

# MillenniumProject

Commissioned by the UN Secretary General and supported by the UN Development Group

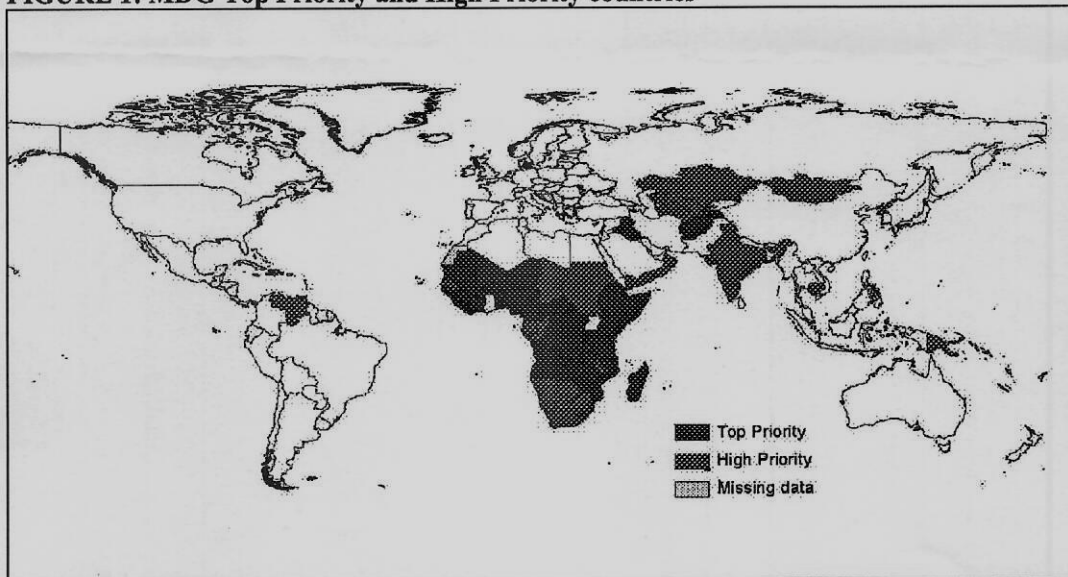
## Background Note on Country-level Work in 2004

**Summary:** *The Millennium Project's overall mandate is to recommend operational frameworks that will allow all countries to achieve the MDGs.<sup>1</sup> Further to the October 2003 agreement of the Millennium Project's UN Experts Group, a core part of the Project's 2004 activities will be to work with a selected number of UN Country Teams in assisting governments to develop poverty reduction strategies (including Poverty Reduction Strategy Papers) for achieving the MDGs. The countries slated for this initiative are Cambodia, the Dominican Republic, Ethiopia, Ghana, Kenya, Senegal, and Tajikistan. This note outlines some core principles guiding the initiative.*

### 1. Background

The Millennium Development Goals (MDGs) are more than mere aspirations. They are indeed more than shared global goals. They are the international community's time-bound and quantified *commitment* to cut sharply by 2015 the extent of extreme poverty around the world. The MDGs are achievable, but as the *Human Development Report 2003* outlined, nearly sixty countries with entrenched poverty are far off track from achieving them (see Figure 1). In order for these "Top Priority" and "High Priority" countries to achieve the Goals, what is needed, urgently, is international follow-through on the commitments the world has made.

**FIGURE 1: MDG Top Priority and High Priority countries**



Source: *Human Development Report 2003*, p.44; prepared in collaboration with the Millennium Project secretariat.

In 2004, there is an urgent need to re-establish international development as a core objective of an international system that has been completely focused on war in recent months. There is also a critical need to re-establish the MDGs as the central objective of international development. For

<sup>1</sup> Please see <http://www.unmillenniumproject.org> for more information on the Millennium Project and its Task Forces.

both, success will require the international community – including poor countries, rich countries and international agencies – to develop an *operational* framework for achieving the MDGs, one to guide policies, programs and development assistance.

This operational point is crucial. Today, poor countries entering poverty reduction planning processes must begin with the question “Given the financial resources that we have, what is the best we can do towards reaching the MDGs?” Starting in 2004, these countries need to ask a different question: “Given the urgency of achieving the MDGs and the repeated international commitments to achieve them, what policies and resources, including increased development assistance, are needed to meet the Goals?”

While the idea of setting a target with a deadline and planning for success is commonplace in business and many other activities, systematic planning for poverty reduction targets has not been common among the multilateral institutions that form the international system, including the IMF and World Bank. It’s time to make the international system goal-oriented, specifically around the goal of achieving the MDGs.

