Introduction: What is Development?

According to the World Bank, as many as half of the world’s six billion inhabitants live on the equivalent of less than $2 a day, and about one-fourth of the world live on the equivalent of less than $1.25 a day.¹ Meanwhile, people in the 20-richest countries on average earn 39 times more than people in the poorest 20.²

At the same time, the extent of poverty has declined significantly. For example, the World Bank estimates that from 1981-2005 the percentage of people living on less than $1 per day was halved. The amount decreased from 52 percent to 26 percent in this period.³

These contrasts highlight both the problem and the progress of what is known in the international community as "development." Large numbers of the world's inhabitants are mired in poverty, especially in Africa, while inhabitants of the world's richest countries live in both relative and absolute luxury. But people in poor countries are getting wealthier over time—a process linked to globalization because poorer countries can raise their standards of living by integrating with rich countries.

The term "development" in international parlance therefore encompasses the need and the means by which to provide better lives for people in poor countries. It includes not only economic growth, although that is crucial, but also human development—providing for health, nutrition, education, and a clean environment.

The following Issue Brief is designed to help you:

- understand why some countries are developed and other are not;
- describe the problems development is designed to solve;
- familiarize yourself with the institutions that are active in development;
- explain the main strategies for fostering development; and,
- report on the facts and figures of the Millennium Development Goals, the international community's new effort to promote development.

¹ “Briefing Notes on Key Findings from: ‘The Developing World is Poorer’” 1.
² Milanovic 2.
³ “Briefing Notes… “The Developing World is Poorer”.”

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http://www.globalization101.org
The Divide Between Developed and Developing Countries

One of the reasons for attention to development is the stark divide between rich and poor countries. The United Nations Development Program (UNDP) each year rates countries’ development according to its Human Development Index (HDI), a mix of factors intended to measure citizens’ access to health, education, and a decent standard of living.

In the 2010 Human Development Index, the top five countries were Norway, Australia, New Zealand, United States and Ireland. The bottom five countries of the Index were Zimbabwe, Congo, Niger, Burundi and Mozambique. Why is this the case?

Why Are Some Nations Richer than Others?

Recent debates about globalization have led to a renaissance of interest in the reasons for disparities in wealth among the world’s societies from a historical perspective. This is not just an academic question, however, since if we understand the reasons for the discrepancy, perhaps we can solve the problem. Following are summaries of some of the major theories pertaining to this question.

Geography

In Guns, Germs, and Steel, University of California at Los Angeles physiologist Jared Diamond contends that geography had a pivotal role in development, arguing essentially that the West was lucky to develop first. Because the Eurasian landmass is oriented east-west, much of its area lies in the same climatic region. This enabled events like the rapid spread of cereal cultivation across most of the landmass in a historically short 2,500 years.

By contrast, the same techniques spread quickly into northern Africa, but then stopped completely because they could neither succeed in—nor cross—that continent’s hot tropical zone into Southern Africa. Also, since Eurasian societies could more easily trade ideas, they gained a huge developmental head start over the societies of other regions.

According to Diamond, eventually the lead that Eurasian societies had in development gave them further tools to dominate peoples of other regions. In his theory, agricultural success created food surpluses that led to the establishment of soldier classes and advanced weapons.

Furthermore, many centuries of working with animals caused Eurasians to catch and become partially immune to diseases like smallpox, flu, tuberculosis, malaria, plague, measles, and cholera, all of which were originally animal sicknesses. With these “guns, germs, and steel,” for example, a tiny group of 168 Spanish conquistadors led by Francisco Pizarro (along with local allies) defeated an army of 80,000 and went on to conquer the entire Inca Empire in what is now South America.

Another example includes the river valley civilizations that existed before the Common Era. These civilizations developed near the Nile River, the Tigris and Euphrates Rivers (Mesopotamian), Yellow and Yangzte Rivers in modern-day China, and Indus River in South Asia. These civilizations became largely successful because of their proximity to necessities (water), the growth of foods near the water, and more temperate climates. As people gathered around these major water sources, they began

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diversifying their social structures. Later, the nations built near these areas would become major hubs for trade, thus leading to greater wealth.

The ebb and flow of natural resources in a geographic area can greatly affect how societies develop. For example, natural resources can benefit a country. But in some cases, the absence of resources can also help a nation. This was the case in Great Britain prior to the Industrial Revolution, during which the absence of wood and timber led to developments in steel and steam.

