I

Monitoring the Development Agenda

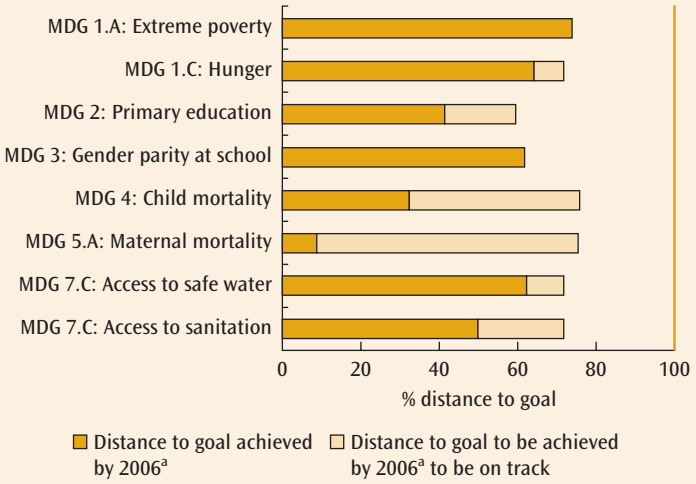
Millennium Development Goals at Midpoint: Where Are We?

At midpoint between the adoption of the MDGs in 2000 and their target date in 2015, the review of progress gives a mixed picture of significant improvement and formidable challenges ahead. It is mixed because progress is uneven across MDGs, with goals related to human development (primary school completion, child and maternal mortality) recording slower progress than those more immediately influenced by economic growth or the expansion of infrastructure networks (income poverty, gender parity at school, access to water and sanitation); mixed because progress differs significantly across countries, regions, income groups, or institutional status—with fragile and conflict-affected states lagging behind on all counts.[1]

Progress toward the MDGs: A Mixed Picture

Accelerated economic growth makes the MDG 1 of halving extreme poverty by 2015 likely at the global level (figure 1). Thanks to a more conducive global environment—for trade, finance, technology, and migration—per capita GDP growth accelerated in most low- and middle-income countries in the past decade, paving the way for substantial poverty reduction.[2] Faster growth was in many cases accompanied by rising inequalities. But with better economic management, it was also characterized by a much lower incidence of recessions and crises, events that most often hurt the poor.[3] As a result, current estimates[4] suggest that two-third of the poverty

FIGURE 1 At the global level, progress and prospects vary widely across MDGs



Source: Staff calculations based on World Development Indicators.
a. Most recent year for which data are available.
Notes: MDG 1.A: Poverty headcount ratio (PPP93 US$1.08 a day); MDG 1.C: Underweight under-five children (U.S. child growth standards); MDG 2: Primary education completion rate; MDG 3: Gender parity in primary and secondary education; MDG 4: Under-five mortality rate; MDG 5.A: Maternal mortality ratio (modeled estimates); MDG 7.C: Access to improved water source; MDG 7.C: access to improved sanitation facilities.

reduction effort to be accomplished between 1990 and 2015, had been realized by 2005, and that a prolongation of current GDP trends would most probably allow achievement of MDG 1 before 2015.[4] While most of the poverty reduction between 1990 and 2004 took place in East Asia and the Pacific, South Asia would contribute the most to global poverty reduction in the next decade. Nonetheless, significant progress could also be registered in other regions—Sub-Saharan Africa and Latin America and the Caribbean notably, but Sub-Saharan Africa is likely to fall short of the MDG 1 target.

Conversely, slower progress made in terms of child and maternal mortality casts doubts on the prospects of reaching MDGs 4 and 5. Between 1990 and 2006, the probability for a child born in a developing country dying before the age of 5 declined from 10.1 to 7.9 percent, an achievement hardly sufficient to cover half the distance needed to meet MDG 4 of reducing child mortality by two thirds. Countries with higher mortality rates face greater difficulties in reducing them (in relative terms) than countries starting from more favorable positions. HIV/AIDS and malaria significantly contribute to slowing progress in the former group of countries, mostly located in Sub-Saharan Africa. Similarly, maternal mortality progress between 1990 and 2005—an estimated reduction from 430 to 400 deaths per 100,000 births—represents less than one-tenth of the distance to be covered to meet the MDG 5 of reducing maternal mortality by three quarters between 1990 and 2015. On current trends, these two MDGs will unlikely be met at the global level, in Sub-Saharan Africa and South Asia, and in most countries (see box 1 on country-level assessment).

