytte/UNDP, UN Photo Library, Giacomo Pirozzi/UNICEF, Curt Carnemark/World Bank, Pedro Cote/UNDP, Franck Charton/UNICEF, Paul Chesley/Getty Images, Ray Witlin/World Bank, Pete Turner/Getty Images, B. Marquez/UNDP.

This book was edited, designed, and produced by Communications Development Inc., Washington, D.C., and its UK design partner, Grundy & Northedge.

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Preface

The UN Millennium Project has been a unique undertaking. Its 10 task forces, Secretariat, and broad array of participants from academia, government, UN agencies, international financial institutions, nongovernmental organizations, donor agencies, and the private sector created a worldwide network of development practitioners and experts across an enormous range of countries, disciplines, and organizations. The Project was made possible by the unique commitment, skills, and convictions of the task force coordinators, who led their groups to take on some of the most challenging development questions of our generation, and by the task force members, who gave remarkably of their time. This has been a global effort, in the service of a great global cause—the Millennium Development Goals (MDGs). Our Project has been a microcosm of a larger truth: achieving the Millennium Development Goals will require a global partnership suitable for an interconnected world. The world truly shares a common fate.

This has been a labor of love for the many participants in the task forces and Secretariat. Individuals have volunteered vast amounts of effort and expertise to the Project. Their contributions, far beyond any reasonable expectation, have immeasurably sharpened and strengthened the messages contained in the Project's many outputs, including this report, the task force final reports, the newly developed tools for needs assessment, and the advisory support for MDG-based planning in several countries.

I believe that all of the participants have contributed in such a manner because they recognize the special nature of this effort. Part of that is the honor and privilege of working on behalf of UN Secretary-General Kofi Annan, who launched the UN Millennium Project and who has played an unparalleled role in promoting the global fight against extreme poverty. Part is the delight of working for and together with UNDP Administrator Mark Malloch Brown, whose tenacity, vision, and leadership have guided the UN Development Group's efforts for several years. We have also enjoyed, admired, and richly benefited from the leaders of other UN agencies, who direct teams that save lives and ease burdens of poverty and despair throughout the world on a daily basis.

Another special aspect of the Project is the rare and powerful opportunity to help give voice to the hopes, aspirations, and vital needs of the world's poorest and most voiceless people. We have met countless heroes and heroines of development in the three years of our work—in the villages and slums of Africa, Asia, Latin America, and other parts of the developing world. We have seen people preserving their spirit, integrity, commitment, and hope for the future even when they have little else, when tragic circumstances have left them bereft of health, education, possessions, and a means of livelihood. The human spirit, we have seen on innumerable occasions, is truly indomitable.

This triumph of the human spirit gives us the hope and confidence that extreme poverty can be cut by half by the year 2015, and indeed ended altogether within the coming years. The world community has at its disposal the proven technologies, policies, financial resources, and most importantly, the human courage and compassion to make it happen.

Jeffrey D. Sachs
January 2005

Contributors

This document presents an overview of the findings and recommendations of the UN Millennium Project, an independent advisory body to UN Secretary-General Kofi Annan. We are grateful to the Secretary-General for initiating and supporting the UN Millennium Project, for his unswerving commitment to the objective of global poverty reduction, and for his remarkable and tireless leadership of the United Nations system. We also thank Mark Malloch Brown, Administrator of the United Nations Development Programme (UNDP) and Chair of the United Nations Development Group, for his sage guidance and support at every step of the project. We also wish to express our profound appreciation to members of the UN Development Group's Executive Committee for their ongoing support: Carol Bellamy, United Nations Children's Fund; Jim Morris, World Food Programme; and Thoraya Obaid, United Nations Population Fund. We are further grateful to Louise Fréchette, Deputy Secretary-General, José Antonio Ocampo, Department of Social and Economic Affairs; his predecessor Nitin Desai; and Shashi Tharoor, Department of Public Information, for their generous guidance and advice.

This report has been co-authored by the coordinators of the UN Millennium Project's 10 task forces and Secretariat, building on the contributions made by hundreds of scholars, development practitioners, scientists, political leaders and policy leaders involved since the Project's inception in July 2002. A large number of task force associates and task force members made tremendous contributions to many parts of this report, including Gabriella Carolini, Glenn Denning, Helen de Pinho, Philip Dobie, Lisa Dreier, Lynn Freedman, Caren Grown, Ruth Levine, Kristen Lewis, Joan Paluzzi, Robin Sears, Smita Srinivas, Yesim Tozan, Ron Waldman, Paul Wilson, and Nalan Yuksel. In the UN Millennium Project Secretariat, Albert Hyunbae Cho, Michael Faye, Michael

Krouse, Fatou Lo, Gordon McCord, Luis Javier Montero, Rohit Wanchoo, Emily White, and Alice Wiemers worked around the clock for many months to provide invaluable research assistance. Erin Trowbridge provided extremely important comments and inputs. Prarthna Dayal, Rafael Flor, Maria Beatriz Orlando, Kelly Tobin, Brian Torpy, and Haynie Wheeler also made essential efforts in further supporting task force contributions.

This report also directly integrates many of the ideas developed by the UN Millennium Project's Task Force on Poverty and Economic Development, including many outlined by its interim report of February 2004. The members and associates of the Task Force on Poverty and Economic Development who contributed include Kwesi Botchwey, Haidari Amani, Ernest Aryeetey, George Cahuzac, Andrew Cassels, Jamie Drummond, Richard Freeman, Rebecca Grynspan, Pekka Haavisto, Aynul Hasan, Peter Heller, Macartan Humphreys, John Langmore, Ruth Jacoby, Carlos Jarque, Allan Jury, Eddy Lee, Zhu Ling, Thomas Merrick, Vijay Modi, John Okidi, Hafiz Pasha, Michael Platzer, Steven Radelet, Atiqur Rahman, Frederic Richard, Ana-Teresa Romero, Rabbi Royan, Ratna Sahay, Francisco Sercovich, Sudhir Shetty, David Simon, Suresh Tendulkar, Michael Usnick, Ashutosh Varshney, and Xianbin Yao. Several of them wrote crucial background papers that formed the basis for important sections of the text. These include Philip Alston (human rights), Macartan Humphreys and Ashutosh Varshney (conflict), Vijay Modi (rural infrastructure), David Simon (aid flows), and Steven Radelet (governance and official development assistance). The Economic Commission for Africa (together with UNDP Ethiopia) and the Economic and Social Commission for Asia and the Pacific (in collaboration with UNDP Thailand) hosted the task force meetings where many of the ideas in this report were developed.

UNDP offered a gracious home to the UN Millennium Project in addition to providing instrumental financial, in-kind, and intellectual contributions on behalf of the UN Development Group. For this we thank all members of the senior management team including Abdoulie Janneh, Rima Khala Hunaidi, Elena Martinez, Jan Mattson, Kalman Mizsei, Shoji Nishimoto, Hafiz Pasha, Julia Taft, and their respective bureau teams. Under the leadership of Bruce Jenks, the Bureau for Resources and Strategic Partnerships provided tireless support to the project, particularly from Turhan Saleh, Amina Tirana and the rest of the MDGs Unit. Mark Suzman in the Office of the Administrator provided daily doses of patient and thoughtful advice.

The Millennium Trust Fund at UNDP was supported by several governments and foundations and provided the core financial support for the Project since its inception in 2002. The Project is also deeply grateful for the contributions from the Ford Foundation, the Bill and Melinda Gates Foundation, the William and Flora Hewlett Foundation, the John D. and Catherine T. MacArthur Foundation, the David and Lucile Packard Foundation, and the Open Society Institute.

The UN Millennium Project would like to give special thanks to the Earth Institute at Columbia University for its intellectual, administrative, financial, and in-kind support to the Project Secretariat and to many of the task forces. The project also thanks the Center for Global Development, the John F. Kennedy School of Government at Harvard University, Partners in Health, the International Centre for Research on Women, the Mailman School of Public Health at Columbia University, and the Yale Center for the Study of Globalization for their crucial role in supporting the activities of the Project's task forces.

The UN Millennium Project is indebted to the staff of the United Nations system and to members of governments, civil society, and the private sector, too numerous to mention by name, who have contributed directly or indirectly to the report. All errors and omissions remain the responsibility of the authors.

Task force reports

Task Force on Hunger
Halving hunger: it can be done

Task Force on Education and Gender Equality
Toward universal primary education: investments, incentives, and institutions

Task Force on Education and Gender Equality
Taking action: achieving gender equality and empowering women

Task Force on Child Health and Maternal Health
Who's got the power? Transforming health systems for women and children

Task Force on HIV/AIDS, Malaria, TB, and Access to Essential Medicines, Working Group on HIV/AIDS
Combating AIDS in the developing world

Task Force on HIV/AIDS, Malaria, TB, and Access to Essential Medicines, Working Group on Malaria
Coming to grips with malaria in the new millennium

Task Force on HIV/AIDS, Malaria, TB, and Access to Essential Medicines, Working Group on TB
Investing in strategies to reverse the global incidence of TB

Task Force on HIV/AIDS, Malaria, TB, and Access to Essential Medicines, Working Group on Access to Essential Medicines
Prescription for healthy development: increasing access to medicines

Task Force on Environmental Sustainability
Environment and human well-being: a practical strategy

Task Force on Water and Sanitation
Health, dignity, and development: what will it take?

Task Force on Improving the Lives of Slum Dwellers
A home in the city

Task Force on Trade
Trade for development

Task Force on Science, Technology, and Innovation
Innovation: applying knowledge in development

goals

Millennium Development Goals

Goal 1

Eradicate extreme poverty and hunger

Target 1.
Halve, between 1990 and 2015, the proportion of people whose income is less than $1 a day

Target 2.
Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2

Achieve universal primary education

Target 3.
Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3

Promote gender equality and empower women

Target 4.
Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Goal 4

Reduce child mortality

Target 5.
Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5

Improve maternal health

Target 6.
Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio

Goal 6

Combat HIV/AIDS, malaria, and other diseases

Target 7.
Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 8.
Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7

Ensure environmental sustainability

Target 9.

Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources

Target 10.

Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Target 11.

Have achieved by 2020 a significant improvement in the lives of at least 100 million slum dwellers

Goal 8

Develop a global partnership for development

Target 12.

Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (includes a commitment to good governance, development, and poverty reduction—both nationally and internationally)

Target 13.

Address the special needs of the Least Developed Countries (includes tariff- and quota-free access for Least Developed Countries' exports, enhanced program of debt relief for heavily indebted poor countries [HIPCs] and cancellation of official bilateral debt, and more generous official development assistance for countries committed to poverty reduction)

Target 14.

Address the special needs of landlocked developing countries and small island developing states (through the Program of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)

Target 15.

Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Some of the indicators listed below are monitored separately for the least developed countries, Africa, landlocked developing countries, and small island developing states

Target 16.

In cooperation with developing countries, develop and implement strategies for decent and productive work for youth

Target 17.

In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 18.

In cooperation with the private sector, make available the benefits of new technologies, especially information and communications technologies

Ten key recommendations

Recommendation 1

Developing country governments should adopt development strategies bold enough to meet the Millennium Development Goal (MDG) targets for 2015. We term them MDG-based poverty reduction strategies. To meet the 2015 deadline, we recommend that all countries have these strategies in place by 2006. Where Poverty Reduction Strategy Papers (PRSPs) already exist, those should be aligned with the MDGs.

Recommendation 2

The MDG-based poverty reduction strategies should anchor the scaling up of public investments, capacity building, domestic resource mobilization, and official development assistance. They should also provide a framework for strengthening governance, promoting human rights, engaging civil society, and promoting the private sector. The MDG-based poverty reduction strategies should:

- Be based on an assessment of investments and policies needed to reach the Goals by 2015.
- Spell out the detailed national investments, policies, and budgets for the coming three to five years.
- Focus on rural productivity, urban productivity, health, education, gender equality, water and sanitation, environmental sustainability, and science, technology, and innovation.
- Focus on women's and girls' health (including reproductive health) and education outcomes, access to economic and political opportunities, right to control assets, and freedom from violence.
- Promote mechanisms for transparent and decentralized governance.
- Include operational strategies for scale-up, such as training and retaining skilled workers.
- Involve civil society organizations in decisionmaking and service delivery, and provide resources for monitoring and evaluation.
- Outline a private sector promotion strategy and an income generation strategy for poor people.
- Be tailored, as appropriate, to the special needs of landlocked, small island developing, least developed, and fragile states.
- Mobilize increased domestic resources by up to four percentage points of GNP by 2015.
- Calculate the need for official development assistance.
- Describe an "exit strategy" to end aid dependency, appropriate to the country's situation.

Note: Recommendations for sector-specific policies and investments are summarized in this report and described at length in the individual reports of the UN Millennium Project task forces.

Recommendation 3

Developing country governments should craft and implement the MDG-based poverty reduction strategies in transparent and inclusive processes, working closely with civil society organizations, the domestic private sector, and international partners.

- Civil society organizations should contribute actively to designing policies, delivering services, and monitoring progress.
- Private sector firms and organizations should contribute actively to policy design, transparency initiatives and, where appropriate, public-private partnerships.

Recommendation 4

International donors should identify at least a dozen MDG "fast-track" countries for a rapid scale-up of official development assistance (ODA) in 2005, recognizing that many countries are already in a position for a massive scale-up on the basis of their good governance and absorptive capacity.

Recommendation 5

Developed and developing countries should jointly launch, in 2005, a group of Quick Win actions to save and improve millions of lives and to promote economic growth. They should also launch a massive effort to build expertise at the community level.

The Quick Wins include but are not limited to:

- Free mass distribution of malaria bed-nets and effective antimalaria medicines for all children in regions of malaria transmission by the end of 2007.
- Ending user fees for primary schools and essential health services, compensated by increased donor aid as necessary, no later than the end of 2006.
- Successful completion of the 3 by 5 campaign to bring 3 million AIDS patients in developing countries onto antiretroviral treatment by the end of 2005.
- Expansion of school meals programs to cover all children in hunger hotspots using locally produced foods by no later than the end of 2006.
- A massive replenishment of soil nutrients for smallholder farmers on lands with nutrient-depleted soils, through free or subsidized distribution of chemical fertilizers and agroforestry, by no later than the end of 2006.

The massive training program of community-based workers should aim to ensure, by 2015, that each local community has:

- Expertise in health, education, agriculture, nutrition, infrastructure, water supply and sanitation, and environmental management.
- Expertise in public sector management.
- Appropriate training to promote gender equality and participation.

Recommendation 6

Developing country governments should align national strategies with such regional initiatives as the New Partnership for Africa's Development and the Caribbean Community (and Common Market), and regional groups should receive increased direct donor support for regional projects. Regional development groups should:

- Be supported to identify, plan, and implement high-priority cross-border infrastructure projects (roads, railways, watershed management).
- Receive direct donor support to implement cross-border projects.
- Be encouraged to introduce and implement peer-review mechanisms to promote best practices and good governance.

Recommendation 7

High-income countries should increase official development assistance (ODA) from 0.25 percent of donor GNP in 2003 to around 0.44 percent in 2006 and 0.54 percent in 2015 to support the Millennium Development Goals, particularly in low-income countries, with improved ODA quality (including aid that is harmonized, predictable, and largely in the form of grants-based budget support). Each donor should reach 0.7 percent no later than 2015 to support the Goals and other development assistance priorities. Debt relief should be more extensive and generous.

- ODA should be based on actual needs to meet the Millennium Development Goals and on countries' readiness to use the ODA effectively.
- Criteria for evaluating the sustainability of a country's debt burden must be consistent with the achievement of the Goals.
- Aid should be oriented to support the MDG-based poverty reduction strategy, rather than to support donor-driven projects.
- Donors should measure and report the share of their ODA that supports the actual scale-up of MDG-related investments.
- Middle-income countries should also seek opportunities to become providers of ODA and give technical support to low-income countries.

Recommendation 8

High-income countries should open their markets to developing country exports through the Doha trade round and help Least Developed Countries raise export competitiveness through investments in critical trade-related infrastructure, including electricity, roads, and ports. The Doha Development Agenda should be fulfilled and the Doha Round completed no later than 2006.

Recommendation 9

International donors should mobilize support for global scientific research and development to address special needs of the poor in areas of health, agriculture, natural resource and environmental management, energy, and climate. We estimate the total needs to rise to approximately $7 billion a year by 2015.

Recommendation 10

The UN Secretary-General and the UN Development Group should strengthen the coordination of UN agencies, funds, and programs to support the MDGs, at headquarters and country level. The UN Country Teams should be strengthened and should work closely with the international financial institutions to support the Goals.

- The UN Country Teams should be properly trained, staffed, and funded to support program countries to achieve the Goals.
- The UN Country Team and the international financial institutions (World Bank, International Monetary Fund, regional development banks) should work closely at country level to improve the quality of technical advice.

Investing in Development

A Practical Plan to Achieve the Millennium Development Goals

Overview

Overview

We have the opportunity in the coming decade to cut world poverty by half. Billions more people could enjoy the fruits of the global economy. Tens of millions of lives can be saved. The practical solutions exist. The political framework is established. And for the first time, the cost is utterly affordable. Whatever one's motivation for attacking the crisis of extreme poverty—human rights, religious values, security, fiscal prudence, ideology—the solutions are the same. All that is needed is action.

This report recommends the way forward. It outlines a way to attain this bold ambition. It describes how to achieve the Millennium Development Goals.

The Millennium Development Goals (MDGs) are the world's time-bound and quantified targets for addressing extreme poverty in its many dimensions—income poverty, hunger, disease, lack of adequate shelter, and exclusion—while promoting gender equality, education, and environmental sustainability. They are also basic human rights—the rights of each person on the planet to health, education, shelter, and security as pledged in the Universal Declaration of Human Rights and the UN Millennium Declaration.

How will the world look in 2015 if the Goals are achieved? More than 500 million people will be lifted out of extreme poverty. More than 300 million will no longer suffer from hunger. There will also be dramatic progress in child health. Rather than die before reaching their fifth birthdays, 30 million children will be saved. So will the lives of more than 2 million mothers.

There's more. Achieving the Goals will mean 350 million fewer people are without safe drinking water and 650 million fewer people live without the benefits of basic sanitation, allowing them to lead healthier and more dignified lives. Hundreds of millions more women and girls will go to school, access economic and political opportunity, and have greater security and safety. Behind these large numbers are the lives and hopes of people seeking

The Millennium Development Goals are the most broadly supported, comprehensive, and specific poverty reduction targets the world has ever established

new opportunities to end the burden of grinding poverty and contribute to economic growth and renewal.

Many countries are on track to achieve at least some of the Goals by the appointed year, 2015. Yet broad regions are far off track (table 1). Sub-Saharan Africa, most dramatically, has been in a downward spiral of AIDS, resurgent malaria, falling food output per person, deteriorating shelter conditions, and environmental degradation, so that most countries in Africa are far off track to achieve most or all of the Goals. Climate change could worsen the situation by increasing food insecurity, spreading vector-borne diseases, and increasing the likelihood of natural disasters, while a prolonged decline in rainfall in parts of Africa has already wreaked havoc. Meanwhile, for some Goals, such as reducing maternal mortality and reversing the loss of environmental resources, most of the world is off track. The early target for gender parity in primary and secondary education—with a deadline of 2005—will be missed in many countries.

The Millennium Development Goals are too important to fail. It is time to put them on the fast-track they require and deserve. The year 2005 should inaugurate a decade of bold action. Based on work conducted by more than 250 of the world's leading development practitioners over the past two years in the context of the UN Millennium Project, this report presents a practical plan for achieving the Goals. Throughout, we stress that the specific technologies for achieving the Goals are known. What is needed is to apply them at scale. To that end, we present 10 key recommendations at the front of the report. More elaborate analysis and recommendations are set out in the 13 thematically oriented task force reports that underpin this plan.

This overview has four parts. The first describes why the Millennium Development Goals are important and the varied progress so far in achieving them. It then offers a diagnosis of why progress has been so mixed across regions and across Goals. The second presents the recommendations to be implemented at the country level, focusing on the processes, investments, policies, and scale-up strategies required to achieve the Goals. The third provides recommendations to guide the international system's support for country-level processes. The fourth estimates the costs and benefits of achieving the Goals, outlining the millions of lives that could be saved—and the billions of lives improved—through a very affordable but substantial increase in worldwide investments.

1 Why the Goals are important and why we're falling short

The Millennium Development Goals are the most broadly supported, comprehensive, and specific poverty reduction targets the world has ever established, so their importance is manifold. For the international political system, they are the fulcrum on which development policy is based. For the billion-plus people living in extreme poverty, they represent the means to a productive life.

Table 1
Major trends in the Goals, by region

	Africa		Asia						Commonwealth of Independent States	
	Northern	Sub-Saharan	Eastern	South-eastern	Southern	Western	Oceania	Latin America & Caribbean	Europe	Asia
Goal 1 Eradicate extreme poverty and hunger										
Reduce extreme poverty by half	on track	high, no change	met	on track	on track	increasing	no data	low, minimal improvement	increasing	increasing
Reduce hunger by half	high, no change	very high, little change	progress but lagging	progress but lagging	progress but lagging	increasing	moderate, no change	on track	low, no change	increasing
Goal 2 Achieve universal primary education										
Universal primary schooling[a]	on track	progress but lagging	on track	lagging	progress but lagging	high but no change	progress but lagging	on track	declining	on track
Goal 3 Promote gender equality and empower women										
Girls' equal enrollment in primary school	on track	progress but lagging	met	on track	progress but lagging	progress but lagging	on track	on track	met	on track
Girls' equal enrollment in secondary school	met	progress but lagging	no data	met	progress but lagging	little change	progress but lagging	on track	met	met
Literacy parity between young women and men	lagging	lagging	met	met	lagging	lagging	lagging	met	met	met
Women's equal representation in national parliaments	progress but lagging	progress but lagging	declining	progress but lagging	very low, some progress	very low, no change	progress but lagging	progress but lagging	recent progress	declining
Goal 4 Reduce child mortality										
Reduce mortality of under-five-year-olds by two-thirds	on track	very high, no change	progress but lagging	on track	progress but lagging	moderate, no change	moderate, no change	on track	low, no change	increasing
Measles immunization	met	low, no change	no data	on track	progress but lagging	on track	declining	met	met	met
Goal 5 Improve maternal health										
Reduce maternal mortality by three-quarters	moderate	very high	low	high	very high	moderate	high	moderate	low	low
Goal 6 Combat HIV/AIDS, malaria, and other diseases										
Halt and reverse spread of HIV/AIDS	no data	stable	increasing	stable	increasing	no data	increasing	stable	increasing	increasing
Halt and reverse spread of malaria	low	high	moderate	moderate	moderate	low	low	moderate	low	low
Halt and reverse spread of TB	low, declining	high, increasing	moderate, declining	high, declining	high, declining	low, declining	high, increasing	low, declining	moderate, increasing	moderate, increasing
Goal 7 Ensure environmental sustainability										
Reverse loss of forests	less than 1% forest	declining	met	declining	small decline	less than 1% forest	declining	declining except Caribbean	met	met
Halve proportion without improved drinking water in urban areas	met	no change	declining access	high access, no change	met	met	high access, no change	met	met	met
Halve proportion without improved drinking water in rural areas	high access, little change	progress but lagging	progress but lagging	progress but lagging	on track	progress but lagging	low access, no change	progress but lagging	high access, limited change	high access, limited change
Halve proportion without sanitation in urban areas	on track	low access, no change	progress but lagging	on track	on track	met	high access, no change	high access, no change	high access, no change	high access, no change
Halve proportion without sanitation in rural areas	progress but lagging	no change	progress but lagging	progress but lagging	progress but lagging	no change	no change	progress but lagging	little change	little change
Improve the lives of slum dwellers	on track	rising numbers	progress but lagging	on track	some progress	rising numbers	no data	progress but lagging	low but no change	low but no change
Goal 8 A global partnership for development										
Youth unemployment	high, no change	high, no change	low, increasing	rapidly increasing	low, increasing	high, increasing	low, increasing	increasing	low, rapidly increasing	low, rapidly increasing

met or on track | **progress, but too slow** | **no or negative change** | **no data**

a. Results based on measurements of enrollment rate. Results may change if based on measurements of primary completion rates. For example, estimates of completion rates in Latin America show that 8–10 percent of the school-age population will not complete primary school, which implies that the region is off track for reaching the goal of universal primary education.

