

# Ending Extreme Poverty

A Roadmap for How to Go About It by Jeffrey Sachs in *The End of Poverty*

## Interventions That Bring Health and Economic Development to Poor Villages

1. **Agriculture.** Fertilizers, improved fallows, green manure and cover crops, water harvesting, small-scale irrigation, improved seeds, storage facilities could triple yields.
2. **Basic health.** A village clinic with one doctor and one nurse to provide free anti-malarial bed nets, medicines, and reproductive health services.
3. **Education.** Increased information and technology to empower adults and children: meals for all school children; expanded vocational training in infrastructure maintenance, farming, computer literacy, health, mobile phone use, disease control.
4. **Power, transport, communications.** Electricity, a truck to bring in needed heavy goods and take harvests to market, one or more mobile phones to connect villages with outside world.
5. **Safe drinking water and sanitation.**

**Annual cost:** \$70 per person over several years for these services. **Benefits are astounding:** decisive disease control, triple farming yields, improved school attendance. If fertilizers, for example, are given free for 10 years, incomes would rise and fertilizer could then be sold on a commercial basis.

## A Global Compact Between Rich and Poor Countries for Raising Income Level of Extremely Poor People

1. The **UN Millennium Development Goals (MDGs)** have created poverty reduction targets for 2015 and 2025.
2. The **Multi-Donor Budget Support** policy unites donor aid to recipient countries.
3. The ingredients of a country **Poverty Reduction Strategy (PRS)** have been identified:
  - a. Policies and investments needed by a country to achieve the MDGs.
  - b. The Investment Plan: how much, when, and what kind of aid is needed.
  - c. A Financial Plan to fund the PRS: needs the country funds and the donors fund
  - d. A Donor Plan which gives the multi-year donor commitments for achieving the MDGs
  - e. A Public Management Plan: how new funding will be administered.

## Global Policies for Poverty Reduction

1. **Forgive debt** for poor countries
2. **Improve market access** for poor countries
3. **Mobilize research** on tropical disease prevention, tropical agriculture, off-grid power systems, water management; ecosystem sustainable management.
4. **Practice environmental stewardship** to prevent effect of climate change on poor nations

## **How Much Would It Cost to End Extreme Poverty?**

The World Bank estimates that to meet basic needs requires \$1.10 per day per person measured in 1993 purchasing power adjusted prices. As of 2001, 1.1 billion people lived below this level with an average income of \$.77 per day.  $\$1.08$  minus  $\$.77$  = shortfall of  $\$.31$  per day or  $\$113$  per year per person multiplied by 1.1 billion people =  $\$124$  billion per year.

## **How Could This Amount Be Raised Annually?**

The Millennial Project, which Sachs directs, proposes an affordable solution: the required  $\$110$  per person per year for a five year period would be divided as follows: villagers would pay  $\$10$ ; partner organizations -  $\$20$ ; local and national governments -  $\$30$ ; Millennium Donor Nations -  $\$50$ . Donor contributions could be raised in three ways:

1. Ratchet up giving, as promised, to 0.7 % of gross national incomes by 2015. Five nations have complied. Seven have set timetables. The United States, with the world's largest economy at  $\$12$  trillion, has yet to announce a timetable and is last among major donor nations at 0.15% of gross national income.
2. Add a 5% tax on incomes over  $\$200,000$ .
3. The United States, in particular, could redirect military aid to encourage growth and stability in developing countries recognizing that this would make the world safer.

## **Why Would Foreign Aid Work Now When It Has Not Worked Well in the Past?**

1. The numbers of extreme poor have declined to a relatively small proportion of the world's populations.
2. The goal is to end extreme poverty, not to end all poverty.
3. The current approach focuses on specific, proven low-cost interventions that can make a difference in living standards in growth, eg. Roads, power, transport, water, etc. Previously much economic thinking has been directed toward making poor countries into models of good governance or efficient market economies.
4. The rich world is vastly rich. An effort to end extreme poverty is within reach because the costs are a small fraction of the vastly expanded income of the rich world.
5. Our tools are more powerful than ever. Mobile phones, the Internet, improved logistics systems, modern agronomic practices, medical innovations all contribute to more effective policies.

## **What Specific Next Steps Would End Extreme Poverty?**

1. **Commit to ending poverty.** Embrace the goal: end extreme poverty by 2025.
2. **Adopt a plan of action.** The Global Compact of Rich and Poor has already been agreed. Now the world community needs to recommit to the goals and adopt a specific global plan to get there.
3. **Raise the voice of the poor.** The poor nations need to unite and issue a call to action. Development planners must begin with the poor's articulation of needs and strategies.
4. **Redeem the role of the United States in the world.** The U. S. must participate in multilateral initiatives. Political action with the U. S. and abroad must demand this.
5. **Rescue the IMF and the World Bank.** These have been badly used as creditor-run agencies rather than international institutions representing all 182 member governments. Their role must be restored as champions of economic justice and enlightened globalization.
6. **Strengthen the United Nations.** It is time to empower the UN specialized agencies to lead the poor to use modern science and technology to end poverty.
7. **Harness global science.** World science must commit to addressing specific needs related to disease, crops, or ecological conditions in poor countries and must be backed by public and private funding.
8. **Promote sustainable development.** Ending extreme poverty must be accompanied by policies that promote a healthy environment. Otherwise, environmental collapse would threaten advances made related to poverty.
9. **Make a personal commitment.** Robert Kennedy reminded us that each time a person *stands up for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends a tiny ripple of hope, and crossing each other from a million different centers of energy and daring, those ripples build a current which can sweep down the mightiest walls of oppression and resistance.*

### **The Hope**

We are not talking about a hand out but a hand up, specific techniques and tools which would enable the extreme poor to start earning and then to be able on their own to continue to climb the economic ladder.