

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				Oceania	Latin America & Caribbean	Commonwealth of Independent States	
	Northern	Sub-Saharan	Eastern	South-eastern	Southern	Western			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

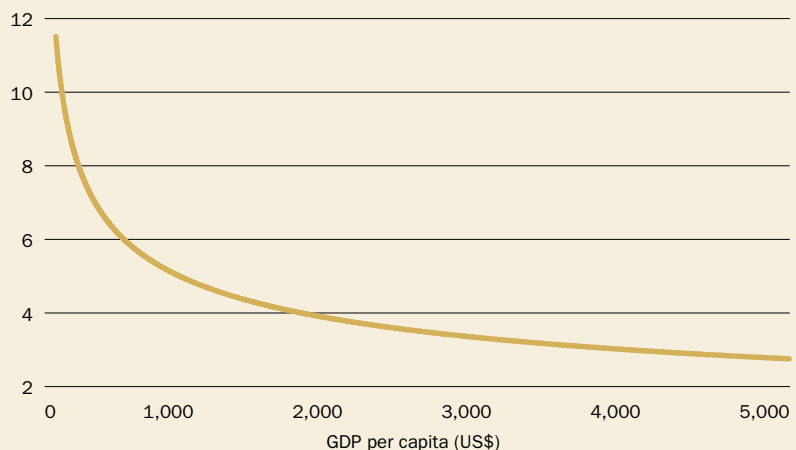
The world has made significant progress in achieving many of the Goals. Between 1990 and 2002 average overall incomes increased by approximately 21 percent. The number of people in extreme poverty declined by an estimated 130 million.¹ Child mortality rates fell from 103 deaths per 1,000 live births 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**\$1.08 a day poverty line^a****Population living below the poverty line**

Region	Millions of people		Share of total population (%)		Share of poor people living in rural areas ^b (%)	Rural population as share of total (%)
	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

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.

\$2.15 a day poverty line^a

Region	Millions of people		Share of total population (%)	
	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 non-income 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.

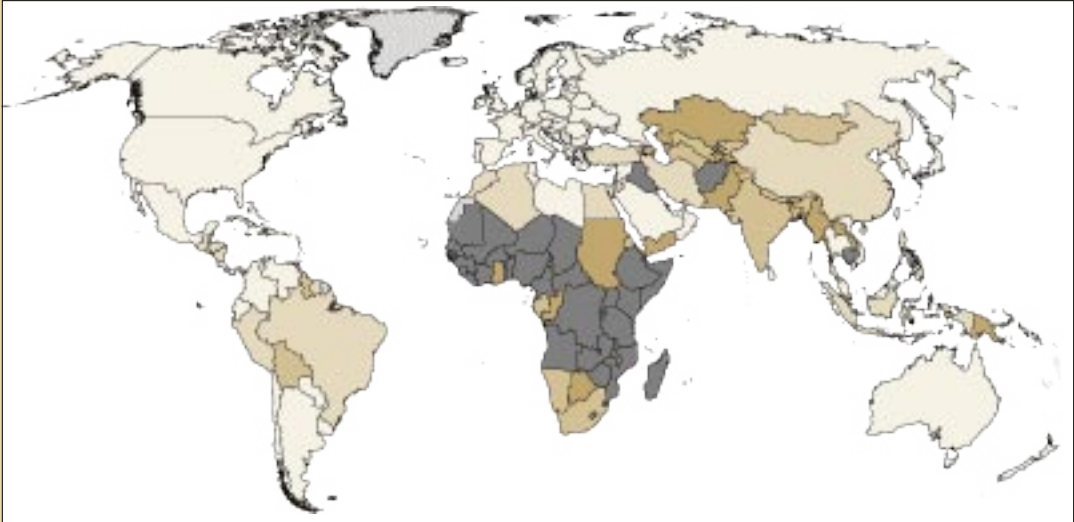
There is also significant variation in progress toward the MDGs:

- 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.



