Part 5

Strategies and Policies for Effective Action

The introductory chapter of this book, as well as the rest of the volume, has highlighted the importance of addressing three areas of action for improving the welfare of the poorest: fostering growth, inclusion, and targeted action. This part of the book turns to the question of how to bring about these actions, taking on the often overlooked topic of devising effective strategies. Therefore, the chapters here explore the path from developing a strategy, which consists of setting goals and choosing an optimal mix of policies and policy instruments (addressed in Chapters 38–40), to effectively implementing these policies by ensuring adequate funding, adequate capacity, and sound governance (Chapters 41–43).The last chapter looks at strategies that have been used to scale up successful projects, addressing the question of how isolated examples of a program that works in a given community can be scaled up to ensure widespread success.

Setting Goals and Choosing the Optimal Mix of Policies and Policy Instruments

A series of steps can be identified as necessary to bring about welfare improvements for the poorest (von Braun 2005). A critical first step is setting realistic and achievable goals, because such targets provide a focus for the various stakeholders, including the international community and civil society. They serve as a reminder of the need for increased aid and of the moral, efficiency, and security concerns that underpin the need. To that end, as pointed out in the introductory chapter of the book, the international development community has agreed to the Millennium Development Goals (MDGs), a set of targets for the year 2015, as well as a host of other goals, including a world free of hunger by 2020.

As can be expected, setting goals alone is not enough to ensure that effective action is undertaken. The relevant bodies of action, often national governments, need to go from setting goals to making a policy declaration from which policy initiatives can be established. This process is often difficult and mired in complexities. In Chapter 38, Michiel Keyzer and Lia van Wesenbeeck discuss these complexities in the context of the MDGs. They note that although the explicit policy targets

underlying the MDGs can be effective in mobilizing public support for action, it is difficult to determine the financial costs of achieving these targets and to measure progress. They thus illustrate the tension between defining separate and simple targets (with associated externally funded projects and financing requirements) and a broader idea of development.

Part of the difficulty has to do with choosing the optimal mix of policies and policy instruments. Indeed, policymakers must make strategic choices in their investments because they have budgetary, political, and administrative constraints, and spending in one sector may not be as effective as spending in another sector in improving the welfare of the poorest and the hungry. Hence, policymakers must decide on the types of policies and investments that would be the most pro-poor while also making sure that these policies are feasible. Chapters 39 and 40 elaborate on each of these areas of decisionmaking in more detail, with Regina Birner focusing on the various feasibility-associated challenges and Shenggen Fan, Joanna Brzeska, and Ghada Shields focusing on policies and investments that would be the most pro-poor.

In her chapter Birner discusses three challenges related to pro-poor policymaking and specifically to the mix of policy instruments chosen: political feasibility, administrative feasibility, and fiscal feasibility. She points out that although analytical tools to assess the combinations of policy instruments have evolved over time, research on feasibility has often been ignored. She then presents examples of strategies to overcome these three challenges.

Given that most of the poor live in rural areas and depend on agriculture for their livelihoods,[1] Fan, Brzeska, and Shields focus their chapter on how investments promoting agricultural growth and rural poverty reduction have contributed to national growth and poverty reduction. To make their point they summarize studies that analyze the experiences of a number of countries and find that despite countries' vast differences in economic systems, natural resource endowments, socioeconomic conditions, and size, investments in agricultural research, education, and rural infrastructure are the three most effective types of public spending.

Such analysis is limited to assessing the impact of different types of investments at one point in time. It is important to note, however, that interactions between simultaneous investments in two different sectors can lead to larger returns than the simple sum of their two separate returns (as suggested by the complementarities of investments discussed by Dasgupta in Chapter 8). Calculating interaction effects and changes in the magnitude of returns across time is therefore important. Investment in irrigation and agricultural research is perhaps a good example. Returns to improved seeds are often higher when the seeds are planted under irrigated rather than rainfed cultivation. Investing in agricultural research and irrigation together, therefore, might result in quite different returns than the simple sum of

their individual returns would suggest. As a result, the returns to investments in agricultural research received after widespread investments in irrigation have been made may be quite different from the returns prior to such investments.

These first chapters in this part of the book point to the fact that more needs to be done to understand what approaches work best within specific contexts. Recent increases in the number of randomized evaluations have helped provide some of this understanding (Banerjee 2005),[2] but the number of such evaluations needs to be increased and the results combined with other information and analyses to better answer the question of what will work in a given context at a given time (Bardhan 2005; Basu 2005; Mookherjee 2005).