Source: UN Statistics Division, UNDESA 2004.

For the billion-plus people still living in extreme poverty, the MDGs are a life-and-death issue

For everyone on Earth, they are a linchpin to the quest for a more secure and peaceful world.

The fulcrum of international development policy

At the Millennium Summit in September 2000, the largest gathering of world leaders in history adopted the UN Millennium Declaration, committing their nations to a global partnership to reduce poverty, improve health, and promote peace, human rights, gender equality, and environmental sustainability. Soon after, world leaders met again at the March 2002 International Conference on Financing for Development in Monterrey, Mexico, establishing a landmark framework for global development partnership in which developed and developing countries agreed to take joint actions for poverty reduction (box 1). Later that same year, UN member states gathered at the World Summit on Sustainable Development in Johannesburg, South Africa, where they reaffirmed the Goals as the world's time-bound development targets.

The means to a productive life

For the billion-plus people still living in extreme poverty, the MDGs are a life-and-death issue. Extreme poverty can be defined as "poverty that kills," depriving individuals of the means to stay alive in the face of hunger, disease, and environmental hazards. When individuals suffer from extreme poverty and lack the meager income needed even to cover basic needs, a single episode of disease, or a drought, or a pest that destroys a harvest can be the difference between life and death. In households suffering from extreme poverty, life expectancy is often around half that in the high-income world, 40 years instead of 80. It is common that of every 1,000 children born, more than 100 die before their fifth birthday, compared with fewer than 10 in the high-income world. An infant born in Sub-Saharan Africa today has only a one-third chance of surviving to age 65.

The Goals are ends in themselves, but for these households they are also capital inputs—the means to a productive life, to economic growth, and to further development. A healthier worker is a more productive worker. A better educated worker is a more productive worker. Improved water and sanitation infrastructure raises output per capita through various channels, such as reduced illness. So, many of the Goals are part of capital accumulation, defined broadly, as well as desirable objectives in their own right.

The Goals for hunger and disease are part of human capital. The Goals for water and sanitation and slum dwellers are part of infrastructure. The Goal for environmental sustainability is part of natural capital. The first Goal for income poverty is part of economic growth. And because meeting the Goals for hunger, education, gender equality, environment, and health is vital for overall economic growth and development, it is a mistake to talk simply about the rate of economic growth needed to achieve the Goals in a country. It is

Box 1

The Monterrey Consensus as a framework for global partnership

The Monterrey Consensus offers a valuable framework for action, though many of its key commitments remain unfulfilled. Six important highlights are:

First, the world committed to a broad-based development agenda:

"Our goal is to eradicate poverty, achieve sustained economic growth and promote sustainable development as we advance to a fully inclusive and equitable global economic system."

Second, the world recognized the need for a new partnership of rich and poor countries based on good governance and expanded trade, aid, and debt relief:

"Achieving the internationally agreed development goals, including those contained in the Millennium Declaration, demands a new partnership between developed and developing countries. We commit ourselves to sound policies, good governance at all levels, and the rule of law. We also commit ourselves to mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, increasing international financial and technical cooperation for development, sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial, and trading systems."

Third, the Monterrey Consensus distinguished between developing countries that have adequate infrastructure and human capital to attract private investment (mainly middle-income countries) and those that must rely on official development assistance to build up infrastructure and human capital (mainly low-income and especially Least Developed Countries):

"Official development assistance (ODA) plays an essential role as a complement to other sources of financing for development, especially in those countries with the least capacity to attract private direct investment. ODA can help a country to reach adequate levels of domestic resource mobilization over an appropriate time horizon, while human capital, productive, and export capacities are enhanced. ODA can be critical for improving the environment for private sector activity and can thus pave the way for robust growth. ODA is also a crucial instrument for supporting education, health, public infrastructure development, agriculture, and rural development, and to enhance food security."

Fourth, the Monterrey Consensus identified several regions where ODA is particularly necessary to meet the Goals:

"For many countries in Africa, Least Developed Countries, small island developing states, and landlocked developing countries, ODA is still the largest source of external financing and is critical to the achievement of the development goals and targets of the Millennium Declaration and other internationally agreed development targets."

Fifth, the Monterrey Consensus recognized that significant increases of ODA would therefore be needed, and the donor countries committed to provide those additional resources, including the long-standing target of 0.7 percent of GNP:

"We recognize that a substantial increase in ODA and other resources will be required if developing countries are to achieve the internationally agreed development goals and objectives, including those contained in the Millennium Declaration. To build support for ODA, we will cooperate to further improve policies and development strategies, both nationally and internationally, to enhance aid effectiveness.

"In that context, we urge developed countries that have not done so to make concrete efforts toward the target of 0.7 percent of gross national product (GNP) as ODA to developing countries."

Sixth, the Monterrey Consensus noted that trade is a critical engine of growth and that low-income countries need two kinds of help to improve trade: improved market access in

(continued on next page)

Box 1

The Monterrey Consensus as a framework for global partnership

(continued)

high-income markets, and financial resources to remove supply-side constraints through investments in trade infrastructure, technology, and institutions:

"In cooperation with the interested governments and their financial institutions and to further support national efforts to benefit from trade opportunities and effectively integrate into the multilateral trading system, we invite multilateral and bilateral financial and development institutions to expand and coordinate their efforts, with increased resources, for gradually removing supply-side constraints; improve trade infrastructure; diversify export capacity and support an increase in the technological content of exports; strengthen institutional development and enhance overall productivity and competitiveness."

With these six principles, the Monterrey Consensus provides a balanced approach to economic growth and achieving the Millennium Development Goals (UN 2000: paragraphs 1, 4, 39, 41, 42, and 36). The UN Millennium Project supports these balanced principles. In this document we build on them to recommend the practical steps that can result in the achievement of those Goals.

more helpful, particularly for the poorest countries caught in economic stagnation, to describe the range and levels of investments needed to achieve the Goals and thus to support overall economic growth.

A linchpin to global security

The Goals not only reflect global justice and human rights—they are also vital to international and national security and stability, as emphasized by the High-Level Panel on Threats, Challenges, and Change. Poor and hungry societies are much more likely than high-income societies to fall into conflict over scarce vital resources, such as watering holes and arable land—and over scarce natural resources, such as oil, diamonds, and timber. Many world leaders in recent years have rightly stressed the powerful relationship between poverty reduction and global security (box 2). Achieving the Millennium Development Goals should therefore be placed centrally in international efforts to end violent conflict, instability, and terrorism. As the High-Level Panel recommends, countries that aspire to global leadership through permanent membership on the UN Security Council have a special responsibility to promote the Goals and to fulfill international commitments to official development assistance and other kinds of support vital for achieving them. We endorse the Panel's recommended criterion of 0.7 percent of GNP in official donor assistance for developed countries aspiring to permanent membership.

Poverty increases the risks of conflict through multiple paths. Poor countries are more likely to have weak governments, making it easier for would-be rebels to grab land and vital resources. Resource scarcity can provoke population migrations and displacements that result in conflicts between social groups, as in Darfur, Sudan, in the wake of diminishing rainfall. Without productive alternatives, young people may turn to violence for material gain, or feel a sense of hopelessness, despair, and rage. Poor farmers who lack basic

Box 2
Poverty reduction and global security

Many world leaders have stressed the fact that the fight for global security—to stop war, internal violence, terror, and other ills of profound instability—requires success in the battle against poverty as well. Here are some of their statements, emphasizing the broad range of agreement on this vital point.

King Abdullah of Jordan, January 23, 2004
"Opportunity is a powerful force in giving people a stake in a peaceful future. It is in our hands to create a global growth economy, access to education and technology, and, most important, justice, to show young people that ours is a world of fairness, openness, and hope. The Millennium Development Goals need to be reinforced with new benchmarks for assessing progress, for ensuring better and fairer trade, and for forging new global links."

Prime Minister Tony Blair of the United Kingdom, October 7, 2004
"The rest of the world cannot stand by—because we cannot afford to, because what happens in Africa affects and will affect the rest of the world. Poverty and instability leads to weak states which can become havens for terrorists and other criminals."

President George W. Bush of the United States, March 14, 2002
"Poverty doesn't cause terrorism. Being poor doesn't make you a murderer. Most of the plotters of September 11th were raised in comfort. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of their people, these failed states can become havens for terror.

"Poverty prevents governments from controlling their borders, policing their territory, and enforcing their laws. Development provides the resources to build hope and prosperity, and security.... Successful development also requires citizens who are literate, who are healthy, and prepared and able to work. Development assistance can help poor nations meet these education and health care needs."

President Jacques Chirac of France, May 26, 2004
"The world economy as a whole is held back when the lack of development condemns entire regions to poverty and a seeming lack of prospects. It is also a political necessity, because the security and stability of the world are under threat from the reactions of populations that are deprived of their basic rights."

President Luiz Inácio Lula da Silva of Brazil, September 21, 2004
"The path to lasting peace must encompass a new political and economic international order, one that extends to all countries real opportunities for economic and social development."

Prime Minister Junichiro Koizumi of Japan, September 21, 2004
"The protection and empowerment of individuals and communities is the foundation of international peace and security.... There will be no stability and prosperity in the world unless the issues of Africa are resolved.... Peace and security, economic and social issues are increasingly intertwined."

President Benjamin Mkapa of Tanzania, January 10, 2003
"We should address the situations and factors that have the potential to sow terrorism, namely, poverty, denial, deprivation, oppression, and injustice."

President Olusagun Obasanjo of Nigeria, September 23, 2004
"Our quest for global peace and security will prove unsuccessful unless we intensify international cooperation for development and the reduction of poverty."

Chancellor Gerhard Schröder of Germany, 2001, Program of Action 2015
"Extreme poverty, growing inequality between countries, but also within countries themselves, are great challenges of our times, because they are a breeding ground for instability and conflict. So reducing worldwide poverty is, not least, essential to safeguarding peace and security."

The world has made significant progress in achieving many of the Goals

infrastructure and access to agricultural markets may turn in desperation to narcotics production and trade, such as growing poppy in Afghanistan or coca in the Andes. Many slums are controlled by gangs of drug traffickers and traders, who create a vicious cycle of insecurity and poverty. The lack of economically viable options other than criminal activity creates the seedbed of instability—and increases the potential for violence.

Research suggests a strong causal impact of poverty and adverse income shocks on the onset of conflict. On average a negative economic growth shock of 5 percentage points increases civil war risks by about 50 percent. And the risk of violent civil conflict declines steadily as national incomes increase (figure 1). While violent conflicts surely result from a combination of factors, poverty creates conditions for igniting and sustaining conflict. The implications are twofold: investing in development is especially important to reduce the probability of conflict, and development strategies should take into consideration their possible effects on reducing the risk of conflict—or inadvertently increasing it.

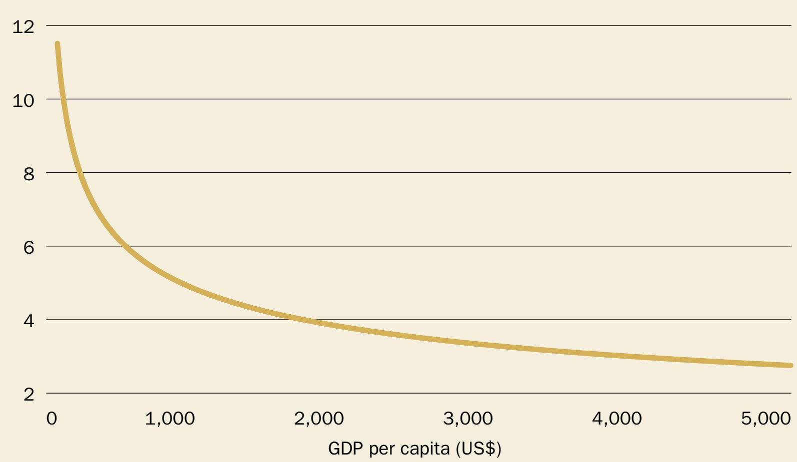
Where we stand with only a decade to go

The world has made significant progress in achieving many of the Goals. Between 1990 and 2002 average overall incomes increased by approximately 21 percent. The number of people in extreme poverty declined by an estimated 130 million.[1] Child mortality rates fell from 103 deaths per 1,000 live births a year to 88. Life expectancy rose from 63 years to nearly 65 years. An additional 8 percent of the developing world's people received access to water. And an additional 15 percent acquired access to improved sanitation services.

Figure 1

Rising national incomes reduce the risk of civil war

Predicted probability of observing a new conflict within five years (%)



Note: Estimated probabilities are derived from the relationship between GDP per capita (constant 1985 US$) and civil war onset. The figure denotes only average relationships identified across countries and over time and does not imply that for any income levels conflict risks are the same in all places.

Source: Research undertaken by Macartan Humphreys (Columbia University) using data on GDP from World Bank 2004d and on civil war onset from PRIO/Uppsala University 2004.

Table 2

Population living below the poverty line

a. Poverty lines set in 1993 US$ adjusted for purchasing power parity.

b. Calculated as rural poverty rate × (100 – urbanization rate) / national poverty rate. Note that published poverty rates often underreport urban poverty.

c. Where 2001 data are not available, uses most recent year available.

Source: Columns 1–4 and 7–10: Chen and Ravallion 2004. Columns 5–6: Calculated from World Bank 2004d.

$1.08 a day poverty line[a]

	Millions of people		Share of total population (%)		Share of poor people living in rural areas[b] (%)	Rural population as share of total (%)
Region	**1990**	**2001**	**1990**	**2001**	**2001[c]**	**2001**
East Asia	472	271	30	15	80	63
Eastern Europe and Central Asia	2	17	1	4	53	37
Latin America and Caribbean	49	50	11	10	42	24
Middle East and North Africa	6	7	2	2	63	42
South Asia	462	431	41	31	77	72
Sub-Saharan Africa	227	313	45	46	73	67

$2.15 a day poverty line[a]

	Millions of people		Share of total population (%)	
Region	**1990**	**2001**	**1990**	**2001**
East Asia	1,116	865	70	47
Eastern Europe and Central Asia	23	93	5	20
Latin America and Caribbean	125	128	28	25
Middle East and North Africa	51	70	21	23
South Asia	958	1,064	86	77
Sub-Saharan Africa	382	516	75	77

But progress has been far from uniform across the world—or across the Goals. There are huge disparities across and within countries. Within countries, poverty is greatest for rural areas, though urban poverty is also extensive, growing, and underreported by traditional indicators (table 2).

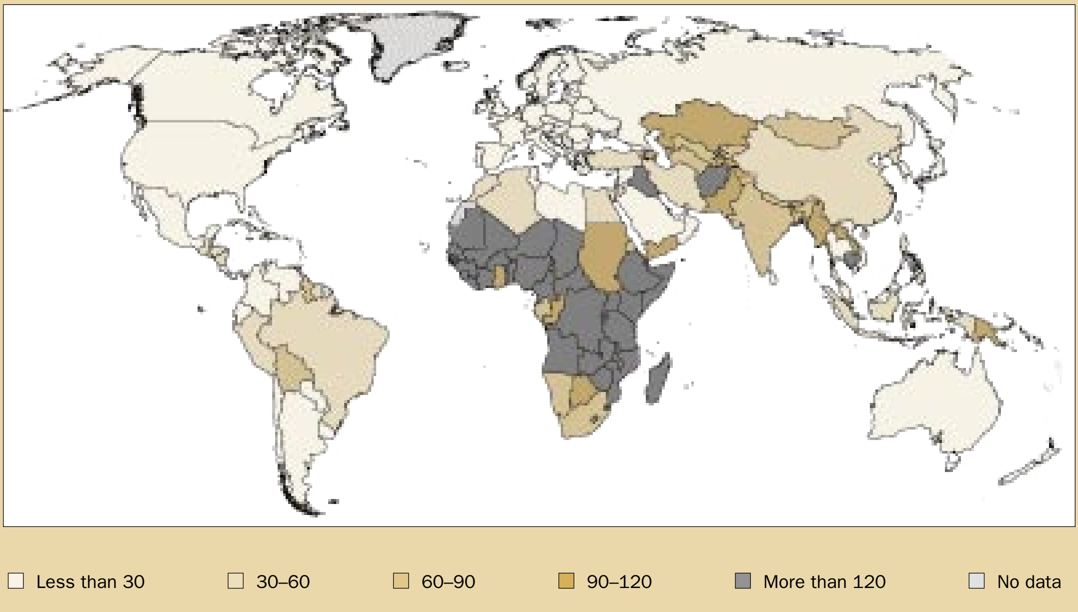
Sub-Saharan Africa is the epicenter of crisis, with continuing food insecurity, a rise of extreme poverty, stunningly high child and maternal mortality, and large numbers of people living in slums (maps 1, 2, and 3), and a widespread shortfall for most of the MDGs. Asia is the region with the fastest progress, but even there hundreds of millions of people remain in extreme poverty, and even fast-growing countries fail to achieve some of the nonincome Goals. Other regions have mixed records, notably Latin America, the transition economies, and the Middle East and North Africa, often with slow or no progress on some of the Goals and persistent inequalities undermining progress on others.

There is also significant variation in progress toward the MDGs:

- The proportion of undernourished people is falling slowly in most regions of the world. Western Asia, Oceania, and CIS Asia are the exceptions, where the proportion has actually risen over the past decade. In Sub-Saharan Africa, some countries have seen progress, but overall proportions of undernourishment remain high with little change.
- In primary education there is progress in most regions, but Sub-Saharan Africa and South Asia are still significantly off track. Most poor children

Map 1
Child mortality rate, 2002
Under-five mortality rate (per 1,000 live births)

Source: World Bank 2004d.

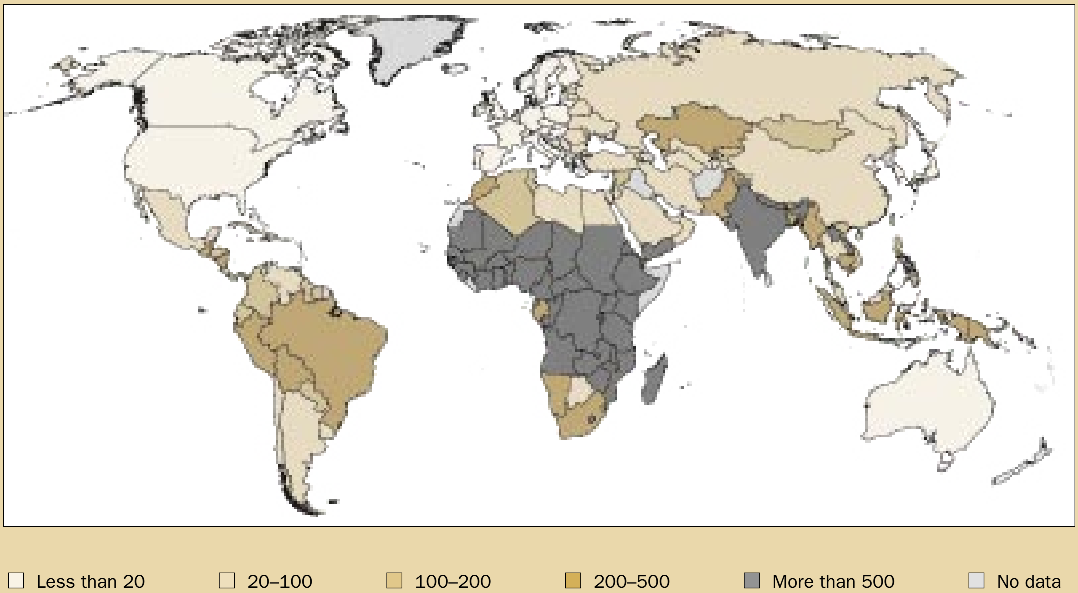


who attend primary school in the developing world learn shockingly little.

- Gender equality remains an unfulfilled goal, and the education parity target for 2005 will be missed in many countries, especially in Sub-Saharan Africa and South Asia.
- Child mortality rates have generally declined, but progress has slowed in many regions, and reversals are being recorded in the Commonwealth of Independent States. Progress has also been limited in West Asia and Oceania, and mortality remains extremely high in Sub-Saharan Africa (see map 1).
- Maternal mortality remains unacceptably high in every region, reflecting low public attention to women's needs and inadequate access to sexual and reproductive health information and services, including emergency obstetric services (see map 2).
- HIV/AIDS now infects about 40 million people. It is pandemic in southern Africa, and it poses a serious threat, particularly to women and adolescents, in every other developing region. The incidence of tuberculosis, still extremely high, is increasing as an opportunistic infection associated with HIV/AIDS. Malaria, an ecologically based parasite,

Map 2
Maternal mortality ratio, 2000
Per 100,000 live births (adjusted)

Source: UNDP 2004b.

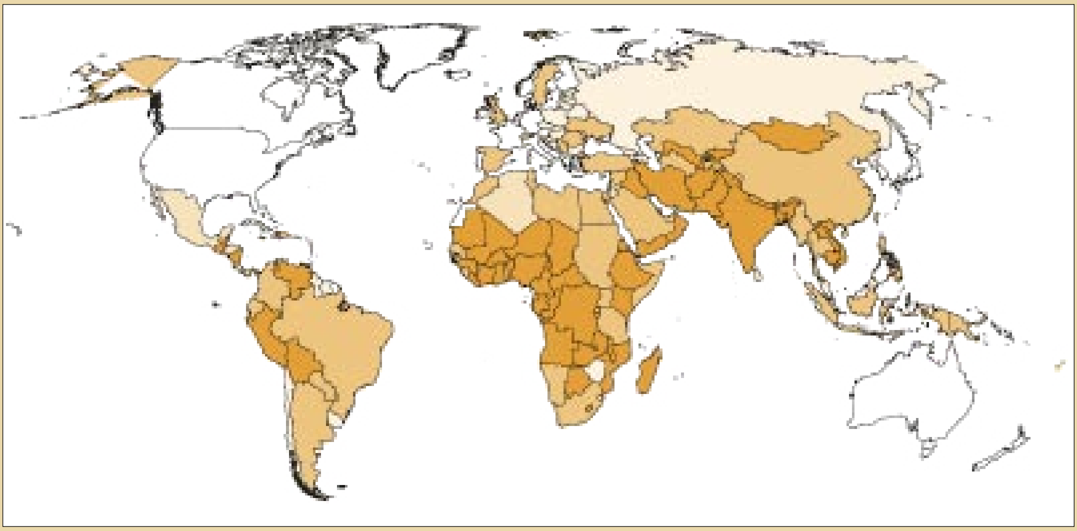


remains a significant threat to health in many tropical regions and is pandemic in Sub-Saharan Africa.