**Culture**

In *The Wealth and Poverty of Nations: Why Some Are So Rich and Some So Poor*, Harvard University economic historian David S. Landes maintains that the reasons for different development rates were cultural. Landes admits that tropical regions like sub-Saharan Africa were bound to develop slowly because it was too hot for people to work during the day at certain times of the year, while temperate regions like Europe offered cooler conditions more suitable to productive activities like growing food and raising cattle.

Yet, says Landes, cultural factors such as religion have powerfully affected the pace of development. "If we learn anything from the history of economic development," he says, "it is that culture makes all the difference." In the year 1000, he says, no one would have predicted that Europe would dominate the world 500 years later. But starting in the 1500s, the Protestant form of Christianity promoted both literacy and concern for conservation of time, and both of these attributes led to higher productivity in societies such as Britain, Germany, the Netherlands, and, later, the United States. Likewise, in China and Japan, Buddhist beliefs emphasized labor and thrift, which led to faster social and economic development.

**Property Rights**

Other commentators focus on particular aspects of culture as the engine of success. Hernando de Soto argues that the secret development lies in the structure of private property rights. In *The Mystery of Capital*, he says that the world's "poor" actually possess great wealth. The problem, he writes, is that this wealth is usually tied up in "dead capital" due to the legal and social customs in many developing countries.

For example, many people in Egypt, as in America, own their homes and the property that it sits on. But there is a difference between the American and Egyptian properties in their ability to help their respective owners raise capital for an economic activity like starting a business.

In America, ownership is well documented and there is an efficient legal system that can enforce contracts. A homeowner, therefore, can take out a loan with a bank by putting up his property as collateral. In Egypt, traditional land ownership rules make it impossible for a landowner to prove to the bank that he owns his home. In addition, because the Egyptian legal system is not strong in forcing debtors to repay loans, the bank may not wish to lend money as readily as its American counterpart.

De Soto believes that by reforming land tenure and land ownership registration systems, developing countries can enable their citizens to convert the dead capital that they hold in various land and other property into huge sums of money that can be used for expanding development efforts. De Soto's research estimates the value of real estate now trapped in dead capital to be $74 billion in Peru and $133 billion in the Philippines. In Egypt, $240 billion is tied up as dead capital, 30 times the value of all shares on the Cairo Stock Exchange and 55 times the value of all foreign investments in the country. De Soto argues that if these funds were available for economic activities, the speed of development could be greatly increased.
Lack of Freedom

Bernard Lewis, focusing on the Middle East, argues in his book What Went Wrong? that a lack of freedom—intellectual, political, economic, religious, cultural—is responsible for the decline of the Muslim world from a major center of global power to an area frequently dominated by outsiders and plagued by social and economic troubles. Furthermore, he says, Muslim governments are focused too much on finding scapegoats—especially Jews, Americans, and imperialists—for its failure to develop, asking "Who did this to us?" rather than, "What did we do wrong?"

The UNDP’s first Arab Human Development Report, issued in 2002, endorsed this view, saying that the Arab world had the lowest indicators of seven world regions on a “freedom” index based on political participation of the population, civil liberties, and unrestricted media. In addition, the report noted that women in the Arab world were not empowered, with fewer political, social, and economic opportunities than Arab men, and fewer than women in other regions.

The 2005 Arab Human Development Report displayed findings of women’s rising roles in the Arab world. While they do not enjoy full equality to men in terms of political, civil, and cultural rights, their status is improving. The Report emphasizes equality between the sexes to be a main staple of human development.

However, the dearth of freedom is not limited to the Arab world, and making that generalization is problematic. Constraints on all freedoms exist in Africa; Eastern Europe; Central, South, and East Asia; Latin America; and even areas of the West.

Problems of Development Today

Today the problems facing developing countries revolve around what are generally called “structural constraints” to development. First among these is geography—not just in the historical sense described above—but also in the more contemporary sense that a modern economy cannot function without a division and diversification of labor. Thus, small countries with small populations have trouble developing, and gaining access to markets, and landlocked countries have trouble integrating with global markets and developing their economies.

Other common constraints on development are high economic poverty, hunger, high mortality rates, unsafe water supplies, poor education systems, corrupt governments, war, and poor sanitation. These factors all combine to create what the World Bank calls "poverty traps"—cycles that must be broken for countries to develop.

Countries can avoid poverty traps, however, with sound policies. The World Bank says, for example, "While geography can pose challenges, it does not define a country's destiny."1 Countries with few geographic advantages can become highly developed with good government policies, while countries with valuable geographic resources can squander them. The World Bank therefore recommends that countries focus on six areas of policy:

- Investment in education and health
- Increasing productivity of small farms

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1 United Nations Development Programme Millennium Development Goals 72.
Improving infrastructure (for example, roads)
- Developing an industrial policy to promote manufacturing
- Promoting democracy and human rights
- Ensuring environmental protection

The following sections of this Issue Brief describe how the international community tries to help poor countries implement these policies.