## **2. Basic Principles for MDG-Based Planning**

Although dozens of countries are off-track, there is still time for every country to meet the MDGs. By adopting a 2015 time horizon, countries can significantly expand human resources and basic infrastructure, both of which are often considered short-term “capacity constraints.” However, this 10- or 12-year horizon will require both strong national policy planning and sufficient international support. Plans will also need to be comprehensive. The *Human Development Report 2003* outlined how achieving the MDGs will require a broad-based strategy that combines actions across six policy “clusters,” with priorities differing from one region to another.

- Increased public investments in basic human needs – particularly health (including reproductive health and health systems), nutrition, education, water and sanitation, energy services and waste treatment;
- 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 MDGs and the actions needed to ensure women’s access to economic and political opportunities;
- Promotion of small farm productivity in marginal agricultural lands where large numbers of poor farmers struggle in extreme poverty. This includes technological investments to promote a still-needed Green Revolution for Africa;
- Promotion of competitive urban business environments, including investments in core infrastructure (especially transportation), open trading policies and policies to promote non-traditional industries and exports;
- Special attention to rural environmental management, including reforestation, biodiversity preservation and watershed management, coastal protection, and fish stock protection
- Special attention to urban environmental management – particularly in light of the massive looming population boom in developing countries – including waste treatment, garbage collection, indoor pollution control and outdoor pollution control.

Developing country governments need to draft plans around these six areas and need to be given the space to do so with an ambition equal to achieving the MDGs. In many instances countries already have bold sectoral plans, for example to scale up their public health services, but these plans sit in drawers since the countries are too poor to implement them on their own and are not receiving the official development assistance needed from rich countries.

### 3. MDG Planning Process

To align policy with the MDGs, low-income country governments should follow a three-stage planning process. First, each country should conduct a needs assessment that compares its current situation with MDG targets and identifies the combination of public investments that would enable the country to achieve the MDGs by 2015. This needs assessment will identify the particular obstacles that are preventing faster economic development and greater progress towards poverty reduction, covering each of the six policy clusters outlined above.

As a first approximation of what a national MDG needs assessment would look like, the Millennium Project has recently worked with local partners to conduct such MDG evaluations for five countries: Bangladesh, Cambodia, Ghana, Tanzania and Uganda (working draft available online at <http://www.unmillenniumproject.org/html/mdgcasesstudiesjan1704.html>). In each of these countries, the Project and local research partner built upon international best practices to identify, in as much detail as possible, the input targets that would be needed for the country to achieve the MDGs by 2015. These estimates cover hundreds of *interventions*, defined as the goods, services and infrastructure that need to be provided to meet the Goals. Examples include the provision of medicines, textbooks and school uniforms; the expansion and operation of rural medical clinics and sanitation services; the training and employment of skilled professionals; and the construction and maintenance of physical infrastructure.

Note that a needs assessment is *not* the same as a policy plan with institutional design, but is instead a key input for policy design. The Millennium Project's needs assessment framework provides a template methodology for identifying the scale-up of activities needed from 2004 through 2015. By working with local partners to identify local unit costs and by proposing a simple financing model, the framework also estimates the total domestic and external resource mobilization needed to achieve the Goals.

The second stage of the planning process will be for each country to develop a long-term (10-12 year) policy plan for achieving the MDGs. Policies identified in this stage will need to be developed through domestic consultative processes and will need to build upon the results of the MDG needs assessment to identify the mechanisms for delivering necessary goods and services. In many instances this stage will require countries to align their long-range policy plans much more concretely with the MDGs than is currently the case.

The third step will be for each country to construct its medium term (3-5 year) poverty reduction strategy (PRS) and, where appropriate, its Poverty Reduction Strategy Paper (PRSP) based on the long term MDG plan. Both the long-term and short-term plans will then need to be periodically reviewed and revised as countries learn from their scale-up experiences and fine-tune policies towards the MDGs.

To be clear, this approach of working backwards from 2015-based plans does *not* suggest creating new poverty reduction processes. It does imply re-formulating the *content* of current approaches based on MDG horizons and transparent needs assessments. For instance, PRSs are typically 3-year financing frameworks that are not embedded in a long-term planning horizon. In

a 3-year plan, a country is likely subject to financial, administrative, and human resource capacity constraints. In a 12-year framework, a country can identify means of building financial, administrative and human resource capacity (such as training health care professionals and managers). A schematic diagram outlining the novelty in the MDG-based planning approach is presented in Figure 2.

#### **4. The Role of the UN Country Teams, the IMF, the World Bank & the Millennium Project**

While the responsibility for writing poverty reduction plans rests with countries themselves, the multilateral system – including the specialized UN agencies, the IMF and the World Bank – should provide countries with the technical assistance needed to develop the best possible MDG plans. To help identify how this assistance could be most effectively structured, further to the October 2003 agreement of the Millennium Project's UN Experts Group, in 2004 the Project will provide technical expertise to a selected number of pilot countries. The Millennium Project will work locally with the specialized agencies in the UN Country Teams and the Bretton Woods institutions to assist and embolden countries as they align their plans with the achievement of the MDGs.

