



The World Bank

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The Hard Road Ahead To 2015

Statement by
Jean-Louis Sarbib
Senior Vice President and Head of the Human Development Network
The World Bank

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Mr. President, distinguished delegates:

It is a great pleasure for me to be here with you today. Regrettably, Mr. Wohowitz was unable to be with us, but he sends his strong support and wishes for every success with this important policy dialogue which will help lay the groundwork for a successful Summit in September.

Mixed Signals: Ten years left before 2015

As we survey the global development terrain, with just ten years left before the NIDGss fall due on 2015, we see that economic news for developing countries is better than for some years, but many of these same countries are falling behind in their efforts to achieve a set of goals which could transform the prospects of global humanity.

The outlook on the global economy looks more promising than for some years. Economic growth reached 3.8 percent in 2004-the fastest rate in four years, with developing countries surpassing growth figures in high-income countries.

Their gains were widespread-all developing regions grew faster in 2004 than their average over the last decade. Financial flows to developing countries during the last year reached levels not seen since the onset of the financial crises of the late 1990s. Foreign direct investment (FDI) totaled \$165.5 billion, up by \$13.7 billion in 2004. However the same countries continue to be magnets for this type of long-term investment, namely Brazil, China, Mexico and Russia.

Nonetheless, conditions for achieving better economic performance in Sub-Saharan Africa are improving: 12 African countries are currently experiencing growth spurts above the trends for the region - with average GDP growth *over* the last decade of 5.5 percent or more.

Over the last five years, many countries have shown improvement in economic policies and governance. Surging world trade and dramatic reductions of poverty in some countries provide grounds for hope in others.

The goal to halve poverty by 2015 will likely be met at the global level, but not in Sub-Saharan Africa unless progress there can be accelerated quickly.

Unfortunately, progress toward the MDGs has been slower and more uneven across regions than originally thought, with Sub-Saharan Africa falling far short. Many developing countries are falling behind in the race to sharply lower the numbers of deaths among pregnant women and children under the age of five, by the year 2015. More than 11 million children died in 2002 before reaching their fifth birthday from preventable illness, while as many as 500,000 women perished during pregnancy or childbirth.

This situation is particularly distressing as many of the "technologies" needed to improve health are both available and affordable, and that even in countries with little money, and few health facilities to go with it, sensible and systematic efforts to improve health can work.

The recent 2005 Global Monitoring Report- by the World Bank and the EAU'-argues that faster progress towards the MDGs could be spurred if poor countries and their donors were to adopt a number of key measures, comprising:

Ensure that development efforts are country-owned. Scale up development impact through country-owned and led poverty reduction strategies;

Improve the environment for private sector-led economic growth. Strengthen fiscal management and governance, ease the business environment and invest in infrastructure with a special focus on small and medium enterprises that create the most jobs;

Scale up delivery of basic human services. Rapidly increase the supply of health care workers and teachers, provide larger and more flexible and predictable financing for these recurrent cost-intensive services, and strengthen institutional capacity;

Dismantle barriers to trade. Through an ambitious Doha Round, including major reform of agricultural trade policies - and also increasing "aid for trade";

Double development aid in the next five years. In addition, improve the quality of aid, with faster progress on aid coordination and harmonization. Meeting the MDGs will require a doubling of the amount of official development assistance (ODA) reaching the poorest countries. Let us urge donors to use this year of stocktaking to raise their commitments and signal that support for the MDGs is forthcoming.

At stake are not just the prospects for hundreds of millions of people to escape poverty, hunger, and disease, but also prospects for long-term security and peace which are intrinsically tied to development.

As we reflect on how to speed up achieving these prospects, we must applaud the Group of Eight for the very uplifting news that it will cancel US\$40 billion in debt, owed by 18 of the world's poorest nations, most of them in Africa, and much of it owed to international institutions such as the World Bank.

This debt forgiveness is a very welcome sign of development progress ... but it cannot come at the expense of new development aid, and while applauding the generosity of the world's G-8 leaders, we must urge them to build on their debt relief initiative, and step up the amounts of long-term aid they provide to developing countries determined to achieve their MDGs over the course of the next 10 years.

As we look to the General Assembly Summit in September for a global re-dedication to the historic push to help all developing countries reach their 2015 MDG targets, the development community knows what it must do.

Business as usual will not do. It will bring incremental improvements in this sector or that project, but it will not push us forward with the giant strides that we will need to get as many countries to that profound milestone of 2015. During the next 10 years, we must include scaled-up, proven approaches in health and education, as well as strengthening economic reforms.

This means a chance for every child to go to primary school. A place to go for medicine and basic health care. Clean water flowing from a tap. Sanitation. Electricity at the turn of a switch. These basic services are taken for granted by citizens of developed countries. Yet in much of the developing world, these services are either unavailable or available only at low quality or high private cost. The human development outcomes at the core of the Millennium Development Goals (MDGs)-primary education, literacy, gender equality, good health-depend on access to these basic services.

Implementation is therefore crucial, and three hurdles bear particular note:

(a) Scaling up skilled providers-the doctors, nurses, and teachers needed to rapidly expand health and education services. In many developing countries the magnitude of doctor, nurse, and teacher shortfalls relative to ambitious MDG targets calls for pragmatic strategies for scaling up providers that represent a sharp change from traditional training systems. Such strategies include changes in recruitment standards to permit faster production of providers, maximum use of complementary, less skilled workers to leverage scarce skills, attention to international migration pressures, and incentives or rural recruitment strategies to ensure service delivery in rural areas. These strategies have enabled some countries to achieve impressive scale-ups of human development services.