**Assistance for Development**

Over the last 50 years, rich countries have accepted a responsibility to help poor countries. Development assistance grew directly from the violence of the first half of the 20th century. As explained in the Issue Brief on the International Financial Institutions, the World Bank was created at the Bretton Woods Conference to assist the countries shattered by the Second World War. The European Recovery Program, commonly known as the Marshall Plan after one of its key architects, then U.S. Secretary of State George C. Marshall, was the world's first development program. Through the Marshall Plan, the United States provided billions of dollars to wartime allies like Great Britain, France, and the Netherlands to help them back on their feet. But it also stood military and political tradition on its head: Instead of taking money and resources from its defeated enemies as reparations for damage in allied countries, under the Marshall Plan the United States also poured billions of dollars into the economies of Germany, Italy, Austria, and others as a way to prevent war in the future.

The Marshall Plan thus established for the first time two key principles of development assistance:

1. That it is morally correct to help people struggling to improve their lives; and
2. That giving development funds would benefit the United States itself by contributing to its foreign policy goals and creating foreign markets for American exports.

By emphasizing these two principles government officials were able to convince the public of the desirability of giving development assistance and to ensure that Congress would approve budgets for this important work. Ultimately, the Marshall Plan proved to be a moderate success. It was hailed by leaders of the nations that benefited from it, particularly Germany, France, and Britain, as the key to a speedy economic and social recovery from the war and the foundation of a new era of peace and prosperity in Europe.

However, with Great Britain receiving the greatest amount of aid, perhaps the balance and distribution of the aid was skewed. To critics, the Marshall Plan is seen as a major obstacle to development. Instead, the Plan symbolizes American imperialism and willingness to throw money at a problem. These critics often cite saving and business strategies as more important long-term economic factors than foreign cash.
Another feature of the post-Second World War world dramatically affected development. At the end of the war, the people in Africa and Asia began to agitate—politically and militarily—for their independence from European colonial powers. Those powers—such as Britain, France, Belgium, and the Netherlands—were impoverished from years of war and in little position to resist. As a result, much of the non-Western world, including India, Pakistan, Indonesia, and many African nations began decolonizing.

As decolonization gathered momentum in the 1950s and 1960s, it became clear that many newly independent nations did not have the skills and resources needed to thrive in their new era of freedom. Money, together with expertise and infrastructure, was needed to make the most of new opportunities and develop economies for the improvement of the lives of local people.

In response to these needs, wealthy countries began to establish agencies to contribute development advice and resources to the developing world, as described in the following section.
Institutions of Development

Development assistance is distributed through several means, including development banks, government and international agencies, and non-governmental organizations.

Development Banks

As described in the Issue Brief on International Financial Institutions, the World Bank, established in 1945, aims to foster development by providing low-interest loans, interest-free credit, and grants. In 2010, the World Bank provided $58.75 billion in grants and loans to middle- and low-income nations. Africa received $11.75 billion, while South Asia borrowed $11.16 billion. The figure below displays these numbers; Latin American and Caribbean’s loans represent the largest fraction of the total aid provided by the World Bank.1

In addition to the World Bank, there are also a number of major regional development banks similarly dedicated to providing low-interest financing for development projects. These banks have considerable expertise in understanding and reacting to the special needs and conditions of the regions which they operate. Prominent examples of regional development banks are the Inter-American Development Bank (IADB), the Asian Development Bank, and the African Development Bank.

In 2010, the IADB approved $12.136 billion in loans,2 the Asian Development Bank $17.51 billion, and, in 2010, the African Development Bank provided $4.1 billion in development assistance. Examples of its work include funding the development of credit institutions in Mongolia for the rural poor, primary school education in the Dominican Republic, and road construction in Malawi.3

United Nations Development Program

The United Nations Development Program (UNDP) is the agency of the United Nations that directs development policy in member nations. It specifically concentrates on increasing development by focusing on the following issues:

1. democratic governance, that is, helping countries create legislatures, courts, and bureaucracies;
2. poverty reduction, such as debt relief and promotion of foreign investment,
3. crisis prevention and recovery, such as dealing with post-war reconstruction and recovery from natural disasters;
4. energy and environment, that is, providing efficient energy sources for the poor and improving their environment, such as ensuring clear water sources;
5. information and communications technology, such as helping poor countries develop phone systems; and
6. preventing the spread of HIV/AIDS.4

Examples of its work include a program to promote the use of text messages as a way to raise voter turnout in Haitian elections, and a program that helped 15 poor countries connect to the Internet.5

Government Aid Agencies

Wealthy countries disburse development assistance through development departments or agencies that are part of their national governments. These agencies build infrastructure in developing countries, provide famine relief, advise developing countries on public policy, and make grants to regional development banks.

