



## **Interim Report of Task Force 1 On Poverty and Economic Development**

February 10, 2004

### **Coordinators**

Mari Pangestu  
Jeffrey Sachs

**Comments are welcome and should be directed to:**

Gordon McCord at [gm2101@columbia.edu](mailto:gm2101@columbia.edu)

### **Note to the reader**

This Interim Report is a preliminary output of the Millennium Project Task Force 1 on Poverty and Economic Development. The recommendations presented herein are preliminary and circulated for public discussion. Comments are welcome and should be sent to the e-mail address indicated above. The Task Force will be revising the contents of this document in preparation of its Final Task Force report, due December 2004. The Final Task Force report will feed into the Millennium Project's Final Synthesis Report, due to the Secretary-General by June 30, 2005

### **Disclaimer**

This publication does not necessarily reflect the views of the United Nations Development Programme (UNDP), its Executive Board or its Member States.

The Millennium Project is the independent advisory body to United Nations Secretary-General Kofi Annan that is commissioned with recommending, by June 2005, operational strategies for meeting the Millennium Development Goals (MDGs). This includes reviewing current innovative practices, prioritizing policy reforms, identifying frameworks for policy implementation, and evaluating financing options. The Project's ultimate objective is to help ensure that all developing countries meet the MDGs.

As a United Nations-sponsored initiative, the Millennium Project proceeds under the overall guidance of the Secretary-General and United Nations Development Programme (UNDP) Administrator Mark Malloch Brown in his capacity as chair of the United Nations Development Group (UNDG). Professor Jeffrey Sachs directs the Project, which brings together the expertise of world-class scholars in both developed and developing countries, United Nations agencies, and public, non-governmental, and private-sector institutions. Ten Task Forces carry out the bulk of the Millennium Project's analytical work with support from a small secretariat based at UNDP headquarters in New York. The Task Forces and their Coordinators are listed below.

<b>Task Force</b>	<b>Task Force Coordinators</b>
1 - Poverty and Economic Development	<ul style="list-style-type: none"> <li>• Mari Pangestu</li> <li>• Jeffrey Sachs</li> </ul>
2 - Hunger	<ul style="list-style-type: none"> <li>• Pedro Sanchez</li> <li>• M.S. Swaminathan</li> </ul>
3 - Education and Gender Equality	<ul style="list-style-type: none"> <li>• Nancy Birdsall</li> <li>• Amina Ibrahim</li> <li>• Geeta Rao Gupta</li> </ul>
4 - Child Health and Maternal Health	<ul style="list-style-type: none"> <li>• Mushtaque Chowdhury</li> <li>• Allan Rosenfield</li> </ul>
5 - HIV/AIDS, Malaria, TB, Other Major Diseases and Access to Essential Medicines	<ul style="list-style-type: none"> <li>• Agnes Binagwaho</li> <li>• Jaap Broekmans</li> <li>• Paula Munderi</li> <li>• Josh Ruxin</li> <li>• Burton Singer</li> </ul>
6 - Environmental Sustainability	<ul style="list-style-type: none"> <li>• Yolanda Kakabadse Navarro</li> <li>• Don Melnick</li> </ul>
7 - Water and Sanitation	<ul style="list-style-type: none"> <li>• Roberto Lenton</li> <li>• Albert Wright</li> </ul>
8 - Improving the Lives of Slum Dwellers	<ul style="list-style-type: none"> <li>• Pietro Garau</li> <li>• Elliott Sclar</li> </ul>
9 - Open, Rule-Based Trading Systems	<ul style="list-style-type: none"> <li>• Patrick Messerlin</li> <li>• Ernesto Zedillo</li> </ul>
10 - Science, Technology and Innovation	<ul style="list-style-type: none"> <li>• Calestous Juma</li> <li>• Lee Yee Cheong</li> </ul>

**Additional information on the Millennium Project is available on its website at [www.unmillenniumproject.org](http://www.unmillenniumproject.org)**

**An Enhanced Strategy for  
Reducing Extreme Poverty by the Year 2015**

**Interim Report of the  
Millennium Project  
Task Force on Poverty and Economic Development<sup>1</sup>**

**February 2004**

---

<sup>1</sup> Numerous portions of Chapters I through III of this report are excerpted from the *Human Development Report 2003* (particularly the Millennium Development Compact and Chapter 3 in the HDR 2003), which in turn drew significantly on this Task Force's initial background paper as well as contributions from the Millennium Project secretariat.



This interim report was prepared as a collaborative effort of the Millennium Project Task Force on Poverty and Economic Development. It draws upon contributions from across the Task Force membership and from background work conducted in preparation for the Human Development Report 2003. The report aims to serve as a basis for broad consultation and public comment, explicitly highlighting numerous areas that the Task Force aims to consider in more detail over before its final report is completed in the end of 2004. Comments and suggestions are welcome.

**The Millennium Project -  
Task Force 1 on Poverty and Economic Development**

***Task Force Coordinators***

**Dr. Mari E. Pangestu**, Member of Governing Board, Center for Strategic and International Studies (CSIS), Jakarta.

**Prof. Jeffrey D. Sachs**, Director, Earth Institute at Columbia University; Director, Millennium Project

***Members***

**Philip Alston**  
Professor of Law  
New York University School of Law

**Haidari Amani**  
Executive Director  
Economic and Social Research Foundation  
(Tanzania)

**Ernest Aryeetey**  
Director  
Institute of Statistical, Social and Economic  
Research (Ghana)

**Jamie Drummond**  
Debt Aids Trade Africa (DATA)

**Yassine Fall**  
Senior Advisor, Economic Security and Rights  
United Nations Development Fund for  
Women (UNIFEM)

**Richard Freeman**  
Professor of Economics  
Harvard University

**Rebecca Grynspan**  
Director, ECLAC Subregional Headquarters in  
Mexico  
UN Economic Commission for Latin America  
and the Caribbean (ECLAC)