- The share of population with access to improved drinking water supply has increased substantially. Most regions are now on track, except for Sub-Saharan Africa, Oceania, and rural areas in most regions.
- The world is not on track to meet the sanitation goal. Progress has been too slow in South Asia, Sub-Saharan Africa, and much of the rest of Asia.
- About 900 million people are estimated to live in slum-like conditions characterized by insecure tenure, inadequate housing, and a lack of access to water or sanitation. The highest share of slum dwellers is in Sub-Saharan Africa and South Asia, accounting for more than 70 percent of the urban population in many cities (see map 3). Both West and East Asia (excluding China) have registered a rise in the number of slum dwellers since 1990 but a slight decline in the proportion. The same phenomenon is occurring in landlocked developing countries, small island developing states, and Least Developed Countries. In most other subregions, progress is either absent or lagging.
- All developing regions have experienced substantial environmental degradation over the past decade, which could very well worsen as a

Map 3
Share of urban population living in slums
Percent

Source: UN-HABITAT 2003.



☐ Less than 10% ☐ 10%–20% ☐ 20%–40% ☐ more than 40% ☐ High-income countries

result of long-term, manmade global climate change. Many countries are struggling because their natural resource base—specifically the forests, fisheries, soil, and water that survival and livelihoods depend on—is progressively degraded and subject to rising levels of pollution. Each year, roughly 15 million hectares of forest are cleared, generally in developing countries, resulting in increases in vector-borne diseases, declines in the quantity and quality of water, and more floods, landslides, and local climate changes. The lack of good data and indicators on the environment hides the extent to which most developing regions have suffered extensive environmental degradation over the past decade and are not on track to achieving environmental sustainability.

Why progress is so mixed

The key to achieving the Goals in low-income countries is to ensure that each person has the essential means to a productive life. In today's global economy, these means include adequate human capital, access to essential infrastructure, and core political, social, and economic rights (box 3).

In the process of economic growth, the Millennium Development Goals play two roles. First, the Goals are "ends in themselves," in that reduced

Box 3

The means to a productive life

The key elements of adequate human capital include:

- Basic nutrition.
- A health system that enables people to live a long and healthy life.
- Sexual and reproductive health.
- Literacy, numeracy, and marketable skills for twenty-first century jobs.
- Technical and entrepreneurial skills to adopt existing but underused technologies and scientific expertise to advance new knowledge.

The essential infrastructure services include:

- Safe drinking water and basic sanitation.
- A sustainably managed and conserved natural environment.
- Farm inputs, including soil nutrients, reliable water for agriculture, and improved seed varieties, plus vaccines, veterinary pharmaceuticals, and feed and fodder for livestock.
- Energy, including electricity and safe cooking fuels.
- Paved roads and transport services that are safe and reliable, including nonmotorized options.
- Modern information and communications technology.

The core political, social, and economic rights include:

- Equal rights, including reproductive rights, for women and girls.
- Freedom from violence, especially for girls and women.
- A political voice for every citizen, often through civil society organizations.
- Equal access to public services.
- Security of tenure and property rights for shelter, businesses, and other assets.

hunger, improved health and education, and access to safe water and sanitation are direct goals of society. Second, the Goals are also inputs to economic growth and further development. When suitably empowered with human capital, infrastructure, and core human rights in a market-based economy, women and men can secure productive and decent employment through personal initiative. When infrastructure, health, and education are widely available, poor countries can join the global division of labor in ways that promote economic growth, raise living standards, and increase technological sophistication.

But when individuals and whole economies lack even the most basic infrastructure, health services, and education, market forces alone can accomplish little. Households and whole economies remain trapped in poverty, and fail to reap the benefits of globalization. Without basic infrastructure and human capital, countries are condemned to export a narrow range of low-margin primary commodities based on natural (physical) endowments, rather than a diversified set of exports based on technology, skills, and capital investments. In such circumstances, globalization can have significant adverse effects—including brain drain, environmental degradation, biodiversity loss, capital flight, and terms-of-trade declines—rather than bring benefits through increased foreign direct investment inflows and technological advances.

Practical steps can be taken to turn the tide

Consider a typical village of subsistence farm households in a poor country, such as Afghanistan, Bhutan, Bolivia, Burkina Faso, Ethiopia, Nicaragua, or Papua New Guinea. The village lacks access to a paved road and motor transport. Also lacking electricity, its energy needs are met by extracting wood from the diminished secondary forests and woodlands. Drinking water is unsafe and latrines regularly serve as a reservoir of infection through contamination of food and the local water supply. The children are sick from diarrhea, pneumonia, and malaria.

In an African village, adults are dying of AIDS and tuberculosis, without hope of treatment. Farmers toil but do not even produce enough food to feed their families. The soils were long ago depleted of nutrients, especially nitrogen. The rains fail, and there is no backup irrigation.

In these village settings, women carry a triple burden, caring for children, the elderly, and the sick, spending long hours to gather water and fuelwood, to process and produce food, and working on farms or in family enterprises for little or no income. Impoverished families have more children than they desire because of poor access to education, contraception, decent employment opportunities, and sexual and reproductive health information and services. Education seems at best a luxury to most citizens. And since there is no emergency obstetric care, mothers die in childbirth at a hundred or more times the rate in the rich world.

Market forces alone will not rescue the village. Indeed, markets tend to bypass villages with little if any monetary income, and no ready means to earn it, given the low productivity and poor connections with the regional and world economy. The village barely lives off its own food production. Without money it cannot attract doctors, teachers, or transport firms. Without electricity or access to modern fuels it cannot run food processing equipment, irrigation pumps, computers, or electric tools for carpentry or apparel. Villagers do not have enough income to save. And since infrastructure and a skilled workforce are lacking, private investors do not come. Young men and women, particularly the literate, leave the village for cities—and the best educated leave the country.

The same downward spiral applies to many urban areas. On arrival, migrants from rural areas might find employment, though informal and insecure, and they are faced with inaccessible and unaffordable housing. They take refuge in ill-serviced and overcrowded informal settlements. Many of the largest urban agglomerations in the low-income world are like extended villages, and rapidly growing cities in middle-income countries are often very poorly planned, with large areas bereft of functioning infrastructure, employment, and environmental management.

A generation or more of migrants from the countryside, combined with rapid natural population growth, results in a sprawl of densely settled humanity lacking the basics of healthcare, education, electricity, water supply, sanitation, solid waste disposal, and access to transport. People living in slums are largely excluded from enjoying their political, social, and economic rights. Some slums are so

Both villages and cities can become part of global economic growth if they are empowered with the infrastructure and human capital to do so

densely populated that it is not even possible to drive an ambulance into them. Diseases like tuberculosis spread like wildfire. HIV/AIDS is often rampant.

Yet practical steps can be taken to turn the tide. Both villages and cities can become part of global economic growth if they are empowered with the infrastructure and human capital to do so. If every village has a road, access to transport, a clinic, electricity, safe drinking water, education, and other essential inputs, the villagers in very poor countries will show the same determination and entrepreneurial zeal of people all over the world. If every city has a reliable electricity grid, competitive telecommunications, access to transport, accessible and affordable housing for the poor, a water and sanitation system, and access to global markets through modern ports or roads, jobs and foreign investment will flow in—rather than educated workers flowing out.

Investing in core infrastructure, human capital, and good governance therefore accomplishes several things:

- It converts subsistence farming to market-oriented farming.
- It establishes the basis for private sector–led diversified exports and economic growth.
- It enables a country to join the global division of labor in a productive way.
- It sets the stage for technological advance and eventually for an innovation-based economy.

Achieving the Goals is largely about making core investments in infrastructure and human capital that enable poor people to join the global economy, while empowering the poor with economic, political, and social rights that will enable them to make full use of infrastructure and human capital, wherever they choose to live.

Four reasons for shortfalls in achieving the Goals

There is no one-size-fits-all explanation for why the Goals are failing or succeeding. Each region and each Goal requires a careful analysis. We can, however, identify four overarching reasons why the Goals are not being achieved. Sometimes the problem is poor governance, marked by corruption, poor economic policy choices, and denial of human rights. Sometimes the problem is a poverty trap, with local and national economies too poor to make the needed investments. Sometimes progress is made in one part of the country but not in others, so that pockets of poverty persist. Even when overall governance is adequate, there are often areas of specific policy neglect that can have a monumental effect on their citizens' well-being. Sometimes these factors occur together, making individual problems all the more challenging to resolve.

Governance failures

Economic development stalls when governments do not uphold the rule of law, pursue sound economic policy, make appropriate public investments, manage a public administration, protect basic human rights, and support civil

To achieve the Goals, governments must work actively with all constituencies, particularly civil society organizations and the private sector

society organizations—including those representing poor people—in national decisionmaking.

The rule of law involves security in private property and tenure rights, safety from violence and physical abuse, honesty and transparency in government functions, and predictability of government behavior according to law. Too many countries fail to achieve these basic standards, sometimes due to authoritarian rulers who use violence and corruption to hold on to power—but often because upholding the rule of law requires institutions for government accountability, and those institutions are missing.

Political and social rights should ensure equality before the law and fairness in society across groups. These rights must be substantive and not merely formal. The poor must have a meaningful say in the decisions that affect their lives. Women and girls must be assured freedom from violence and from legal, economic, and social discrimination. In many places, access to public goods and services is restricted for certain groups. Minority groups, for their language, religion, or race, suffer discrimination at the hands of more powerful groups.

Sound economic policies involve a rational balance of responsibilities between the private sector and the public sector to secure sustained and widespread economic progress. The private sector is the engine of growth in production. The public sector establishes the framework and enabling environment for growth by setting sound macroeconomic policies and providing such public goods as infrastructure, public health and education, and support for science and technology.

Public investments are crucial for a "private-based" market economy. Every successful economy relies heavily on public spending in critical areas including health, education, infrastructure (electricity grid, roads, seaports), environmental management (national parks and protected reserves, water and sanitation), information and communications, scientific research, and land for affordable housing.

Accountable and efficient public administration requires transparency and administrators who are qualified, motivated, and adequately paid. It also requires efficient management systems, to disburse and track large investments, and monitoring and evaluation systems. Many poor countries without adequate resources for decent salaries—or the checks on political abuse that provide the incentives for performance and the ability to weed out the inept and corrupt—are unable to afford an effective public sector, so they end up suffering from large-scale inefficiencies and wasted resources.

Strong civil society engagement and participation are crucial to effective governance because they bring important actors to the fore, ensure the relevance of public investments, lead to decisions that best address the people's needs as they perceive them, and serve as watchdogs for the development and implementation of government policies.

Achieving the Goals requires that all these areas of governance be properly addressed. There is no excuse for any country, no matter how poor, to abuse

The Goals create a solid framework for identifying investments that need to be made

its citizens, deny them the equal protection of the law, or leave them victims of corruption, mismanagement, and economic irrationality. Some improvements in governance do not cost much money, if any, and some actually save money (by cutting corruption or granting land tenure, for example). Some improvements in economic outcomes are thus available at low cost, and such opportunities must not be squandered.

To achieve the Goals, governments must work actively with all constituencies, particularly civil society organizations and the private sector. Civil society organizations can help design national strategies, deliver services, defend human rights, and supervise government in the fight against corruption and misrule. And the private sector is, plainly, the place for job creation and long-term income growth (box 4).

Poverty traps

Many well governed countries are too poor to help themselves. Many well intentioned governments lack the fiscal resources to invest in infrastructure, social services, environmental management, and even the public administration necessary to improve governance. Further, dozens of heavily indebted poor and middle-income countries are forced by creditor governments to spend large proportions of their limited tax receipts on debt service, undermining their ability to finance vital investments in human capital and infrastructure. In a pointless and debilitating churning of resources, the creditors provide development assistance with one hand and then withdraw it in debt servicing with the other.

In an important recent policy initiative, the U.S. government established a set of transparent indicators that identifies poor but reasonably well governed countries that can qualify for funding from its new Millennium Challenge Account. The list of 30 countries includes Bolivia, Ghana, Mali, and Mozambique. Despite significant efforts and real progress, these countries, and many like them, pass the governance test but still fail to make adequate progress toward the Goals.

The reasons are clear. They lack the basic infrastructure, human capital, and public administration—the foundations for economic development and private sector–led growth. Without roads, soil nutrients, electricity, safe cooking fuels, clinics, schools, and adequate and affordable shelter, people are chronically hungry, burdened by disease, and unable to save. Without adequate public sector salaries and information technologies, public management is chronically weak. These countries are unable to attract private investment flows or retain their skilled workers.

The Goals create a solid framework for identifying investments that need to be made. They point to targets of public investment—water, sanitation, slum upgrading, education, health, environmental management, and basic infrastructure—that reduce income poverty and gender inequalities, improve

Box 4
Partners in pursuing the Goals

Civil society

ActionAid, Bread for the World, CIVICUS, DATA, Development Alternatives with Women for a New Era (DAWN), the International Planned Parenthood Federation (IPPF), Médecins sans Frontières, InterAction, Oxfam, RESULTS International, and Social Watch are among the many remarkable and dedicated civil society organizations that have contributed mightily to development progress around the world. National strategies to achieve the Goals will not succeed without their active engagement and that of other civil society organizations.

Civil society organizations can raise public and political awareness about the Millennium Development Goals (MDGs), maintaining constructive pressure on governments to follow through on their commitments. They can help design national MDG-based poverty reduction strategies, ensuring that investment strategies attend to the needs of historically excluded regions, groups, and policy issues. Many can also take on key tasks in public service delivery, particularly those that hinge on person-to-person training, community-level systems, and the mobilization of young people. In monitoring progress, they can be public watchdogs, ensuring transparency in investment programs and accountability in budget management.

Internationally, civil society organizations can mobilize support among young people and other key constituencies to keep pressure on world leaders to follow through on political commitments. Through their work on the ground, they can be instrumental in sharing best practices and technical expertise. And they can help with direct service delivery, as they do already, for example, through humanitarian relief efforts in times of crisis in the world's poorest regions.

Private sector

Private businesses are important partners in achieving the Goals. Long-term poverty reduction in developing countries will not happen without sustained economic growth, which requires a vibrant private sector. In low-income countries, the majority of the labor force works in rural agriculture, so one powerful route to growth is through a boost in farm productivity and a transition from subsistence farming to commercial farming. In urban areas the transition should be from informal employment to formal employment in internationally competitive manufacturing and services.

Strong public systems are needed to provide the human capital and infrastructure needed for firms to thrive and have access to world markets. The domestic private sector can support the Goals by making investments to increase productivity and create jobs. In some situations, it can also help support service delivery through public-private partnerships. The private sector should furthermore support the Goals by promoting transparency and corporate governance initiatives, by advocating for the Goals, and by engaging responsibly with the government in economic policy discussions.

Major international businesses should support the Goals through corporate philanthropy, such as donations of life-saving technologies, and through differential pricing to enable the poor to gain access to needed technologies. When investing in developing countries, multinational firms should be responsible, law-abiding corporate citizens. As an important demonstration of corporate social responsibility, we recommend that all large international businesses, especially those that have signed up to the UN Global Compact, report their contributions through a Millennium Development Goals scorecard in their annual reports.

The key to escaping the poverty trap is to raise the economy's capital stock

human capital, and protect the environment. By achieving the Goals, poor countries can establish an adequate base of infrastructure and human capital that will enable them to escape from the poverty trap.

Escaping the poverty trap. When a country's capital stock (including physical, natural, and human capital) is too low, the economy is unproductive. Households are impoverished, and the environment is degraded. This leads to several problems:

- *Low saving rates.* Poor households use all their income to stay alive, and so cannot save for the future. The few who can afford to save often have no access to formal banking.
- *Low tax revenues.* Governments lack the budgetary resources for public investments and public administrations using qualified managers and modern information systems.
- *Low foreign investment.* Foreign investors stay away from economies without basic infrastructure—those with costly and unreliable roads, ports, communication systems, and electricity.
- *Violent conflict.* Resource scarcity can often fuel latent tensions among competing groups.
- *Brain drain.* Skilled workers leave the country because of low salaries and little hope for the future.
- *Unplanned or ill-timed births and rapid population growth.* Impoverished people living in rural areas have the highest fertility rates and the largest families. Rapid population growth and shrinking farm sizes make rural poverty worse. Poor people (in rural and urban areas) have less access to information and services to space or limit their pregnancies in accord with their preferences.
- *Environmental degradation.* People in poverty lack the means to invest in the environment and the political power to limit damage to local resources, resulting in soil nutrient depletion, deforestation, overfishing, and other environmental damage. These degraded conditions undermine rural incomes, and contribute to poor health and rural-urban migration, leading to new settlement in environmentally fragile periurban areas.

All these adverse results reinforce and amplify poverty. Without private saving, public investment, and foreign investment, there is no improvement in productivity. With brain drain, population growth, environmental degradation, and ongoing risk of violence, the situation continues to degenerate.

The key to escaping the poverty trap is to raise the economy's capital stock to the point where the downward spiral ends and self-sustaining economic growth takes over. This requires a big push of basic investments between now and 2015 in public administration, human capital (nutrition, health, education), and key infrastructure (roads, electricity, ports, water and sanitation, accessible land for affordable housing, environmental management).

Geographical vulnerabilities can and need to be offset by targeted investments in infrastructure, agriculture, and health

This process is helped by a voluntary reduction in fertility, which promotes greater investments in the health, nutrition, and education of each child. We thus strongly support programs that promote sexual and reproductive health and rights, including voluntary family planning. Critical to overall success in economic growth and poverty reduction, they can help countries meet the Goals, freeing them from the poverty trap and their dependence on aid.

Geographical conditions make poverty traps more likely. Some countries and regions are more vulnerable than others to falling into a poverty trap. While a history of violence or colonial rule or poor governance can leave any country bereft of basic infrastructure and human capital, physical geography plays special havoc with certain regions. Some regions need more basic infrastructure than others simply to compensate for a difficult physical environment. Here are some of the barriers that must be offset by investments:

Adverse transport conditions:
- Landlocked economies.
- Small island economies far from major markets.
- Inland populations far from coasts and navigable rivers.
- Populations living in mountains.
- Long distances from major world markets.
- Very low population densities.

Adverse agroclimatic conditions:
- Low and highly variable rainfall.
- Lack of suitable conditions for irrigation.
- Nutrient-poor and nutrient-depleted soils.
- Vulnerability to pests and other postharvest losses.
- Susceptibility to the effects of climate change.

Adverse health conditions:
- High ecological vulnerability to malaria and other tropical diseases.
- High AIDS prevalence.

Other adverse conditions:
- Lack of domestic energy resources (fossil fuels, geothermal or hydropower potential).
- Small internal market and lack of regional integration.
- Vulnerability to natural hazards (tropical storms, earthquakes, volcanoes).
- Artificial borders that cut across cultural and ethnic groups.
- Proximity to countries in conflict.

Sub-Saharan Africa is especially burdened by poor geographical endowments (table 3 and map 4). Africa has the highest agriculture risk (tied with South Asia), the highest transport risk, and by far the highest malaria risk. Africa is also uniquely vulnerable to drought conditions. Human vulnerability in 1980 was inversely correlated with economic growth during 1980–2000.

Table 3

Agriculture risk, transport risk, and malaria risk, by region

Note: Indexes range from 0 to 1, with a higher value indicating higher risk. Country averages are weighted by population.
a. Averages indexes for share of cropland under irrigation in 1980, fertilizer use per capita in 1980, and share of population living in subhumid ecological zone.
b. Averages indexes for share of population living near the coast, share of population living in low-density areas, share of population living above 800 meters elevation, and paved roads per capita in 1990 (earliest available data).
c. A 0–1 index for malaria ecology.
d. Averages agriculture risk, transport risk, and malaria risk.

Source: Calculated from World Bank 2004d; CIESIN 2002; Kiszewski and others 2004.

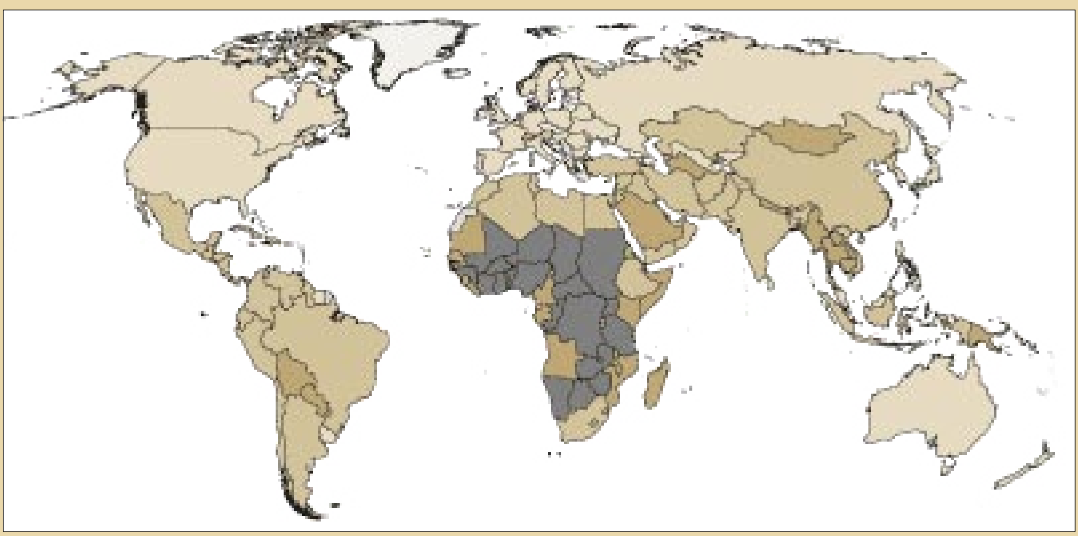
Region	Agriculture risk[a]	Transport risk[b]	Malaria risk[c]	Human vulnerability index[d]
Central Asia	0.31	0.41	0.00	**0.24**
East Asia and Pacific	0.68	0.27	0.04	**0.33**
Europe	0.38	0.27	0.00	**0.22**
Latin America and the Caribbean	0.76	0.37	0.03	**0.39**
Middle East and North Africa	0.71	0.36	0.02	**0.36**
North America	0.51	0.23	0.00	**0.25**
South Asia	0.86	0.26	0.02	**0.38**
Sub-Saharan Africa	0.86	0.52	0.42	**0.60**

Map 4

Human vulnerability index, 1980

1 = highest risk

Source: Calculated from World Bank 2004d, CIESIN 2002, and Kiszewski and others 2004.



Less than 0.15 | 0.15–0.30 | 0.30–0.45 | 0.45–0.60 | 0.60–1.00 | No data

The major policy implication for middle-income countries is to ensure that critical investments get channeled to lagging regions

Africa's vulnerability is very high but not insurmountable. Indeed, our message is that geographical vulnerabilities can and need to be offset by targeted investments in infrastructure, agriculture, and health. Countries far from markets can be brought closer by adequate investments in roads and railways. Countries with nutrient-depleted soils and inadequate rainfall can be helped by special programs for soil nutrient replenishment and water management for agriculture (such as irrigation and water harvesting). Countries suffering from malaria and other endemic diseases can combat them with appropriate programs of prevention and control. Yet such investments are costly—too costly for the poorest countries to bear on their own—and so require much greater help from the donor countries.

Pockets of poverty

Most economies experience considerable variation in household incomes, so even middle-income countries may have large numbers of extremely poor households, especially large countries with considerable regional and ethnic diversity. Economic development often leaves some parts of an economy, or some groups in society, far behind. This occurs both in lagging regions and in cities, where a growing proportion of the poor live in slums. In many countries there are cities within cities—a dual reality of haves and have-nots in close proximity. In many cases, geographical disadvantages (distance from markets) are worsened by the political disempowerment of minority groups.