In the future, the IMF, the World Bank and specialized UN agencies should work closely together to assess the development needs of each low-income country and to support a macroeconomic framework that will realistically achieve the MDGs. A promising example of this kind of inter-agency coordination was provided by the "United Nations/World Bank Joint Iraq Needs Assessment" published in October 2003.<sup>2</sup> The Iraq Needs Assessment involved a process in which the multilateral system cooperated closely to determine a public investment and financial framework for economic recovery and development in Iraq. The needs assessment offered a specialized analysis in twelve sectors, which were then aggregated into an overall financing framework that formed the basis of a donors' meeting in October 2003. The assignments for preparing the sector analyses were as described in Table 1, with lead agency and cooperating agencies listed by sector. By applying such a collaborative technical approach to all low-income countries, the UN agencies and Bretton Woods institutions will play a crucial role in helping countries identify the means through which they can achieve the MDGs by 2015.

**TABLE 1: Sectoral Assignments for 2003 UN/World Bank Joint Iraq Needs Assessment**

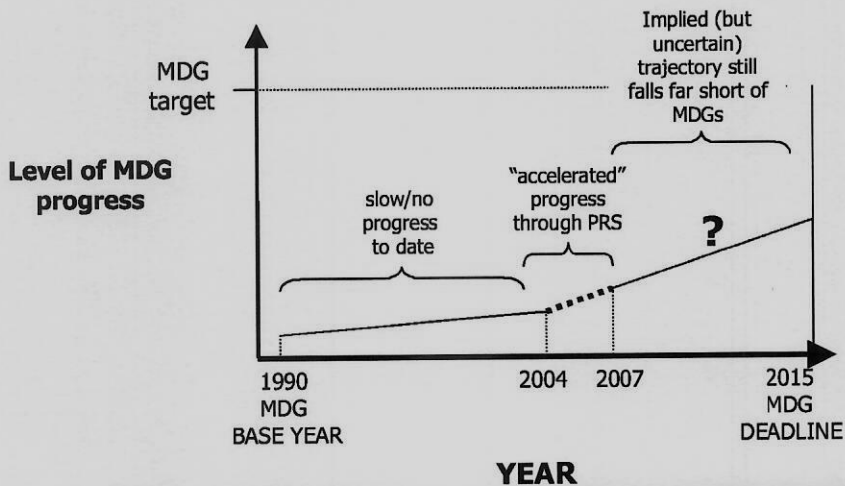
<b>Sector</b>	<b>Lead Agency</b>	<b>Cooperating Agencies</b>
<b>Agriculture</b>	FAO	WB, WFP, UNEP
<b>Education</b>	WB	UNICEF, UNDP, UNESCO, UNOPS, UNHCR, UNEP, UNIFEM, UNOCHI
<b>Electricity</b>	UNDP	WB
<b>Financial Sector</b>	WB	
<b>Governance</b>	UNDP	UNCHR, UN/OPI, UNESCO
<b>Health</b>	WHO	UNICEF, WB, UNIDO
<b>Water and sanitation</b>	UNICEF	WB, UNIDO
<b>Mine Action</b>	UNMAS	UNOPS, UNICEF, UNDP, UNEP, WHO, WFP
<b>Employment</b>	UNDP	UNHCR, UN-HABITAT, ILO, UNEP
<b>Housing</b>	UN-HABITAT	WB
<b>Investment</b>	WB	IFC, UNIDO
<b>State Enterprises</b>	WB	IFC
<b>Transport and Telecoms</b>	WB	UNDP, ITU

<sup>2</sup> Available online at <http://www.iq.undp.org/UN-WB-IraqNeeds.pdf>.

**FIGURE 2: Poverty reduction planning today vs. MDG-based poverty reduction planning**

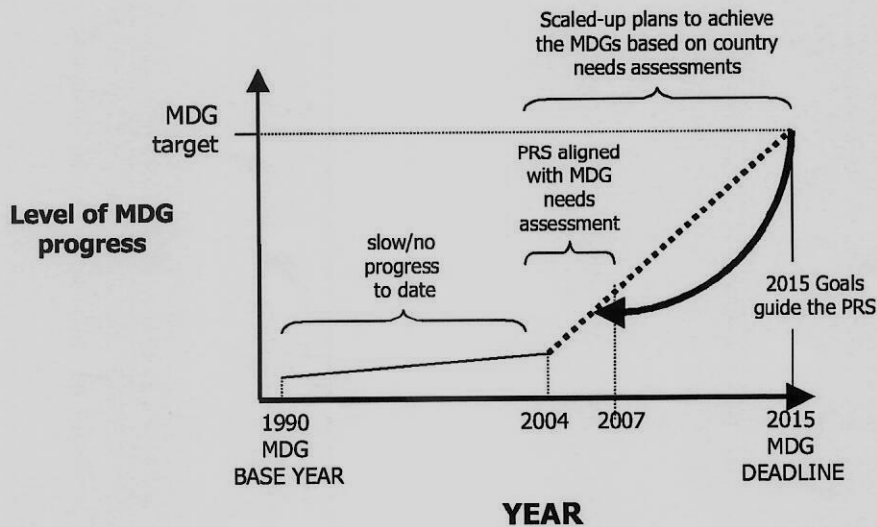
**I. Today: Poverty reduction planning in Priority countries**

