From Vision to Action

How to put some oomph into the Millennium Development Goals

James M. Boughton and Zia Qureshi

THE TURN of the century was a period of promise for world development. The Millennium Declaration—signed by the heads of 189 countries in September 2000—led to the adoption of the Millennium Development Goals (MDGs), a set of eight objectives incorporating clear targets for reducing poverty and other sources of human deprivation and promoting sustainable development. A follow-up meeting of world leaders in Monterrey, Mexico, in March 2002 established a shared understanding of the broad development strategy and policies needed to achieve the MDGs.

The Monterrey Consensus ushered in a new compact between developing and developed countries that stressed their mutual responsibilities in the quest to meet the development goals. It called on developing countries to improve their policies and governance and on developed countries to step up their support, especially by providing more and better aid and more open access to their markets.

With broad agreement on development goals and the means to achieve them, the key task now is to translate vision into action. But is implementation actually happening? What progress has been made? Are the various parties delivering on their part of the compact? What are the priorities in the agenda?

In July 2004, the World Bank and the IMF published a report that addresses these questions. The *Global Monitoring Report* is the first in a series of annual reports that will assess how the world is doing in implementing the policies and actions for achieving the MDGs and related development outcomes. The report covers all key contributors to this effort—developing and developed countries as well as international agencies. It is an important step toward putting in place a framework for results and accountability that will enhance the international community's review of progress on the global development policy agenda.

Sobering assessment

The report's findings provide a sobering assessment of progress toward the MDGs and of progress in meeting the commitments made at Monterrey. On current trends, most developing countries will fail to achieve most of the MDGs. At the global level, the world will likely meet the first goal of halving income poverty between 1990 and 2015, thanks to strong growth in Asia, especially in China and India, the world's two most populous countries. But several regions, and many countries, will not meet the target (see Chart 1). Sub-Saharan Africa is seriously off track, with just eight countries representing about 15 percent of the regional population likely to achieve the goal.

The risk is much greater that the regions will not meet the human development goals, especially those relating to health—child and maternal mortality, HIV/AIDS, and access to clean water and sanitation. With respect to the goal of reducing child mortality by two-thirds between 1990 and 2015, for example, most, if not all, regions are off track (see Chart 2). Overall, on current trends, only 15–20 percent of developing countries are on track to achieve the child and maternal mortality goals.

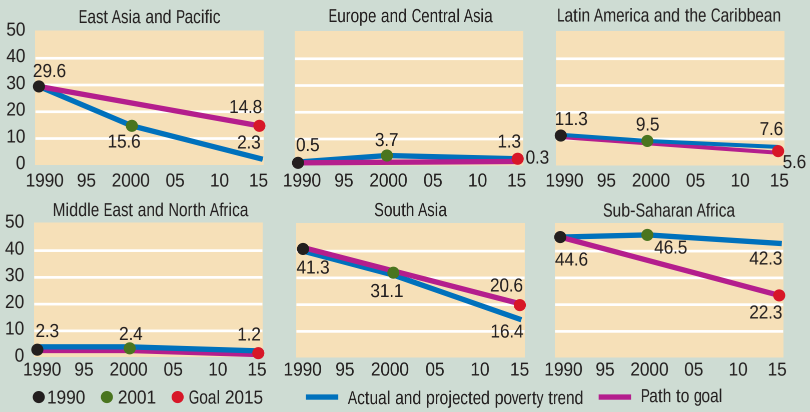
The implication of this assessment is clear. The achievement of the development goals requires rising above current

Chart 1

Africa falling behind

Although the goal of halving the proportion of people living on $1 a day by 2015 will likely be met globally, sub-Saharan Africa is seriously off track.

(percent of total population living on less than $1 a day)



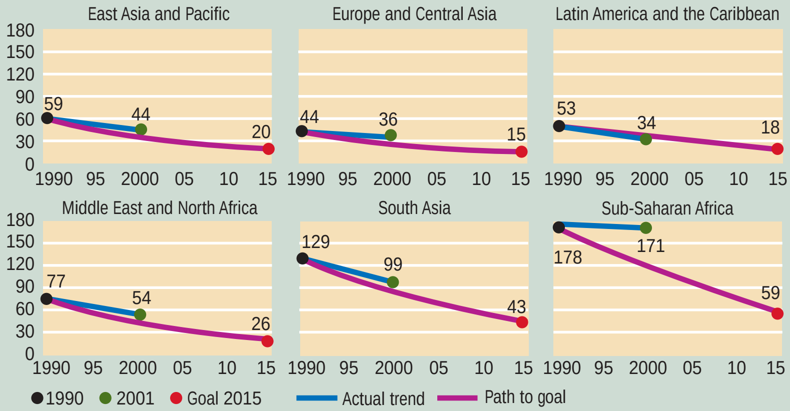
Source: World Bank staff estimates.