Some of the world's largest government aid agencies are the Japan International Cooperation Agency (JICA), the U.S. Agency for International Development (USAID), Britain's Department for International Development (DFID) and the German Gesellschaft fur Technische Zusammenarbeit (GTZ). Examples of their work include a U.S. program to provide medicine and training to doctors and midwives in Ethiopia, Mali, Zambia, and Indonesia to reduce women's death during childbirth,6 and a British program to provide £104 million in HIV/AIDS prevention and treatment to Zimbabwe over the past five years.6

The U.S. Peace Corps is also a government agency, but operates more like a non-governmental organization (NGO). NGOs are non-profit groups or organizations that are not public or government-owned, but area also not privately owned by enterprises. They are established to fulfill greater socioeconomic concerns "through research, activism, training, promotion, advocacy, lobbying, or community service." The Peace Corps sends people to work directly with local populations for extended periods of time, especially in remote locations, to focus on major issues within that area. Peace Corp volunteers work in many different fields, such as teaching high school science and math, teaching farmers advanced agricultural techniques, and building water and sewage systems.

Non-Governmental Organizations


Non-governmental organizations are bodies organized by private citizens to give financial and technical assistance to developing countries. NGOs are, by definition, independent of any government and of the various development banks. They generally focus on "grassroots" development and often come into conflict both with the governments of the countries in which they operate and the official development world.

5 Untied Nations Development Programme “Phone Text Messaging Aims to Boost Participation in Haitian Elections.”
6 Department for International Development DFID Programs in Zimbabwe 1.
At the same time, much of NGOs’ funding comes from governments and international organizations, such as the UN, so they function in a complex environment, sometimes cooperating with and sometimes in opposition to, other development institutions. Sometimes, for example, they push official institutions by rallying the public in both wealthy and poor countries against policies they think are bad for the poor countries.

Some of the prominent NGOs are Oxfam International, CARE, and World Vision. Examples of their work include running a media campaign for HIV/AIDS awareness in Ukraine, providing relief and reconstruction after a hurricane hit Honduras, and delivering meals in urban schools in Zimbabwe.
Case Studies of Development Projects

The organizations described above engage in a wide range of activities. Here are three detailed descriptions of typical development projects.

The Sustainable Mariculture Development Project in Tanzania

To support the ability of local people to establish stable food supplies and create steady employment, many development projects focus on agricultural issues. In 1999, USAID began an 18-month project to assist people in poor coastal regions of Tanzania in mariculture (marine agriculture) activities. People had begun to farm edible seaweed and shrimp, but problems cropped up over issues such as pollution and sharing of coastal space between various farming groups. The project established by USAID provided funds for a detailed study of the specific problems and opportunities of Tanzanian mariculture activities and produced an integrated management plan that would allow the government to regulate these activities in a way that allowed for their growth while protecting the environment and the rights of individual farmers. With these findings, in 2005, USAID worked with the Tanzanian government and farmers to implement a new National Coastal Strategy.7

Provision for Steel Bridges in Rural Bangladesh

Physical infrastructure, particularly transportation, is also a key element in economic development. Farmers must be able to move their food to market, people must be able to travel from their homes to their places of work, and vital supplies must be able to move between points within a country. Rural development in Bangladesh has been a focus of the Bengali government in the past years, but because of poor road and bridge infrastructure many areas become inaccessible during rainy seasons.

Japan International Cooperation Agency (JICA) stepped in to provide transportation accessibility for 80 percent of Bangladesh’s population. JICA granted money for the procurement of 154 steel bridges. This was a much-needed lift for much of the Bengali population, whose dependence on the bridges can mean the difference between supplies and starvation during monsoon season. In 2002 it was estimated that more than 1000 bridges were still needed to make rural areas accessible year-round, but many of the direst areas received the help they needed through this program.8

Nura River Cleanup Project for Kazakhstan

Many recent development projects have been directed toward dealing with environmental problems associated with industrial contaminations. In particular, the states of the former Soviet Union suffer the effects of toxic contamination caused by years of poorly regulated industrial activities. This pollution can severely harm the development of a region as it makes living in certain areas dangerous to the local population and can cause frightening increases in human, animal and plant diseases.