This diagram captures how current poverty reduction strategies in "Priority" countries relate to the MDGs. Movement up the vertical axis represents progress towards the Goals while the horizontal axis represents the progression of time. The left side of the graph shows how the country has so far experienced slow progress toward the MDGs. A short-term PRS supports a slight acceleration in progress, but the implied trajectory is uncertain and far short of the MDGs.



**II. Starting in 2004: MDG-based poverty reduction planning**

This graph shows how country-level planning needs to work in order to achieve the MDGs. Countries that have made slow progress since 1990 need to draft 2015-based plans for scale-up to achieve the MDGs. The 2015-based plans need to guide the shorter-term PRS and resource allocations.



## **5. The Feasibility of the Goals and the Role of Financial Resources**

Can the MDGs really be achieved? Will it be too expensive to achieve them? Not at all. For low-income countries with governments committed to achieving the Goals, the needed policy and technological solutions are available. Fortunately, the costs are also incredibly modest compared to the value of what can be achieved. The rich countries have committed development assistance up to 0.7% of gross national income (GNI), or about \$175 billion dollars per year as of 2003. This would represent an increase of \$120 billion over the current levels of roughly \$55 billion in annual official development assistance (ODA). The UN High-Level Panel on Financing for Development, chaired by former President of Mexico (and current co-Coordinator of the Millennium Project's Task Force on Trade) estimated that at least \$50 billion in extra annual ODA will be required to achieve the MDGs. Our own very preliminary analysis indicates a larger amount is needed, but still less than 0.7% of GNI. The total incremental amount of development aid needed over current levels might be as low as \$75 billion per year, for a total aid flow of around \$130 billion per year, equal to 0.5% of the donor countries' GNI. Ironically, the U.S. alone has recently appropriated an extra \$87 billion for Iraq and Afghanistan, offering an example of the vast financial resources that are in fact available for development assistance.

## **6. Logistics and Timeline for the Millennium Project's Country-level Work in 2004**

As indicated above, in 2004 the Millennium Project will work with UN Country Teams in a selected number of pilot countries to develop operationally the idea of MDG-based national needs assessments and planning. The Project will work in countries where the government is committed to broad human development strategies and to the MDGs as specific targets. The list of countries slated for this initiative is: Cambodia, the Dominican Republic, Ethiopia, Ghana, Kenya, Senegal, and Tajikistan.

Some key dates in the timeline for the collaboration are as follows:

- January 2004: The Millennium Project secretariat is working with the UN Country Teams and national governments in the pilot countries to identify the framework for collaboration based on each country's respective policy-making priorities and schedule.
- 9-19 February 2004: The Millennium Project's Task Force leaders will travel to Ethiopia, Ghana, Kenya and Senegal to discuss local processes, challenges and opportunities for achieving the MDGs. In each country the group will meet separately with the following sets of partners:
- UN Country Team, including the IMF and World Bank
  - Government economic planning team
  - Civil society leaders
  - Donors group
- Many Task Force leaders will also meet with ministry officials and other local policy leaders working in their respective areas of expertise.
- Late-February/ The Millennium Project secretariat will work with UN Country Teams

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<sup>3</sup> Available online at <http://www.iq.undp.org/UN-WB-IraqNeeds.pdf>.

early-March 2004	and national governments in each of the pilot countries to confirm a timetable and organizational plan for developing MDG-based needs assessments and PRSs in 2004.
Spring 2004	With specifics depending upon the policy planning cycle and local priorities of each pilot country, the Millennium Project will advise national governments and UN Country Teams on the development of MDG-based PRSs.
Summer 2004	The Millennium Project will complete its interim synthesis report for the UN Secretary-General, aiming to incorporate early lessons from the pilot countries in the report's preliminary recommendations.
Fall 2004	The Millennium Project Task Forces will complete their final reports and incorporate key lessons from the pilot countries in those reports.
Early 2005	The Millennium Project's advisory work with pilot countries will be completed.
Before 30 June 2005	The Millennium Project will complete its final synthesis report for the UN Secretary-General. The report will integrate the core recommendations of the 10 Task Forces and the key lessons from the pilot country work.