Rising enrollments are paving the way for reaching universal primary education completion and gender parity at school, though likely not by the target date. In recent years, school enrollments rose sharply, in Sub-Saharan Africa and South Asia in particular—often in response to comprehensive educational reforms such as the abolition of tuition fees.[5] With higher enrollments, gender disparity in primary and secondary education declined by 60 percent between 1990 and 2005. In turn, the MDG 3 of eliminating gender disparity at school is now attainable by 2015 (it had originally been hoped that this target would be met by 2005).Yet, enrollments—even universal enrollments—do not ensure that all children will be able to complete a full course of primary schooling (MDG 2) by 2015. Enrollment measured with administrative data often significantly exceeds attendance measured with surveys, revealing the extent of absenteeism. Furthermore, substantial drop-outs, repetition, and late entry at school (above the official age) make the MDG 3 very ambitious at the global level, if not unrealistic, given the little time left to have all children enrolled in time to complete primary school by 2015. Between 1990 and 2006, only 41 percent of the total distance to the MDG was covered using the primary completion rate[6] as an indicator of progress, and even less ground was covered when using instead the proportion of a cohort persisting to the fifth grade. The challenge is particu-

BOX 1 Assessing whether countries are on or off track

When at least two observations are available after 1990, with a sufficient number of years separating them, the World Bank determines whether a country is on or off track to meet a given MDG by 2015. To do so, it compares the progress recorded so far with that needed to reach the MDG. Technically, this is equivalent to comparing the annual growth rate between 1990 and today with the constant growth rate required to reach the MDG in 2015 from the situation in 1990. The assessment assumes that progress becomes increasingly difficult the closer countries get to the goal. Such a methodology to assess progress toward MDGs is based on two premises. First, historical records suggest that MDG progress is not linear. Countries starting from less favorable positions make more rapid progress on most MDGs.[a] This is consistent with the idea of decreasing returns: as countries get closer to a goal, they face increasing difficulties to make additional progress and need to further increase their levels of policy effort. For instance, public service delivery in remote areas is more costly than in cities, making it difficult to maintain the same pace of progress when cities are already covered.

Second, if understood as a means to focus the attention of donors, governments and citizens on lagging sectors and countries, a geometric approach (in comparison to a linear one) reduces the risk of underestimating the problem, while possibly increasing the risk of overstating it. In the face of possible irreversible damage (to human capital and the environment), which increases the cost of inaction over time, it would seem advisable to minimize the first risk.

Obviously, being off track does not mean that the related MDG will necessarily not be met. Many factors—policies and shocks—can affect the progress rate toward MDGs. It is hoped that the designation of sectors and countries as off track will focus increased attention on them and expedite progress.

a. World Bank. 2007. *World Development Indicators 2007.* Washington, DC: World Bank.

larly acute in Sub-Saharan Africa, which is far off track to meet both MDGs 2 and 3.

The prevalence of HIV/AIDS and tuberculosis started to stabilize at the turn of the decade. It is estimated that 31 million to 36 million people worldwide were living with HIV in 2007; of these, 21 million to 24 million were in Sub-Saharan Africa, and 3 million to 5 million were in South Asia. Most of the recent progress originates in Sub-Saharan Africa, where the proportion of people living with HIV decreased from 6 percent to 5 percent between 2001 and 2007. But progress was not noticeable elsewhere. Europe and Central Asia and Latin America and the Caribbean even recorded significant increases, although the two regions started from much lower levels than Sub-Saharan Africa. Conversely, the prevalence of tuberculosis is on the decline everywhere but in Sub-Saharan Africa (which has the highest prevalence rates), where it has been roughly stable since 2003. As such, MDG 6 is attainable except that it is still very difficult to monitor the incidence of malaria (mostly located in Sub-Saharan Africa).

Substantial progress has been registered in terms of people's access to water and sanitation, less so in terms of integrating the principles of sustainable development into countries' policies. Data from 2004 suggest that 60 and 50 percent, respectively, of the distance to MDG 7 of halving the proportion of people without access to safe water and sanitation facilities had been covered. A significant part of the remaining distances is likely to be covered before 2015. But broader progress to integrate the principles of sustainable development into country policies is much slower. In fact, the cost of resource depletion and air pollution was estimated to amount to 15 percent of developing countries' GNI in 2005, up from 11 percent in 1990. Some of the environmental costs remain localized,

such as those originating from particulate emissions, which rose sharply in East Asia and the Pacific between 1990 and 2005. But others (CO_2 emissions) have global consequences for the environment.

