Falling Behind?

Why the international community needs to act now to stand a chance of meeting the Millennium Development Goals

A MOTHER, wrapped in a green shawl, sits with her child on a dirt path outside the Ministry of Finance in Ethiopia's capital Addis Ababa. The child chews on a small piece of bread as the mother collects coins from passersby. Inside the ministry, officials are grappling with the budget for next year. But outside, the issues are more immediate—where to get food for the next meal.

Ethiopia is one of the poorest countries in the world, with an estimated per capita income of about $100. According to the World Bank, recent national household surveys find 44 percent of the people cannot meet basic needs. At birth in Ethiopia, baby girls can expect to live an average of 43 years, while boys have a life expectancy of just 41 years. Infant mortality is 10 percent. Things have been made worse by HIV/AIDS. Ethiopia has the world's third largest number of people living with the disease, which has contributed to falling life expectancy over the past decade.

Ethiopia in many ways epitomizes why the Millennium Development Goals (MDGs) are important and why more money is needed to achieve them. Despite progress in recent decades, the extreme poverty prevalent in low-income countries is a critical problem facing the global community. At present, more than a billion people are living on less than $1 a day. Three-quarters of a billion people are malnourished—about a fifth of them children. About 125 of every 1,000 children born in low-income countries die before reaching the age of 5, the majority from malnutrition or disease that is readily preventable in high-income countries. Without action now, these numbers will rise as the global population inexorably grows.

The aim of the MDGs, adopted by 189 countries at the United Nations Millennium Summit in New York in September 2000, is to create a fairer and more stable world. The summit agreed to a set of measurable goals and targets for combating poverty, hunger, disease, illiteracy, environmental degradation, and discrimination against women. The eight goals center on the core objective of halving between 1990 and 2015 the number of people who live on less than $1 a day. A key to achieving this goal is building sustained economic growth that in turn spurs a sustained rise in average per capita incomes. But achieving sustained growth depends on a variety of complex factors, including the skills of the population, the soundness of government policies, whether the country has a strong institutional and legal framework, and how open industrial countries are to its exports.

Despite the good intentions of the international community, things are not going well. According to UN Secretary-General Kofi Annan, the proportion of people living in extreme poverty has actually increased in Latin America, sub-Saharan Africa, central and eastern Europe, and the transition economies of the Commonwealth of Independent States. "Only East Asia and the Pacific are on pace to meet the poverty goal, while South Asia is making good progress," he told a summit of the Group of Eight in Evian, France, last June.

In the following five stories, *F&D* takes a look at the obstacles and challenges on the road to achieving the Millennium targets. "Getting There" examines a World Bank study that shows how a combination of more aid and better policies could help many countries, including Ethiopia, achieve many of the MDGs and make faster progress toward the others. The difficulties faced by low-income countries in boosting growth enough to meet the globally adopted goals without creating new debt problems that could derail them is discussed in "Avoiding Another Debt Trap." The international community can play a crucial role in supporting countries through a sizable increase in grants and a removal of trade barriers and agricultural subsidies. But, in the absence of significant progress on both of these fronts, maintaining debt sustainability becomes a crucial challenge. This is particularly the case if countries are blown off course by natural disasters and other unexpected events, such as abrupt falls in commodity prices, a topic explored in "Absorbing Shocks." One possible solution to the conundrum of how to achieve the growth necessary to meet the MDGs while keeping deficits under control is explored in "Using Fiscal Policy to Spur Growth," which argues that reducing fiscal deficits can support growth in low-income countries. Finally, in "Overcoming the Obstacles," a variety of participants in the MDG debate highlight what they see as the biggest obstacles to achieving the targets by 2015. ■