**Pekka Haavisto**  
Chairman, UNEP - Post-Conflict Assessment  
Unit  
United Nations Environment Programme

**Aynul Hasan**  
Coordinator, Poverty Centre  
UN Economic and Social Commission for  
Asia and the Pacific (ESCAP)

**Peter Heller**  
Deputy Director, Fiscal Affairs Department  
International Monetary Fund (IMF)

**Macartan Humphreys**  
Assistant Professor of Political Science  
Columbia University

**Ambassador Ruth Jacoby**  
Director General, Ministry of Foreign Affairs  
Government of Sweden

**Carlos Jarque**  
Manager, Sustainable Development  
Department  
InterAmerican Development Bank

**John Langmore**  
Director (former)  
Liaison Office to the UN  
International Labour Organization (ILO)

**Zhu Ling**  
Deputy Director, Institute of Economics  
Chinese Academy of Social Sciences

**Mahmood Mamdani**  
Professor of Anthropology and International  
Affairs  
Columbia University

**Thomas Merrick**

Special Advisor to the Executive Director on Poverty  
United Nations Population Fund (UNFPA)

**Geoffrey Mwau**

Regional Advisor on Economic Policy Analysis  
Economic and Social Policy Division  
UN Economic Commission for Africa (ECA)

**David Nabarro**

Executive Director, Sustainable Development and Healthy Environment  
World Health Organization

**John Okidi**

Executive Director  
Economic Policy Research Center (Uganda)

**Habib Ouane**

Director, Division for Least Developed Countries  
United Nations Conference on Trade and Development

**Hafiz Pasha**

Assistant Administrator, Regional Director for Asia and the Pacific  
United Nations Development Programme (UNDP)

**Michael Platzer**

Chief, Operations Branch Centre for International Crime Prevention  
United Nations Office on Drug Control and Crime Prevention (ODCCP)

**Steven Radelet**

Senior Fellow  
Center for Global Development

**Atiqur Rahman**

Lead Strategist and Policy Coordinator, Economic Policy and Resource Strategy Department  
International Fund for Agricultural Development (IFAD)

**Frédéric Richard**

Director, Strategic Research and Economics Branch  
United Nations Industrial Development Organization

**Ana-Teresa Romero**

Director a.i.  
ILO Office for the United Nations, New York  
International Labour Organization (ILO)

**Sudhir Shetty**

Sector Manager, Poverty Reduction Group  
Poverty Reduction & Economic Management Network  
World Bank

**Joe Smolik**

Senior Economist  
UN Economic Commission for Europe

**Suresh Tendulkar**

Professor of Economics  
Delhi School of Economics

**Clive Thomas**

Head of the Institute of Development Studies  
University of Guyana

**Michael Usnick**

Director, New York Liaison Office  
World Food Programme

**Ashutosh Varshney**

Director, Center for South Asian Studies  
University of Michigan

**Xianbin Yao**

Assistant Chief Economist  
Economic Analysis and Operations Support Division  
Asian Development Bank

**Rene Zapata**

Deputy Director, Bureau of Strategic Planning  
United Nations Educational, Scientific and Cultural Organization (UNESCO)

## TABLE OF CONTENTS

<b>CHAPTER 1 – INTRODUCTION.....</b>	<b>1</b>
<b>CHAPTER II – DIAGNOSIS OF POVERTY, GROWTH AND POVERTY REDUCTION.....</b>	<b>5</b>
1. <b>Defining Poverty and Its Locations.....</b>	<b>5</b>
2. <b>The Nature of Poverty Reduction.....</b>	<b>16</b>
<b>CHAPTER III – POLICY CLUSTERS FOR OVERCOMING POVERTY TRAPS.....</b>	<b>34</b>
1. <b>Increased public investments in basic human needs.....</b>	<b>34</b>
2. <b>Increased emphasis on human rights for women and other excluded             groups, with a special focus on the critical role women will play in             achieving the MDG.....</b>	<b>34</b>
3. <b>Promotion of rural development through small farm productivity in             marginal agricultural lands.....</b>	<b>35</b>
4. <b>Promotion of competitive urban business environments.....</b>	<b>36</b>
5. <b>Increased focus on rural environmental management.....</b>	<b>36</b>
6. <b>Increased focus on urban environmental management.....</b>	<b>36</b>
7. <b>Additional points to help guide policymakers across the six clusters.....</b>	<b>37</b>
<b>CHAPTER IV – OPERATIONALIZING THE MILLENNIUM DEVELOPMENT COMPACT: AN ENHANCED STRATEGY FOR MEETING THE MDGs.....</b>	<b>44</b>
1. <b>Country-level Processes to roll-out National MDG Strategies.....</b>	<b>45</b>
2. <b>International Processes to Support National MDG Strategies.....</b>	<b>53</b>
<b>CHAPTER V – Applying the Enhanced MDG Strategy in Tanzania.....</b>	<b>71</b>
1. <b>Tanzania’s current MDG situation.....</b>	<b>71</b>
2. <b>Current Policy Responses.....</b>	<b>77</b>
3. <b>Basic Strategy for Achieving the MDGs in Tanzania.....</b>	<b>80</b>
4. <b>Social Outlays and Infrastructure Investments Needed to Achieve the             MDGs.....</b>	<b>86</b>
5. <b>Conclusion.....</b>	<b>86</b>
<b>Bibliography.....</b>	<b>88</b>
<b>Annex 1: Targeted Income, Safety Nets and Other Support for Vulnerable             Groups.....</b>	<b>94</b>
<b>Annex 2: Youth Employment Strategies.....</b>	<b>99</b>