Travel in any African country and you will quickly see that the road is where the action is—where you find people, commerce, and vitality. Travel in any of the poorest African countries emerging from conflict and you see a multitude of impassable roads impeding recovery and nation building.

Developing countries operate under seriously constrained choices, with scarce resources for capital investments. Investments, then, must target those sectors in which their impact will be multiplied manyfold, easing bottlenecks to further development.

Roads are the link to trade—national and international. They allow crops to get to the market, children to get to school, the sick to get to clinics. They can unite a divided postconflict country.

With a good road to the interior and to other nations, those with ports will see increased commerce and revenues; those in the interior will be able to sell their harvest for higher prices—and buy other goods for less.

Roads are also not hard to sell—everyone would love to see a road in their town. The Liberian people, in consulting around our new Poverty Reduction Strategy, overwhelmingly cited roads as their number-one priority for the next three years.

Finally, roads bring into sharp relief the twin challenges of the international community in the poorest countries—making available adequate nondebt financing and building sustainable capacity quickly.

We are all aware of the mistakes of the past; road investments need to be selected strategically, so that the roads we build are the right ones, and so that we protect our investments with sustainable maintenance programs.

Done correctly, roads can spur faster development, paving the way for greater prosperity. In Liberia, they could transform lives, increasing the prospects for sustainable peace.

Governance is about fostering relationships of accountability among citizens, government institutions, and private suppliers. Thus it affects the efficiency and effectiveness of how policies are formulated and how resources are allocated.

The experience so far shows that, while building bridges or roads is a costly if reasonably straightforward exercise, forging accountable relationships between citizens and public and private sector institutions has often proved elusive.

The donor community can do more in this respect by focusing on the accountability dimension of the policies and programs it promotes. By encouraging a greater involvement of communities in program delivery and monitoring, for instance, donors can help ensure that the onus of enforcing accountability for results and for the management of resources increasingly shifts from the donors themselves to beneficiaries.

The IMF also has an important role to play by promoting greater transparency, broader consultations, and a stronger accountability dimension in the economic policies it advises on and by strengthening the governance of economic institutions in poor countries.

Economic policies have to be bolder and more expansionary, particularly to stimulate small and medium-sized farming and trading enterprises. Fiscal policies should be focused on substantially scaling up public investment to ensure much better health and education, particularly for girls, because this will lead to smaller and healthier families, and more economic, civil, and political participation by women.

Financial policies should be geared to channeling considerably more lending—hand-in-hand with capacity-building facilities—to productive private investment. Monetary policies ought to be reshaped to target not just inflation but also real environmentally and socially sustainable economic variables, such as increases in incomes and jobs (decent work) and meaningful reductions in poverty.

A major excuse that donors give for not substantially increasing their assistance is that countries lack the “absorptive capacity” to disburse such large new sums of money. In most cases, this is certainly not true: adequate capacities do exist, and if they don’t, it is because building such capacity requires substantial investment in education and training at all levels. In many countries, donors contribute to the problem when they overburden national capacities without allowing national coordination of donors. Living standards in poor countries will simply not rise considerably without “national ownership” of the development agenda. A people-first approach to development and the aid architecture will not only build economies but will also empower citizens and facilitate inclusive democracies.
Getting education right in poor countries can significantly spur economic growth and improve living standards. In Malawi, it has been shown that incomes are 12 percent higher for households whose head has completed primary education than for those who did not complete this basic level.

Two of the eight Millennium Development Goals refer to education—universal primary completion and gender parity in primary and secondary schooling. Moreover, according to the World Bank, education—especially girls' education—has a direct and proven impact on child and reproductive health and environmental sustainability.

The quality of education for women also has a positive effect on family health and poverty levels. According to studies, countries with higher literacy rates for women are likely to be at a poverty line that is about half that of countries with lower literacy rates for women. Further, parents with at least a secondary education are nearly twice as likely to give their children treatment for malaria symptoms and their children are half as likely to be stunted. Both maternal and child mortality rates are higher among women with lower levels of education.