The Nura River Cleanup Project for Kazakhstan, funded by the World Bank, aims to improve the lives and futures of people living in the vicinity of the Nura River by reducing the high levels of mercury found in the water and surrounding soils. Specifically, the project allocated $40 million during 2003 and 2004 to excavate contaminated soils and move them to secure storage facilities, improve a local dam to allow for better control of river flow to reduce further water contamination, and set up systems to provide continuing maintenance of contamination levels in local water and soils. By making the area safer for local people, the project will contribute to economic and social development in the region.9

7 USAID Water Team “Sustainable Mariculture Development.”
8 “Transportation: Bangladesh.”
9 World Bank “Nura River Clean-Up Project.”

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Currently, the Nura River cleanup Project has a projected cost of $67.8 million and is expected to end on June 30, 2010. The focus on environmental safety has shifted to more diversified interests in the area, including industry, trade, agriculture, irrigation and drainage, sanitation, flood protection, and administration. The project is expected to create safer communities in the area and allow people to develop without fear of safety or contamination.\textsuperscript{10}

However, at the same time, concerns over the project remain. Implementation for the project is slated to begin in the fall of 2009, but there have been few signs of progress in the past five years. Very little social programming and community awareness about the project have been provided by the World Bank or local agencies. The lack of public participation on the project can lead to several more issues down the road once the execution phase is in progress, like poor mitigation and less effective change in water sustainability and safety for the people of Kazakhstan.\textsuperscript{11}

Here is another example of a development project:


\textsuperscript{10} ibid.

\textsuperscript{11} Dana Sadykova “Mercury Rising: The World Bank and the Nura River Clean-Up.”
Development Strategies

The institutions and projects outlined above operate according to certain strategies that sometimes conflict and sometimes reinforce each other. This section of the Issue Brief describes some leading ideas about how to provide development assistance. No single theory can explain how development works best or what the best strategy is to pursue, and in the background of each theory are beliefs about the causes of national poverty as discussed in the beginning of this Issue Brief.

Poverty Reduction

Poverty reduction is the main goal of the World Bank, the UNDP, and most other development agencies. This strategy emphasizes lifting countries out of what the World Bank calls "poverty traps", such as low productivity, poor infrastructure, and weak public health and education systems. According to the Bank, poverty reduction policies should focus on six areas:

1. social structures, such as health, nutrition, education, water, and sanitation systems;
2. agricultural production, including improving technology, rural infrastructure (such as roads, irrigation, and storage facilities), and secure property rights;
3. infrastructure, such as roads, ports, energy, and communications;
4. government industrial policies that spur private economic activity, such as tax incentives and government-funded research and development;
5. social equality, such as equal rights for women (discussed in more detail); and
6. environmental sustainability (also discussed in more detail). Investments in these areas, says the Bank, would lead to an economic take-off "within a generation."1

Significantly, the World Bank says that outside resources are not needed to start this takeoff, only to support it once it’s begun.

Most importantly, the World Bank states that economic policies should be oriented toward the creation of jobs in labor-intensive manufacturing industries, to produce goods for export, which, it believes, "is half the battle of achieving sustained growth."2

But those policies, the World Bank argues, require a support system of properly valued exchange rates, financing from foreign direct investments, and a competent and cooperative public sector bureaucracy. The institution notes that while industrial development moves forward, poor populations still need other help, such as agricultural assistance, access to land, and other economic assets and legal rights.3

Trade-Not-Aid

The trade-not-aid strategy is based on the idea that if developing countries were able to trade more freely with wealthy countries, they would have more reliable incomes and they would be much less dependent on external aid to carry out development projects. International trade would raise incomes and living standards as poor countries were able to export their way to economic development by selling their products to rich countries eager to buy their goods.

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3 Ibid 77-79.
Unfortunately, most wealthy countries have higher tariffs on goods that developing countries export, such as clothes. These countries end up paying higher tariffs compared to developed countries, which exports lower-tariff goods. Developed countries also subsidize their own industries – keeping out competition from poorer countries.

For example, Middle Eastern countries faces average tariffs of 15 percent on clothes on the $4.2 billion worth of goods it exports to the United States each year, even while France faces only two percent tariffs on manufactured goods on $34 billion in annual exports to the United States. According to Progressive Public Policy Institute, although Middle Eastern countries export less merchandise to the United States, they pay just as much in taxes. This is because the United States charges higher taxes on clothes than on manufactured goods – creating a disadvantage for developing countries, whose main exports are clothes.