The major policy implication for middle-income countries is to ensure that critical investments—in infrastructure, human capital, and public administration—get channeled to lagging regions, including slums, and to social groups excluded from the political process and economic benefits. Some notable lagging regions include:

- Western China, burdened by great distance from the eastern coast.
- Southern Mexico, burdened by tropical diseases, agronomic risks, great distances from the major U.S. market, and political marginalization of the indigenous peasant populations.
- Northeastern Brazil, burdened by vulnerability to drought and a long history of heavily concentrated land ownership.
- The Gangetic states in India, burdened by low-productivity agriculture, long distances to coastal trade, and a large landless population.

Areas of specific policy neglect

Some Goals are not being met simply because policymakers are unaware of the challenges, unaware of what to do, or neglectful of core public issues. Environmental policy is often grossly neglected because of politically weak environmental ministries, even weaker law enforcement, and considerable deficiencies in information and in the capacity to act on that information. Also common are gender biases in public investment and social and economic policies.

Throughout the developing world and even in middle-income countries, maternal mortality ratios remain appallingly high. High maternal mortality and morbidity have a specific major remedy: access to emergency obstetric care. Despite its life-saving potential, there has been a pervasive underinvestment in this service and in the health systems to deliver it. Adolescents are also widely underserved for life skills, nutrition information, education and employment opportunities, and sexual and reproductive health information and services. Investments in child and neonatal health have also been grossly insufficient. All of these areas of neglect could be addressed through strengthening the management and service delivery of district-level health systems.

2 Country-level processes to achieve the Goals

To enable all countries to achieve the MDGs, the world must treat them not as abstract ambitions but as practical policy objectives. The practical steps to achieve the Goals in each country can and should be diagnosed, planned, and implemented with the proper focus and actions, combined with suitable support from the international community. Many well governed developing countries are poised to make dramatic progress beginning in 2005—if their development partners deliver on long-standing promises to increase assistance.

Designing a national strategy to achieve the Goals

In every country that wants to achieve the MDGs, the starting assumption should be that they are feasible unless technically proven otherwise. In many of the poorest countries, the Goals are indeed ambitious, but in most or even all countries they can still be achieved by 2015 if there are intensive efforts by all parties—to improve governance, actively engage and empower civil society, promote entrepreneurship and the private sector, mobilize domestic resources, substantially increase aid to countries that need it to support MDG-based priority investments, and make suitable policy reforms at the global level, such as those in trade.

It is crucial that technical constraints to meeting the Goals not be confused with financial constraints. Although poverty reduction is the primary responsibility of developing countries themselves, achieving the Goals in the poorest countries—those that genuinely aspire to achieve the MDG targets—will require significant increases in official development assistance to break the poverty trap. We urge all low-income countries to increase their own resource mobilization for the Goals by devoting budget revenues to priority investments. And in countries where governance is adequate but domestic resources are not, we call on donors to follow through on their long-standing commitments to increase aid significantly. In short, we call for co-financing the scale up of MDG-based investments. The rich countries must no longer delay on their side of the bargain.

Rather than strategies to "accelerate progress toward the Goals," we need strategies to "achieve the Goals"

Our core operational recommendation is that each developing country with extreme poverty should adopt and implement a national development strategy ambitious enough to achieve the Goals. The country's international development partners—including bilateral donors, UN agencies, regional development banks, and the Bretton Woods institutions—should give all the support needed to implement the country's MDG-based poverty reduction strategy. In particular, official development assistance should be generous enough to fill the financing needs, assuming that governance limitations are not the binding constraint and that the recipient countries are making their own reasonable efforts at increasing domestic resource mobilization. If countries already have a Poverty Reduction Strategy Paper (PRSP), it should be revised so that it is ambitious enough to achieve the Goals. Where the Goals are already within reach and greater progress is sought, we suggest that countries adopt an "MDG-plus" strategy, with more ambitious targets. Where countries are in conflict or emerging from conflict, we suggest that development strategies be balanced with urgent humanitarian efforts, especially for displaced populations.

Working back from the 2015 targets and timelines

Serious implementation of the MDG targets and timelines implies a major shift in development practice. Low-income countries and their development partners now plan around modest incremental expansions of social services and infrastructure. We recommend instead a bold, needs-based, goal-oriented investment framework over 10 years aimed at achieving the quantitative targets set out in the MDGs. Rather than strategies to "accelerate progress toward the Goals," we need strategies to "achieve the Goals."

We recommend a four-step approach.

- First, each country should map the key dimensions and underlying determinants of extreme poverty—by region, locality, and gender—as best as possible with available data.
- Second, consistent with the poverty maps, each country should undertake a needs assessment to identify the specific public investments necessary to achieve the Goals.
- Third, each country should convert the needs assessment into a 10-year framework for action, including public investment, public management, and financing.
- Fourth, each country should elaborate a 3-to-5-year MDG-based poverty reduction strategy within the context of the 10-year framework.

This MDG-based poverty reduction strategy should be a detailed, operational document, attached to a medium-term expenditure framework which translates the strategy into budgetary outlays.

Crucially, the 10-year framework and 3-to-5-year poverty reduction strategy should include a public sector management strategy—with a key focus on transparency, accountability, human rights, and results-based management. They

Some Quick Wins could bring vital gains in well-being to millions of people and start countries on the path to the Goals

should also include a clear strategy for decentralizing target-setting, decision-making, budgeting, and implementation responsibilities to the level of local governments. Further, there should be a clear private sector strategy to promote economic growth and have countries "graduate" from donor assistance in the longer term.

Importantly, we are not advocating new development processes or policy vehicles. We are simply recommending that the current processes be truly MDG-oriented. We support the Poverty Reduction Strategy Papers as an important framework for the Goals. But these PRSPs urgently need revision to align them with the Millennium Development Goals. Very few PRSPs are ambitious or comprehensive enough to achieve the Goals, largely because they have been prepared in a context of insufficient donor assistance.

The process of developing an MDG-based poverty reduction strategy needs to be open and consultative, including all key stakeholders, domestic and foreign. Each country should convene an MDG strategy group chaired by the national government—but also including bilateral and multilateral donors, UN specialized agencies, provincial and local authorities, and domestic civil society leaders, including women's organizations, which are traditionally underrepresented.

Priority public investments to empower poor people

Every country's MDG-based poverty reduction strategy needs to outline the specific and practical steps required to reach the Goals. Fortunately, these steps are known. For example, we know how to prevent mothers from dying in pregnancy and childbirth. We know how to encourage girls to enroll in and complete a full cycle of basic education. We know how to triple African maize yields. We know how to provide rural clinics and hospitals with uninterrupted electricity. And we know how to increase tree coverage in deforested areas. The same is true for the other Goals as well. The task forces of the UN Millennium Project describe these proven investments and policies in considerable detail in their reports, essential accompaniments to this report.

At first glance the list of what is needed may seem long. Fighting hunger, for example, requires training farmers, providing fertilizer, improving roads and transport services, managing water resources more effectively, providing good nutrition, and many other things. There are comparable lists for health, education, water, sanitation, environmental management, and other areas of concern. Implementing the full set of interventions and policies will take time and work across many sectors. Fortunately, we have 10 years to reach the Goals. This is enough time for most countries, if not all. But we need to get started in 2005.

It is possible for developing countries to start implementing some elements of this package immediately and to see breathtaking results within three or fewer years. Although far from comprehensive, some Quick Wins could bring vital gains in well-being to millions of people and start countries on the path to the Goals. With adequate resources, the Quick Wins include:

The Quick Wins need to be embedded in the longer term investment policy framework of the MDG-based poverty reduction strategy

- Eliminating school and uniform fees to ensure that all children, especially girls, are not out of school because of their families' poverty. Lost revenues should be replaced with more equitable and efficient sources of finance, including donor assistance.
- Providing impoverished farmers in Sub-Saharan Africa with affordable replenishments of soil nitrogen and other soil nutrients.
- Providing free school meals for all children using locally produced foods with take-home rations.
- Designing community nutrition programs that support breastfeeding, provide access to locally produced complementary foods and, where needed, provide micronutrient (especially zinc and vitamin A) supplementation for pregnant and lactating women and children under five.
- Providing regular annual deworming to all schoolchildren in affected areas to improve health and educational outcomes.
- Training large numbers of village workers in health, farming, and infrastructure (in one-year programs) to ensure basic expertise and services in rural communities.
- Distributing free, long-lasting, insecticide-treated bed-nets to all children in malaria-endemic zones to cut decisively the burden of malaria.
- Eliminating user fees for basic health services in all developing countries, financed by increased domestic and donor resources for health.
- Expanding access to sexual and reproductive health information and services, including family planning and contraceptive information and services, and closing existing funding gaps for supplies and logistics.
- Expanding the use of proven effective drug combinations for AIDS, tuberculosis, and malaria. For AIDS, this includes successfully completing the 3 by 5 initiative to bring antiretrovirals to 3 million people by 2005.
- Setting up funding to finance community-based slum upgrading and earmark idle public land for low-cost housing.
- Providing access to electricity, water, sanitation, and the Internet for all hospitals, schools, and other social service institutions using off-grid diesel generators, solar panels, or other appropriate technologies.
- Reforming and enforcing legislation guaranteeing women and girls property and inheritance rights.
- Launching national campaigns to reduce violence against women.
- Establishing, in each country, an office of science advisor to the president or prime minister to consolidate the role of science in national policymaking.
- Empowering women to play a central role in formulating and monitoring MDG-based poverty reduction strategies and other critical policy reform processes, particularly at the level of local governments.
- Providing community-level support to plant trees to provide soil nutrients, fuelwood, shade, fodder, watershed protection, windbreak, and timber.

These Quick Wins are not the only interventions needed to reach the Goals—just the ones with very high potential short-term impact that can be immediately implemented. Other interventions are more complicated and will take a decade of effort or have delayed benefits. The world cannot afford to let another year go by without investing in these simple and proven strategies.

The Quick Wins need to be embedded in the longer term investment policy framework of the MDG-based poverty reduction strategy. The UN Millennium Project has identified "best practices" in seven investment-and-policy clusters that are key to achieving the Goals. The UN Millennium Project has also produced a companion *Handbook of Best Practices to Meet the Millennium Development Goals*.[2] Here are the seven main investment-and-policy clusters.

Rural development: increasing food output and incomes

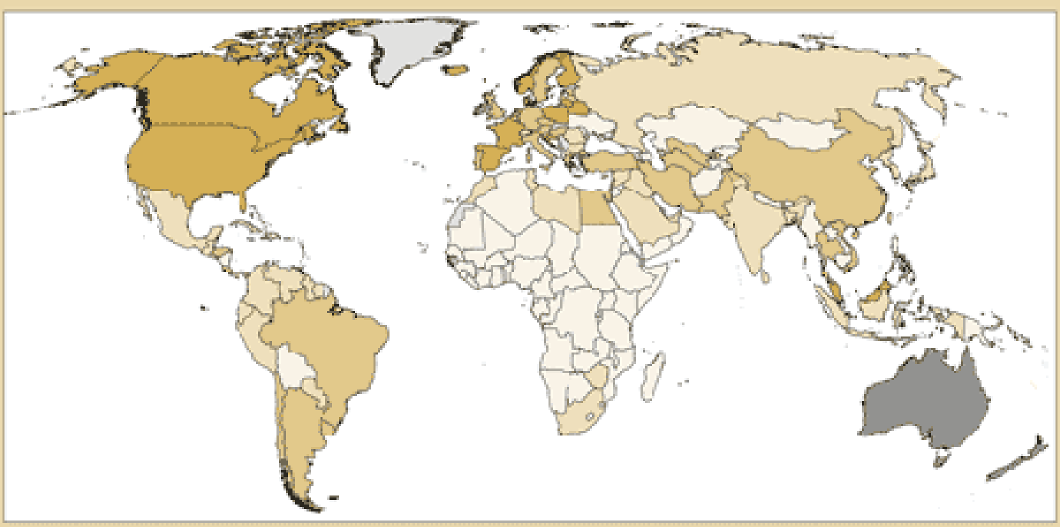
Smallholder farmers and their families constitute perhaps half of the world's people living with chronic hunger, and an even larger share in Sub-Saharan Africa. These farmers often do not have access to soil nutrient replenishment, such as chemical fertilizers (map 5) and agroforestry techniques. Their yields are therefore dramatically reduced. We recommend raising their productivity

Map 5

Fertilizer consumption, 2001

Metric tons per million people

Source: Calculated from World Bank 2004d.



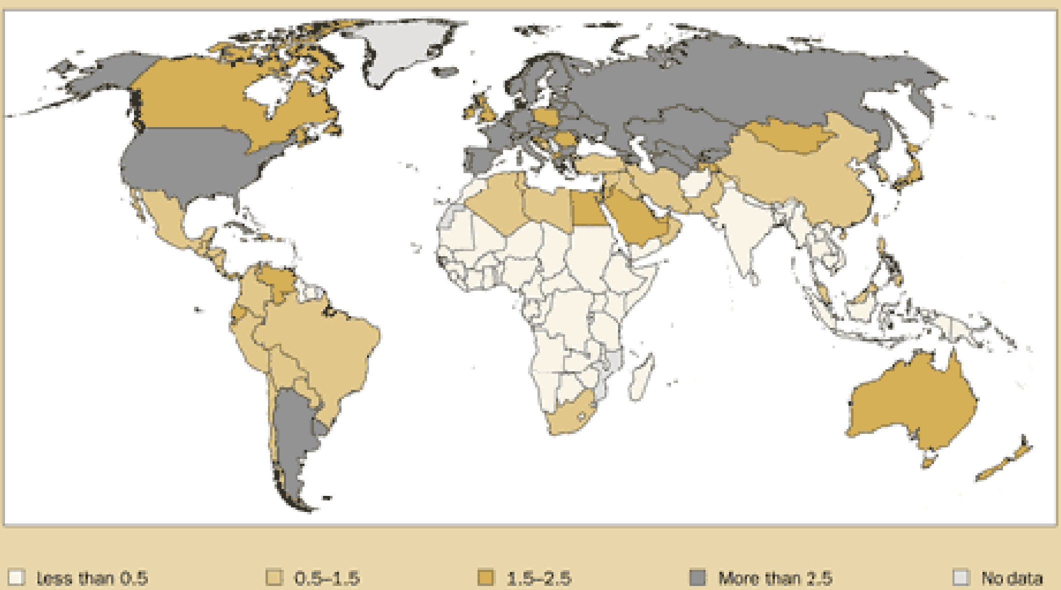
through a “Twenty-first Century African Green Revolution” to supply them with soil nutrients and related technologies. Investments are also needed to increase rural access to transport, information and communications, safe drinking water, sanitation, modern energy, and reliable water for agriculture and agriculture-related small and medium-size enterprises. All this can—and should—be done in an environmentally sustainable manner.

Urban development: promoting jobs, upgrading slums, and developing alternatives to new slum formation

The package of interventions should include improving the security of tenure for slum dwellers, supporting poor people’s own efforts to build decent new housing, strengthening urban planning with strong community and especially women’s participation, expanding core urban infrastructure services, reducing the pollution of air and water, and promoting special investment zones to attract private companies and promote indigenous enterprises. A central focus should be to strengthen the operational capacity of local governments, nongovernmental organizations (NGOs), women’s organizations, and other civil society groups, and to include them in the formulation of relevant national policies.

Map 6
Physicians per 1,000 people
Most recent available year

Source: World Bank 2004d.



Health systems: ensuring universal access to essential services

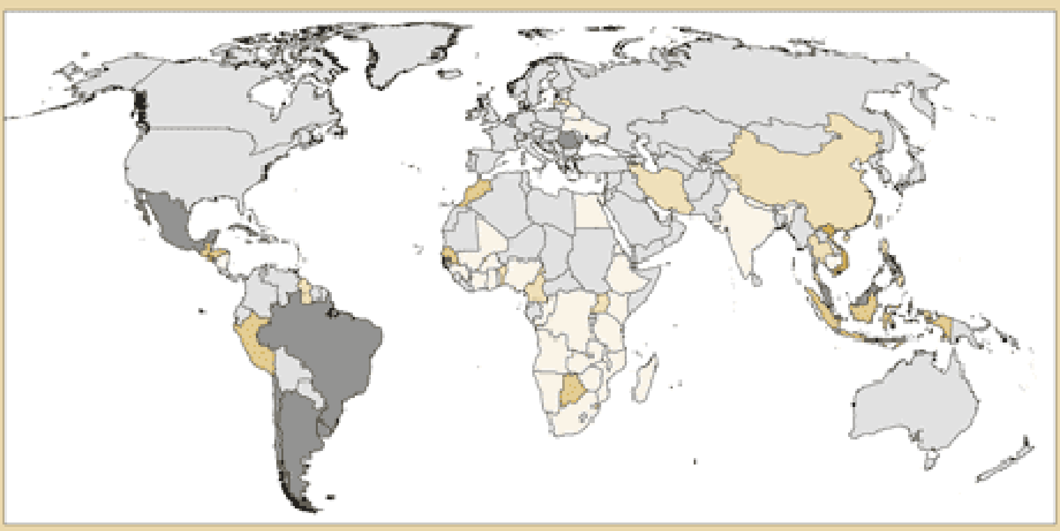
Health interventions are best provided through an integrated district health system centered on primary care and first-level referral hospitals with special measures to ensure that the health system reaches all groups in the population, including the poor and marginalized. The number of doctors and the coverage of antiretroviral treatment for HIV/AIDS are exceedingly low in the places most affected by endemic diseases (maps 6 and 7). Practical investments and policies for a functioning health system include training and retaining competent, motivated health workers, strengthening management systems, providing adequate supplies of essential drugs, and building clinics and laboratory facilities. Eliminating user fees for essential health services, improving community health education, promoting behavior change, and involving communities in decisionmaking and service delivery are also critical measures. There is increasing international consensus, for example, that community workers should be trained to recognize and treat diarrhea, pneumonia, and malaria in children. Effective planning and management of

Map 7

Antiretroviral drug coverage

Share of HIV-infected individuals in need of treatment who have access to antiretroviral drugs (%), 2003

Source: USAID and others 2004.



Specific interventions to address gender inequality should be an intrinsic part of all MDG-based investment packages

district-level health systems requires an integrated monitoring, surveillance, and evaluation system.

Education: ensuring universal primary, expanded postprimary, and expanded higher education

Governments should ensure that every child, boy or girl, completes basic schooling of good quality, that a substantial proportion also completes postprimary education, and that a significant number are enrolled in tertiary education by 2015. In many countries, this will require political transformation to support an inclusive and egalitarian society and changes in the institutional and political incentives that now undermine the performance of school systems. As a start, governments should create and reinforce rules and rights that enable parents and communities to hold their local schools accountable; improve the content, quality, mode of delivery, and relevance of curricula while eliminating gender biases; build schools and train teachers where necessary; eliminate primary school fees; and institute special incentives to reach vulnerable out-of-school children. Governments should also recognize civil society organizations as legitimate partners in debates about the education system.

Gender equality: investing to overcome pervasive gender bias

Specific interventions to address gender inequality should be an intrinsic part of all MDG-based investment packages. They should also address systemic challenges such as protection of sexual and reproductive health and rights (including access to information and family planning services), equal access to economic assets such as land and housing, increased primary school completion and expanded access to postprimary education for girls, equal labor market opportunities, freedom from violence, and increased representation at all levels of governance. One essential step to addressing these systemic challenges is the collection of gender-disaggregated data for monitoring progress.

Environment: investing in improved resource management

Countries should integrate environmental strategies into all sector policies, promote direct investments in environmental management, promote regulatory and market reforms to reduce environmental degradation, and improve environmental monitoring. In each of these intervention areas, countries will need to consider their growing need to adapt to climate change. Examples of direct investments in environmental management are replanting forests, treating wastewater, curbing chemical pollution, and conserving critical ecosystems. Well designed sector strategies, including agriculture and infrastructure services, can use strategic impact assessments to minimize negative environmental tradeoffs. The removal of environmentally damaging subsidies can further improve environmental management.

The core challenge lies in financing and implementing the interventions at scale

Science, technology, and innovation: building national capacities

Sustainable MDG-based strategies require the buildup of indigenous institutions and skills to advance science, technology, and innovation. Practical measures to increase a country's scientific capacity include creating science advisory bodies to the national government, expanding science and engineering faculties in universities and polytechnics, strengthening development and entrepreneurial focus in science and technology curricula, promoting business opportunities in science and technology, and promoting infrastructure development as a technology learning process.

Interdependence of investment clusters

Each investment cluster depends on the others. To achieve any particular Goal, it is not enough to invest merely in the corresponding sector.[3] Conversely, most interventions have effects on several Goals. For example, reducing gender inequality is essential for reducing hunger, containing HIV/AIDS, promoting environmental sustainability, upgrading slums, and reducing child and infant mortality. Ready access to clean water, electricity, and modern cooking and heating fuels are essential for ensuring that clinics and hospitals function, for reducing women's and girls' time burdens so that they can engage in productive economic activity and attend school, and so forth. Reaching the Millennium Development Goals thus depends on ambitious action across many sectors. This point must be kept in mind when evaluating MDG priorities in any country or region (box 5).

The key elements for rapid scale-up

The core challenge of the Goals lies in financing and implementing the interventions at scale—for two reasons. One is the sheer range of interventions that should be implemented simultaneously to reach the Goals. The second is the need to reach large proportions of the population. National scale-up is the process of bringing essential MDG-based investments and services to most or all of the population, on an equitable basis, by 2015.

Scale-up needs to be carefully planned and overseen to ensure successful and sustainable implementation. The level of planning is much more complex than for any single project. Scaling up for the Goals requires a working partnership within and between government, the private sector, NGOs, and civil society.

Scaling up works (box 6). But a close reading of success reveals that scale-up cannot begin without political leadership and clear government commitment. This is an absolutely necessary (though far from sufficient) condition. Once the government has committed to reaching the Goals, four specific actions are required:

- *Setting concrete objectives and plans of work.* Scaling up requires specific deliverables, work plans, and timelines. In sequencing investments

Box 5
MDG priorities for each region

Each country has its own specific set of challenges, but some broad trends can be identified as priorities. One universal challenge is to ensure that ethnic minorities, regional pockets of poverty, and slums receive targeted investments for the Goals. Some regional priorities are highlighted below and discussed in more detail across the UN Millennium Project's series of final reports.

Sub-Saharan Africa. The standard diagnosis of Sub-Saharan Africa is that it is suffering from a governance crisis. This is too simplistic. Many parts of Africa are well governed considering the income levels and extent of poverty, yet are caught in a poverty trap. The region's development challenges are much deeper than "governance." Many countries require a big push in public investments to overcome the region's high transport costs, generally small markets, low-productivity agriculture, adverse agroclimatic conditions, high disease burden, and slow diffusion of technology from abroad.

An MDG-based strategy for Sub-Saharan Africa needs to focus on rural development for a Twenty-first Century African Green Revolution and strategies to make Africa's fast-growing cities much more productive, especially for labor-intensive exports. Africa's public health systems require major investments to address the pandemics of HIV/AIDS, tuberculosis, and malaria; to tackle the unconscionably high levels of child and maternal mortality; and to provide sexual and reproductive health services that will enable better timing and spacing of births and a voluntary reduction to desired family sizes. Education strategies need to focus on increasing the supply of infrastructure and human resources and the demand-side incentives for girls and vulnerable students. The continent also requires major investments in infrastructure for water resources management and energy. Mobilization of science and regional integration also need to be energized. In all aspects of development, Africa's strategies need to pay special attention to the situation of girls and women, who tend to face major legal, social, and political barriers and biases.