Chart 2

Elusive health goal

Most regions have reduced child mortality but, on current trends, will miss the target of a two-thirds reduction by 2015.

(under-5 mortality rate per 1,000 live births)



Sources: United Nations; World Bank staff estimates.

trends and substantially accelerating progress. There is an urgent need for all parties to scale up action. The agenda has three essential elements:

- Accelerating reforms to achieve stronger economic growth—Africa will need to double its growth rate.
- Empowering and investing in poor people—scaling up and improving the delivery of human development and related key services.
- Speeding up implementation of the Monterrey partnership, matching stronger reform efforts by developing countries with stronger support from developed countries and international agencies.

Priorities for developing countries

Policies in developing countries have improved, enhancing their ability to better direct resources, domestic and external, toward development priorities. Chart 3, based on the World Bank's annual country policy and institutional assessment ratings (which range from a low of 1 to a high of 6), shows improvement in all policy areas—macroeconomic, structural, social, public sector management, and institutions. Performance varies widely, however, and reform needs to be accelerated and deepened in many countries, especially in sub-Saharan Africa.

Developing countries need to continue to improve the climate for private sector activity and economic growth by solidifying progress on macroeconomic stability, improving fiscal management, further reducing barriers to trade, and shifting emphasis from heavily regulating businesses to strengthening market institutions—including property rights and the rule of law. They also need to build capacity in the public sector and improve the quality of governance, particularly by tackling corruption. Their progress on governance and institutional reform has not matched their progress in other areas (while improving, ratings for public sector management and institutions are the lowest in Chart 3). Going forward, institutional reform will form the core of the reform agenda in many countries. In Africa, which has the weakest governance indicators, the New Partnership for Africa's Development initiative, with its emphasis on improving governance, provides a very promising foundation for reform to build on.

Developing countries need to invest more in human development and infrastructure services and better target those services to poor people. Infrastructure spending fell in developing countries in the 1990s and needs to rise by an average of 3.5–5.0 percent of GDP in low-income countries and by 2.5–4.0 percent of GDP in lower-middle-income countries, with the pace of the increase depending on institutional capacity and macroeconomic conditions in the country concerned.

Priorities for developed countries

Overall, developed country actions to date have fallen well short of the Monterrey vision. Progress seriously lags commitments in most areas. This must change quickly if the world is not to fall further behind in its efforts to achieve the development goals. Priorities for developed countries relate to trade and aid policies. But also important are the broad conduct of macroeconomic and financial policies conducive to robust growth in the world economy and increased attention to key global public goods, including environmental sustainability.

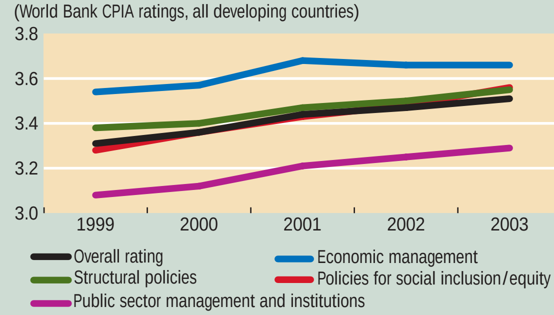
Ensuring a successful, prodevelopment, and timely outcome to the Doha round of multilateral trade negotiations is a key priority. Developed countries, given their weight in the system, must lead by example. They should aim for reform targets that are sufficiently ambitious, such as complete elimination of tariffs on manufactured products; complete elimination of agricultural export subsidies, complete decoupling of domestic agricultural subsidies from production, and reduction of agricultural tariffs to a reasonable level, say, 10 percent; and com-

Chart 3

Better policies

Based on the World Bank's country policy and institutional assessment (CPIA) ratings, policies have improved in developing countries, but more work is needed to strengthen institutions.

