

CHAPTER I – INTRODUCTION

The Millennium Development Goals, the Millennium Project and the Task Force on Poverty and Economic Development

The Millennium Development Goals (MDGs) are the international community's bold commitment to reducing poverty in the world's poorest countries by 2015. While many of the world's poor countries have seen tremendous success in poverty reduction over the past decades, and are on track to achieve the MDGs, many others are lagging badly. For those countries, success in meeting the MDGs would mark a dramatic turnaround from current trends, and would constitute an achievement of unprecedented proportions. This report outlines a framework for achieving the MDGs in the world's poorest countries, particularly those that are currently far off track from success.

Goals alone, even when they are quantified, time-bound, and endorsed repeatedly by the international community, are certainly not enough to ensure success. The problem is not the lack of tools available to achieve the MDGs but rather the lack of systematic coherence in implementation, both at the country level and the international level. As outlined in the "Millennium Development Compact" (UNDP 2003), which the Millennium Project leadership produced in collaboration with the Human Development Report Office of the United Nations Development Program, the world needs an operational framework for achieving the MDGs, one in which the predominant question is changed from the current question "How close can we get to achieving the Goals under current constraints?" to the more operational question "What steps need to be taken to achieve the Goals and what current constraints need to be overcome to achieve success?"

With that in mind, UN Secretary-General Kofi Annan commissioned the Millennium Project as an advisory body to recommend practical ways to help every country to achieve the MDGs. The Millennium Project brings together experts from around the world – from academia, civil society, government, the private sector and multilateral organizations – to make recommendations for how the international system can best organize itself to ensure the achievement of the MDGs. There are three crucial components of the Millennium Project's work: first, a rigorous understanding of the factors that drive and impede progress in different parts of the world; second, clear sense of the operational challenges faced by the world's poorest countries; and third, a systematic set of recommendations as to how these challenges can be met.

The Millennium Project has established 10 separate task forces (TFs) to consider various sectoral aspects of the MDGs. In addition to this Task Force on Poverty and Economic Development (TF1), nine other task forces focus on the respective issues of hunger (TF2); education and gender equality (TF3); child health and maternal health (TF4); HIV/AIDS, tuberculosis, malaria and access to medicines (TF5); environmental sustainability (TF6); water and sanitation (TF7); improving the lives of slum dwellers (TF8); trade (TF9); and science, technology and innovation (TF10). Since poverty is so complex in nature and progress in any Goal is crucial for achieving all of the other Goals, each of the Task Forces' recommendations will be crucial for outlining the conditions in which all the Goals can be achieved.

In the context of the 10 task forces, this Task Force on Poverty and Economic Development plays a special role. While an over-arching synthesis report will bring together all of the key Task Force recommendations into one set of recommendations, this Task Force has the broad role of

identifying the economic conditions for success in meeting the MDGs. This includes five components:

- Identifying the regions in most peril of not achieving the MDGs;
- Describing the basic dynamics of poverty reduction, including both income and non-income poverty;
- Describing factors that can trap countries in poverty;
- Describing basic policy priorities that need to be pursued in order to break out of poverty traps and achieve the MDGs;
- Proposing an operational framework through which the national-level MDG plans can be systematically pursued with the necessary degree of international cooperation and support

The last two of these points are crucial. In taking seriously the notion of country-level MDG achievement, our Task Force is focused first and foremost on identifying the practical steps that will help “off-track” countries get “on-track” to achieve the MDGs. At this stage we do not, therefore, focus most of our attention on the countries that are making sufficient progress to meet the Goals, even though some have large numbers of poor people today. Instead, we focus on the “top priority” countries (UNDP 2003) where levels of human poverty are so severe and progress so limited that concerted action and increased international assistance is needed to achieve the Goals. This choice does not in any way imply a lack of concern for the large numbers of poor people living in countries currently on track to achieve the Goals. Indeed, in its final report the Task Force plans to address more systematically the policy issues relevant to countries that are experiencing general progress towards the MDGs but nonetheless have large numbers of extremely poor people. In this report, however, the Task Force aims to emphasize the fact that dozens of the world’s most impoverished countries will require urgent changes in national and international practices in order to meet the MDGs, and it is those countries where our attention is most urgently required.

