

World Bank and Donors Must Change to Reach MDGs

Report on Jeffrey Sachs' presentation

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Jeff Sachs, Special Advisor to UN Secretary General Kofi Annan and Director of the Millennium Project, came to the Bank on March 1st to discuss challenges the donor community faces in its efforts to help the developing world reach the Millennium Development Goals (MDG's) by 2015. His speech was part of the Bank's Environmentally and Socially Sustainable Development (ESSD) Week. Sachs called the MDG's goal of halving poverty by 2015 achievable, and said if the momentum is continued that extreme poverty can be eliminated from the planet by 2025. The scientific, technological and financial capacity of our times can allow us to achieve these goals, Sachs said. All that is needed is the will and farsightedness from donors like the US and Europe. The poor countries themselves cannot do it alone. He noted that we are past the point of theorizing and mentioned his agreement to an earlier statement by ESSD Vice President Ian Johnson's assertion that there is a gap in implementation. Sachs said the problem seems to be that implementation is not done because the poor countries don't have the resources to do the implementation. The Millennium Project is a UN effort to fill the implementation gap and achieve results on the ground. On a recent visit to Senegal, Botswana, Ghana and Ethiopia, Sachs said he found ample plans to address poverty, but no funds to implement the plans, and poverty is rampant. He called it a lack of trying, not on the part of professionals on the ground, but by donors such as the US government which will spend \$US 450 billion on military spending but \$US 13 billion on development assistance. This is \$US 57 billion less than the US committed to achieving the MDG's. Sachs said things must change. The donor community must stop telling the poor to live with poverty and work to get the poor what they need such as medicines or soil nutrients,

Sachs lay much of the blame on the US for not providing resources for development and forcing poor countries to do structural adjustments. He called user fees and cost recovery methodologies for repackaging poverty. He suggested there were two schools of thought on development. One was academically based research on how to achieve poverty reduction with limited resources. The other school, to which he was an advocate, was focused on increasing resources to the poor. Sachs also said the Bretton Woods institutions deserved much blame for forcing poor countries to make do with the limited resources provided by donor countries. He suggested developmental specialists would blame weak governance as a key reason why poverty reduction wasn't taking place in the developing world.

Sachs said the MDG's force and compel donor countries to live up to their responsibilities. The development community should stop berating poor countries and start representing them to the powerful, he said. The MDG's have provided quantified goals that were agreed to internationally. Aid initiatives should have the quantified targets in mind rather than with the funds identified by the IMF as available for aid. The emphasis is to do what's needed, not use what's available, he reiterated. He used examples of health funding in Ethiopia and soil nutrient loss for African farmers to illustrate his point. The problem is not capacity or infrastructure, just money, he concluded. Small amounts of money would make vast differences. He used another example of a child being held by a hospital because her family could not pay for her surgery to illustrate the desperation faced in poor countries. These things should be exposed, he added. He named several initiatives that would exact large changes in poverty throughout the world and said all of these things would amount to far less than the 0.7% of GDP that the US promised for its funding

responsibilities for the MDG's. He called this amount a fraction of what the US has spent recently on the Iraq War and tax cuts.

If the Poverty Reduction Strategy Programs (PRSP's) the Bank's writes would scale up funding for safe drinking water, sanitation, feeder roads, cooking fuels, electricity, soil nutrients, bed nets, antimalarial, antiretrovirals, it will transform the world. The World Bank has an essential role in making these things happen and needs to become the voice of the world's poor to the world's powerful.

During a question and answer session, he said two-thirds of the MDG challenge is in Sub-Saharan Africa. Most of the poor there are farmers who produce food for their own consumption in soils that have lost all nutrients. The Bank has to change from representing the donors that dominate its Board to being an international institution and must raise its voice even when it is difficult politically. The PRSP's should honestly assess what will achieve a country's development goals rather than reflect what is available from donors. The message from the Bank to the US and other donors is that more aid needs to be in the form of grants, because loans cannot be dispensed to these impoverished countries. A questioner said the IMF's reluctance stems from issues of absorptive capacity. Sachs agreed the MDG's could not be implemented in one year because of absorption reasons but it should not be consider a long-term constraint. Rather the near term should be a period for investing in programs that can be scaled up to reach the MDG's by 2015. He added that the Bank, since it is the lead development institution, must lead the IMF on identifying what is needed to reach the MDG's. Sachs said such an approach changes the whole way the development process has been done. Rather than having the IMF identify what is available, the Bank must identify what is needed. He called that the promise of the MDG's, and said to do this right was a matter of leadership. He agreed with another questioner regarding concerns over subsidies to the agricultural sector in the OECD. He said trade and aid are both needed for the developing world. He also suggested US foreign policy played a role in exacerbating recent political unrest in Haiti and Bolivia.