(World Bank CPIA ratings, all developing countries)



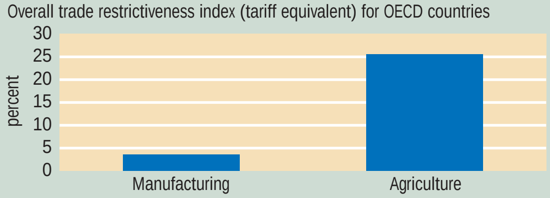
Source: World Bank CPIA database.

Chart 4

Protected farms

Protection is high in agriculture, and, while tariffs are lower in manufacturing, tariff peaks remain a serious problem.

Overall trade restrictiveness index (tariff equivalent) for OECD countries



Source: World Bank staff estimates.

mitment to ensuring free cross-border trade in services delivered over telecommunications links and to liberalizing the temporary movement of workers.

The liberalization of trade is particularly important in agriculture, where average protection in the OECD countries, in tariff equivalent terms, is more than seven times as high as in manufacturing (see Chart 4). While average protection in manufacturing is lower, high tariff peaks and escalation discriminate against labor-intensive exports from developing countries.

Estimates show that a prodevelopment outcome to the Doha round could raise income in developing countries by around $350 billion (roughly equivalent to the entire GDP of sub-Saharan Africa) and lift an additional 140 million people out of poverty (a decline of 8 percent). As much as 70 percent of these gains would arise from liberalization in agriculture. Substantial additional gains would accrue from liberalization of trade in services.

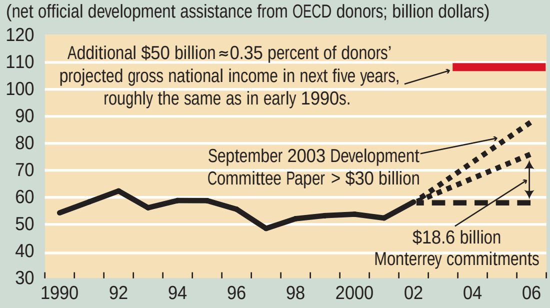
There is also a clear need for a substantial increase in development assistance in support of countries that are improving their economic and structural policies and governance. The decline in foreign aid that persisted throughout the 1990s is finally beginning to be reversed, and donors have pledged to increase development assistance by $18.6 billion a year by 2006, measured from a base of about $58 billion in

Chart 5

Aid gap

Aid flows need to rise well above current commitments, possibly by as much as $50 billion a year.

(net official development assistance from OECD donors; billion dollars)



Sources: OECD, Development Assistance Committee, *Development Cooperation Report 2003;* and "Supporting Sound Policies with Adequate and Appropriate Financing," World Bank paper for September 2003 Development Committee meeting.

2002. However, research shows that developing countries could effectively absorb an increase of at least $30 billion. As these countries improve their policies and institutions, the amount of additional aid they could use effectively will rise to the $50 billion plus a year that estimates suggest will be needed to support the achievement of the MDGs. Relative to donors' gross national income, an additional $50 billion would raise development assistance to roughly the same level as at the start of the 1990s (see Chart 5).

In parallel, quicker progress is needed on the agenda to improve the quality of aid—to better align aid with country-owned priorities, make it more predictable and flexible, focus it on results, and harmonize aid practices and procedures. To achieve and preserve debt sustainability in heavily indebted poor countries that are implementing sound policies, adequate and timely debt relief needs to be combined with new resources in the form of grants.

Priorities for international financial institutions

A review of how the international financial institutions are playing their role in contributing to the achievement of the MDGs and related outcomes shows that they have made progress in enhancing their development effectiveness. This is reflected in progress in country focus and ownership, results orientation of operations, transparency and accountability, and partnership. But there is more to do.

For institutions such as the World Bank and the IMF, refining and strengthening their roles in low-income countries, including deepening the process of preparing and implementing country-owned and -led poverty reduction strategies, is a priority area for attention. At the same time, they need to help middle-income countries avoid the crises that can set back development and prevent them from furthering progress in reducing poverty.

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The Millennium Declaration and the Monterrey Consensus have created a powerful global compact for development. Reaching the MDGs—the embodiment of that compact—would be a historic achievement that would underpin economic and social progress around the world for decades to come. Failure to reach these goals would be a serious setback for multilateral cooperation and would have tragic consequences for billions of desperately poor people. Failure to reach the goals through an unwillingness to implement sound economic and social policies or an unwillingness to spend the relatively modest sums that are needed to accelerate progress would be truly inexcusable. A vision has been expressed, commitments have been made, and a path to achieve the vision has been laid out. All that is needed to complete the picture is action consistent with commitments by developing and developed countries working together. ■

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