



Doctor treating a boy in Ghana.

# In Sight, but Not Yet within Reach

## Halfway to the target date, concern is mounting that many Millennium Development Goals could be missed

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**I**N 2000, world leaders pledged to boost living standards by achieving eight UN Millennium Development Goals (MDGs)—covering poverty, health, education, gender, and the environment (see Box 1)—by 2015. Although much progress has been made on some fronts, many of the goals remain out of reach for most regions and countries.

Is it now too late to turn the situation around? Not yet. Most MDGs remain achievable for most countries if both they and their development partners make stronger efforts. With that in mind, a series of high-level international meetings are planned for the second half of 2008—keying off the midterm report card—to try to reenergize the effort to achieve the MDGs. This article examines where progress is and isn't being made, and why. It also takes a look at the six priorities to propel change that are singled out in this year's *Global Monitoring Report* (GMR), produced jointly by the IMF and the World Bank. The suggested agenda stresses the themes of inclusiveness and sustainability. It calls for efforts to spur growth in lagging countries and ensure that the benefits of economic progress reach the poor. It also emphasizes the need to integrate economic development with environmental sustainability.

### Half full or half empty?

Halfway to the target date, the picture is mixed. Gains have been more solid on the goals that are more immediately influenced by economic growth or the expansion of infrastructure networks (income poverty and access to clean water) than in

human development areas (primary school completion, child mortality, and maternal health) or gender equality (good progress on gender parity in primary and secondary education but less in tertiary education and broader empowerment of women) (see Chart 1). And progress differs significantly across countries, regions, income groups, and institutional status—with fragile and conflict-affected states lagging behind on all counts. If current trends continue, the world as a whole will meet the poverty reduction goal but may miss most if not all of the other MDGs.

On a regional level, sub-Saharan Africa (SSA) lags seriously on all MDGs. South Asia will likely meet the goal for poverty reduction but trails significantly on most human development goals. Other regions are better positioned, but no region on current trends is likely to meet all of the MDGs.

#### Box 1

#### The Millennium Development Goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

On a country level, many countries can point to significant achievements and milestones in their efforts to attain the MDGs. However, most are currently off track to meet most of the goals.

**Poverty and hunger.** The world is on course to achieve the first target under MDG 1—halving the proportion of people living in extreme poverty (on less than \$1 a day) by 2015. This success arises from a surge in economic growth that has averaged more than 7 percent in developing countries for the past five years. Thanks to domestic reforms and a more conducive global environment—for trade, finance, technology, and migration—growth accelerated in most low- and middle-income countries in the past decade, paving the way for substantial poverty reduction. Overall, the population share of the extreme poor in developing countries is projected to fall from 29 percent in 1990 to 10 percent in 2015 (using poverty numbers subject to revision based on new purchasing power parity estimates released in December 2007).

The number of extreme poor in the developing world declined by 278 million between 1990 and 2004. This sizable reduction in the absolute number of poor people was achieved despite a rise of about 1 billion in the developing-world population over the same period. The decline in poverty has been the largest in regions with the strongest growth. But progress has been uneven, with lagging countries concentrated in Africa. While the poverty reduction goal will be met at the global level, SSA is likely to fall well short. Growth has picked up in the region during the past 10 years, but about 20 countries remain trapped in low growth.

In Africa and other regions, progress in poverty reduction has been slowest in fragile states—those racked by conflict and hampered by weak governance and limited capacities (see Chart 2). Indeed, in aggregate, the incidence of extreme poverty has risen in this group of countries. Fragile states, most of which are in SSA, account for less than one-fifth of the population of low-income countries but for more than one-third of their poor people.

MDG 1 also calls for halving hunger. Much progress has been achieved in reducing child malnutrition, but its incidence is unlikely to be halved, especially in SSA and South Asia, where severe to moderate stunting affects as many as 35 percent of children under 5. Lack of progress on this goal matters greatly because reducing child malnutrition holds great potential for improving both child health and education outcomes and, ultimately, the welfare of individuals and families. The recent sharp rise in food prices only increases the urgency of stronger actions to combat malnutrition.