 Likewise, subsidies to European farmers have caused the decline of the Brazilian and Jamaican dairy industries and the South African sugar industry. The $265 billion per year in subsidies by the rich world to its own farmers is 3.3 times more than the aid given to developing countries by OECD countries. In fact, every cow in Europe gets more money in EU subsidies per day (an average of $2.20) than 20 percent of the world’s population earns in daily income. Eliminating those subsidies, many analysts say, would make development aid much less necessary and allow poor countries to develop their own economies without need for charity.

The Uruguay Round of trade negotiations, completed in 1994 (which created the World Trade Organization), was intended to open developed countries’ markets for agriculture and textiles. Poor countries were disappointed, therefore, when it did not result in as much access as they had hoped. They agreed to another round of negotiations at Doha, Qatar, in November 2001 only if their needs were specifically addressed. The round was therefore dubbed the “Doha Development Round” and was intended to focus on the needs of developing countries for access to the import markets of developed countries. Particularly important was the end of agricultural subsidies, which were supposed to be gradually lowered and eventually eliminated.

But in the nine years since the Doha meeting, negotiations on agricultural trade have progressed slowly. In the summer of 2003 the United States and Europe finally promised a reduction in subsidies, but it was not enough for the developing countries. The whole round of negotiations stalled, then, in September 2003 when the developing countries refused to go forward with discussions on other areas of trade, such as rules for foreign investment. Since then, little has changed and few negotiations have been determined from Doha. In 2006 because of continued disagreement and stalled negotiations the General Council for the Doha Rounds agreed to suspend the talks, and the latest meeting in 2008 signaled the conclusion of the Doha Round. The general consensus remains that the Doha Rounds did very little, in the end, to significantly implement the Trade-For-Aid strategy or decrease agricultural subsidies in OECD countries.

**Good Governance**


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4 “Factbox: U.S. Tariffs, Sanctions Abound in Muslim World.”
5 Office of the United States Trade Representative “Bangladesh.”
6 “Factbox: U.S. Tariffs, Sanctions Abound in Muslim World.”
7 CIA “World Factbook: France.”
8 [http://www.reuters.com/article/idUSTRE54U0P220090531](http://www.reuters.com/article/idUSTRE54U0P220090531).
9 “Agricultural Policies in OECD Countries: MONITORING AND EVALUATION”
10 “OECD Study Highlights Importance of Agricultural Market Access to Doha Success and Economic Development.”
12 “Doha Development Agenda: Negotiations Summary.”

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Another development strategy tries to ensure that development aid is spent most effectively. In an influential research paper published by the World Bank in 1997 entitled "Aid, Policies, and Growth," two economists showed that development aid was most helpful when given to countries that had sound fiscal, monetary, and trade policies. Aid given to poorly run countries, on the other hand, had no effect on economic growth.

This research spurred the idea that aid should be given selectively, only to countries that implement good economic policies. The idea has had a major impact on aid programs. In January 2004, for example, the U.S. government announced the establishment of a new fund for international development, called the Millennium Challenge Corporation. The corporation will distribute up to $5 billion per year to countries that the U.S. government judges to be fighting corruption, improving social services, and adhering to the rule of law and human rights.13

Another element of this strategy, to help move along good governance, is the idea of "institution building." The growth of many developing countries is constrained; the idea goes, by the capacity limitations of their government agencies. To combat this problem, projects to strengthen institutions are directed at developing countries' government agencies to improve their technical abilities and increase their operational efficiencies in areas such as the legislatures, courts, government bureaucracy, law enforcement, and regulatory agencies.

For example, USAID has helped legislators in El Salvador, Bolivia, Nicaragua, Guatemala, and Mozambique modernize their lawmaking processes through assistance in drafting budgets, defining legislative goals, and interacting with citizens.

**Sustainable Development**

Sustainable development means, in the words of the 1987 World Commission on Environment, "development that meets the needs of the present without compromising the ability of future generations to meet their own needs."14 In other words, sustainable development is a comprehensive approach to promoting development in ways that do not harm the environment or deplete natural resources so that they still will be available in the future.

This strategy is guided by the international agreement called Agenda 21, or the Rio Declaration on Environment and Development, which focuses on the goals of sustainable development. These goals include economic prosperity in combination with and alongside protection of the world's atmosphere, promotion of sustainable farm production, combating deforestation and desertification, protection of the oceans, maintenance of biodiversity, and protection of water resources.15

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13 Esther Pan "Foreign Aid: Millennium Challenge Account."
14 World Commission on Environment *Our Common Future* 43.
15 United Nations "Agenda 21."
As a strategy, sustainable development recognizes that past policies sometimes achieved development by means that could not be kept up over time. For example, in the 1990s, between 10,000 and 30,000 square kilometers a year of Brazilian rainforest was cleared, fueling rapid economic growth in farming and ranching operations. In the short term, the practice created jobs and increased food production, but environmental damage caused by the clearing made much of the newly cleared land unusable in the longer term; the net result in many cases was a negative economic outcome.