Ensuring Adequate Funding, Capacity, and Governance

Many of the policy proposals discussed in previous parts of the book require significant financing, although it is worth noting that the financial costs of some of these programs, such as social protection, are not as great as might initially be believed (Barrientos and Holmes 2008). To reach the poorest and the hungry, additional funds are needed. In Chapter 41, Shenggen Fan, Anuja Saurkar, and Ghada Shields review strategies to increase public funds for poverty-reducing programs. The chapter touches on some of the points made in the two chapters on fiscal policy presented earlier in the book, Chapters 18 and 19. The authors outline the different possible funding mechanisms, including the reform of tax systems, adjustments in domestic nontax revenues (such as user fees), and increases in foreign sources of finances (such as borrowing, aid, and foreign direct investment). Each of these financing options has different implications for efficiency, poverty reduction, and distributional outcomes. Financing options affect the poorest not only because they determine the total budget for poverty-reducing investments but also because different taxation systems can have very different effects on the ultra poor. Indirect taxation is much more regressive than direct income taxes.

There is a vibrant debate on the effectiveness of foreign sources of financing, particularly aid. For those who view the main development problem as one of asset- and human capital–based poverty traps, the solution, as outlined by Sachs (2005), is a massive increase in aid focused on investments in education, health, and asset creation. The extent to which foreign aid has been able to "buy growth," however (Easterly 2001), has been limited and will likely continue to be.

This is not to say that aid is not needed. As Collier (2007) points out when discussing the problems faced by most of Sub-Saharan Africa, although financial assistance can play an important role in breaking the cycles of poverty, assistance in improving governance and conflict prevention activities would be more critical in certain contexts. Indeed, many countries in Africa are resource-rich, ethnically

diverse countries and are prone to rent-seeking behavior and conflict. More than aid, these states require assistance from the international community to build the necessary checks and balances on government power. Additionally, in different contexts other forms of assistance can make significant contributions to poverty reduction. For example, granting preferential trade access to developed-country markets could enable resource-poor coastal countries with a comparative advantage in certain sectors to compete on the world stage and, in so doing, improve the welfare of the poor working in those sectors.

Further, there is a role for more and better-targeted development finance from richer countries. Indeed, although the MDGs have provided an incredibly useful tool for focusing attention among donors, they have not clearly resulted in increased financing for development or increased attention to the poorest countries in the world. Since 1970 Sub-Saharan Africa—where 75 percent of the world's ultra poor live—has received only about 25 percent of official development assistance (Shah 2008). Aid flows are still biased toward countries that have strong political, historical, colonial, and economic ties with donors. The Organization for Economic Cooperation and Development (OECD) found that poverty reduction is not an overarching goal for France, the International Monetary Fund, Portugal, and the United States. Dollar and Levin (2004) found that the four largest donors (the European Community, France, Japan, and the United States) are not very selective in either the policy or the poverty dimension. Although the extent to which aid can facilitate development is under debate (see, for example, the recent debate between Sachs and Easterly in Easterly 2001 and Sachs 2005), aid carefully financed and targeted to the poorest through programs that have been shown to work does bring about change.

Beyond funding considerations, improving the underlying conditions in which policies are formulated and implemented is also essential to devising and undertaking action. Regina Birner in Chapter 42 and Suresh Babu and Per Pinstrup-Andersen in Chapter 43 consider some of these issues, focusing particularly on how to improve governance and capacity in poor countries. Birner presents a conceptual framework for identifying and assessing strategies that aim at improving governance and discusses both demand-side and supply-side strategies to improve governance. Demand-side strategies include ways to increase the political voice of the poor, whereas supply-side strategies are designed to increase the capacity and incentives of public administration and other service providers to perform their functions. In their chapter Babu and Pinstrup-Andersen supplement this material by arguing that social entrepreneurship has a role to play in improving capacity and should therefore be encouraged. They suggest that, given the need for new ideas and approaches to promote poverty reduction, social entrepreneurs, with their innovative ideas about program design, implementation, and monitoring and evaluation, can enhance capacity at local, national, and international levels.

