

Building on the Commonwealth Action Plan



Professor Jeffrey D. Sachs,
Director,
UN Millennium Project

With only 11 years until the 2015 deadline, there is still enough time - barely - to achieve the MDGs in the poorest parts of the world. This article argues that what is needed is a new kind of effort, along the lines of the Commonwealth Action Plan. The UN Millennium Project recommends that all developing countries put forward MDG-based Poverty Reduction Strategies, supported by reform of the donor system.

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

The MDGs and the Commonwealth nations

During the last year, the international agenda has been overwhelmingly dominated by issues of security, terrorism, and war. The US, for example, is spending around 30 times more on the military than it is on development assistance – roughly US\$450 bn per year compared with US\$15 bn. This is despite the clear truth that global stability critically depends on lifting the poorest of the poor out of subhuman conditions by providing safe drinking water, access to sanitation, adequate nutrition, education, and healthcare. These steps would do far more towards tackling instability around the world than any military approach, and would cost far less. In fact, preliminary estimates of the UN Millennium Project, an independent advisory project of the UN Secretary-General that I have the honour to direct, indicate that the MDGs could be reached in the well-governed countries of the world for around US\$50-75 bn of additional ODA (Official Development Assistance) each year (which would still be within donor countries' commitment of 0.7% of GNP). Now it's urgently time to get the MDGs back on track.

Countries of the Commonwealth will be of pivotal importance if the world is to achieve the MDGs. Many of the Commonwealth countries are 'Least Developed Countries' (LDCs) under UN classification, most of which are struggling to break out of economic stagnation and make fast enough progress to meet the MDGs. At the same time, the Commonwealth includes India – the largest democracy in the world, a nation in the middle of very rapid economic growth and historic success in poverty reduction. And of course, the UK is taking a leading role among donor countries in advocating for significantly increased official development assistance.

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Getting the MDGs back on track

With just 11 short years until the MDG deadline of 2015, despite the stakes involved (international goals solemnly reached in a world desperate for progress against ancient and modern scourges) we are far off track from accomplishing the MDGs in many parts of the world. In almost all of sub-Saharan Africa, countries will miss some or most of the goals if current trajectories continue. Other regions – notably in Central Asia, the Andes, parts of the Caribbean Basin, and parts of South and East Asia – are home to vast numbers of very poor people whose lives are still essentially untouched by the promise of poverty reduction.

It is still possible, but only barely, to meet the MDGs in every well-governed developing country by the 2015 deadline. If more time is lost, then the MDGs will not be met. What is needed is a new kind of effort, along the

lines of the Commonwealth Action Plan. Efforts must be made by both developing countries (in making investments in systems of good governance) and by donor nations (in significantly increasing and

MDG-based PRSs should be built on two pillars. The first is good governance to enable equitable economic growth, through good economic policies, anti-corruption controls, decentralisation, women's

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improving ODA), as outlined in the Monterrey Consensus. As early as 2002, the Commonwealth Action Plan correctly identified many of the components lacking in the international system, preventing it from working in unison towards achieving the MDGs. These include the need for developed countries to follow through on their commitment of providing 0.7% of their GNP in ODA, the need to increase funds to the World Bank's International Development Association (IDA) facility, the need for increased support for the New Partnership for Africa's Development (NEPAD), and the need for donor aid to be more flexible, predictable, geared towards budget and sectoral support, and aligned with country strategies and budget cycles.

The Millennium Project diagnosis

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

MDG-based PRSs

Our recommendation is to put the MDGs at the centre of national and international poverty reduction strategies, specifically in the form of countries' MDG-based Poverty Reduction Strategies (PRSs), including Poverty Reduction Strategy Papers (PRSPs), backed by strong international co-operation. Here, the Commonwealth could recommend that its developing country members prepare MDG-based PRSs (the UN Millennium Project is already working with Ghana and Kenya in this regard), and the developed countries in the Commonwealth, like Australia, Canada and the UK, could support those efforts with financing and technical expertise.

empowerment and gender equity, secure property rights, protection for ethnic minorities against discrimination, and so on. The second is a major increase in public spending on infrastructure and social investments, including roads, power, water and sanitation, environment, education, health, nutrition, family planning and reproductive health services.

Reforming the donor system

To support such PRSs in a manner consistent with the MDGs, several steps are needed to reform the donor system.

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

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

Third, as called for in the Commonwealth Action Plan, donors will need to begin honouring their commitment to give adequate (i.e. significantly increased) levels of finance. Many low-income countries not on track to meet the MDGs are stuck in a poverty trap, whereby they lack the prerequisite health, education, and physical infrastructure to achieve economic growth. Although poor governance is an issue in many countries, there are many well-governed countries whose economic growth and progress towards the MDGs has been too slow. The reality is that many of these countries are too poor to pay for the investments needed to achieve sustained economic growth and meet the MDGs, which is why donor financing plays such a critical role.

