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Rapid Victories Against Extreme Poverty

Focused steps taken now could rapidly put the poorest poor on a self-sustaining course to productivity and health

By Jeffrey D. Sachs

Around one billion people live in extreme poverty, suffering from economic deprivation so severe that they must struggle daily for survival. Extreme poverty is sometimes defined as living on under \$1 a day, but more accurately it is the lack of reliable access to basic needs, including adequate food, basic health services, safe drinking water and connectivity with the wider world (via roads, power and telecommunications).

Recent orthodoxy holds that extreme poverty results from corruption, mismanagement and weak institutions. A corollary is that institutional improvements take considerable time, so the escape from extreme poverty is likely to take decades. Without denying the benefit of stronger institutions, I suggest that excessive focus on institutional reforms has gotten the policy sequencing more wrong than right. Often, more direct aid can dramatically reduce extreme poverty in just a few years.

The proximate cause of extreme poverty is that the poor lack basic tools to achieve adequate productivity. "Tools" should be interpreted broadly to include not only machinery and software for production but also agricultural inputs, clinics, medicines, schools and safe water. Even in poor countries with weak institutions, aid from rich countries can help the poor gain access to the needed tools in a very short time. The result can be a dramatic surge of productivity that raises household incomes and initiates self-sustaining economic growth.

Consider the case of agricultural output. Impoverished farmers in Africa grow around one ton of cereal grains per hectare, roughly a third of the average yield in other developing countries. Their low yields reflect a lack of fertilizers, high-yield seeds and small-scale water management. The farmers are too poor to buy such inputs, and they lack the collateral to borrow. Thus, they plant with what is available, get insufficient yields and remain too poor to buy better inputs or diversify production.

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Yet if poor farmers are subsidized for a few years to obtain improved inputs and thereby raise yields and diversify output, and if they reinvest the resulting boost to income on the farm and in the community, two things can happen. First, farm productivity can increase persistently, even after subsidies are removed. Second, the households can accumulate wealth, which can be used as collateral or to self-finance purchases of improved technologies. Temporary assistance can put the farmers on the path of long-term growth. It's not a hunch. Asia's Green Revolution worked that way.

In practice, it is a group of interacting technologies that matter, and that can be provided simultaneously. They include farm inputs, health services, safe water, latrines, computers and training, motor vehicles for village use, on-grid or off-grid electricity and all-weather roads. Because these interventions are low cost and high impact, they can be provided throughout the poorest regions of the world at a cost well within the promised (but unfulfilled) commitment by rich countries to donate 0.7 percent of their gross domestic product as aid.

The Millennium Villages Project, a public-private partnership, is already applying that package of measures fruitfully in 10 African countries. Such interventions can be expanded quickly to the national level. Immunization campaigns, mass distribution of bed nets, countrywide deworming, vitamin supplementation, voucher-based provision of seeds and fertilizers, treadle pumps for irrigation, elimination of user fees for schools and clinics, and mass training of community health workers are all being introduced successfully across Africa.

But this scale-up remains fragile because of the limited and unpredictable flows of donor aid. The U.N. Millennium Development Goals to fight poverty, hunger and disease among the poorest of the poor by 2015 are still achievable. A major part of success will come through mobilizing adequate donor resources and directing them through the grassroots provision of practical tools for ending poverty.