Scaling Up Successful Projects

Scaling up projects is complex and involves answering difficult questions about what to scale up, how far, how long, and in what dimensions. Some of these issues were raised in Kathy Spahn's chapter on Helen Keller International's experience in implementing nutrition interventions (Chapter 24). In Chapter 44 Arntraud Hartmann and Johannes Linn address these questions through a review of the literature and give an overview of the types of decisions involved when considering whether to scale up a successful pilot. Additionally, they outline how, once the appropriate scale is decided, a number of elements need to be in place for the scale-up of the program to be successful. A number of the elements they note correspond to the discussion in Chapter 39. These elements include

1. strong and accountable leadership that can drive the agenda, as well as a clear vision for scaling up from the start;

2. strong political support;

3. strong capacity and well-designed incentives to bring about the change required; and

4. continual evaluation and monitoring, especially at the pilot stages of the project.

The model discussed by Hartmann and Linn is the expansion of a successful pilot project undertaken in one location to other parts of the country. It is important to note here that scale-up strategies need to be context specific. For example, China has successfully expanded a successful pilot project undertaken in one location to other parts of the country, but many countries may not be able to undertake this form of scale-up because it is politically complex. Indeed, countries that comprise federations of different peoples with central governments whose stability depends on a careful balance of power between regions cannot undertake such a strategy. For these countries, the appropriate model may be to start with a simple project targeting few people and then scale up by increasing the number of modalities through which the project works or by increasing the number of people targeted.

In sum, in today's world of plenty it is unacceptable that extreme deprivation still exists on such a scale. We all lose from the limits placed on millions of people's lives by ultra poverty and hunger. Given the increasing knowledge and easier movement of peoples and ideas we now enjoy, the global inequality that is the focus of this book can be addressed more easily today than ever before. The intensity of need and increased availability of tools make it imperative that we take effective action

for the world's poorest and hungry people in the areas of growth, targeted action, and inclusion.

Notes

1. See Chapter 1 and the introduction to Part 2 for further discussion on this point.
2. As already stated in the introductory chapter of the book, such evaluations have increased the knowledge base about what works and what does not, but they should not necessarily be considered the "gold standard" (see Deaton 2009).

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Chapter 38

The Millennium Development Goals: How Realistic Are They?

Michiel Keyzer and Lia van Wesenbeeck

In its Millennium Declaration of September 2000, the United Nations (UN) adopted the Millennium Development Goals (MDGs), to be reached in 2015 through concerted efforts worldwide. According to UN calculations, the estimated costs in terms of additional development aid of meeting the MDGs in all countries vary from US$121 billion in 2006 to US$189 billion in 2015.[1] It appears that while Asia is well on track to achieving the goals, essentially through its own efforts, Africa is lagging behind. But how realistic are these levels of funding? And regarding the goals themselves, are the necessary mechanisms in place to monitor their realization, and do the proposed measures promote sustainable development? These questions are the focus of this chapter.

The UN's 2005 MDG report does not focus on replacing all other development efforts. It typically aims to send a can-do message to the developed world that calls not for fundamental change but rather for a modest additional financial contribution of US$48–74 billion annually until 2015. There is undoubted merit in widely circulating the message that the world's most serious problems can be solved at relatively low cost. In this regard, the MDG process has been instrumental in putting development back on the international agenda. Furthermore, agreeing on a list of targets has practical value in helping to keep donors dedicated to a common development agenda, facilitating the coordination of aid among donor countries to promote economies of scale, and providing a well-defined list of regu-

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larly monitored targets to encourage public support for development cooperation. Nonetheless, creating hope is one thing; generating unfounded expectations is another. The MDG process asks the public for funds that eventually will have to be repaid in terms of success. Hence, there is a definite need to consolidate the process by focusing on realistic aims that are well cast in an overall development perspective by reliable monitoring and, obviously, credible funding assessments.

United Nations Financing Estimates

Various figures have been circulated on the amount of funding needed to achieve the MDGs in 2015: the UN report mentions an additional US$50 billion annually. Although it concedes that this estimate is crude at best, the UN report expresses a firm belief that it provides a good indication of the order of magnitude of the funding required. Starting from a "shopping list" of targets, the 2005 UN Millennium Project provides an independent assessment based on costings of target quantities at assumed prices for a handful of countries. The actions identified and costed lead to a funding budget generally rising from US$77.50 per capita in 2006 to US$140.50 per capita in 2015—half of which is to be obtained from household contributions and domestic government expenditures. The last step in the estimation of the total financing requirements is to use the per capita investment needs to compute the total investment required to achieve these goals worldwide, totaling the amounts obtained after multiplication of the average per capita need by the relevant segments of the population in low-income countries. Furthermore, an estimate is presented of the financing needs for middle-income countries and for some actions at the global level. The resulting financing gap to be covered by official development assistance (ODA) amounts to US$135 billion in 2006, US$152 billion in 2010, and US$195 billion in 2015, which would imply an increase in ODA over existing commitments of US$48, $50, and $74 billion, respectively.