**Human development.** On current trends, most human development MDGs are unlikely to be met at the global level. Some regions will meet some of these goals, but SSA and South Asia are likely to fall seriously short. The outlook is least favorable for health, with large shortfalls likely at both the global level and in several regions in reducing child and maternal mortality and increasing access to basic sanitation. The HIV prevalence rate has declined somewhat in Africa but increased in some other regions. Overall prospects are better in education. The world is likely to miss the goal of universal primary school completion but will come close to it.

## Getting back on track

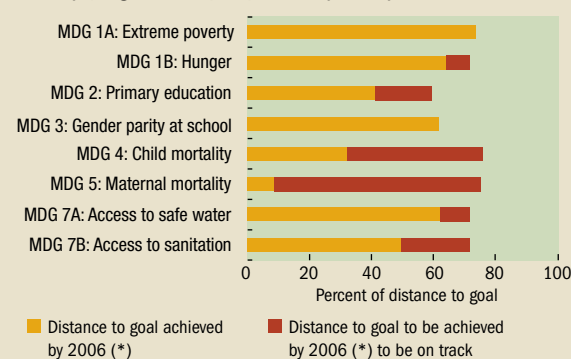
The drive to reach the MDGs will increasingly be concentrated in low-income countries, especially fragile states. Many middle-income countries, particularly those with large concentrations of poverty, also will face substantial challenges in meeting some of the goals. What can be done? The GMR proposes a six-point agenda.

**Sustain and broaden the growth momentum.** Strong and inclusive growth must be at the center of the strategy to achieve the MDGs, including concerted efforts to spur growth in lagging countries. Poor countries need to achieve annual GDP growth of 7 percent or more to make serious dents in poverty. Although growth in Africa has improved, only about one-third of its population lives in countries that have achieved average

Chart 1

### Hit and miss

Globally, progress and prospects vary widely across MDGs.



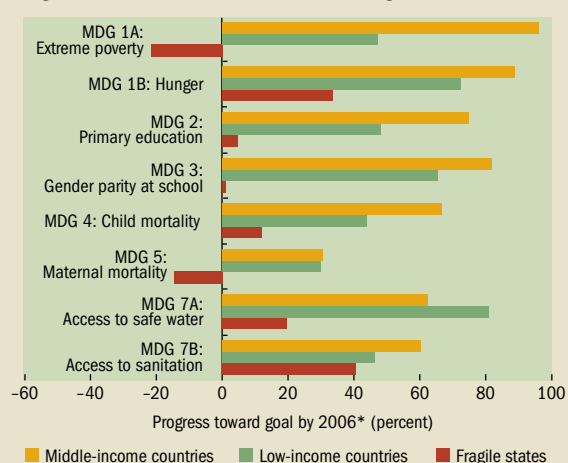
Source: Staff calculations based on World Development Indicators.

Notes: MDG 1A: Poverty headcount ratio (based on purchasing power parity 1993 constant prices: \$1.08 a day); MDG 1B: Underweight under-5 children (U.S. child growth standards); MDG 2: Primary education completion rate; MDG 3: Gender parity in primary and secondary education; MDG 4: Under-5 mortality rate; MDG 5: Maternal mortality ratio (modeled estimates); MDG 7A: Access to improved water source; MDG 7B: Access to improved sanitation facilities. (\*) Or most recent year for which data are available.

Chart 2

### Leads and lags

Progress toward the MDGs is slowest in fragile states.



Source: Staff calculations based on World Development Indicators.

Note: Indicators defined as for Chart 1.

GDP growth in this range in the past decade. Specific policy priorities for growth vary from country to country, but three areas are essential: sound macroeconomic policies; a conducive private investment climate, including access to key infrastructure; and good governance (and, in fragile states, also better security). In many low-income countries, a dynamic agricultural sector is key to achieving strong and inclusive growth—and will help to mitigate the upward pressures on food prices. Risks to developing country growth arising from the financial market turmoil and associated slowdown in advanced economies need careful monitoring and appropriate policy responses.