On the other hand, a sustainable development project is, for example, a program funded by the Canadian International Development agency. Canadian experts in sustainable development worked for almost three years to help farmers in drought-prone regions of Zimbabwe and other Sub-Sahara African countries learn how to use new technologies of irrigation and soil conservation, and introduced drought-resistant types of seeds of indigenous species of plants. They also helped the local government officials work more closely and efficiently with the citizens to foster these policies, leading to improvement in what is known as “sustainable livelihoods” for the farmers.

16 Mongabay.com “Rainforests of Brazil.”
Gender Equality

Statistics show a strong link between the lack of women's rights and poverty. In societies without gender equality, women are denied access to education, legal representation, and political voice, making it much harder for them to contribute to social progress. For example, where women are prevented from holding jobs or pursuing careers, half of the population is unproductive, and this is a major inhibitor of a country's development and economic efficiency.18

Furthermore, lack of concern for women can lead to major social problems. For example, illiterate and poorly educated mothers have a hard time providing high quality child care because they lack knowledge about proper health care and nutrition. As a result, their children have higher mortality and malnutrition rates. This, too, leads to slow economic growth.

Many development programs therefore focus on gender specifically, with the goal of fostering general social cohesion and economic progress by attending to women's issues. For example, "microbanks" have been created to lend small amounts of money—sometime only a few dollars—to women to help them start businesses based on their skills, such as sewing. Even a few dollars can help a woman buy a new or larger sewing machine that can help her produce fabric not just for her family but also to sell on the market.

New Investment Strategies

In the late 20th century and early 21st century, there has been a growing movement called microfinancing. This movement became popular thanks to Bangladeshi banker and economist Muhammad Yunus, who was jointly awarded the Nobel Peace Prize in 2006 with Grameen Bank. Microfinancing emphasizes microcredit, or the creation of small loans given typically to poor entrepreneurs in developing nations who are too impoverished to apply for more traditional bank loans. Supporters of the microfinance movement argue that microfinance is cyclical in nature; by giving loans to poor individuals, these people can create businesses and sustain their households by raising income and building assets.19

Critics of the movement emphasize the potential for usury – the difficulty in tracking how money lent is spent, and the sustainability of operations. In addition, some microfinance institutions charge obscenely high interest rates which could instead stunt poor individuals' economic growth. This leads critics to believe that microcredit is a short-term solution to a

18 Farah Khan “Rights-Belgium: A Lobby Group Pushes for Women Advancement.”
19 Microfinance Gateway “FAQ.”
long-term problem. Nevertheless, this growing trend is making headlines and serves as a nontraditional way for individuals to participate in international investment.\textsuperscript{20}

\textsuperscript{20} Thomas Dichter "Hype and Hope: The Worrisome State of the Microcredit Movement."
Conclusion: The Millennium Development Goals


All of the organizations and strategies described above have come together in the push to achieve the Millennium Development Goals (MDGs). In September 2000, the leaders of 189 countries met at United Nations headquarters in New York to participate in the UN Millennium Summit. At the conclusion of the meeting, members agreed to the UN Millennium Declaration, which laid out the MDGs as guides for the UN in the years to come, as shown in the box below. They are intended to be part of a "compact" between poor nations and rich nations, ensuring that rich will devote resources to helping poor countries develop if the poor make their own efforts to reform their countries to make the assistance work effectively and efficiently.

Millennium Development Goals

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria, and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

Source: United Nations

Along with the goals, the international community set 18 specific targets to meet to fulfill the goal and related indicators by which to measure achievement toward meeting the targets and goals. For example, one target is to halve the number of people in the world living in hunger, as measured by, among other factors, the proportion of children under five years of age who are underweight.

Another target is to integrate sustainable development principles into developing countries' policies, as measured by, among other factors, the amount of forestland and the amount of land preserved for biological diversity purposes. A third target is making information technologies available to wider sector of the world's population, as measured by the percentage of people with access to personal computers, the Internet, and telephones.