East and Southeast Asia. East and Southeast Asia have made tremendous progress toward many of the Goals, especially in reducing income poverty, hunger and gender inequality. China's economy has been growing rapidly, but it still requires large investments in public health systems, rural infrastructure, education, and environmental management, the latter to address some of the adverse consequences of rapid industrialization. The environmental challenges include managing forests and biodiversity and reducing the pollution of air and water. Other parts of East and Southeast Asia require similar investments in infrastructure, environment, and social services, plus a focus on public management systems and increased capacity for science and technology.

South Asia. South Asia is making rapid overall advances in poverty reduction, driven especially by dynamic growth in India. Yet extensive extreme poverty remains in both rural and urban areas. Priority investments include improved basic health infrastructure and services; increased access to high-quality schools; farm infrastructure (feeder roads, storage facilities); improved water management for agriculture (irrigation, water harvesting, management of groundwater supplies); slum upgrading; and improved public sector management. Investment programs should also focus on achieving gender equality, including reproductive health and rights, and integrating marginalized populations, including low-caste and outcaste communities, and tribal populations.

CIS, Central Asia. Countries of Central Asia have suffered from the multiple effects of post-Soviet economic collapse, unfavorable landlocked geography, and insufficient investments in transport infrastructure to link the region to world markets. After a decline in many human development indicators during the past 15 years or more, a broad suite of investments is needed in basic transport and energy infrastructure, improved water and sanitation facilities, and more effective health and educational systems. Countries need to strengthen

Box 5
MDG priorities for each region
(continued)

public sector management capacity, reduce corruption, and increase cross-border cooperation to improve regional integration and environmental management. Moreover, many countries need to improve the policy environment for private sector development.

CIS, Europe. Many of these countries are still recovering ground lost after the collapse of the Soviet Union, but overall the region is on track to achieving the Goals. Investment strategies should focus on capacity in public management systems, resources for strained health and education systems, and environmental management and planning. Many transition countries also need to target services toward excluded and marginalized groups.

Middle East and North Africa. This region is moving in the right direction on most indicators, but overall progress needs to be accelerated to achieve the Goals. Priorities include interventions to support gender equality, a major expansion of quality health services, and programs to address desertification and water scarcity. Other priorities are to expand educational and employment opportunities for young people, improve rural livelihoods, and invest in indigenous science and technology development.

Latin America and the Caribbean. Latin America, the most developed of the developing regions, has seen limited progress toward the Goals. Inequalities are extreme, often linked to ethnic divisions, and economic growth challenges remain particularly severe in the Andean, Central American, and some Caribbean countries. Throughout the region, improving environmental management and health systems are top priorities, especially in Caribbean countries where HIV/AIDS is prominent or threatening. With a majority of the region's poor people living in urban areas, urban infrastructure and slum upgrading are major needs. Countries must also make significant investments in basic rural infrastructure, targeting marginalized areas and populations. Major public investments are needed to spur local scientific innovation and technological development.

Least Developed Countries. The Least Developed Countries require special assistance because they cannot meet their basic needs from domestic resources regardless of their own policies or quality of governance. Support for them should be consistent with the United Nations Brussels Programme of Action, which outlines key areas to help break the Least Developed Countries' poverty trap, including human resource development, investments in supply-side constraints, environmental protection, and investments for food security.

Landlocked developing countries. Landlocked countries have a unique need for transport infrastructure, regional market integration, and harmonized trade procedures. Many relevant issues are outlined in the 2003 Almaty Programme of Action. Major improvements in rail, road, energy, and communication infrastructure are needed to reduce transport costs.

Small island developing states. Concentrated in the Caribbean and Oceania, these states face challenges posed by size and geography that limit possibilities for economic diversification and leave them highly vulnerable to environmental risks. The 1995 Barbados Programme of Action for small island developing states should receive global financial and political support. In addition to the needed MDG-focused investments, small island developing states are vulnerable to rising sea levels and coral bleaching from climate change. They will require targeted investments to adapt to the effects of global warming.

Countries vulnerable to natural hazards. Countries highly vulnerable to natural hazards (such as severe weather events, droughts, earthquakes, volcanoes, flooding, and pests) require special investments in social safety nets, disaster-mitigating infrastructure, early warning systems, precrisis emergency and contingency planning, and postcrisis emergency support. These investments need to be in place well before disasters strike, both to anticipate and mitigate disasters and to react to them in the immediate aftermath, when lives are most at stake.

Box 6
Scaling up success

Source: Mkapa 2004; WHO 2002.

Nationwide scale-ups of intervention programs generally require several key factors, ranging from political commitment to sequenced work plans and to long-term predictable funding. There are innumerable instances where developing countries harnessed these elements to deliver interventions that have dramatically improved the lives of the poor at a national scale.

- *Viet Nam's success in fighting malaria.* In 1991 Viet Nam suffered from an intense malaria epidemic that infected more than a million people. In response, the government made malaria one of its national priorities and dedicated significant funding to its control. It distributed insecticide-treated bed-nets for free, provided preventive malaria treatment for pregnant women, and developed and distributed new artemisinin-based malaria drugs. It also created 400 mobile teams to supervise health workers in malaria-endemic areas and mobilized volunteer health workers at the community level. As a result of these and other efforts, malaria mortality declined by 97 percent, morbidity by 60 percent, and the incidence of epidemics by 92 percent.
- *Tanzania's plan to achieve universal basic education by 2006.* In 2001 Tanzania increased the education budget by 130 percent and eliminated school fees. The number of children in primary school is up 50 percent. Net enrollments have risen from 59 percent to nearly 90 percent. There are as many girls enrolled as boys. More than 30,000 new classrooms have been built. About 18,000 new teachers have been recruited. And more than 9,000 science-teaching kits have been supplied to schools.

These examples highlight the key success factors of a nationwide scale-up:

- High-level political vision and commitment—Viet Nam's political focus and leadership on combating malaria.
- A significant increase in funding—Tanzania's 130 percent increase in the education budget.
- The abolition of user fees—Tanzania's elimination of school fees.
- A focus on upgrading human resource and infrastructure capacity—Tanzania's recruitment of new teachers and construction of new classrooms.
- Coordination among the government, community organizations, international agencies, and the private sector.

the focus should initially be on implementing the list of Quick Win investments and on building long-term capacity to deliver basic services to the entire population.

- *Building national and local capacity in public management, human resources, and infrastructure.* Expanding each country's capacity to deliver services at scale will require up-front investments in strengthening public sector management (such as training, information technology, and higher salaries for civil service workers), building and renovating infrastructure (roads, clinics, schools), and critically, training and retaining adequate numbers of workers (community health workers, teachers) to deliver services on the ground. Decentralized training efforts based on open distance learning, radio, and computer-assisted education are key to a massive build-up of human resource capacity at the local level.

Many of the world's poorest countries lack the resources to run the public sector effectively

- *Adopting replicable and locally appropriate delivery mechanisms.* Scalability is significantly aided by choosing highly replicable service protocols where possible. Thus TB treatment protocols (DOTS) are typically standardized, as are malaria control measures, family planning programs, and fertilizer combinations. Standardization also enables comparison of performance across regions, enhancing quality control.
- *Monitoring to measure progress and allow for mid-course corrections.* Improving the flow of information within the government is critical for fighting corruption and increasing program effectiveness. Investments in statistical services are required to provide the data needed for results-based planning, management, and assessment of the equity of program impacts. Communities and civil society organizations are ideally positioned to report on the impact of investments and the flow of funds, and should actively participate in monitoring.

Two other conditions necessary for scale-up are involvement and ownership of communities and long-term predictable donor funding and technical assistance. Communities should be both architects as well as recipients of the scaling-up process, by participating in the design of programs and services. The participation of women in community planning activities is essential for success. Community members can also play an important role in implementation of these programs, either as paid workers or volunteers. Long-term and predictable funding and technical assistance from donors is crucial to provide countries with the means to proceed. Financing needs to be both increased and predictable over the period 2005–15, covering both capital and recurrent costs, including civil service salaries. Technical assistance will also be required to reinforce local management and service delivery skills.

Good governance to achieve the Goals

Discussions of governance in development typically confuse inputs and outcomes. The outcome of "poor governance" has two very distinct underlying causes. One is genuinely "corrupt" leadership where political power is held by larcenous or brutal leaders. The state may be run for the personal plunder of a narrow elite, or a particular interest group or ethnic group. In some of the worst cases this corruption becomes endemic over many years. These are the cases where there is no will of the leadership to achieve broad-based development goals, and there is little hope for major reductions in poverty.

The second cause, at the other end of the spectrum, is governance that is weak not because of the ill will of the leaders, but because the state lacks the financial resources and technical capacity to manage an efficient public administration. Many of the world's poorest countries lie closer to this second category, where governments lack the resources to run the public sector effectively. The key in such cases is to invest in improving governance. The following areas should be targeted:

- *Promoting the rule of law.* Legal and administrative systems require a properly resourced and adequately staffed legislature, judiciary, and executive branch of government.
- *Promoting political and social rights.* The Goals reflect human rights norms, which can be supported at the country level through a human rights assessment that checks MDG-based strategies for their national commitments to human rights principles.
- *Promoting accountable and efficient public administration.* Better governance depends on the systems of political and bureaucratic accountability, transparency, and participation, especially by poor people.
- *Promoting sound economic policies.* Government actions—such as macroeconomic management, proper investments in infrastructure, and corruption-free delivery of public services—are key to private sector development, as outlined in the report of the Commission on Private Sector and Development and *World Development Report 2005*.
- *Supporting civil society.* Governments have a special responsibility to provide civil society with the political freedom to express its views, a policy voice to participate in the planning and review and of MDG-based strategies, and institutional space to support the implementation of public investment strategies.

3 Recommendations for the international system to support country-level processes

Fixing the aid system

The development aid system has the potential to help countries achieve the Goals, but it needs a much more focused approach to do so. Here are the 10 main problems with the system today (table 4).

Lack of MDG-based aid processes

The system lacks a coherent MDG-based approach to reducing poverty. For example, the Bretton Woods institutions should do much more to help countries design and implement MDG-based poverty reduction strategies. International Monetary Fund (IMF) program design has paid almost no systematic attention to the Goals when considering a country's budget or macroeconomic framework. In the vast number of country programs supported by the IMF since the adoption of the Goals, there has been almost no discussion about whether the plans are consistent with achieving them.

In its country-level advisory work, the UN Millennium Project has found that multilateral and bilateral institutions have not encouraged the countries to take the Millennium Development Goals seriously as operational objectives. Many low-income countries have already designed plans to scale up their sector strategies, but due to budget constraints could not implement them. In

Table 4

Recommendations for reforming development partnership

Shortcoming	Recommendation
Purpose and process	
1. Aid processes are not MDG-based	Development partners should affirm the MDGs as the operational objective of the development system, with country-level MDG-based poverty reduction strategies as the anchoring process for development support, based on needs.
2. Support strategies are inadequately differentiated by country need	Development partners should differentiate support by country needs, whether for budget support, emergency assistance, or simply technical support.
3. Development is a long-term process, but short-run processes dominate	Development partners should support countries to put forward 3- to 5-year MDG-based poverty reduction strategies that are anchored in a 10-year needs-based framework through 2015. In conflict countries, a shorter time frame may be more appropriate.
Technical support	
4. Technical support is not adequate for scaling up to the MDGs	Technical support should focus on supporting governments to develop and implement nationally owned MDG-based poverty reduction strategies.
5. Multilateral agencies are inadequately coordinated	The UN Resident Coordinator system should be dramatically strengthened to coordinate agencies' technical contributions to the MDG-based poverty reduction strategies.
Development finance	
6. Development finance is not needs-based or set to meet the MDGs	ODA should be set by the MDG financing gaps outlined in the MDG-based poverty reduction strategies. For many well governed low-income countries, this will imply a substantial increase in ODA and funding of recurrent costs.
7. Debt relief is not aligned with the MDGs	"Debt sustainability," particularly Paris Club debt, should be evaluated as the debt level consistent with countries achieving the MDGs. This will imply a dramatic acceleration of debt relief for many heavily indebted countries.
8. Development finance is of very poor quality	For well governed countries, a much larger share of ODA should take the form of budget support. For all developing countries, donor agencies should also follow through on their commitments outlined in the Rome harmonization agenda.
System issues	
9. Major MDG priorities are systematically overlooked	Within the needs-based approach to development assistance, development partners should increase attention to issues like long-term scientific capacities, environmental conservation, regional integration, sexual and reproductive health, and cross-border infrastructure.
10. Donor countries show a persistent lack of coherence in their policies	Donors should evaluate their development, finance, foreign, and trade policies for coherence with respect to supporting the MDGs. Donors should subject themselves to at least the same standards of transparency as they expect of developing countries, with independent technical reviews.

Most low-income countries require technical support from the international system to put forward scaled-up investment plans

other cases, countries are advised not even to consider such scaled-up plans. Fortunately, the Bretton Woods institutions are now showing more interest in basing the country programs that they support on the Millennium Development Goals, and it is important for them to follow through on that expressed interest.

Development partners do not approach country-level needs systematically

Since development partnership is not driven by a coherent set of operational targets, there are no clear criteria for evaluating the types or amounts of development assistance required by individual countries. There is no established framework, for instance, for differentiating support to countries with corrupt governments as opposed to those that are weak but willing.

Most development processes are stuck in the short run

Development is a long-term process, but the key processes for international partnership are short term in their orientation. Most important for low-income countries, PRSPs are typically three-year strategies, tending to take many constraints as given rather than identifying ways to overcome them over time. In many cases the actual planning cycles are even shorter, dictated by the annual meetings of Consultative Groups.

Technical support is inadequate for MDG scale-up

Most low-income countries require technical support from the international system to put forward scaled-up investment plans to achieve the Goals. Yet the international agencies that are the global repositories of sector-specific knowledge—such as FAO or IFAD for agriculture, UNICEF for child health, UNIDO for industrial development, or WHO for health systems and disease control—are usually asked instead to focus on small pilot projects. In general, the technical UN agencies on the ground are not prepared to help countries scale up national programs.

Multilateral agencies are not coordinating their support

Multilateral organizations frequently compete for donor government funding to implement small projects, instead of supporting country-scale plans and budgets. The various UN agencies, programs, and funds have begun to coordinate their efforts through the structure of the UN Development Group at headquarters and the UN Country Teams at country level, but this is still often more a forum for dialogue rather than real coordination. Moreover, the UN agencies are frequently not well linked to the local activities of the Bretton Woods institutions and regional development banks, which tend to have the most access in advising a government since they provide the greatest resources.

Development assistance is not set to meet the Goals

As the IMF Managing Director has recently written, it is the developed world that has the greatest responsibility for ensuring the achievement of the Goals (box 7). Public investments cannot be scaled up without greatly increased official development assistance. This is particularly important in low-income countries where assistance levels are generally set more by donor preferences than by developing country needs. Although long-term sustainability and capacity building in the poorest countries require support for recurrent costs—such as salaries and maintenance—donors have historically refused to support them, thus preventing any hope of *true* sustainability. Similarly, even though worker shortages are often the major bottleneck for countries trying to deliver basic social services, donors do not systematically invest in preservice training of health, education, and other key workers. Aid flows are also not growing as fast as promised. Since even the much-heralded Monterrey commitments have not fully materialized, developing countries wonder whether developed countries are genuinely committed to the Goals.

Debt relief is not aligned with the Goals

The targets for debt relief are based on arbitrary indicators (debt-to-export ratios) rather than MDG-based needs. Many heavily indebted poor countries (HIPCs) retain excessive debt owed to official creditors (such as the Bretton Woods institutions) even after relief. Many middle-income countries are in a similar situation and receive little or no debt relief.

Development finance is of very poor quality

The quality of bilateral aid is often very low. It is too often:

- Highly unpredictable.

Box 7

What advanced economies can do to achieve the Goals

Source: de Rato y Figaredo 2004.

In a recent opinion piece published throughout Africa, IMF Managing Director Rodrigo de Rato y Figadero described how developed countries bear the greatest responsibility for supporting developing countries to achieve the Millennium Development Goals.

"If we are to achieve the Millennium Goals, the heaviest responsibility inevitably must fall on the advanced economies, which have a dual task. First, they must meet their commitment to provide higher levels of aid, whenever possible on grant terms. Current aid flows are insufficient, unpredictable, and often uncoordinated among donors. Better coordination and multiyear commitments are keys to making development assistance more effective.

"Second, the developed countries must improve access to their markets for developing country exports and dismantle trade-distorting subsidies. The framework agreements reached at the World Trade Organization last July are welcome, and place the Doha Round back on track. This needs to be followed by determined progress to maintain the momentum and achieve the goals of the Doha development agenda. In doing so, both rich and poor countries carry responsibilities in promoting the fuller integration of developing countries into the global trading system."

Each of these problems is solvable through committed and specific actions on the side of development partners

- Targeted at technical assistance and emergency aid rather than investments, long-term capacity, and institutional support.
- Tied to contractors from donor countries.
- Driven by separate donor objectives rather than coordinated to support a national plan.
- Overly directed to poorly governed countries for geopolitical reasons.
- Almost never evaluated or documented systematically for results.

Low-quality official development assistance has fostered the serious misperception that aid does not work and has thereby threatened long-term public support for development assistance. Aid works, and promotes economic growth as well as advances in specific sectors, when it is directed to real investments on the ground in countries with reasonable governance (box 8). The problem is not aid—it is how and when aid has been delivered, to which countries, and in what amounts. For low-income countries, only 24 percent of bilateral aid can actually finance investments on the ground (table 5). The proportion for multilateral aid is better, at 54 percent, though still well short of ideal.

Major MDG priorities are systematically overlooked

Development programs routinely overlook needed investments in regional integration, environmental management, technological upgrading, efforts to promote gender equality, and even such core investments as roads, electricity, adequate shelter, disease control, soil nutrients, and sexual and reproductive health.

Policy incoherence is pervasive

Many developed countries have identified incoherence as a core problem in their policies. For instance, a government might provide aid to support agriculture in a food-exporting country while also applying market access barriers to the same agricultural exports. Similarly, a finance ministry might collect debt payments that negate the benefits of aid being disbursed by the development ministry. Incongruous policies highlight the need for a clear set of measurable objectives to align developed country policies.

Key measures to improve aid delivery

Each of these problems is significant. But each is also solvable through committed and specific actions on the side of development partners. Here are 10 key "to do's" for the donors.

Confirm the Goals as concrete operational targets for countries

The multilateral and bilateral development agencies and other relevant international institutions need to make explicit their support for MDG-based poverty reduction strategies.

Box 8

Large-scale aid works—when done properly

Criticisms of aid come in many forms. Some critics charge that aid is inherently flawed because it strengthens governments, often corrupt governments, at the expense of the private sector. This is the famous argument of the late British economist Peter Bauer. Some charge that aid is not needed, since private saving and investment can and should be the backbone of economic growth. Some have taken the middle ground that aid works when it is channeled to well governed countries. This is the conclusion of the highly influential study by Burnside and Dollar (2000).

Our view, explained in the text, is that aid is most useful if channeled to the countries that truly need it (mainly those stuck in a poverty trap) and channeled to the right sectors (mainly infrastructure and human capital). It works best when delivered to well governed countries. And aid used to support public investment complements private saving and investment, rather than competing with private capital.

Many negative conclusions about the link between aid and economic growth have come from cross-country regressions of economic growth on aid volumes (and other variables). The volume of aid is often found to be statistically insignificant as a determinant of economic growth, leading some authors to conclude that “aid is ineffective” in promoting economic growth. An important weakness in such studies is that they tend to examine the links of growth to overall volumes of aid without paying attention to how the aid is actually delivered. Specifically, much aid comes in the form of technical assistance (for consultants from the donor country), administrative costs of running bilateral and multilateral agencies, and emergency food aid. It is not really surprising that such aid is not correlated with economic growth in the recipient country. Food aid, especially, is given in the midst of deep crises. So a regression of economic growth on food aid would tend to prove (erroneously) that aid causes output to decline, instead of the correct conclusion that an output decline (caused by drought, for example) causes emergency aid to rise!

In an important new study, Clemens, Radelet, and Bhavnani (2004) correct for this typical shortcoming by considering only aid volumes that effectively support investments and services on the ground in the recipient country, taking out emergency aid, technical assistance, and other kinds of aid that do not translate into growth-promoting investments and services. They find that aid, when measured properly, contributes significantly to economic growth. This suggests that aid is effective, if it is well targeted and administered as direct support for country-level investments. Of course, a minimum adequacy of governance is required for a country to be able to channel aid into investments.

Aid can and must be disbursed in ways that align the incentives of donors and recipients to support positive development outcomes. As this report argues, elements of a successful disbursement strategy include aid in the form of budget support for national poverty reduction strategies based on the Millennium Development Goals. While there have been real problems with the way that aid has been distributed in the past, governments in rich and poor countries alike are learning from their mistakes to design more effective ways of delivering financial assistance to those who need it most.

In sum, foreign aid can play a hugely positive part in growth and poverty reduction when properly targeted and administered toward vital infrastructure and human capital. This finding is underlined by the recent experience of Mozambique, Tanzania, and Uganda, which all experienced substantial social sector improvements financed largely through development assistance. Mozambique is a particular success story over the past decade, having averaged real per capita economic growth rates of 5 percent while receiving aid ranging from 20 percent to 60 percent of GNP every year since 1993.

Differentiate donor support according to country-level needs

Donor governments need to distinguish among countries so that aid is focused where it will make a difference, and so that donors do not shortchange the countries that need the most help by focusing on those with greater geopolitical attention. Different types of support will be needed for middle-income countries, well governed poverty trap countries, and poorly governed poverty trap countries (box 9). Special attention should also go to conflict countries and countries with special needs, such as landlocked or small island economies.

Support 10-year frameworks to anchor 3-to-5-year strategies

To address long-term development needs systematically, countries should produce an MDG needs assessment through 2015 and a corresponding 10-year policy framework. This framework should then guide the more detailed and shorter term MDG-based poverty reduction strategy.

Table 5

Estimated official development assistance for direct MDG support and MDG capacity building, 2002

Billions of 2002 US$

	Low-income countries			Middle-income countries		
	From bilateral sources	From multilateral sources	Total	From bilateral sources	From multilateral sources	Total
Estimated ODA for direct MDG support						
Grants	16.7	4.2	20.9	12.2	2.8	15.0
Gross loans	3.3	9.8	13.2	4.5	2.8	7.3
Principal repayments	–1.9	–2.8	–4.7	–4.2	–1.1	–5.3
Net ODA	**18.1**	**11.3**	**29.4**	**12.6**	**4.4**	**17.0**
Interest payments	–0.8	–0.9	–1.7	–1.7	–0.5	–2.2
Technical cooperation	–5.4	–0.8	–6.2	–6.2	–0.5	–6.8
Development food aid	–0.8	–0.2	–1.0	–0.3	–0.0	–0.3
Emergency aid	–1.9	–0.9	–2.8	–0.5	–0.3	–0.8
Debt forgiveness grants	–3.2	–0.3	–3.5	–2.0	–0.0	–2.0
Support through nongovernmental organizations[a]	–0.9	0.0	–0.9	–0.8	0.0	–0.8
Estimated maximum support through government budgets	**5.2**	**8.1**	**13.4**	**1.1**	**3.1**	**4.2**
25 percent of non-MDG support through government budgets[b]	–1.3	–2.0	–3.3	–0.3	–0.8	–1.0
40 percent of support through NGOs for MDG investments[c]	0.4	0.0	0.4	0.3	0.0	0.3
Total ODA for direct MDG support	**4.3**	**6.1**	**10.4**	**1.2**	**2.3**	**3.5**
Share of net ODA (percent)	**24**	**54**	**35**	**9**	**52**	**20**
Estimated ODA for MDG capacity building						
Technical cooperation for capacity building in support of MDGs[d]	3.2	0.5	3.7	3.7	0.3	4.1
MDG capacity building through NGOs[e]	0.5	0.0	0.5	0.5	0.0	0.5
Total ODA for MDG capacity building	**3.8**	**0.5**	**4.3**	**4.2**	**0.3**	**4.5**
Share of net ODA (percent)	**21**	**4**	**14**	**33**	**7**	**27**

Note: Numbers in table may not sum to totals because of rounding.

a. Based on DAC estimates.

b. Assumes that 75 percent of "maximum support through government budgets" directly finances MDG investment needs.

c. Assumes that 40 percent of official development assistance provided through NGOs directly supports MDG investments.

d. Assumes that 60 percent of technical cooperation contributes to MDG capacity building (OECD–DAC assumption).

e. Assumes that 60 percent of official development assistance provided through NGOs contributes to MDG capacity building.