**Achieve better results in human development.** In addition to committing more resources, improved governance, stronger accountability mechanisms, and sound expenditure management are essential to improving education and health services and ensuring that they reach poor, underserved populations. More attention needs to be paid to combating malnutrition, especially among children, to establish a stronger foundation for better human development outcomes. Policy interventions must factor in the strong links between health and education outcomes, nutrition, and environmental factors—water and sanitation, pollution, and climate change. For example, poor

health caused by environmental hazards can cost countries as much as 1.5–4.0 percent of GDP annually.

**Integrate development and environmental sustainability.** Environmental sustainability must be integrated into core development work, maximizing synergies (see Box 2). Over the years, countries have increasingly incorporated aspects of energy access and efficiency, control of pollution, better water and sanitation systems, forest resource and land use management, and preservation of fisheries and biodiversity into their development strategies. The threat of global warming now necessitates a greater emphasis also on integrating climate change prevention. Developing countries will need support, through financing and technology transfer, to achieve a transition to climate-resilient and low-carbon growth.

**Scale up aid and increase its effectiveness.** Sizable aid shortfalls loom if current trends in official development assistance (ODA) continue. Just when many countries are expanding their capacity to use increased resources productively, thanks to economic reforms, aid is stalling, indeed falling. ODA from the major industrial countries declined by 8.4 percent in real terms in 2007 on top of a 5 percent real decline in 2006. This trend must be reversed. The aid architecture is changing with the emergence of new sources and modalities of aid, including new donors such as China and India, global vertical funds, and a greater role for private donors. This new architecture promises more resources and innovation but also poses new challenges for aid effectiveness and coherence.

**Harness trade for strong, inclusive, and sustainable growth.** The global community must achieve a successful outcome of the Doha trade negotiations in 2008. The current high food prices open a window of opportunity to break the impasse on agricultural trade liberalization. Aid for trade should be increased to help strengthen poor countries' trade-related infrastructure and services and enable them to take advantage of trade opportunities. And trade policy should aim to help transfer environmentally friendly technologies by removing barriers to trade in environmental products and services.

**Leverage the support of international financial institutions for inclusive and sustainable development.** The international financial institutions have a crucial role to play in supporting this agenda. In a more complex international financial and development architecture, the coordination and leveraging role that these institutions play will be increasingly important, even as their direct financing role declines.

### Crucial year

Progress toward the MDGs must be quickened and broadened if large shortfalls are to be avoided. International attention associated with the MDG midpoint makes 2008 a crucial year to generate the necessary momentum toward the goals. The planned high-level international meetings during the year provide an opportunity that must be seized to agree on priorities for action and milestones for tracking progress. ■

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#### Box 2

### How the environment fits in

Environmental sustainability is essential for continued economic growth and poverty reduction. It also promotes human development goals, such as improved health, nutrition, and education outcomes. In turn, economic development in poor countries can contribute to environmental sustainability by improving their access to modern energy sources (one-third of the developing world's population is without access to electricity) and cleaner and more efficient technologies and reducing reliance on activities, such as cutting forests, that are detrimental to the environment.

**Natural resource management:** Most developing countries are highly dependent on natural resources. On average, natural capital makes up more than 40 percent of their national wealth, compared with only 5 percent in high-income countries. Losses from deforestation are concentrated in Latin America and SSA, with forest land equivalent to the size of Panama or Sierra Leone lost every year. Freshwater availability could soon fall below critical levels in many countries in the Middle East. Concentrations of major urban air pollutants in low-income countries are, on average, nearly three times higher than in high-income countries. Sound management of natural resources—subsoil, land, water, air quality—will be essential for long-term growth sustainability.

**Impact of climate change:** Because of their heavier dependence on natural resources and lack of development, poor countries are more vulnerable to the impact of climate change and less able to adapt. During the 1990s, 200 million people a year, on average, were affected by climate-related disasters, compared with about 1 million in developed countries. Estimates show that developing countries in SSA, South Asia, and parts of Latin America face agricultural output losses of up to 60 percent from global warming through 2080.