

Statement to the African Leaders at the Closed Session of NEPAD on July 7, 2004

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Chairman, your Excellencies, thank you very much for this opportunity to give a brief update on the Millennium Development Goals (MDGs) in my capacity as Special Advisor to UN Secretary-General Kofi Annan.

First, I want to congratulate NEPAD on its leadership in all regards, including helping Africa to achieve the MDGs.

Mr. Chairman, as you noted, Africa is off-track to achieve the MDGs. Yet the UN Millennium Project which I direct has found that the MDGs can still be met throughout Africa, if governments are fully committed to doing so, and if the development partners live up to their long-standing commitments on official development assistance (ODA), trade, technology transfer, and other areas of partnership.

In order to meet the MDGs, five steps should be taken:

First, all African countries should prepare Poverty Reduction Strategies (PRSs) that are ambitious enough to achieve the MDGs. That is no small matter, since some donors try to convince countries to aim lower than the MDGs, in order to economize (they think) on ODA. They will pay a larger price in the long run, alas, if the MDGs are not met, in the form of greater suffering that spills over into instability.

Second, all African countries should undertake a rigorous “needs assessment” to identify the financial costs of meeting the MDGs. Many investments need to be scaled up, for example in health care, roads, power, water and sanitation, irrigation, and the like. These investments are beyond the financing means of the African countries, but inexpensive relative to rich-world incomes. Much greater ODA is needed. A serious needs assessment can help to identify those needs over the coming decade, to the year 2005.

Third, all African countries should adopt bold governance strategies to support their commitments to the MDGs. Improved governance would come through investing in information systems, a strengthened independent judiciary, greater transparency, new managements systems, e-governance, and other interventions. Moreover, governance can be improved, and rigorously monitored, through NEPAD’s path-breaking African Peer Review Mechanism (APRM), for which I would like to add my applause.

Fourth, ODA should be directed not only at the country level, but also at the level of the regional economic groups, and at the level of NEPAD and the AU. Certain investments are best set at the country, district, or even village level. Other investments, such as roads that cross national borders, are best defined in a regional context. Still other investments

are best handled in a pan-African strategy. Donor assistance should reflect these various levels of “public goods.”

Fifth, and finally, all of this requires a vast increase in the quantity and quality of ODA coming to Africa. The quantity of increased aid should more than double, and for some countries triple or more. The quality of aid should be enhanced by pooling the aid into multilateral channels (such as IDA and ADF); supporting nationally-owned Poverty Reduction Strategies; supporting national budgets rather than a myriad of small-scale projects; providing grants rather than loans; and basing aid on what is needed to achieve the MDGs as demonstrated by rigorous “needs assessments.”

Finally, your Excellencies, I would like to mention several specific dates that will be important for Africa and NEPAD, and which should constitute a new stepped up commitment to the MDGs in 2004 and 2005.

- January 2005     The UN Millennium Project will submit its report to the Secretary General
  
- March 2005     The Blair Commission on Africa will issue its report
  
- June 2005       The U.K. will host the G-8 Summit, and has committed to try on that occasion to obtain a G-8 commitment to at least double ODA during the years 2005-2015.
  
- September 2005 The world’s leaders will gather at the United Nations on the 5<sup>th</sup> anniversary of the Millennium Declaration. We urge that they adopt a 10-year Global Plan to Meet the MDGs on that occasion.

One more set of events is critical, during the remaining months of 2004. Both IDA and the ADF will be replenished (IDA in its 14<sup>th</sup> replenishment, and ADF in its 10<sup>th</sup> replenishment). In both cases, it is essential that the funding be increased substantially – at least a doubling, and preferably a tripling. That would take IDA, for example, from around \$8 billion per year to around \$25 billion per year. Also, both IDA and the ADF should become grant rather than loan facilities in the cases of the poorest countries.

For IDA and ADF to achieve sizable replenishments, it is extremely important for Africa’s leaders, and for the AU Commission and NEPAD Secretariat, all to call boldly and persistently for these funds to be increased to the scale that is truly needed to help the world’s poorest countries to achieve the MDGs. This, after all, is nothing different from what the rich world has already promised over and over again.

Thank you very much for this important opportunity to offer this brief report.