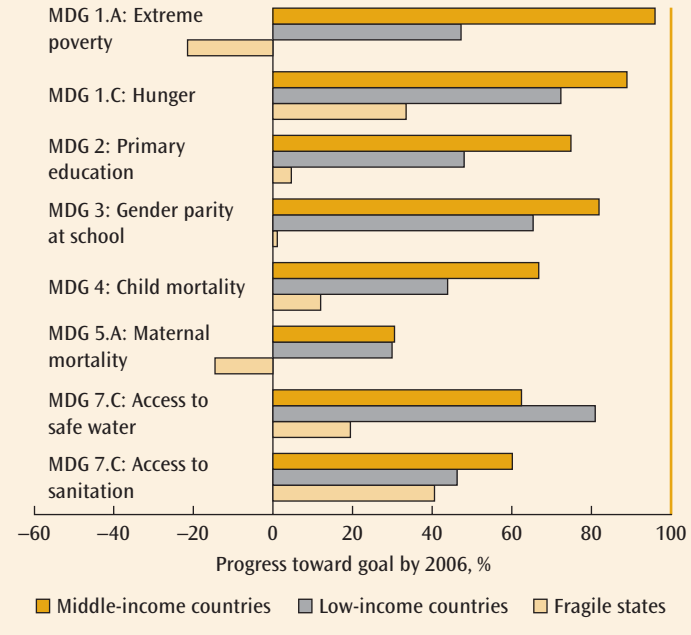
The Challenges Ahead

Looking ahead, the challenge to reach the MDGs will increasingly be concentrated in low-income countries, and especially fragile states, where progress is slower—although many middle-income countries, especially those with large concentrations of poverty, will continue to face substantial challenges. On all MDGs, fragile states lag behind other developing countries (figure 2).[7] This group of countries poses particular development challenges, as many are dealing with conflict or post-conflict environments that make the delivery of development finance and services especially problematic.

At the country level, on current trends most countries are off track to meet most MDGs (figure 3).This picture is somewhat masked by the influence of large and better-performing developing countries, such as China and India, on aggregates. But observation at the country level provides a more heterogeneous, less positive picture. On all MDGs—except MDG3—the proportion of off-track countries exceeds that of on-track countries. On several MDGs, data gaps remain large.

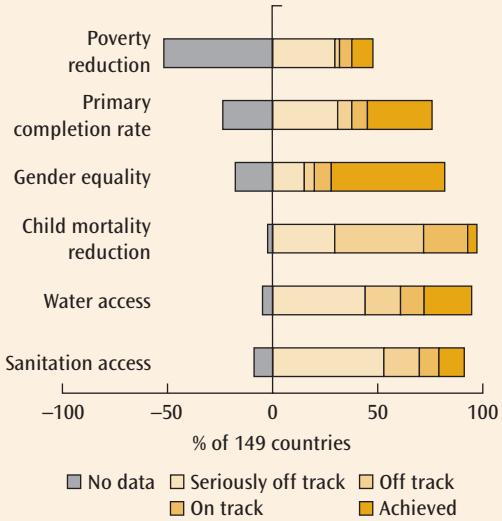
Notwithstanding the progress made on country statistical capacity, it is still challenging to assess countries' progress toward the MDGs. As noted above, global poverty is likely to be halved by 2015. But it is still the case that 78 out of 149 developing countries lack adequate data to monitor poverty trends—the more so in countries where poverty reduction is believed to be particularly slow. Data are especially weak for some MDGs such as maternal mortality. In the absence of hard numbers, reliance has to be placed on modeling estimates of maternal mortality (or on some indirect measures of policies assumed to influence mortality outcomes). Stronger efforts are needed to build on progress in developing countries' statistical capacity (box 2).

FIGURE 2 Progress toward MDGs is slowest in fragile states



Source: Staff calculations based on World Development Indicators.
Note: Indicators defined as for figure 1.

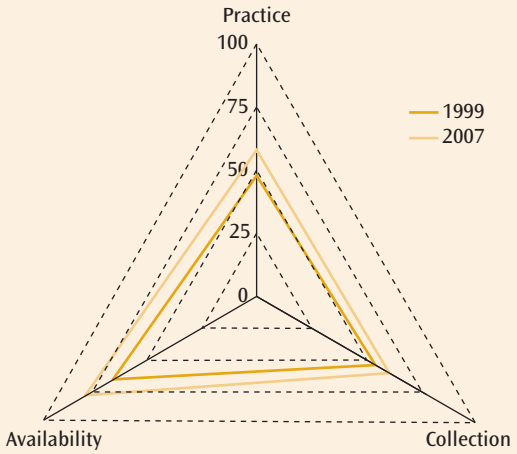
FIGURE 3 Most countries are off track to meet most MDGs



Source: Staff calculations based on World Development Indicators.
Indicators are defined as in figure 1.