Source: Organisation for Economic Co-operation and Development–Development Assistance Committee and authors' calculations.

Box 9

Differentiating development support by country needs

Middle-income countries

Most middle-income countries can finance the Goals largely through their own resources, nonconcessional flows (market-based loans from the World Bank and regional development banks), and private capital flows. Donor efforts should be directed at helping these countries to eliminate the remaining “pockets of poverty.” Some middle-income countries also need further debt cancellation, especially on debts owed to creditor governments (Paris Club debt). The successful conclusion of the Doha Development Agenda of multilateral trade negotiations, with increased access to rich world markets, will bring benefits to middle-income countries. Many middle-income countries, such as Brazil, China, and Malaysia, already are donor countries. We recommend that they and other successful poverty-reducing countries, such as India, step up their donor efforts, including financial contributions and technical training for low-income country partners.

Well governed poverty trap countries

For well governed countries caught in a poverty trap, even a significant increase in domestic resource mobilization will not be enough to achieve the Millennium Development Goals. Substantial co-financing through official development assistance is required, especially for Least Developed Countries, to scale up the needed investments in infrastructure, human capital, and public administration. The key for well governed poverty trap countries is to base aid on a true MDG-needs assessment, and then to ensure that aid is not the binding constraint to scaling up. These countries should be fast-tracked in 2005.

Poorly governed poverty trap countries: lack of volition

For countries like Belarus, Myanmar, the Democratic People’s Republic of Korea, and Zimbabwe, where the problem is the will of the political leadership, there is little case for large-scale aid. Aid should be directed to humanitarian efforts or through NGOs that can ensure delivery of services on the ground. Any aid directed through the government should be conditional on significant improvements in human rights and economic policies.

Poorly governed poverty trap countries: weak public administration

When the volition exists in government leadership but public administration is poor because of a lack of sound public management, one key step is to invest in public-sector capacity. This will also raise the “absorptive capacity” for aid in later years. Donors should view the poor public administration as an investment opportunity, not a barrier to achieving the Goals. Early efforts should be directed at building the government’s analytical and administrative capacity at national, regional, and local levels—and building the technical expertise at the grassroots level in health, education, agriculture, and infrastructure. We expect that these countries will significantly outperform current expectations. In many countries international expectations are low but the country’s potential is very high if timely donor support and debt cancellation are brought to bear, and phased in over time.

Conflict countries

Countries in conflict, just out of conflict, or falling into conflict present urgent special cases for the international community. Rapid responses are essential. A delay in well targeted aid can mean the difference between a consolidated peace process and a resurgence of conflict. Aid should be targeted at ending the violence and restoring basic services, directed in a manner to ease tensions among competing groups. Carrots (offers of an expanding aid effort) generally are much more powerful than sticks (international sanctions) in such crisis countries as Haiti and Sudan. Yet sticks are more typically applied, with few lasting results.

(continued on next page)

Box 9
Differentiating development support by country needs
(continued)

Geopolitical priorities
Countries with geopolitical priority (such as Afghanistan and Iraq) have urgent needs, to be sure, but may take up a disproportionate share of donor funding and public attention. If the major donors are to devote substantial efforts to these countries, they must ensure that the efforts do not divert attention and financial resources from other worthy countries. Debt cancellation for Iraq, for example, without similar debt cancellation for Nigeria would be unjustified on grounds of equity, merit, and relative need.

Countries with special needs
Developing states with special needs include:
- Small island states (isolation, small markets, natural hazards).
- Landlocked states (isolation and high transport costs).
- Mountain states (isolation and high transport costs).
- States vulnerable to natural disasters.

The geographically isolated states require special investments in transport and communications—and geopolitical help to support regional cooperation and regional integration. Hazards are rising in frequency, intensity, and impact, and traditional ad hoc responses are too slow and underfinanced. Donors should establish special emergency funds for natural hazards (droughts, floods, pests, disease) and steady funds for long-term improvements to cope with disasters.

Coordinate technical support around the Goals

The multilateral and bilateral agencies should organize their technical efforts around supporting countries to develop and implement MDG-based poverty reduction strategies. The UN Development Group (UNDG) should guide resident UN Country Teams in their MDG support, and the UN Development Assistance Framework should identify the specific ways in which the Country Team will support the government to achieve the Goals. We recommend that agency specialists be trained to complement their existing sector-specific knowledge with basic skills to support country-level budgeting processes. We also recommend the establishment of multi-agency, cross-sectoral regional technical centers to support governments and UN Country Teams in developing, financing, and implementing MDG-based PRSs.

Strengthen the UN Development Group and the UN Resident Coordinator

As the senior UN representative on the ground, the UN Resident Coordinator's office needs dramatic strengthening, both to coordinate among UN organizations through the UN Country Team and to manage a core technical staff to support the host government in developing and implementing the MDG-based poverty reduction strategy. The local representatives of the international financial institutions should work closely with the UN Country Team in support of the host-country poverty reduction programs. The UNDG at headquarters level should support the strengthening of the Resident Coordinator position.

> **"Debt sustainability" should be redefined as "the level of debt consistent with achieving the Millennium Development Goals"**

Set ODA levels according to proper needs assessment

ODA levels should be guided by the MDG needs assessment, rather than being picked for political reasons or on the basis of incremental budgeting, as is now the case. By partnering with local research institutes, the UN Millennium Project has undertaken the first ever bottom-up needs assessments of the country-level investments required to achieve the Goals. Although these first estimates need to be refined through the real country-level processes we are recommending in this report, the results show that the total cost of investments in low-income countries is on the order of $70–$80 per capita per year in 2006, increasing to $120–$160 per capita per year in 2015 (see, for example, the results for Ghana in table 6 on page 56). Middle-income countries will generally be able to afford these investments on their own. But the low-income countries, even after they initiate a major increase in their resource mobilization, will require $40–$50 per capita in external finance in 2006, rising to $70–$100 in 2015. To ensure the sustainability of programs, development assistance should also cover recurrent costs (such as public sector salaries, operations and maintenance) in addition to capital costs.

Deepen and extend debt relief and provide grants rather than loans

"Debt sustainability" should be redefined as "the level of debt consistent with achieving the Millennium Development Goals," arriving in 2015 without a new debt overhang. For many heavily indebted poor countries, this will require 100 percent debt cancellation. For many heavily indebted middle-income countries, this will require more debt relief than has been on offer. For some poor countries left off the heavily indebted poor countries (HIPC) list, such as Nigeria, meeting the Goals will require significant debt cancellation. A corollary for low-income countries is that current and future ODA should be grants rather than loans.

Simplify and harmonize bilateral aid practices to support country programs

To empower national ownership of MDG-based strategies and to limit the transaction costs of providing financial support, bilateral donors should use simplifying coordination mechanisms—such as sector-wide approaches, direct budget support, and multilateral financing such as that through the European Development Fund and the International Development Association. They should also follow through urgently on the actions they set for themselves in the Rome harmonization agenda.

Focus on overlooked priorities and neglected public goods

Development partners should support developing countries in promoting overlooked priorities such as maternal health, gender equality, and reproductive health, and addressing neglected public goods, including long-term scientific

An MDG-based international trade policy should focus on improved market access for the poor countries and improved supply-side competitiveness for low-income country exports

capacities, environmental management, regional integration, and cross-border infrastructure.

Measure policy coherence against the Millennium Development Goals

Donors should evaluate their development, foreign, and financial policies with specific reference to the Goals. Donors should subject themselves to at least the same standards of transparency and coherence as they expect of developing country governments. Some countries have made progress by initiating their self-evaluating Goal 8 reports, but independent technical groups should publish independent evaluations of donor policy impacts and donor coherence, with data made publicly available to permit re-analysis.

A breakthrough in global trade

Trade is among the most politically charged of international issues for development. Though hugely important, it is far from a magic bullet for achieving development. The slogan "trade, not aid" is misguided, particularly in the poorest countries. Trade reforms are complementary to other parts of development policy, such as infrastructure investments and social programs to develop a healthy and well educated workforce. As outlined in Monterrey, an MDG-based international trade policy should focus on two overarching issues:

- Improved market access and terms of trade for the poor countries.
- Improved supply-side competitiveness for low-income country exports, through increased investments in infrastructure (roads, electricity, ports) and trade facilitation.

To establish an overarching framework for progress, we recommend that global political leaders first agree to a conveniently distant long-term target (for example, 2025) for the total removal of barriers to merchandise trade, a substantial and across-the-board liberalization of trade in services, and the universal enforcement of the principles of reciprocity and nondiscrimination. In the nearer term context of the Doha Development Agenda and the Goals, we recommend that the following key outcomes be agreed upon before mid-2005.

Agriculture

Among agricultural trade issues, highest priority should go to improved market access, with very significant reductions in tariff peaks and escalation and the phasing out of specific duties on the exports of low-income countries (such as cotton). A binding commitment to abolish export subsidies and two-tier price schemes should also be made in the near term.

Nonagricultural merchandise

Developing countries' exports to developed countries face tariffs that are, on average, four times higher than those faced by the exports of other developed

The Millennium Development Goals cannot be achieved solely through country-level investments, debt relief, and trade reform

countries. Developing countries also suffer from their own protection, which not only reduces competitiveness in world markets but also limits opportunities for more trade among themselves. In the Doha Round developed countries should aim to bind all tariffs on nonagricultural merchandise at zero by 2015. A mid-term goal could be for no tariff higher than 5 percent by 2010. Developing countries could then aim for a zero tariff by 2025. If absolutely indispensable, the poorest countries should aim to bind all tariffs at a uniform and maximum rate for a reasonable period.

Services

Getting service liberalization right requires careful attention to the nature, pace, and sequencing of reform. The liberalization of mode 4 of the General Agreement on Trade in Service (GATS)—temporary movement of labor to provide services—should be adopted as a high priority in the Doha Round. We encourage developing countries to trade commitments to open mode 1 (cross-border supply of services) and mode 3 (foreign direct investment in services) in return for developed countries' real offers on mode 4.

Special and differential treatment

Special and differential treatment makes sense for developing economies that generally have a more limited ability to take advantage of new trade opportunities and to bear adjustment costs. It should encourage flexibility, time, and assistance for implementation. The focus should be on longer terms to adjust to liberalization and improve technology. A temporary "Aid for Trade Fund" commensurate with the size of the task would allow commitments to be made to address adjustment costs associated with the implementation of a Doha reform agenda.

Promotion of export competitiveness in developing countries

Countries should continue to pursue open trade. But they should also continue to receive additional aid to overcome their supply-side production barriers, with special emphasis on investments in agricultural productivity, infrastructure (such as roads, ports, telecommunications, and power), and labor-intensive exports. This is particularly important for the Least Developed Countries. Export competitiveness must not be pursued in a way that encourages discriminatory or coercive labor practices or adversely affects the natural environment—say, through unsustainable forestry or fisheries practices.

Regional and global public goods

The Millennium Development Goals cannot be achieved solely through country-level investments, debt relief, and trade reform. National strategies need to link with one another and with international coordination mechanisms to provide regional and global public goods.

Any strategy to meet the Goals requires a special global effort to build scientific and technological capacities in the poorest countries

Regional infrastructure and institutions

A country's immediate neighbors tend to be among its most important trading partners. These ties can be strengthened through regional infrastructure and policy cooperation, both of which are critical for economic growth and poverty reduction when an economy has a small population or if it is landlocked, a small island state, or dependent on neighbors for food, water, or energy. Similarly, transboundary watersheds, desertification, air pollution, and biodiversity can only be managed through regional strategies. And since many local conflicts have repercussions on entire regions or are driven by regional tensions, conflict management requires greater regional cooperation to detect conflicts before they erupt and to develop coordinated responses from neighboring countries to end them.

To address these needs, we recommend that four types of regional public goods be supported internationally and integrated into national MDG-based poverty reduction strategies:

- Infrastructure for transport, energy, or water management.
- Coordination mechanisms to manage transboundary environmental issues.
- Institutions to promote economic cooperation, including coordination and harmonization in trade policies and procedures.
- Political cooperation mechanisms for regional dialogue and consensus-building, as exemplified by the African Peer Review Mechanism.

Strengthening the provision of regional goods requires substantial investment. For low-income countries, this typically implies the need for external funding. Countries also need to strengthen their regional institutions by streamlining responsibilities and conferring some sovereignty into partnerships where necessary.

Mobilizing global science and technology for the Millennium Development Goals

Advances in science and technology allow society to mobilize new sources of energy and materials, fight disease, improve and diversify agriculture, mobilize and disseminate information, transport people and goods with greater speed and safety, limit family size as desired, and much more. But these technologies are not free. They are the fruits of enormous social investments in education, scientific discovery, and targeted technological projects.

Every successful high-income country makes special public investments to promote scientific and technological capacities. Unfortunately, poor countries have largely been spectators, or at best users, of the technological advances produced in the high-income world that are relevant. Poor countries have tended to lack large scientific and technological communities. Their scientists and engineers, chronically underfunded, move abroad for satisfying employment in scientific research and development. Private companies, moreover, focus

Many countries now dismissed as too poor or too far off track could still achieve the Goals

their innovation activities on rich-country problems and projects, since that is where adequate financial returns exist.

Any strategy to meet the Goals requires a special global effort to build scientific and technological capacities in the poorest countries, both to help drive economic development and to help forge solutions to developing countries' own scientific challenges. A focus should be on strengthening institutions of higher education. A special global effort is also required to direct research and development towards specific challenges facing the poor in disease, climate, agriculture, energy, and environmental degradation. Realistic prospects exist to develop new vaccines and medicines for malaria, HIV/AIDS, tuberculosis, and other killer diseases in poor countries. Improved sexual and reproductive health products would include microbicides, new female-controlled methods, and male contraceptives. Improved agricultural varieties and cropping systems can increase food productivity of rainfed agriculture. Accurate environmental monitoring and forecasting can help focus actions with the greatest positive impact. Other examples abound.

To address these most pressing of scientific issues, direct public financing of research needs to increase. A preliminary estimate suggests that by 2015, at least $7 billion a year will be required, of which perhaps $4 billion would be directed at public health. Another $1 billion would go toward agriculture and improved natural resource management by nearly tripling the current budget of the Consultative Group on International Agricultural Research (CGIAR). Roughly another $1 billion would go toward improved energy technologies. And perhaps $1 billion is needed for greater understanding of seasonal, interannual, and long-term climate change.

An international strategy to mitigate climate change

Climate change is a major development issue that needs to be addressed urgently. Unless global warming slows down, the incidence of droughts and floods will likely increase, vector-borne diseases will probably expand their reach, and many ecosystems, such as mangroves and coral reefs, will likely be put under great strain. In short, achievements in the fight against disease, hunger, poverty, and environmental degradation risk being unraveled by climate change.

In addition to improving scientific understanding of climate change and helping countries adapt to the effects of climate change, the world must mitigate climate change by stabilizing greenhouse gas emissions and promoting carbon sequestration. Additional measures must be implemented to stabilize greenhouse gas concentrations in the atmosphere in the near future. As agreed at Johannesburg, primary responsibility for mitigating climate change and other unsustainable patterns of production and consumption, such as the overharvesting of global fisheries, must lie with the countries that cause the problems. Those are the high-income and some of the rapidly growing middle-income countries.

There is still enough time to meet the Millennium Development Goals—though barely

Getting started in 2005—launching a decade of bold ambition

There is still enough time to meet the Millennium Development Goals—though barely. With a systematic approach and decade-long horizon, many countries now dismissed as too poor or too far off track could still achieve the Goals. The UN Millennium Project argues strongly for introducing a longer term horizon into international development policy, one that focuses on overcoming short-term constraints by scaling up approaches to meet basic needs. But the need for longer term horizons should not be confused with, or detract attention from, the need for urgent action. Without a bold breakthrough in the coming year, a large number of countries that could still achieve the Goals will be consigned to failure.

Major challenges of global policy cooperation need to be addressed in 2005. The Doha trade agenda needs a breakthrough for development. Immediate action is needed to start tackling long-term environmental challenges, such as climate change and fisheries depletion.

The world also needs to move urgently with specific actions of scale-up toward the Goals. Only by acting now can sufficient numbers of doctors or engineers be trained, service delivery capacity strengthened, and infrastructure improved to meet the Goals. To start the decade of bold ambition toward 2015, we recommend a series of worldwide initiatives to kickstart progress, translating the Goals quickly from ambition to action. For all of this, we recommend that they be led by the Secretary-General, with UN system contributions coordinated under the strengthened guidance of the UN Development Group.

Identify fast-track countries

Bold MDG-based investment programs cannot be scaled up in developing countries with extremely poor governance. But the international community has recognized many low-income countries as having strong governance and the potential for much more ambitious investment programs. In 2005 we recommend that these well governed low-income countries be granted "fast-track MDG status" by the international community and receive the massive increase in development assistance needed for them to implement MDG-based poverty reduction strategies.

Several preexisting criteria could be used to help identify the fast-track countries (box 10). They include countries that have reached completion point under the HIPC Initiative, those that have qualified for support from the U.S. Millennium Challenge Corporation; those that have acceded to the African Peer Review Mechanism of the New Partnership for Africa's Development; or those with favorable reviews through the World Bank–IMF Joint Staff Assessments of PRSPs. These or other performance-based criteria will yield at least a couple of dozen low-income countries that have reached governance standards sufficient for including them on a fast-track for scaling up MDG-based investments beginning in 2005.

Box 10

Identifying MDG fast-track countries

The UN Millennium Project recommends that in 2005, the international community designate fast-track status to a significant number of low-income countries that are ready for scale-up. At least four criteria could be used to identify these countries, as listed in the table. One of the first international efforts to reward strong governance with increased foreign assistance was the Heavily Indebted Poor Countries (HIPC) Initiative to reduce debt burdens. As part of the HIPC process, country eligibility to receive debt relief hinges not only on having an extremely high debt burden but also on a positive joint evaluation by the World Bank and IMF of the country's governance quality and economic policies. Countries are granted debt relief when they reach their "completion point," and thus are "recognized by the international community for their satisfactory progress in implementing sound economic and structural policies."

A second mechanism that evaluates and validates strong governance as a precondition to aid disbursement is the U.S. Millennium Challenge Corporation (MCC). The MCC disburses funds only to countries surpassing thresholds for various indicators measuring governance, investment effort in health and education, and economic policies. Seventeen countries have already been deemed eligible for ambitious investment programs. Another 13 "threshold" countries have been assessed as committed to undertaking the reforms necessary to improve policy performance and eventually qualify for MCC assistance.

A third example is the African Peer Review Mechanism (APRM) of the New Partnership for Africa's Development (NEPAD). African Union member states join the APRM to foster the adoption of policies, standards, and practices that lead to political stability, high economic growth, sustainable development, and accelerated subregional and continental economic integration through sharing experiences and reinforcing successful practices, including identifying deficiencies and assessing the needs for capacity building. A key criterion for acceding to the APRM is submitting to periodic peer reviews and facilitating such reviews to ensure that the policies and practices of participating states conform to the agreed political, economic, and corporate values, codes, and standards. As of mid-2004, 23 African countries have signed a Memorandum of Understanding as the first step to accession and submitting their policies and institutions to regular peer review.

The PRSP process offers a fourth mechanism for identifying countries to include on an MDG fast-track. The World Bank and IMF conduct Joint Staff Assessments of the PRSPs, and have given high praise to several low-income countries. For example, "[Mali's] PRSP represents a credible policy framework to reduce poverty, integrating for the first time the country's various poverty-focused programs within the context of a sound macroeconomic framework." Other countries recently praised for having strong PRSPs include Burkina Faso, Ethiopia, Ghana, Mauritania, and Yemen. In addition, the World Bank recently published a paper arguing that developing countries are ready to absorb an additional $30 billion in foreign assistance. The study selected a sample of 18 countries that have recently "improved their policies significantly…used aid productively…and continue to have substantial unmet development needs." The paper concludes that a significant increment of aid could be used effectively in all 18 countries.

(continued on next page)

Box 10

Identifying MDG fast-track countries

(continued)

* Low-income country.

a. Countries are from www.nepad.org, retrieved on December 20, 2004.

b. Countries are from www.worldbank.org, retrieved on December 20, 2004.

c. Countries are from www.mca.org, retrieved on December 20, 2004.

d. World Bank 2003.

Source: See notes a–d.

Potential candidates for MDG fast-tracking

	Governance qualification					
Country	**African Peer Review Mechanism[a]**	**HIPC completion point[b]**	**Millennium Challenge Corporation Qualifier[c]**	**Millennium Challenge Corporation Threshold[c]**	**Poverty Reduction Strategy Paper[b]**	**World Bank Absorptive Capacity Study[d]**
Albania				×	×	×
Algeria	×					
Angola*	×					
Armenia			×		×	
Azerbaijan					×	
Bangladesh*						×
Benin*	×	×	×		×	×
Bhutan*					×	
Bolivia		×	×		×	×
Bosnia and Herzegovina					×	
Burkina Faso*	×	×		×	×	×
Cambodia*					×	
Cameroon*	×				×	
Cape Verde			×			
Chad*					×	
Congo, Rep.*	×					
Djibouti					×	
Egypt	×					
Ethiopia*	×	×			×	×
Gabon	×					
Gambia*					×	
Georgia			×		×	
Ghana*	×	×	×		×	
Guinea*					×	
Guyana		×		×	×	
Honduras			×		×	×
India*						×
Indonesia						×
Kenya*	×			×		
Kyrgyzstan*					×	×
Lao PDR*					×	
Lesotho*	×		×			
Madagascar*		×	×		×	×
Malawi*	×			×	×	
Mali*	×	×	×		×	×
Mauritania *		×			×	×
Mauritius	×					
Moldova*					×	
Mongolia*			×		×	
Morocco			×			
Mozambique*	×	×	×		×	×
Nepal*					×	
Nicaragua *		×	×		×	
Niger*		×			×	
Nigeria*	×					
Pakistan*					×	×
Paraguay				×		
Philippines				×		
Rwanda*	×				×	
São Tomé and Principe*				×		
Senegal*	×	×	×		×	
Serbia and Montenegro					×	
Sierra Leone*	×					
Sri Lanka			×		×	
South Africa	×					
Tajikistan*					×	
Tanzania*	×	×		×	×	×
Timor-Leste*				×		
Uganda*	×	×		×	×	×
Vanuatu			×			
Viet Nam*					×	×
Yemen*				×	×	
Zambia*				×	×	

A major worldwide effort in preservice skill training should be launched in 2005 to overcome the short-term scale-up constraints in human resources

It is with these MDG fast-track countries that the international community, particularly the donor countries, will face the clearest test of their commitment to achieving the Goals. If donors cannot provide the support that these countries require to achieve the Goals, the undertaking to achieve those Goals will be in peril. Moreover, the system for international development assistance needs to consolidate its incentives for countries with weaker governance levels, showing that good performance is indeed rewarded by financial support consistent with the Goals.