An important element of the costing is the assumption that there is a committed, well-organized public sector. The calculation of total ODA even includes an "adjustment for countries not qualifying due to inadequate governance,"[2] by which US$21–25 billion are deducted from the total requirements to reflect the exclusion of some countries—implying that other countries should contribute more to MDG attainment. The report suggests that in assessing the quality of governance, a clear distinction can be made between deliberate unwillingness on the part of those in power to act in the best interest of the country and failures caused by poverty and lack of institutional capacity. Only countries in the first category are excluded; hence, many countries remain, especially in Africa, where improved government reach and quality requires major investments.

What Is Overlooked in the Estimates?

The MDG report expresses its cost assessments in per capita terms and points to the striking similarity of the estimates for the five countries (Bangladesh, Cambodia, Ghana, Tanzania, and Uganda) that serve as benchmark cases, suggesting that this warrants generalization to other countries. This section looks at the calculations of MDG investment needs in health, transport infrastructure, and education (close to 60 percent of the total investment needs stated in the report) primarily to highlight that although the report mentions most of the possible items, the actual budgeting omits many items and scale-independent costs and makes optimistic assumptions about the quality of governance. Moreover, the report tends to neglect the upward cost push of up-scaling services resulting from intensified use of scarce skills and material resources.

Health

The MDGs on health cover a broad range of topics, such as reducing the under-five mortality rate by two-thirds and the maternal mortality rate by three-quarters and halting and having begun to reverse the spread of HIV/AIDS, malaria, tuberculosis, and other major diseases. The report estimates that per capita investments of US$13.00–25.00 in 2005, $19.00–33.00 in 2010, and $30.00–48.00 in 2015 will be sufficient to achieve these goals.

In the book *Millions Saved* the Center for Global Development ranks a number of successful projects with respect to the eradication of diseases through vaccination campaigns or treatment programs. Treatment of malaria and leprosy—two important diseases in developing countries—is not included in the list of successful projects. Estimates on the costs of malaria treatment vary from US$0.10 to $9.00 per treatment, depending on the resistance of the disease to cheaper drugs in the area considered. For the treatment of leprosy, estimates of treatment costs per patient vary from US$20.00 to $30.00. Factoring in the costs of treatment of these diseases, the total annual per capita health cost already equals half the average need for 2006 and more than a quarter of the estimated average investment need in 2015. In addition, there are also diseases for which no adequate therapy is available at present and for which the costs of therapy and/or vaccination are as yet unknown.

Because meeting the MDGs on health also requires the development of a well-functioning health system in general, costs of achieving this should also be factored into the total. A further complication in the treatment of many of these illnesses is that treatment should start almost immediately after the disease has been contracted and often involves extended regular visits to clinics. These considerations require that health services be located near patients, which is especially costly in view of the dispersed nature of settlements in many parts of Africa. HIV and AIDS obviously

require special attention. In Africa 25.8 million people were estimated to be HIV infected in 2005, of which 3.2 million represented new infections that year while 2.4 million people were estimated to have died from AIDS the same year. Additional resources are needed for treatment and prevention, including training teachers and strengthening systems of distribution for preservatives, establishing outreach programs, and training health care workers to provide advanced treatment. Furthermore, degree training should be included for health personnel. Finally, infrastructure should be expanded to offer a larger percentage of the population access to schools and health facilities. In the case of Thailand, a densely populated country with a well-functioning health care system to start with, the annual costs of addressing AIDS are already almost US$6.00 per capita, suggesting that any cost estimate for AIDS treatment and prevention in Africa should be far above this average.

In short, judging by the cost of the items explicitly listed, the shopping list neglects certain diseases, the cost of developing the health delivery system and providing surrounding infrastructure, and, more generally, the cost of scaling up the present activities to the required levels.

Transport Infrastructure

Poor infrastructure is often mentioned as one of the most important bottlenecks inhibiting growth and development in Africa. Although the UN Millennium Project refers to several such items, there is no separate entry for investment in telecommunications. For roads, the estimated per capita investment needs are in the range of US$11.00–13.00 in 2006, US$10.00–21.00 in 2010, and US$10.00–31.00 in 2015 for the cost of maintaining and expanding road networks only. The report does state, however, that "a more comprehensive assessment must factor in the costs of improving access to transport services as well as expanding ports and other transport infrastructure" (243–44). Suffice it to say that the financial implications of this statement would definitely not be minor.