(b) Ensuring the sustained financing required to expand these recurrent cost intensive services. The challenge of achieving the MDGs at minimum global cost implies several distinct lines of action, aimed at both minimizing costs and maximizing the efficiency of financing. These include: lowering the marginal costs of expanded service delivery as much as possible, to leverage scarce skills and expand the provider workforce cost effectively; increasing the efficiency of service delivery; and increasing domestic spending on education, health, water, and sanitation in countries where budget support for these sectors is low, to minimize aid dependency; and lastly, mobilizing efficient donor support to fill remaining financing gaps.

(c) Improving governance and accountability to make sure that extra resources bring about more effective service delivery. Achieving the MDGs will depend above all on developing countries' ability to achieve stronger public sector performance in delivering services. The challenge is essentially political. The evidence that aid works best where policies and governance are good is influencing aid flows, and this trend will intensify. While some donors suggest that a viable strategy in weak states is to bypass the public

sector altogether, no OECD country has ever achieved universal health or basic education coverage with mainly private systems-in fact, most are heavily public.

Let me amplify the case of one scaled-up approach that is already producing results in primary education but which could so much more with the right amount of money and support. At this urgent stock-taking year for development we see that more than 100 million children, the majority of them girls, are denied the chance to go to primary school. This, despite overwhelming evidence that teaching children how to read, write, and count, boost economic growth, can arrest the spread of AIDS, and break the cycle of poverty that haunts the lives of too many of the world's children.

At the Millennium Summit in 2000, world leaders agreed to remove the gender barriers preventing more girls going to primary and secondary school by 2005, and said every boy and girl should have the chance to get a quality primary school education by 2015, as part of the Millennium Development Goals.

To use this extra money for education wisely and effectively, the world's finance and development ministers asked the World Bank in 2002 to set up a now tried and tested means for doing this called the Education For All *Fast Track Initiative (FTI)*. Built on the Monterrey compact, donor countries promised to provide increased aid in a coordinated and predictable manner while poor countries agreed to make primary education a national priority and draw up education plans that would get them to the 2015 target of primary education for all children.

Today, we see that the rich world is not even close to meeting its commitment to children in developing countries. While developing countries warmed to the new compact, mobilizing political will and devising serious education plans, wealthy countries for the most part have still not made good on their promises of extra aid for education.

Still, we know the fast track initiative can work even with small amounts of support. Results in several countries prove it. In Nicaragua, \$3.5 million, from the Fast Track Initiative, enabled an additional 70,000 six year olds to go to school, improvement of teacher facilities and the number of children receiving a daily meal in school rose from 200,000 in 2004 to 800,000 in 2005. In the Gambia, \$4 million, from the Fast Track, made it possible to buy thousands of primary text books for better quality instruction in poor rural areas.

The creation of the Fast Track Initiative in 2002 demonstrated that both developed and developing ministers had the political vision and will to do something great to improve the lives of the young, our world's neediest citizens. While 13 countries currently benefit, the initiative could be expanded to help an additional 25 low-income countries in the coming year at an annual cost \$2 billion.

In a world tragically short of magic solutions, primary and secondary education remain some of the most dramatic development solutions available. And progress on education-as with many other development challenges-is possible when political will and resources come together.

Already recognized for having played a significant role in promoting better donor coordination and getting more kids into school, this tried and true program still being starved of the necessary money and support to reach its achievable goal of helping *every* child to go to school by 2015.

The rich countries must now deliver on their commitments on aid, trade and debt relief, and the developing countries-especially in Sub-Saharan Africa-need to aim higher and do better in terms of their own policies and governance and to make more effective use of aid.

It would be an auspicious prelude indeed to the upcoming Summit if the Prime Ministers and Presidents attending the G-8 summit in the UK next month were to seize the occasion to do something historic-to invest in the education and healthcare of a poor child today and help to create the distinct possibility of making poverty history. It is for this reason that education has been rightly called both "the seed and flower" of development.

Let me conclude with the welcome development that the World Bank has just launched a new global approach to help developing countries make faster progress in their fight against malaria. More than one million people, mostly children under five years of age, die every year from the effects of this disease. Drawing on recent successes in malaria control in Brazil, Eritrea, India, and Vietnam, the new Global Strategy and Booster Program reflects a need for decisive action on a large scale in order to achieve impact to counteract the inadequacy of global efforts to control malaria and the modesty of the Bank's current efforts relative to its potential.

Judging from initial demand from countries for more help in fighting malaria, the Bank's working assumption is that a total commitment of US \$500 million or US \$1.0 billion is feasible over the next five years, including co-financing that that the Bank anticipates from partners.

The Bank will mobilize financial and technical resources itself, as well as from the development community and private sector, to expand access to prevention and treatment, and to improve the underlying systems for sustainability. These efforts will increase the availability of insecticide-treated bed nets, anti-malarial drugs, and other commodities; support countries to lower taxes and tariffs on such items; improve and maintain long-term malaria control by governments and civil society groups; and build public-private partnerships for program design, management and evaluation.

Finally, we still have a chance to restore hope to all the children of the world who want to go to school, live a life free of disease and illness, and start a better life. Let us then use this prominent forum, and September's Millennial Summit, to force the pace on achieving the profound improvements in economic and human welfare by 2015 that we all yearn to see.

Thank You.