Prepare MDG-based poverty reduction strategies

In addition to supporting fast-track countries, we recommend that every interested developing country produce, before the end of 2005, an MDG needs assessment and an MDG-based poverty reduction strategy. We further recommend that the Secretary-General request each resident UN Country Team to assist in this process. Most often the outcome will be a revised version of an existing national strategy, including the Poverty Reduction Strategy Paper (PRSP), where appropriate. It should contain a strategy for enhanced investments at the village, town, and city levels, a financing scenario, and a governance strategy to ensure implementation of the program with minimized corruption, based on fundamental principles of human rights.

The host country should lead and own the effort to design the MDG strategy, drawing in civil society organizations; bilateral donors; the UN specialized agencies, programs, and funds; and the international financial institutions, including the IMF, the World Bank, and the appropriate regional development bank. The contributions of the UN specialized agencies, programs, and funds should be coordinated through the UN Country Team, and the UN Country Team should work closely with the international financial institutions. At the headquarters level, the UN Development Group should coordinate the activities among all UN agencies, programs, and funds—with the UNDP Administrator continuing to play a special coordination role.

Launch a global human resource training effort for the Millennium Development Goals

With the design of national strategies, a major worldwide effort in preservice skill training should be launched simultaneously in 2005 to overcome the immediate scale-up constraints in human resources. International agencies and bilateral donors should work with low-income countries to prepare serious strategies and training materials for use at the village and city level. Global champions are needed for this initiative to set targets and confirm financial commitments to train, as first priorities:

- Village specialists in health, soil nutrients, irrigation, land reclamation, drinking water, sanitation, electricity, vehicle repair, road maintenance, and forest management.

In many low-income countries domestic resources alone will not be enough to meet the goals

- Managers in investment planning, budgeting, computer-based information systems, poverty mapping, and sector needs assessments.
- Teachers, doctors, and other skilled professionals to provide services in education and health.
- Professionals for urban planning and urban infrastructure and services (such as electricity, transport, water, waste management, and industrial zoning) and community development agents to promote local participation, gender equality, and minority rights.

A sharp focus on the short-term training of young workers, where appropriate, will provide the added benefits of bringing them into the formal labor market. It will also help them develop a skill base that will contribute to longer term development processes.

Launch the Quick Wins initiatives

We have noted the chance for early breakthroughs in many areas: school attendance, malaria control, school meals, soil nutrients, to name just a few. Each should be championed, and explicit and bold targets should be set on a three-year horizon. For example, it would certainly be possible to make a free antimalaria bed-net available to every African child in an endemic malaria region by the end of 2007. It would also be possible to have every subsistence farmer given the chance to replenish soil nutrients using fertilizers or agroforestry or related techniques by the end of 2007. We have identified a large number of additional Quick Wins. The relevant UN agencies, together with bilateral agencies and the Bretton Woods institutions, should grasp the opportunity to launch these initiatives in 2005.

Engage the middle-income countries in the challenge of meeting the Goals

Middle-income countries are challenged to complete the process of eradicating extreme poverty within their own countries and to join the ranks of donor countries at the same time. Most large middle-income countries suffer from pockets of poverty that must be targeted for elimination. Grants in support of high debt burdens for heavily indebted middle-income countries can support that process.

But leading middle-income countries—such as Brazil, China, Malaysia, Mexico, and South Africa—also have expertise of direct benefit to the poorer countries. For example, China should help to ensure a steady flow of artemisinin-based antimalaria medicines for Africa in the coming years. It can also assist countries in expanding transport or other infrastructure. Brazil can contribute to development in Lusophone Africa, including the training of Portuguese-speaking professionals. Malaysia can help promote increased competitiveness in labor-intensive manufacturing exports and strengthen science advice mechanisms. South Africa has recently gained unique experience in the rapid scaling-up of infrastructure services for water and electricity in rural areas. It could assist countries in the rest of Africa in designing ambitious investment plans. Many other examples of the tremendous potential for developing country cooperation abound—and should be seized in 2005.

4 The costs and benefits of achieving the Millennium Development Goals

In line with the Monterrey Consensus, developing countries will need to expand their domestic resource mobilization to finance MDG-based poverty reduction strategies by drawing on government revenues, household contributions, and private sector investment to the greatest extent possible. In many low-income countries, and practically all Least Developed Countries, domestic resources alone will not be enough to meet the Goals.

Expanding the financial envelope to achieve the Goals

The central questions are: How much will it cost to achieve the Goals? And what share of total costs can be borne through increased domestic resources, and what must be provided by donors? Since there is no "one-size fits-all" in meeting the Goals, the questions can be properly answered only through detailed needs assessments that must be carried out at the country level. In a first attempt, the UN Millennium Project collaborated with local research organizations to prepare MDG needs assessments for five countries to quantify infrastructure, human resource, and financial needs. For Ghana the required annual public investments for reaching the Goals add up to $80 per capita in 2006, scaling up to $124 in 2015 (table 6). Needs assessments for other low-income countries show similar levels of required investment. Note that this figure does not include technical cooperation for capacity building and other purposes, emergency assistance, or other ODA that does not directly finance the capital or operating costs of MDG interventions.

To finance these investments, we assume a major increase in domestic resource mobilization by increasing government expenditures on the Goals by up to four percentage points of GDP through 2015. These added resources will likely need to be raised through a broad-based revenue source such as a value-added tax, as well as by rechanneling current low-priority spending into higher priority MDG investments. This increase in domestic resources, even though very large as a percentage of domestic income, is not enough to achieve the Goals in poor countries. For that, increased official development assistance is needed.

Our results suggest that in a typical low-income country with an average per capita income of $300 in 2005, external financing of public interventions will be required on the order of 10–20 percent of GNP. For these countries, the costs of achieving the Goals will need to be split roughly evenly between domestic finance and ODA. Meanwhile, middle-income countries will be able to finance essentially all investments in the Goals without resorting to external finance—unless excessive debt burdens constrain them. In some cases, primary surplus requirements for government budgets may need to be adjusted to

A plausible level of overall ODA for the MDGs is $135 billion in 2006 and $195 billion in 2015

allow countries to increase public investments for the Goals. Modest levels of ODA may be needed to help middle-income countries redress especially difficult "pockets of poverty."

According to our estimates, the total cost of supporting the MDG financing gap for every low-income country would be $73 billion in 2006, rising to $135 billion in 2015 (table 7). Middle-income countries are projected to require $10 billion in direct support for MDG investments. In addition to these direct costs of investments in the Goals, there are added costs at the national and international level—in capacity-building expenditures of bilateral and multilateral agencies, outlays for science and technology, enhanced debt relief, and other areas. In total, we find that costs of meeting the MDGs in all countries are on the order of $121 billion in 2006, rising to $189 billion in 2015, taking into account co-financed increases at the country level. Our results show that several countries will "graduate" from the need for aid to finance investments in the MDGs before 2015 (map 8).

In table 8 we estimate a plausible level of overall ODA flows implied by the Goals, by making three adjustments to table 7. First, we recognize that in addition to MDG-based ODA, other forms of ODA will continue to be warranted. Second, we recognize that some of the MDG needs will be satisfied by reprogramming existing aid rather than by increasing aid. Third, we recognize that some countries will not qualify for increased aid because of their poor governance. Making these three corrections, we suggest that a plausible level of

Table 6

Financing the Millennium Development Goals in Ghana

2003 US$ per capita

	Estimated in 2002	Projected for 2006	Projected for 2010	Projected for 2015	Average 2006–15
MDG investment needs					
Hunger	na	3	5	12	6
Education	na	17	19	22	20
Gender equality	na	2	3	3	3
Health	na	18	24	34	25
Water supply and sanitation	na	6	7	10	7
Improving the lives of slum dwellers	na	2	2	3	2
Energy	na	13	15	18	15
Roads	na	11	10	10	10
Other[a]	na	8	9	13	10
Total	**na**	**80**	**94**	**124**	**99**
Source of financing					
Household contributions	—	9	11	15	11
Government expenditures	14	19	27	39	29
Total	**—**	**28**	**38**	**54**	**40**
MDG financing gap	na	52	57	70	59
ODA for direct MDG support (2002)[b]	16	na	na	na	na
Shortfall in ODA for direct MDG support over 2002 level	na	36	41	54	43

— Not available.
na Not applicable.

Note: Numbers in table may not sum to totals because of rounding.

a. For MDG interventions not yet included in needs assessment (such as large infrastructure projects, higher education, environmental sustainability.

b. Calculated using methodology described in table 5.

Source: OECD 2004 and authors' calculations prepared in collaboration with the Institute of Social Statistics and Economic Research, Ghana.

Table 7

Estimated cost of meeting the Millennium Development Goals in all countries

2003 US$ billions

— Not available.

Note: Numbers in table may not sum to totals because of rounding.

Source: 2002 data based on OECD–DAC 2004. Projections for 2006–15 are authors' calculations.

Category	Estimated ODA in 2002	Projected for 2006	Projected for 2010	Projected for 2015
MDG support needs in low-income countries				
MDG financing gap	12	73	89	135
Capacity building to achieve the MDGs	5	7	7	7
Grants in support of heavy debt burden	—	7	6	1
Debt relief	4	6	6	6
Repayments of concessional loans	–5	0	0	0
Subtotal	**15**	**94**	**108**	**149**
MDG support needs in middle-income countries				
Direct support to government	4	10	10	10
Capacity building to achieve the MDGs	5	5	5	5
Repayments of concessional loans	–6	–3	–4	–6
Subtotal	**3**	**12**	**11**	**9**
MDG support needs at the international level				
Regional cooperation and infrastructure	2	3	7	11
Funding for global research	1	5	7	7
Implementing the Rio Conventions	1	2	3	5
Technical cooperation by international organizations	5	5	7	8
Subtotal	**10**	**15**	**23**	**31**
Estimated cost of meeting the MDGs in all countries	**28**	**121**	**143**	**189**

Table 8

Plausible official development assistance needs to meet the Millennium Development Goals

2003 US$ billions

na Not applicable.

Note: Numbers in table may not sum to totals because of rounding.

a. Includes assistance that does not contribute directly to the Goals and operating expenditures of donor agencies.

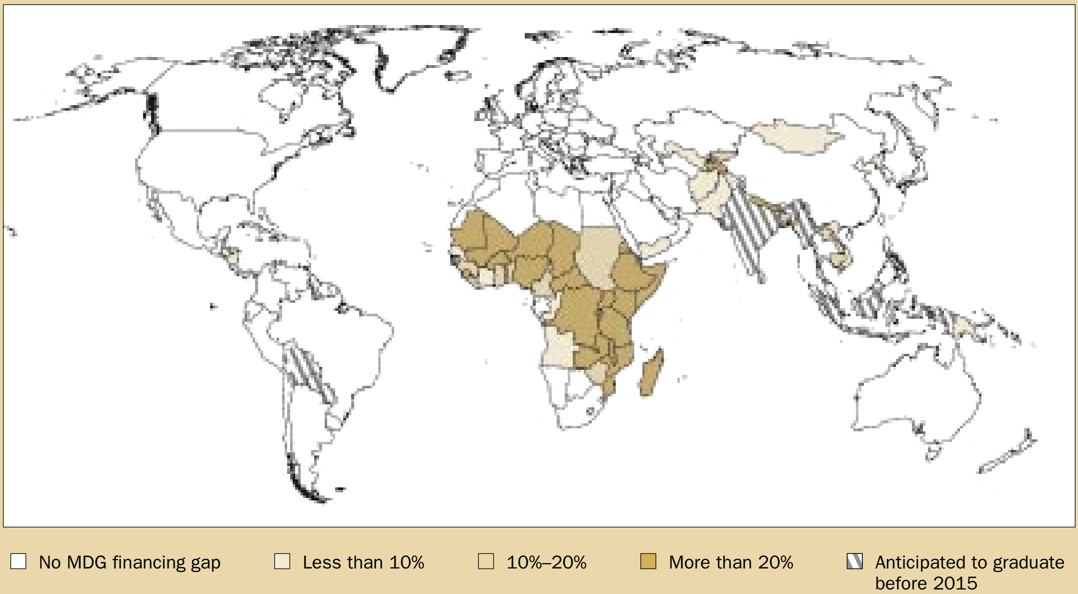
b. Does not include several important official development assistance needs, such as responding to crises of geopolitical importance (such as in Afghanistan or Iraq), mitigating the impact of climate change, protecting biodiversity and conserving global fisheries, and so on.

Source: 2002 data based on OECD–DAC 2004. Projections for 2006–15 are authors' calculations.

	Estimated ODA in 2002	Projected for 2006	Projected for 2010	Projected for 2015
Baseline ODA for the MDGs in 2002	28	28	28	28
Incremental MDG investment needs	na	94	115	161
Adjustment for nonqualifying countries due to inadequate governance	na	–21	–23	–25
Reprogramming of existing ODA	na	–6	–7	–9
Emergency and distress relief	4	4	5	6
Other ODA[a]	34	36	34	35
Total indicative ODA needs for the MDGs[b]	**65**	**135**	**152**	**195**
Share of OECD–DAC countries' GNI (percent)	**0.23**	**0.44**	**0.46**	**0.54**
ODA to Least Developed Countries (% of OECD–DAC countries' GNI)	0.06	0.12	0.15	0.22
Absolute increase in ODA required (compared with 2002)	na	70	87	130
Difference between total ODA needs and existing commitments	**na**	**48**	**50**	**74**

Map 8
Millennium Development Goals financing gap, 2015
Percent of GDP

Source: Authors' calculations.



overall ODA required for the MDGs during the coming decade will be $135 billion in 2006, rising to $195 billion in 2015. These figures are respectively equivalent to 0.44 and 0.54 percent of donor GNP.

These ODA estimates suggest that donors should prepare to double their ODA-to-GNP ratios during 2006–15 compared with today. That is, the ratio of ODA to donor GNP should be 0.5 percent of GNP or above, approximately twice the current level. Since our calculations leave out certain major categories of aid that are likely required in the future—major infrastructure projects, increased spending on adjustments to climate change, postconflict reconstruction, and other high-profile geopolitical priorities—we believe that donors should commit to reaching the long-standing target of 0.7 percent of GNP by 2015. Roughly three-quarters of that will be directed to the Goals, and the rest to other ODA needs.

While clearly not sufficient in themselves, substantial increases in aid are necessary for countries to achieve the Goals. Just as developing countries need to honor their commitments in terms of improved governance, rich countries must meet the commitment made in Monterrey by making "concrete efforts towards the target of 0.7 percent of gross national product as ODA to developing

Ours is the first generation in which the world can halve extreme poverty within the 0.7 envelope

countries." To achieve the Goals, donors need to make credible and long-term commitments to substantially higher ODA, with access to the increased funding contingent on the quality of MDG-based poverty reduction strategies and the credible commitments of countries to undertaking the necessary reforms.

Five high-income countries have already reached the 0.7 percent international target, while six others have committed themselves to specific timelines to reach this level of ODA (box 11). But even if all existing commitments were met over the next five years, the world would still experience a significant financing shortfall. Several initiatives have explored innovative financing mechanisms to overcome fiscal constraints to a rapid scaling-up of aid volumes. Among them we consider the International Finance Facility (IFF), proposed by the British government, as the most advanced proposal for achieving a rapid increase in development assistance.

Box 11

The 0.7 percent official development assistance target and the Millennium Development Goals

Although the UN Millennium Project focuses its estimate of needed official development assistance on country-level MDG needs assessments, we do so within the context of developed countries' long-established international target of providing 0.7 percent of their national income as ODA. 2005 marks 35 years since this target was first affirmed by UN member states in a 1970 General Assembly Resolution:

> "In recognition of the special importance of the role which can be fulfilled only by official development assistance, a major part of financial resource transfers to the developing countries should be provided in the form of official development assistance. Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its gross national product at market prices by the middle of the decade."

This first deadline passed. Having fallen from 0.51 percent as a share of donor GNP in 1960 to 0.33 percent in 1970, official development assistance reached 0.35 percent in 1980. By 1990 it was at 0.34 percent and then fell to 0.23 percent by 2002, the same year the 0.7 target was reconfirmed by all countries in the Monterrey Consensus.

So far, only five countries have met or surpassed the 0.7 target: Denmark, Luxembourg, Netherlands, Norway, and Sweden. In the past two years, however, six other countries have committed themselves to specific timetables to achieving the target before 2015: Belgium, Finland, France, Ireland, Spain, and the United Kingdom. Thus nearly half the membership of the OECD's Development Assistance Committee has now set a firm timetable for reaching 0.7. The UN Millennium Project urges all developed countries to follow through on the Monterrey commitment "to make concrete efforts towards the target of 0.7." We urge that "concrete efforts" require a specific timetable for reaching 0.7, and specifically a timetable before 2015, the target date for the Goals.

The confluence of the 0.7 target and the Goals is an important one. As this report outlines, ours is the first generation in which the world can halve extreme poverty within the 0.7 envelope. In 1975, when the donor world economy was around half its current size, the Goals would have required much more than 1 percent of GNP from the donors. Today, after two and a half decades of sustained economic growth, the Goals are utterly affordable. No new promises are needed—only following through on commitments already made.

The IFF would be a time-limited financing mechanism designed to at least double development assistance between now and 2015. It would leverage additional money from the international capital markets by issuing bonds, based on legally binding long-term donor commitments. It responds to the need for rapid scaling-up, or "frontloading," development assistance without placing undue constraints on rich countries' budgets, while permitting donor countries to achieve the target of 0.7 percent of GNI by 2015.

The benefits: the case for a decade of bold ambition

The Millennium Development Goals lay out a challenging and achievable vision for dramatically reducing poverty in all its forms, with tremendous benefits for the entire world. We noted at the outset of this Overview that if the Goals are achieved, more than 500 million people will be lifted out of poverty and millions of lives will be saved, with a great proportion of the improvements experienced in Africa. Millions of children will be given an opportunity to attend primary school if the Goals are met. Other benefits are quantified in the simple extrapolations presented in table 9. Not captured in such a table is the reversed environmental degradation brought about by the Goals, or the hundreds of millions more women and girls who will lead their lives in freedom, with more security and more opportunity, if the Goals are achieved. Behind these achievements are the lives and hopes of people with new opportunities to end the burden of grinding poverty.

But the Millennium Development Goals are only a mid-station to ending absolute poverty. Even if the Goals are achieved in every country, extreme poverty will remain a major issue requiring ongoing attention. Although a scale-up in high-quality development assistance will allow many countries to graduate from the need for large-scale external budget support, the poorest countries will still require ongoing support equal to 10–20 percent of their GDP to graduate from external assistance sometime after 2015—likely by 2025 (map 8). Until then, and to eventually make development assistance obsolete, sustained aid will be crucial. To that end, high-income countries will need to maintain support at close to 0.7 percent of their GNI for some period beyond 2015 (table 10). By 2015 extreme poverty can be cut by half. By 2025 extreme poverty can be substantially eliminated.

In laying out tangible targets, the Goals make explicit the most obvious costs of inaction in terms of lives and opportunities lost. They also form a centerpiece for the world's security agenda. As the Secretary-General's High-Level Panel on Threats, Challenges, and Change and many others have noted, human development and environmental management are intricately linked to peace and security. Only by reducing poverty and improving environmental management over the coming decades can a rise in the number of conflicts and state failures be averted. If the Goals are not met, millions will die who would otherwise live. Countries that would be stable will

Table 9

The benefits of meeting the Millennium Development Goals, by region

* Region on track to meet MDG target.

Note: Numbers in table may not sum to totals because of rounding.

Source: Poverty headcount data from Chen and Ravallion 2004. GDP per capita and child mortality data from World Bank 2004d. Undernourishment data from FAO 2003. Maternal mortality data from WHO and UNICEF 1996 and WHO, UNICEF, and UNFPA 2003. Water and sanitation data from WHO and UNICEF 2004. HIV/AIDS data from Stover and others 2002. Slum dweller data from United Nations Population Division 2001, 2003 and UN-HABITAT 2003. All population projections from United Nations Population Division 2003.

Poverty headcount (millions of people)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Eastern Europe and Central Asia	92	88	49
East Asia and the Pacific*	182	0	0
Latin America and the Caribbean	128	123	90
Middle East and North Africa	8	9	4
South Asia*	407	317	317
Sub-Saharan Africa	345	431	198
Total	1,162	968	658

GDP per capita (2003 US$)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Europe and Central Asia	2,980	3,827	4,084
East Asia and the Pacific*	1,313	2,139	2,139
Latin America and the Caribbean	3,724	4,104	5,102
Middle East and North Africa	2,447	2,727	3,352
South Asia*	602	980	980
Sub-Saharan Africa	520	509	712

Individuals suffering from undernourishment (millions)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Europe and Central Asia	52	61	20
East Asia and the Pacific*	162	65	65
Latin America and the Caribbean*	49	38	38
Middle East and North Africa	32	46	14
South Asia	301	285	228
Sub-Saharan Africa	228	255	155
Total	824	749	520

Child mortality (millions of lives lost)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Europe and Central Asia	0.2	0.1	0.1
East Asia and the Pacific	1.1	0.7	0.6
Latin America and the Caribbean*	0.3	0.1	0.1
Middle East and North Africa*	0.4	0.2	0.2
South Asia	3.1	2.0	1.6
Sub-Saharan Africa	4.7	4.7	1.9
Total	9.8	7.9	4.4

Maternal mortality (millions of lives lost)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Total	0.54	0.54	0.15

Table 9

The benefits of meeting the Millennium Development Goals, by region

(continued)

New HIV infections 2002–10 (millions)

Region	Current trend extrapolated to 2010	Expanded response scenario for 2010
Eastern Europe and Central Asia	2.8	1.3
Latin America and the Caribbean	2.3	0.7
Middle East and North Africa	0.9	0.3
South and Southeast Asia	18.5	5.7
Sub-Saharan Africa	21.0	8.8
Total	45.5	16.8

Individuals without access to safe water (millions)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Europe and Central Asia*	23	10	10
East Asia and the Pacific	388	305	299
Latin America and the Caribbean*	49	16	16
Middle East and North Africa	40	46	26
South Asia*	160	0	0
Sub-Saharan Africa	280	270	230
Total	939	647	581

Individuals without access to improved sanitation (millions)

Region	2005 estimate	Current trend extrapolated to 2015	MDG scenario for 2015
Europe and Central Asia	69	73	32
East Asia and the Pacific*	873	608	608
Latin America and the Caribbean	128	107	103
Middle East and North Africa	80	84	61
South and Southeast Asia	877	770	718
Sub-Saharan Africa	454	531	305
Total	2,481	2,172	1,827

Individuals living in slum conditions (millions)

Region	2001	Current trend extrapolated to 2020	MDG scenario for 2020
Europe and Central Asia	44	47	41
East Asia and Pacific	237	385	210
Latin America and Carribean	128	173	116
Middle East and North Africa	61	97	54
South Asia	235	398	207
Sub-Saharan Africa	167	325	144
Total	872	1,425	772

Table 10

Estimated official development assistance flows and gaps of Development Assistance Committee members based on existing commitments

Constant 2003 US$ billions

Country	Assistance at 0.44 percent of 2006 GNI[a]	Assistance commitment for 2006	Gap in 2006	Assistance at 0.54 percent of 2015 GNI[a]	Assistance commitment for 2015	Gap in 2015
Australia[b]	2.4	1.4	1.0	3.4	1.6	1.8
Austria[c]	1.2	0.9	0.3	1.7	1.1	0.7
Belgium[d]	1.5	2.1	none	2.1	2.7	none
Canada[e]	4.2	2.6	1.7	6.1	3.7	2.4
Denmark[f]	1.0	1.8	none	1.5	2.2	none
Finland[d]	0.8	0.7	0.1	1.1	0.9	0.2
France[g]	8.5	8.8	none	12.3	15.6	none
Germany[c]	11.6	8.4	3.2	16.7	10.0	6.7
Greece[c]	0.9	0.6	0.2	1.3	0.8	0.5
Ireland[h]	0.6	0.8	none	0.9	1.1	none
Italy[c]	7.0	5.1	1.9	10.1	6.1	4.1
Japan[i]	19.9	9.5	10.4	28.7	9.5	19.2
Luxembourg[j]	0.1	0.2	none	0.2	0.3	none
Netherlands[k]	2.4	4.2	none	3.5	5.1	none
New Zealand[l]	0.4	0.2	0.2	0.5	0.2	0.3
Norway[m]	1.1	2.4	none	1.6	2.8	none
Portugal[c]	0.7	0.5	0.2	1.0	0.6	0.4
Spain[g]	4.1	2.9	1.1	5.9	7.5	none
Sweden[n]	1.5	3.2	none	2.1	3.8	none
Switzerland[o]	1.6	1.4	0.3	2.4	1.7	0.6
United Kingdom[p]	9.2	8.5	0.7	13.2	16.8	none
United States[q]	54.5	22.3	32.2	78.7	27.2	51.5
Total	**135.0**	**88.4**		**195.0**	**121.5**	

Note: Numbers in table may not sum to totals because of rounding.

a. Assumes 2 percent real annual GNI growth.
b. 2006 ODA/GNI target held constant through 2015.
c. 2006 ODA/GNI target held constant at 0.33 percent through 2015.
d. 2010 ODA/GNI target of 0.7 percent; commitment level held constant through 2015.
e. Assumes 5.5 percent real annual ODA increase (8 percent nominal increase less 2.5 percent inflation) through 2010; 2010 ODA/GNI target held constant through 2015.
f. 2006 ODA/GNI target of 0.83 percent held constant through 2015.
g. 2012 ODA/GNI target of 0.7 percent through 2015.
h. 2007 ODA/GNI target of 0.7 percent held constant through 2015.
i. 2006 ODA level held constant at $9.5 billion through 2015.
j. 2006 ODA/GNI commitment of 1 percent held constant through 2015.
k. ODA/GNI target of 0.8 percent held constant through 2015.
l. Assumed 2006 ODA/GNI level of 0.26 percent held constant through 2015.
m. 2005 ODA/GNI target of 1 percent held constant through 2015.
n. 2006 ODA/GNI target of 1 percent held constant through 2015.
o. 2010 ODA/GNI target of 0.4 percent held constant through 2015.
p. 2013 ODA/GNI target of 0.7 percent held constant through 2015.
q. Assumes 3 percent real GNI growth to 2006; for 2006 includes over $1.5 billion for the Millennium Challenge Account, nearly $2 billion for the Global AIDS Initiative, increased multilateral aid, and rephased expenditure on reconstruction in Iraq. ODA/GNI share projected to remain constant through 2015.