In focusing on the poorest countries that are making the least progress, this report emphasizes a basic strategy of public investments in social services and infrastructure. For many of the world’s poorest countries, these public investments form a crucial underpinning for necessary market-friendly reforms and policies to promote industry. Minimum levels of health, education, infrastructure, and market access are all needed to create the conditions for sustained economic growth, which will in turn provide greater resources for public investments. Thus countries must make progress on all of the MDGs in order to sustain progress in any of the MDGs.

Key Issues

We have identified eight core problems in the current international arrangements that impede success in achieving the MDGs in the countries currently far off track. For each problem, we summarize our recommendations on changes in current practices.

1. Problem: International development processes are not sufficiently oriented around the MDGs. While the international community has adopted the MDGs, it has not yet established adequate implementation mechanisms.

Solution: The international community should adopt a set of coherent and cooperative procedures to enable all low-income countries to achieve the MDGs.

2. Problem: There is no rigorous “needs assessment” or plan of what is actually required for each low-income country to meet the MDGs.

Solution: Each low-income country should prepare a needs assessment for meeting the MDGs. This needs assessment should form the basis of each country’s official Poverty Reduction Strategy (PRS).² An MDG-based PRS should focus on domestic policy reforms, increased public investments in basic human needs (including health, nutrition, education, water and sanitation, energy services, and reproductive health); increased development assistance to help finance public outlays; human rights for women and excluded groups; promotion of non-traditional industries and exports; specific needs for international market access; promotion of small farm productivity in marginal agricultural lands; special attention to the specific infrastructure needs of structurally distressed regions; and investments in environmental management. The needs assessment and the PRS must address the specific components of any perceived “capacity constraints” in order to map out how they can be overcome through specific investments in physical infrastructure, human resource and management systems through to 2015. If necessary, this MDG-based framework should be developed through two scenarios: one, as above, outlining the investments and policies necessary to achieve the MDGs; a second outlining the investments and policies to be made under current resource constraints. The distinction between the two scenarios could then be outlined explicitly in PRS documents.

3. Problem: Coordination among international agencies is inadequate to support countries as they try to meet their poverty reduction goals.

Solution: The UN Development Group (UNDG), including the specialized UN agencies and working with the Bretton Woods institutions, should work in a coordinated fashion to support each national PRS.

4. Problem: Official Development Assistance from rich countries is insufficient to achieve the Millennium Development Goals and is poorly targeted towards these goals.

Solution: The Donors Committee in each low-income country should formally and transparently align development assistance with the national PRS, including agreement to increase the quality and quantity of ODA as needed in order to support an MDG-based PRS.

5. Problem: The international trading system impedes economic growth in the poorest countries.

Solution: A new Trade Committee should be constituted for each low-income country, under the aegis of the World Trade Organization, to support improved market access for each of the vulnerable countries.

6. Problem: The key human rights institutions are not sufficiently engaged in poverty reduction

² Where Poverty Reduction Strategy Papers (PRSPs) exist, the needs assessment will need to form the basis of the PRSP.

Solution: International and national human rights bodies should be mobilized to participate in and support the poverty reduction process in every country.

7. Problem: Key science and technology institutions are not sufficiently mobilized to address the specific challenges of health, agriculture, and the environment that afflict the poorest countries, nor to develop these countries' local technological capacity for economic development.

Solution: National science and technology development plans should be prioritized in low-income countries' poverty reduction strategies. These should include strengthening science advisory mechanisms for policy makers, promoting science education and focusing scientific investments in locally specific challenges in health, agriculture and the environment.

8. Problem: The international private sector is not systematically engaged in the MDG process.

Solution: Private sector companies should agree to undertake specific initiatives that will help to support the achievement of the MDGs, especially under the aegis of the UN Global Compact.

This report proceeds in five chapters. Following this introduction, chapter II includes a diagnosis of poverty, economic growth and poverty reduction, focusing on the countries making the least progress towards the MDGs and the reasons for "poverty traps." Chapter III then outlines the core policy priorities that needed to be emphasized in any national strategy to break out of a poverty trap. Chapter IV presents a framework for countries to operationalize MDG-based poverty reduction strategies with the support of the international system. The final chapter applies the report's MDG-based framework for analysis and policy prescription to a country, Tanzania, outlining the broad range of public investments that need to be made for Tanzania to achieve the MDGs.