Donor countries have repeatedly signed international commitments to increase ODA. In the 2002 Monterrey Consensus, they specifically pledged to make "make concrete efforts towards the target of 0.7% of gross

national product (in official development assistance)" – while in return the developing countries committed themselves to sound governance and use of resources. A few months later, at the World Summit for Sustainable Development in Johannesburg, the member countries of

The role of regional organisations

Next, in addition to increasing aid to countries, the donor system must increase aid to regional organisations like NEPAD, as wisely recognised by the Commonwealth Action Plan. Regional co-operation is

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the UN reaffirmed their commitment to reducing poverty and protecting the environment, again placing the MDGs at the centre of international development policy. However, levels of funding are not yet bold enough to allow a breakthrough on the MDGs. Only five countries so far have reached the 0.7% commitment. Importantly, the UK has sent a clear and decisive message to the world with its recent announcement that it will move toward that target from its current level of 0.31%.

The role of IDA

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

vital for issues such as cross-country transportation and energy systems, as well as for improving international economic integration by harmonising cross-border policies and procedures, including customs policies, macro-economic policies, and the joint management of major ecosystems such as international watersheds.

Technology solutions

Sixth, the donor community needs to appreciate better that many of the challenges in agriculture, health, environment, or access to energy services require breakthroughs in science and technology, like new vaccines, improved agricultural varieties and cropping systems, cost-effective information and communication technologies, and low-cost water treatment and purification technologies. Poor countries cannot produce these technologies, and private markets in developed countries have little incentive to do so. Even though these market failures have been understood for

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years 2006-8. The Commonwealth Action Plan called for adequate financing in IDA-13, and the Commonwealth should continue to push strongly for increased financing for IDA-14.

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

some time, the international system has so far not responded adequately. Appropriate solutions could consist of global co-ordinating mechanisms based on models such as pre-commitment purchase agreements, ex-post prizes, public-private partnerships based on contractual terms that ensure free access to intellectual property rights generated through publicly-funded research, or direct financing of research.

Finally, donors must increase core funding to the UN system. The specialised agencies, with their tremendous technical expertise, play a central role as knowledge banks in their specific fields. In addition, the United Nations Development Programme plays a co-ordinating role that is fundamental to coherent global and country-level development strategies.

The critical timetable for 2005

The next 12 months are likely to prove the critical period when the world chooses whether or not to meet the MDGs. In September 2005, world leaders will gather at UN headquarters to review progress in the five years since the Millennium Declaration. There, they will have a final chance to seriously scale up the effort and resources to meet the MDGs and to sign off

on a global plan to achieve the Goals. Between now and then, several important events will set the stage for the international community to take the actions needed. December 2004 brings the completion of the IDA-14 replenishment round, where donors need to raise IDA funding from US\$8 bn to US\$25 bn per year. In January,

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the UN Millennium Project's final recommendations will be presented to the Secretary-General for his consideration as he prepares his major report on progress since the Millennium Declaration, itself due for release next spring. The report of the UK's Africa Commission is also scheduled to be released in March.

The UK-hosted G8 Summit is then slated for June 2005, with the MDGs, Africa, and a doubling or more of ODA all set to feature prominently. It will be especially necessary to get Germany, Japan and the US to increase ODA significantly, in line with the commitments of Monterrey. The US, in particular, needs to shift from an almost-all military approach to foreign policy to a policy of more balance, spending at least US\$40 bn per year in ODA (roughly 0.35% of GNP).

As the world enters these crucial months for the MDGs, members of the Commonwealth can play a central role in supporting a global breakthrough in development policy. The scale-up of action and scope of policy reform required to achieve the MDG are feasible, but they will require a broad global consensus to consolidate the way forward. The Commonwealth will be crucial to forging this consensus inside and outside of its membership, and to ensuring the MDGs are a top priority on the 2005 international agenda. Building on the insights of its 2002 Action Plan, the Commonwealth community can help to ensure the MDGs become clear operational targets for global partnership over the coming decade, with direct and lasting benefits to hundreds of millions of lives throughout the developing world.

The UN Millennium Project is an independent advisory body to UN Secretary-General Kofi Annan, commissioned with recommending, by June 2005, the best strategies for meeting the Millennium Development Goals (MDGs). This includes reviewing current innovative practices, prioritising policy reforms, identifying frameworks for policy implementation, and evaluating financing options. The Project's ultimate objective is to help ensure that all developing countries meet the MDGs.

Professor Jeffrey D. Sachs is the Director of The Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University. He is also Special Advisor to UN Secretary-General Kofi Annan on the MDGs. Sachs is internationally renowned for advising governments in Latin America, Eastern Europe, the former Soviet Union, Asia and Africa on economic reforms and for his work with international agencies to promote poverty reduction, disease control, and debt reduction of poor countries. He was recently named among the 100 most influential leaders in the world by Time Magazine. Sachs was recently elected into the Institute of Medicine and is a Research Associate of the National Bureau of Economic Research. Prior to joining Columbia, Sachs spent over 20 years at Harvard University, most recently as Director of the Center for International Development. A native of Detroit, Michigan, Sachs received his BA, MA, and Ph.D degrees at Harvard University.

Jeffrey D. Sachs
Director, UN Millennium Project
One United Nations Plaza
21st floor, Room 2160
New York
NY 10017
USA

Tel: +1 (212) 906 5735
Fax: +1 (212) 906 6733
E-mail: jeffrey.sachs@unmillenniumproject.org
Web site: www.unmillenniumproject.org