The targets, as measured by a set of indicators, will be a crucial yardstick by which world leaders will be able to judge to what extent their development efforts are working. They also will help organizations like the World Bank and UNDP produce a more concrete vision of what they want to accomplish over the years to come, and hopefully enhance their ability to convince governments to give them the funds needed to accomplish the goals.
Can the world actually achieve the Millennium Development Goals by the year 2015? According to the UN, $110 billion in additional development assistance per year will be needed in 2015, about 2.7 what had been given in 2002. According to the UN Development Program, the only region that has made reasonably positive progress toward the goals has been Eastern and Southeastern Asia, which has 1.5 times less of extreme poverty and dramatically reduced hunger rates since 1990. Other regions, though, such as Latin America, have shown little progress, and some even regressed. Poverty has worsened steadily in sub Saharan Africa and in Western Asia, for example.

In 2009, past the halfway point to the 2015 goal, progress in the eradication of poverty and hunger have “slowed or reversed as a result of the global economic and food crises. The 2009 progress report concludes that most goals will not be met by 2015. It seems that much work remains to be done, and the hope is that with greater efforts from both developing and developed countries on their compact, progress toward the Millennium Development Goals will improve as the global economy returns to a more stable state.

21 UN “Resources required to finance the Millennium Development Goals.”
22 UN “Achieving the Millennium Development Goals in an Era of Global Uncertainty.”
23 UNDP “Recent Gains in Eradication of Hunger and Poverty Endangered.”
24 ibid.
Stories of Jeremiah Ugwu, Ifeanyi Okpaga, Cynthia Ukwegwu, and Simon “Monday” Aliome

Jeremiah Ugwu, Ifeanyi Okpaga, Cynthia Ukwegwu, and Simon “Monday” Aliome are all students at the Hope High International School in the Eyboni State of Nigeria. The wife of State Governor Dr. Sam Egwu, Unis Ukamaka Egwu, built the high school and scouted the state to find the best and brightest pupils to attend the school. The high school has a program, fully paid by the state, to send the incoming students to the United States to study at a special summer program at St. Timothy’s School in Baltimore, Maryland. There, Globalization101.org had the opportunity to interview four incredible students. All four students expressed their gratitude to Dr. Sam Egwu and his wife for the opportunity to attend this school during the summer, and to study international politics and the US democracy.

Jeremiah Ugwu

Jeremiah was born in the village of Obodo Aba Obeage in Eyboni state. He is the youngest of five children, with an older brother and three older sisters. His parent work on agriculture policy for the local government. After visiting the United States, he decided he wants to become a Nigerian diplomat and work for the Nigerian Embassy in the United States. When asked how globalization affects his life, he said globalization has helped bring better transportation to his village and has allowed him to fly to the United States.

Ifeanyi Okpaga

Ifeanyi is fifteen. He was born in the town of Ezzangbo, part of the village of Umuagara. He is the youngest of six children, with three older brothers and two older sisters. His parents are subsistence farmers, who grow yams, maize, cassava and pumpkin. He believes education is important and understands that not everyone has the opportunity to go to school. He said many children are forced to farm rather than go to school. When he grows up, he wants to be an engineer, so he can construct roads. He said “most of my family lives in primitive areas where there are no bridges, no water and occasionally there is electricity.” When asked how globalization affects his life, he spoke about the importance of communication. Today he can make telephone calls, whereas five years ago he could not. He pays a local business 60 naira (about 50 cents) for a two-minute phone call on a cell phone.

Cynthia Ukwegwu
Cynthia was born in the village of Amudo. She is one of six children in her family. Her family traveled a lot when she was younger and so she has lived in a number of Nigerian states. Her sister is also in school and her older brother is in the first year of university. She wants to be an accountant and to help the government with their banking system. She dreams of working for the World Bank. When asked how globalization affects her life, she said it has given her the freedom to travel and to immigrate. She hopes to move to the United States. She hopes that after seeing the world, she can go back to Nigeria and use the ideas she has learned to help improve her country’s economy. Her trip to the United States has influenced her to want to take a leadership role in her community by becoming a chairperson.

Simon “Monday” Aliome

Simon was born in the village of Kpakajiezzama. He is one of seven children in his family. His parents are subsistence farmers, who grow cassava, star fruits, cocoa and yams. He attended primary school in his own village before attending Hope High. He wants to be a mechanical engineer because he wants to build houses and bridges. When asked about how globalization has affected his life he spoke about the spread of television and access to cars and telephones. He has to walk 30 minutes to school every day. Sometimes he catches a ride with a friend on a motorcycle or a bus. One of his favorite games he learned in the United States was “Simon Says”. He plans to teach it to everyone when he returns home. He hopes it will spread around Nigeria.
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**The Divide between Developed and Developing Countries**


**Problems of Development Today**


**Assistance for Development**


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