Source: OECD/DAC forthcoming.

Urgent action is needed if we are to usher in a decade of bold ambition to achieve the Millennium Development Goals

descend into conflict. And the environment will continue to be degraded. The risks and benefits will be shared across the entire world, so genuine international leadership and responsibility will need joint action on both development and security policy. As mentioned earlier, in line with the High-Level Panel's recommendation, developed countries aspiring to permanent seats on the UN Security Council, for example, should be prepared to fulfill the commitment to 0.7 percent of GNP in ODA by 2015 as part of their leadership responsibilities.

Fortunately, the costs of achieving the Goals are entirely affordable and well within the promises of 0.7 percent made at Monterrey and Johannesburg. The required doubling of annual official development assistance to $135 billion in 2006, rising to $195 billion by 2015, pales beside the wealth of high-income countries—and the world's military budget of $900 billion a year. Indeed, the increased development assistance will make up only half a percent of rich countries' combined income.

Of course money alone will not be sufficient to meet the Goals, but increased investments need to accompany institutional reform, good policies, and increased efforts to improve the accountability of governments. Unless more financial assistance is available effectively, low-income countries and their development partners will not be able to have serious and honest discussions about the reforms and investments required to meet the Goals. For countries where such reforms and good policies are in place, high-income countries should, in the spirit of the Monterrey Consensus, make good on their commitment to increasing ODA for them to work toward achieving the Millennium Development Goals.

At stake is the credibility and functioning of the international system. Without a breakthrough in 2005, if poor countries that have met their Monterrey commitments are not effectively supported in pursuing an MDG-oriented strategy, the already dwindling faith in international commitments to reduce poverty will likely vanish. In that case, the Goals will not be met and the trust in rich countries' sincerity to support well governed countries in need of external assistance will be deeply, if not fatally, damaged. If we do not act now, the world will live without goals.

To ensure success, in 2005 the world must start building capacity, improving policies, and delivering the investments needed to meet the Millennium Development Goals. This effort will need to be sustained at the global, national, and local level over the next 10 years. And only by acting now can long-term environmental challenges, such as climate change and fisheries depletion, be contained before they inflict irreparable harm on the poor countries able to protect themselves the least.

Urgent action is needed if we are to usher in a decade of bold ambition to achieve the Millennium Development Goals. Developing countries need to make every effort to mobilize around the Goals. Rich countries need to ask themselves if they should be more concerned, as many of them are today, with pointing fingers at the responsibilities of poor countries than with meeting their own commitments. In 2005 the world needs desperately to follow through on its commitments, taking quick practical steps at scale before the Goals become impossible to achieve. If we fail to invest now, it will be a very long way to the next Millennium Summit in the year 3000.

Notes

1. Extreme poverty figures are for $1.08 per day in 1990 and 2001.
2. Scheduled for publication in early 2005.
3. Language often fosters confusion in distinguishing between inputs and outcomes. "Health," for instance, describes both a sector (or ministry) and an outcome resulting from a complex set of inputs across sectors. "Education" is similar. "Hunger," in contrast, is a complex outcome but not a sector or ministry.

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For complete references, see the main report.

Acknowledgments

Several people made particularly noteworthy contributions in the drafting process for this overview and the full-length version of the report. Macartan Humphreys played a central role in the drafting of chapter 12 on strategies for countries affected by conflict. Nirupam Bajpai, Shuming Bao, and Wing Thye Woo provided important analysis to inform chapter 11 on investment priorities in other regions. Deborah Balk, Bob Chen, Marc Levy, Alex de Sherbinin, Adam Storeygard, and their colleagues at the Center for International Earth Science Information Networks (CIESIN) at Columbia University conducted much of the report's geospatial data analysis. Brian Hammond and his colleagues at the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) gave tremendously of their time and expertise to inform the analysis in chapter 13 on fixing the donor system. Dani Kaufmann provided very helpful inputs to chapter 7 on governance. For all these chapters any remaining errors are the authors' own.

The UN Millennium Project benefited from active intellectual collaboration with François Bourguignon, Chief Economist of the World Bank; Nicholas Stern, his distinguished predecessor in that position and now at the U.K. Treasury; and Raghuram Rajan, Chief Economist of the International Monetary Fund (IMF). All were marvelously collaborative and thoughtful in sharing insights and comments on interim products and jointly pursuing the best possible analytical frameworks for achieving the MDGs. Many co-organized seminars and meetings benefited from the contributions of several of their colleagues, including Jim Adams, Shaida Badiee, Barbara Bruns, Mariam Claeson, Shanta Devarajan, Shahrokh Fardoust, Pablo Gottret, Rudolf Knippenberg (UNICEF), Ibrahim Levent, Hans Lofgren, Gobind Nankani, John Page, Ramahatra Rakotomalala, Peter Roberts, Agnes Soucat, Eric Swanson, Jee-Peng Tan, Hans Timmer, and Dominique van der Mensbrugghe at the

World Bank; and Sanjeev Gupta, Peter Heller, and Arvind Subramanian from the IMF.

The UN Millennium Project also thanks its partners in developing a country-level MDG needs assessment methodology, the summary results of which are presented in chapter 17 on expanding the financial envelope to achieve the MDGs: Anwara Begum and M. Salimullah from the Bangladesh Institute for Development Studies; Kao Kim Hourn and Ray Zepp from the University of Cambodia; Ernest Aryeetey and Michael Nimo from the Institute of Statistical, Social and Economic Research in Ghana; Samar Datta, Ravindra Dholakia, and Akhilesh Kumar from the Indian Institute of Management, Ahmedabad; Haidari K. R. Amani, Flora Lucas Kessy, and Deogratias Macha from the Economic and Social Research Foundation in Tanzania; and Godfrey Bahiigwa, Lawrence Bategeka, and Nathan Okarut from the Economic Policy Research Center in Uganda. The UN Millennium Project is indebted to McKinsey & Company, which developed the analysis underlying the energy section of the needs assessment; to Eva Weissman for invaluable assistance in the child health and maternal health analyses; and to David Simon for analysis of official development assistance flows and their sectoral allocation. Shan Cao, Andrew Charlton, Stacy Fehlenberg, Joseph Kennedy, and Pierre Yared performed excellent research assistance in the needs assessment effort.

Countless UNDP staff supported the Project's efforts. Elli Kaplan was invaluable in supporting the Project's early stages. Jeffrey Avina, Ade Lekoetje, Elizabeth Lwanga, Jacques Loup, Lamin Manneh, and Comfort Tetteh were also tremendous contributors to the UN Millennium Project's day-to-day work. Sally Fegan-Wyles and her team at the UN Development Group were ever helpful and supportive. Major substantive contributions were made from throughout the Bureau for Development Policy, including: Susan McDade and the energy group; Antoine Heuty, Terry McKinley, Rathin Roy, and colleagues in the poverty group; Gita Welch and the institutional development group; and Terence Jones and his team from the capacity development group. Djibril Diallo, David Morrison, Bill Orme, and their COA colleagues provided invaluable communications support. The Project also thanks the MDG focal points from the other regional bureaux: Ghaith Fariz, Enrique Ganuza, Balasubramanium Murali, and Norimasa Shimomura. Pedro Conceição, Moez Doraid, Gulden Turkoz-Cosslett, Mattias Johansson, Inge Kaul, Ronald Mendoza, Omar Noman, Alejandra Pero, Bharati Sadasivam, Amina Tirana, and Caitlin Wiesen were also extremely generous with their contributions. Nissim Ezekiel and the secretariat of the Commission on Private Sector and Development offered many helpful suggestions, including Jan Krutzinna, Naheed Nenshi, Yann Risz, and Sahba Sobhani.

The UN Millennium Project collaborated closely with the staff of the Human Development Report Office in the production of *Human Development Report 2003*. Several parts of this report build on work conducted during the production of that Report. We thank Sakiko Fukuda-Parr and her team, including: Silva Bonacito, Emmanuel Boudard, Carla De Gregorio, Haishan Fu, Claes Johansson, Christopher Kuonqui, Santosh Mehrotra, Tanni Mukhopadhyay, Stefano Pettinato, David Stewart, Aisha Talib, Nena Terrell, and Emily White.

This report was edited and produced by the stellar team of Bruce Ross-Larson, Meta de Coquereaumont, Mary Goundrey, Thomas Roncoli, Christopher Trott, Timothy Walker, and Elaine Wilson at Communications Development Incorporated in Washington, D.C.

Advisory inputs

Many colleagues shared important comments on earlier drafts of this report. Members of the UN Millennium Project's United Nations Experts Group have provided invaluable advice since the Project's inception, always under the skilled chairmanship of Jan Vandemoortele. We thank all Experts Group members for their generous and consistent contributions: Ifzal Ali, Adnan Z. Amin, Patrick Asea, Daniel Biau, François Bourguignon, James P. Callahan, Andrew Cassels, Jan Cedergren, Hans D'Orville, David T. Edwards, Marika Fahlen, Orobola Fasehun, Luiz L. Fernandes Pinheiro, Charles Gore, Edward Heinemann, Raj Jumar, Ian Kinniburgh, Eddy Lee, Patrick Low, Richard Morgan, Harish Parvathaneni, Prabhu Pingali, Raghuram Rajan, Joanne Sandler, Francisco Sercovich, Mari Simonen, Joseph Smolik, Dianne Spearman, Carlos Eduardo Velez, and Gustavo R. Zlauvinen.

Special thanks are also due to colleagues at the UN Secretariat: in particular Henk-Jan Brinkman, Marta Mauras, Robert Orr, and Abiodun Williams in the Executive Office of the Secretary-General. Ibrahim Gambari, Eloho Otobo, and Yvette Stephens provided tremendous support from the office of the Secretary-General's Special Advisor on Africa. In the Department of Public Information, Sue Markham, Pragati Pascale, and Tim Wall offered tremendous assistance. Numerous colleagues in the Department of Economic and Social Affairs provided tremendous support throughout the Project, including Joseph Chamie and his team at the Population Division; Robert Johnston, Francesca Perucci, and the team in the Statistics Division; and Johan Schölvinck.

The UN Millennium Project also benefited from collaboration with colleagues at the Millennium Campaign: including Eveline Herfkens, Salil Shetty, Fernando Casado, Nisha Chatani-Rizvi, Patricia Garce, Lucille Merks, Marina Ponti, Ingrid Sanders, Marisol Sanjines, Hellen Wangusa, Carol Welch, and Erna Witoelar.

The UN Millennium Project is grateful for its collaboration with and comments from the Secretariat of the New Partnership for African Development (NEPAD), including its distinguished chair Wiseman Nkuhlu, its agricultural advisor Richard Mkandawire, and its indefatigable MDG specialist, Khadija Bah.

The UN Millennium Project benefited from several high-level consultations with members of the OECD/DAC. The Project gratefully acknowledges the Government of Sweden for hosting a high-level discussion in Stockholm in February 2004. The Project also thanks Richard Manning, Brian Hammond, and colleagues for convening a meaning of DAC leaders in Paris in July 2004. Masood Ahmed, Richard Martini, Sharon White, and colleagues in the UK Department for International Development also hosted an extremely constructive final consultation with DAC members in London during October 2004. The Project also thanks Jean-Pierre Landau for numerous helpful conversations.

Pilot country inputs

The UN Millennium Project's pilot country work provided an invaluable forum for testing many of the ideas highlighted in this report and for gathering new information. In Cambodia, Dominican Republic, Ethiopia, Kenya, Ghana, Senegal, Tajikistan, and Yemen, the UN Resident Coordinator, UN Country Team members, the World Bank, and the International Monetary Fund all provided significant support to the collaboration. The Project is especially grateful to the heads of government in several countries for their direct and active support, including President Leonel Fernández of the Dominican Republic, Prime Minister Meles Zenawi of Ethiopia, President John Kufuor of Ghana, President Mwai Kibaki of Kenya, President Abdoulaye Wade of Senegal, and President Emomali Rakhmonov of Tajikistan. Government focal points in the pilot countries include John Gagain in the Dominican Republic; Ato. Mekonnen Manyazewal and Ato. Getachew Adem in Ethiopia; S. Nii-Noi Ashong and George Gyan-Baffour in Ghana; David Nalo and George Anyango in Kenya; Abou Lom in Senegal; Nozigul Khushvakhtova in Tajikistan; and Ahmed Mohammed Sofan and Mutahar Al-Abassi in Yemen.

The UN Resident Coordinator and the UN Country Teams have been instrumental in leading the pilot country work. We particularly thank Douglas Gardner and Barbara Orlandini in Cambodia; Niky Fabiancic in the Dominican Republic; Samuel Nyambi, Modibo Toure, Bjorn Ljungqvist, and Vinetta Robinson in Ethiopia; Alfred Fawundu and Kamil Kamaluddeen in Ghana; Paul André de la Porte and Ojijo Odhiambo in Kenya; Ahmed Razhaoui, Albéric Kacou, Luc Grégoire, and Diene Keita in Senegal; William Paton, Tuya Altangerel, Oliver Babson, Temur Basilia, and Johannes Chudoba in Tajikistan; and Flavia Pansieri, James Rawley, Samuel Choritz, Sammy Khan, and Abdo Seif in Yemen.

The UN Millennium Project's MDG Technical Support Center in Nairobi has helped to guide the pilot country work in Africa. We thank Glenn Denning, Mi Hua, Patrick Milimo, Eileen Petit-Mshana, and Salina Sanou for their contributions. The Project thanks Lenora Suki and Tarik Yousef for their efforts in helping to lead the Project's collaborations in the Dominican Republic and Yemen respectively. Several WHO staff, especially Rebecca

Dodd, Jeanette de Putter, and Sergio Spinaci, have collaborated closely on the health-related activities in Yemen.

Report comments

We gratefully acknowledge the thoughtful comments and suggestions received from many governments; UN agencies, funds, and programs; civil society organizations; and individuals. We thank the governments of Australia, Belgium, Canada, CARICOM member states, China, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, South Africa, Spain, Switzerland, Tunisia, the United Kingdom, the United States, and the members of the European Commission for their comments.

The UN Millennium Project benefited tremendously from many group consultations at the United Nations and thanks all who participated in and organized these events. This includes meetings with the ambassadors of the African Union, convened by Michel Kafando and Crispin Grey-Johnson; the ambassadors of the Caribbean Community, convened by Christopher F. Hackett; the ambassadors of the Pacific Islands Forum Group, convened by Ali'ioaiga Feturi Elisaia; ambassadors of the UN Economic and Social Council, convened by Marjatta Rasi; members of the Second Committee of the General Assembly, convened by Marco Balarezo; and members of the Group of 77 and China, convened by Abdulaziz Al-Nasser. We also thank UN delegates representing member states of the European Union, as convened by Koen Davidse.

We would also like to thank Kanta Adhin, Javed Ahmad, Benjamin Allen, Ifzal Ali, Aasmund Andersen, William Andrianasolo, James Banda, Tony Banks, Pierre Belanger, Clements Bidonge, Kate Bird, Bineswaree (Aruna) Bolaky, Catherine Budgett-Meakin, Barbara Burungi, M. Bukuru, Eva Busza, Bernardo Cachaca, Wendy Caird, Joana Chamusca, Erin Chapman, Bill Christeson, Anthony Costello, Jacek Cukrowski, Susanne Dam-Hansen, Denis Daumerie, Rossana Dudziak, Zamira Eshmambetova, Marcos A Espinal, Udo Etukudo, Richard Feachem, Virginia Floyd, Luc Franzoni, Dennis Garrity, Axumite Gebre-Egziabher, Adrienne Germain, Linda Ghanimé, Stefan Giljum, Genevieve Grabman, Peter Gustafsson, Toni Haapane, Lawrence Haddad, Ronnie Hall, Afaf Abu-Hasabo, Cecil Haverkamp, Ron Heller, Karen Judd, Inge Kaul, Jeff Keenan, Augusta Khew, Shannon Kowalski-Morton, Hannu Kyröläinen, Robert Leigh, Jostein Leiro, Lim Li Lin, Jon Linden, Dermot Maher, James Manor, Mariam Mayet, Christine McNab, Lenni Montiel, Tadayuki Miyashita, Ronan Murphy, Adib Nehmeh, Norm Nicholson, Samantha Page, Erik Parsons, Joanna Patrick, Bob Perciasepe, Peter Piot, Rathi Ramanathan, Mary Robinson, Rick Rowden, Rabbi Royan, Domenico Siniscalco, Charlotte Hord Smith, William Smith, Jamil Sofi, Elsa Stamatopoulou, Carsten Staur, Thomas Theisohn, Adama Toe, John Tucker, Happy James Tumwebaze, Therese Turner-Jones, Andras Uthoff, Louisa Vinton, Rob Ward, Robert Watson, Patrick Webb, Diana Weil, Pera Wells, Caron Whitaker, and David Woollcombe.

We also thank faculty at the Institute for Development Studies, Sussex, and the faculty and students of the Graduate School of International Studies at the University of Denver for their detailed analysis and comments on previous drafts.

For the needs assessment work, in addition to task force members, we also gratefully acknowledge comments and suggestions by Tahgreed Adam, Walid Badawi, Christopher Banes, Stefano Bertozzi, Razina Bilgrami, Jonathan Campaign, Tamo Chattopadhay, Mark Connolly, Ingrid Cyimana, Billy Cobbett, Joel Cohen, Chris Curtis, Ernest Darkoh, Don de Savigny, Richard Deckelbaum, Simon Ellis, Patrice Engle, David Evans, Katherine Floyd, Joe Flood, Tamara Fox, Linda Ghanime, Rainer Gross, Juan Pablo Gutierrez, Charlie Heaps, John Hendra, Mark Henderson, Andrew Hudson, Jose Hueb, Todd Johnson, Eileen Kennedy, Will Keogh, Zahia Khan, Chistoph Kurowski, Lilani Kumuranyake, Valerie Leach, Rolf Luyendijk, Pim van der Male, William McGreevey, Metsi Mekheta, Takaaki Miyaguchi, Cielo Morales, Maryam Niamir-Fuller, Elizabeth Anne Paxton, Vinod Paul, Kyoko Postill, David Redhouse, Sanjay Reddy, Harri Seppanen, Kavita Sethuraman, Manohar Sharma, Susmita Shekhar, Henri Smets, Lara Stabinski, John Stover, Daouda Toure, Juha Uitto, Meike van Ginneken, Netsanet Walelign, Jake Werksman, Edward Wilson, Meg Wirth, and Aster Zaoude.

Administrative support

This report could not have been produced without the tireless administrative support of Jennifer Copeland, Rosemary Estevez-Vidal, Hnin Hla Phyu, and Ferima Traore in the UN Millennium Project Secretariat; Lauren Canning-Luckenbach and Alan Lee in the Office of the UNDP Administrator; Patricia Maw and Alex Nitorreda in the MDGs Unit of UNDP; and Ji Mi Choi, Deborah Creque, Heidi Kleedtke, and Martha Synnott at the Earth Institute at Columbia University. Dan Nienhauser of the Earth Institute was a staunch supporter of the Project, helping to streamline many of its administrative needs.

MillenniumProject

UN Millennium Project
Commissioned by the
UN Secretary-General
and sponsored by the
United Nations
Development Programme
on behalf of the
UN Development Group

About this report

The Millennium Development Goals, adopted at the UN Millennium Summit in 2000, are the world's targets for dramatically reducing extreme poverty in its many dimensions by 2015—income poverty, hunger, disease, exclusion, lack of infrastructure and shelter—while promoting gender equality, education, health, and environmental sustainability. These bold goals can be met in all parts of the world if nations follow through on their commitments to work together to meet them. Achieving the Millennium Development Goals offers the prospect of a more secure, just, and prosperous world for all.

The UN Millennium Project was commissioned by United Nations Secretary-General Kofi Annan to develop a practical plan of action to meet the Millennium Development Goals. As an independent advisory body directed by Professor Jeffrey D. Sachs, the UN Millennium Project submitted its recommendations to the UN Secretary-General in January 2005.

The core of the UN Millennium Project's work has been carried out by 10 thematic task forces comprising more than 250 experts from around the world, including scientists, development practitioners, parliamentarians, policymakers, and representatives from civil society, UN agencies, the World Bank, the International Monetary Fund, and the private sector.

Investing in Development: A Practical Plan to Achieve the Millennium Development Goals brings together the core recommendations of the UN Millennium Project. By outlining practical investment strategies and approaches to financing them, the report presents an operational framework that will allow even the poorest countries to achieve the Millennium Development Goals by 2015.