Furthermore, the construction of physical infrastructure is only one of the many steps needed to arrive at a well-functioning transport system. Ensuring security along the roads is at least equally important. The cost of achieving security on transport infrastructure, especially in Africa, is particularly high due to the widespread rural population, the low intensity of road traffic, and the pressing need to monitor the police force itself. As an admittedly special point of reference, it should be noted that the 2006 UN intervention in Sudan budgeted almost US$1 billion to help 6.1 million people. Even for transport proper, costs are only to a limited extent proportionate to scale. The World Food Programme (WFP) budget for the 2005–06 food aid operations primarily for the Darfur region shows the cost of providing 730,000 metric tons of food. The current costs of procurement and transport are about US$163 million (US$27.00 per capita). The total estimated costs for WFP

are 4.5 times as high (US$746 million) and include many items that are independent of the scale of the operations, such as assistance in maintaining tertiary roads that are normally considered unsuitable for commercial transport, emergency road repairs and mine clearance, rehabilitation of river assets, emergency upgrading of infrastructure, creation of storage facilities, and expansion of field offices.

Reference to the costs of food aid operations is of special relevance in Africa because of the large number of people who depend on it. On average, during the period 1985–2000, some 30 million people in Sub-Saharan Africa were partly or fully dependent on food aid that, for more than three-quarters, had to be obtained via seaports. Of these, about 5–6 million people were fully dependent on food aid, and of them, 2.5 million—and the numbers are rising—were living in refugee camps due to the many conflicts, which might eventually strain the MDG resource. In 2000 Sub-Saharan Africa harbored around 90 refugee camps with populations numbering from a few hundred to more than 350,000 people. To give an indication of the logistics involved, the average distance of the seven largest camps, with populations of 100,000 or more, to the nearest seaport is 3,300 kilometers by road, and the Sudan operation mentioned earlier is not unique in the scope of the activities required to transport food.

In 2000 the Food and Agriculture Organization of the United Nations (FAO) provided an Africawide overview showing the investment needed from 2003 to 2015 to upgrade rural infrastructure. The total per capita investment of US$11.00–15.00 annually already covers the lion's share of the estimates made in 2005 by the UN Millennium Project, and given that the investment reported covers rural infrastructure only in a narrow sense, it is clear that the total costs will be much higher. The inclusion of irrigation schemes, for example, increases the annual per capita costs for 2006, 2010, and 2015 to US$16.00, $25.00, and $32.00, respectively.

Education

The MDG on education is to achieve universal primary education for boys and girls by 2015. The estimated per capita requirements mentioned in the report also include secondary education: "Our education estimates build upon the Education for All estimates by also including secondary school education" (243). The estimated annual per capita investments needed to achieve this goal are US$11.00–17.00 in 2005, $13.00–19.00 in 2010, and $17.00–25.00 in 2015. The estimates seem particularly low because achieving universal primary education in many countries requires a major scale-up of the number of teachers. Although the UN Educational, Scientific and Cultural Organization estimates that about US$7.00–8.00 per capita would be required to pay the salaries of the additional 18 million teachers, the costs of educating these teachers should also be taken into account. Calculating these costs is not straightforward, because it is clear that the additional demand for educa-

tion will put more pressure on the already fragile system, but even a low estimate of the costs of training only new teachers results in figures in the range of US$10.00 per capita. In addition, expanding the education sector also requires investments in buildings and educational materials.

Measuring Progress

A primary goal in defining the MDGs was to create a list of objectives that could be quantified and then monitored for progress. Measuring the number of undernourished people is particularly problematic, however: in 2005 the FAO estimated that approximately 204 million people are undernourished in Sub-Saharan Africa, but comparable estimates using body weight measurements in demographic and health surveys result in a much lower figure of approximately 120 million people. Such discrepancies cast doubt on the accuracy of MDG 1 yardsticks and, consequently, on the assessment of subsequent progress.

Conclusion

Setting up clear lists of explicit policy targets such as the MDGs can be effective in providing general background on the magnitude and importance of the task at hand and in mobilizing public support. The cost calculations associated with the MDGs generally convey the message that achieving the goals is a matter of goodwill and that a relatively minor financial effort over the next 15 years will suffice. If the MDGs are primarily intended to rally taxpayer support for increased development aid, the accuracy of the cost calculations is of lesser importance; what counts are the achievements realized with the tax money spent.