Investing in human resources in general, and quality basic education in particular, remains the most critical factor in improving living standards in poor countries in the next decade. After all, as they say, "Show me a poor education system and I will show you a poor country!"

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The factors influencing poverty in the developing world are varied and complex. Geographic location, conflicts, climate, the "resource curse," and weak governance are some of the main drivers. Improving governance and tackling corruption could be key to improving living standards in poor countries over the next decade. Similarly, enlarging the set of tools available to finance entrepreneurial enterprise has huge potential—along the lines advanced by thinkers such as Hernando de Soto and his proposals for unlocking "trapped capital," and by risk-takers such as Muhammad Yunus and the Grameen Bank in delivering more customer-friendly microcredit.

Public and private investment in developing countries, however, will be inhibited by the size and scope of "big ticket" corruption. By big ticket corruption, I mean the theft perpetrated by some senior elected and unelected officials in developing economies, as opposed to the petty bribery that occurs in some of the more junior levels of these bureaucracies to "facilitate" and expedite various administrative processes.

The African Union itself estimates that approximately $148 billion is lost each year in Africa to corruption. Transparency International has estimated that the 10 most corrupt contemporary leaders have embezzled in the range of $32 billion and $58 billion from the citizens. How many hospitals, schools, and roads would that have bought?

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In the final analysis, the income per capita of a country is the combination of two factors: the number of working people and the productivity of each worker. In the majority of poor countries, the proportion of people working is high, but the proportion of people with a formal job is low. Moreover, the productivity increase of workers in the formal sector is so small as to be irrelevant.

Productivity in the poorer countries of Latin America is 30 percent lower than in the United States. Differences between productivity levels of poor and rich countries are narrowing rather than widening. Two necessary conditions to increase the proportion of formal and qualified employment are more public and private investment, and better and more qualified workers.

Efforts have to be made in Latin America to increase investment as a proportion of GDP. With investment levels at below 20 percent of GDP, increasing worker productivity is almost impossible. Private investment is necessary, but it needs to be complemented, especially with public investment in infrastructure and in education.

Latin America has made a huge effort to increase human capital by extending primary education to the entire population. However, secondary education has an enormous impact on worker productivity, and there is still a long way to go to achieve acceptable levels. Investment in secondary education paves the road toward increasing worker productivity. And this is the only way to increase income per capita in those countries where a large portion of the population works, but both their productivity and their salaries are miserable.

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**Investment in education**

Andrew Kumbatira  
Executive Director, Malawi Economic Justice Network

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**Tackling corruption**

Roy Cullen  
Member of Parliament, House of Commons, Canada, and author of the book, The Poverty of Corrupt Nations

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**Delivering on promises to meet the MDGs**

Eveline Herfkens  
Founder of the UN Millennium Campaign

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**Boosting productivity**

Enrique V. Iglesias  
Secretary-General, Iberoamericano, and former President of the Inter-American Development Bank

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Were the Millennium Development Goals to be met, it would be the equivalent of doubling living standards across the developing world—provided distribution is equitable.

Since the United Nations Millennium Summit took place in 2000, both rich and poor countries have made extensive and specific commitments at many international conferences (at the United Nations; in Doha on trade; in Monterrey on financing development; in Paris on aid effectiveness; and in summits of the Group of Eight [G-8], the European Union [EU], and the African Union).

Developing countries promised to take primary responsibility for their development: to allow participation by all citizens, to address corruption, to deliver basic social services for all, to mobilize more domestic resources, and to manage their public finances more effectively and with accountability.

Rich countries pledged to increase official development assistance: the G-8 with an additional $50 billion a year, and the EU to achieve the 0.7 percent of gross national income target by 2015. Donor countries also committed to improve aid effectiveness. And the Doha development agenda is full of promises by rich countries to reform their trade policies, which deny poor countries the chance to earn their way out of poverty.

The world does not need more international conferences at which governments once again make speeches and pledges. Governments just need to live up to the commitments they have already made—over and over again.