BOX 2 Statistical capacity building: furthering progress

Developing countries are making progress in improving statistical capacity, as measured by a World Bank statistical capacity index for 117 low- and middle-income countries between 1999 and 2007. Progress is being recorded on the availability of statistics (MDG indicators in particular), adherence to international statistical standards (statistical practice), and to a lesser extent, frequency with which data are being collected.



Progress is also being made in terms of designing and implementing National Strategies for the Development of Statistics (NSDS) to strengthen countries' statistical systems: by February 2007, more than 100 developing countries had developed or initiated an NSDS. Such strategic framework of action (the centerpiece of the Marrakech Action Plan for Statistics, MAPS, agreed upon in 2004) was reaffirmed in Hanoi in February 2007 at the third international roundtable on managing for development results. Consultations between donors and partner countries produced an agreement on the need to pool (greater) resources and to better coordinate efforts through NSDS mainstreamed in poverty reduction strategies.

But several issues remain. Without stronger incentives to produce and use statistics, it is difficult to ensure adequate allocation of attention and resources by donors and governments to statistical capacity building against competing claims of other sectors—even if progress in those sectors might not be measurable because of the lack of good statistics. Notwithstanding the fact that it might pay to be ignorant (to protect the continuation of ineffective public programs), the high fixed costs required to overhaul statistical systems might also discourage decision makers.

There are some options that can be considered to strengthen incentives to give high priority to statistical work. Raising user demand for reforming statistical systems may be achieved through greater awareness of the quality of available statistics. For instance, the statistical capacity index (shown above) could be improved by incorporating an assessment of statistical institutional sustainability (political and financial independence), which is ultimately linked to the quality of statistics. From a supply perspective, the use of catalytic vertical funds could protect resources from being used for purposes other than implementing NSDS. A further option is to incorporate measures of statistical capacity into aid allocation and evaluation processes.

The foregoing assessment of progress at the MDG halfway point shows a clear need to generate a stronger and broader momentum toward the MDGs and related development outcomes. Part I of the report addresses key elements of that agenda. It assesses progress on policies and actions for achieving the development goals and identifies priorities going forward. The assessment covers the roles of all parties in that effort—the developing countries themselves, developed countries, and international institutions. Part II of the report provides a more in-depth assessment of progress and priorities relating to environmental sustainability, the special theme of this year's report.

Notes

1. More details on trends in progress toward the MDGs are provided in the annex, Monitoring the MDGs.

2. Related to income poverty, progress in terms of reducing malnutrition (as measured by the proportion of underweight under-5 children) has also been substantial. Data are currently being revised to account for new child growth standards. But trends observed using older U.S. growth standards are not likely to be radically affected. Using such standards, malnutrition declined from 34 to 23 percent between 1990 and 2006 in developing countries.

3. The number of developing countries experiencing prolonged economic recessions (negative per capita GDP growth) went down from 26 to 13 between 1985–95 and 1995–2005. The observation of countries' poverty reduction and growth performances suggests that the relationship is particularly pronounced on the negative side. While worst poverty reduction performances are strongly associated with worst growth performances, best growth performances are less significantly associated with best poverty reduction performances (World Bank. 2007. *World Development Indicators 2007.* Washington DC: World Bank).

4. The recent release (World Bank. 2007. 2005 International Comparison Program Preliminary Report, Washington, DC) of a new set of purchasing power parities (PPP), based on 2005 prices, will lead the World Bank to revise its estimates of global poverty. Compared with the PPPs based on 1993 prices and used until now to compute international poverty lines, PPPs in 2005 show different patterns due to economic transformation over the period 1993–2005 and improved methodologies to compare prices across a larger sample of countries. Inevitably, the use of more recent PPPs will modify poverty estimates estimated and published so far. It is not expected, though, that it could affect fundamentally the projection that global poverty will likely be halved in 2015.

5. Low-income countries' gross enrollment ratios in primary schools went up from 81 percent in 1991 to 102 percent in 2005.

6. This indicator is computed by dividing the number of students in the last grade (excluding repeaters in that grade) by the total number of children of graduation age. It typically includes in the numerator a large number of children above graduation age, who repeated in previous grades or started school late. As such, it tends to overestimate the genuine proportion of graduation age children actually graduating.

7. While individual countries may transition into and out of such status, this status actually tends to be persistent for many countries (World Bank. 2007. Meeting the Challenges of Global Development, Washington DC).