The Millennium Village initiative of the Millennium Projects seems to focus on this aspect of achieving the MDGs and aims to show that with good management and adequate investments, African communities throughout the continent can flourish. The underlying idea is that success will breed success—locally because the good practices will be emulated by other villages and globally because the donor agencies and commercial investors will become less shy once they see positive and tangible results. Small rural villages included in this initiative, however, can at best become showrooms of progress; they will often be no more than classic Potemkin villages visited by television crews during special campaigns, as well as by rich individuals in search of a philanthropic project. Moreover, the international community cannot neglect the moral implications of selecting a happy few to receive medical care, education, sanitation, and the like while leaving the large majority outside the fence.

The shopping-list approach pursued by the Millennium Project carries, among other factors, the danger of omission. In the case of health, it is the omission of a host

of nonmajor diseases and the requirement to build a network of skilled staff to monitor medication intake and effects on patients. For transport infrastructure it is the scale-independent cost of delivery related to police surveillance and the improvement and maintenance of tertiary roads. For education it appears that neglecting the teachers needed to teach the teachers and the requirements for construction and adequate maintenance of schools has led to serious cost underestimation. Furthermore, shopping lists treat prices as given, whereas development experience indicates that targeted efforts tend to generate local scarcities of trained personnel and other inputs that trigger price increases. More generally, establishing adequate government institutions to provide security and justice in addition to health, education, transport, and irrigation facilities involves high levels of scale-independent costs.

In addition, if the targets are actually meant to be reached rather than functioning as mere symbolic reflections of moral concern and public relations tools, they should be defined in detail and adequate measurement procedures should be agreed upon to monitor progress in meeting them. Indeed, by making the concepts clearer and by agreeing on them internationally, the MDG undertaking has made significant steps in this direction, but greater efforts are needed to arrive at reliable indicators.

Finally, it seems remarkable for the UN to define its own agenda for development at a time when Asia (China and India in particular) is teaching the world at an unprecedented scale and pace what development is about. Asia is convincingly demonstrating that growth is indeed the solution to poverty but equally that an MDG time horizon of 15 years may be too short for results to become visible. Asia also demonstrates that growth from urban agglomerations absorbs labor from the surrounding areas and gradually spreads via labor migration from less favored or less well-governed areas, followed by gradual industrial expansion to these areas. In this process trade liberalization is important as fuel for growth, but government has its role in keeping up physical and social infrastructure, in providing social safety nets, and in spreading progress across the territory.

All this illustrates the tension between defining separate and simple targets with associated externally funded projects and financing requirements and the broader idea of development. The MDG approach appeals to a public tired of stories about how the complexity of development makes it difficult, if not impossible, to implement simple policies with clear effects. But the Asian experience also teaches that development is organic: given proper general guidance from government, it finds its own way through the markets without central control of every detail or ideal circumstances in all cases. For Africa this would suggest identifying potential winners, with South Africa—and, we can hope, Nigeria and its West African neighbors—as a natural candidate. For development cooperation with Africa, this would amount to betting on such winners in terms of trade concessions and industrial develop-

ment rather than focusing on the least developed countries that lack the capacity to deliver substantial quantities anyway—notwithstanding the need to maintain humanitarian aid flows and to help achieve basic levels of infrastructure in less promising areas. At the same time, it should be recognized that the eventual spatial configuration of African regional partnerships remains unclear. In the meantime, Europe might choose to act as a growth pole, but for this it would have to relax its restrictions on labor migration, which seems unlikely at present. Above all, the Asian experience is relevant to Africa insofar as countries that only 30 years ago were commonly portrayed as the basket cases of the world have almost simultaneously—and despite rising dependence on imported energy and other mineral resources—shown an incredible capacity to reduce poverty and hunger.

Notes

1. Unless otherwise stated, all estimates are based on the OECD/DAC deflator to rebase estimates on 2003 U.S. dollars.

2. To adjust for nonqualifying countries, an aggregate governance indicator was constructed by calculating the mean of five variables measuring control of corruption, government effectiveness, quality of institutions, regulatory quality, and the rule of law (as in D. Kaufmann, Daniel, A. Kraay, M. Mastruzzi, Governance matters III: Governance indicators for 1996–2002, World Bank Policy Research Working Paper 3106, World Bank, Washington, DC, June 30, 2003). Then a simplified assumption was made that countries need to score within 1 standard deviation below the mean of this indicator to qualify for ODA for direct MDG support.

For Further Reading

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