Less than 30
 30–60
 60–90
 90–120
 More than 120
 No data

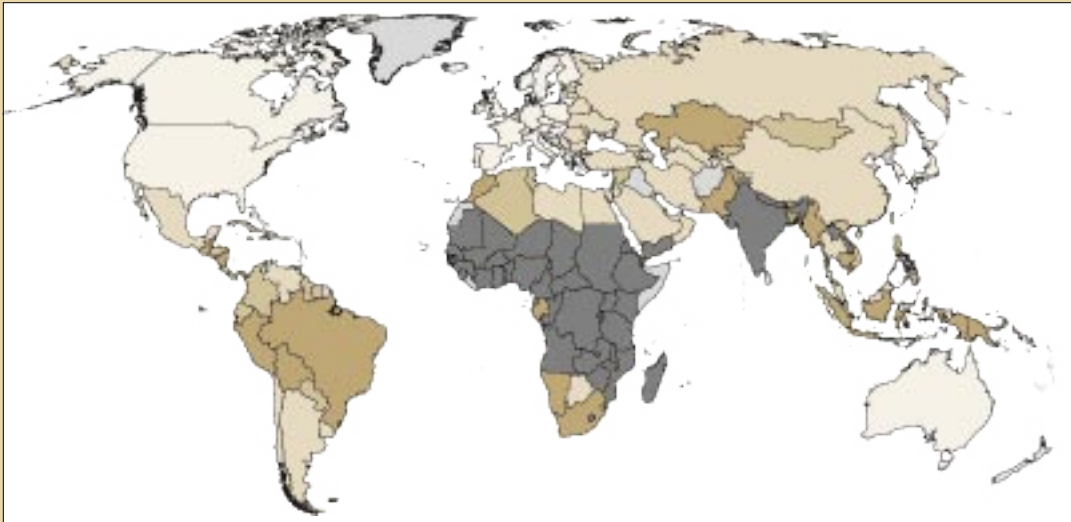
who attend primary school in the developing world learn shockingly little.

- 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.



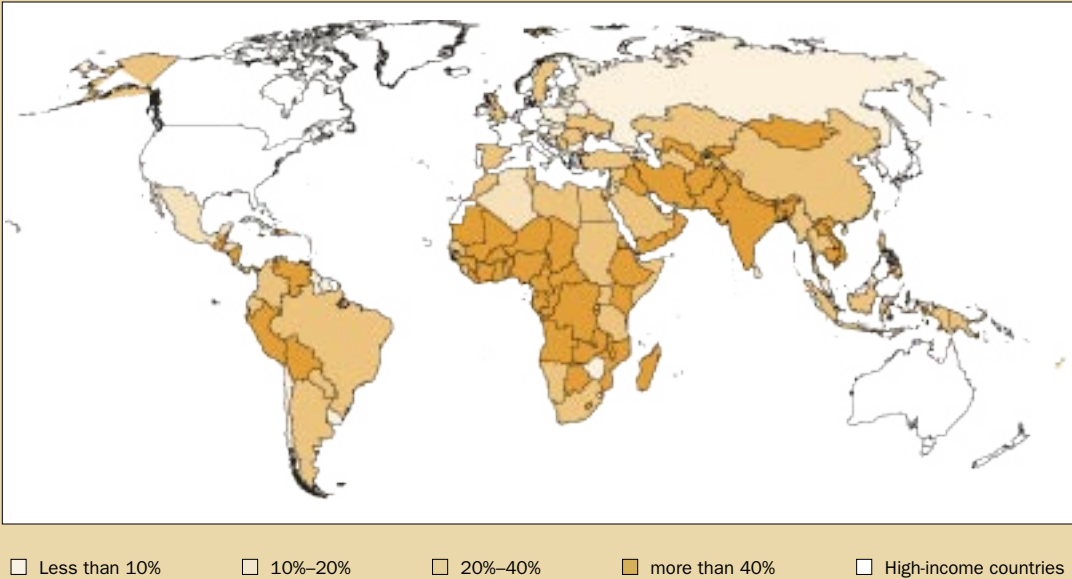
Less than 20
 20–100
 100–200
 200–500
 More than 500
 No data

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.



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
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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 hydro-power 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.