

MDGs and Beyond



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INSIDE

Page 2:

Rural-urban disparities and the MDGs

Page 3:

Building cities that work

Page 4:

The MDG Report Card: Where we stand

CONTACT:

Jos Verbeek

Lead Author

Global Monitoring Report

Development Prospects Group

The World Bank

E-mail: gmr@worldbank.org

Web: www.worldbank.org/gmr

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Maintaining the momentum

By Christine Lagarde and Jim Yong Kim

International Monetary Fund and The World Bank

Global Monitoring Report (GMR) 2013, released this month, gauges progress toward the Millennium Development Goals (MDGs) through the lens of the changing urban-rural landscape. The goals encompass and promote a universal standard of being free from grinding poverty, being educated and healthy, and having ready access to clean water and sanitation. Urbanization has helped reduce poverty and has increased both access to and quality of services.

However, the number of people living in urban slums is also rising, and cities often contribute to environmental degradation. At the same time, three quarters of the poor still live in rural areas, and better provision of basic services in those areas is essential. With this in mind, GMR 2013 calls for complementary rural-urban development policies and an integrated strategy of planning, connecting, and financing.

Against the backdrop of this changing urban-rural landscape and the macroeconomic growth that it has generated, success in reducing the proportion of people whose income is under \$1.25 a day is a signal achievement. This proportion fell from 43.1 percent in 1990 to 20.6 percent in 2010. However, that still leaves 1.2 billion people in extreme poverty.

This stark reality is only part of the story, since the seven other goals are equally vital to improving the human condition. For example, providing access to safe drinking water and basic sanitation, part of MDG 7, is essential if people are to be healthy enough to complete school and join the job market. Improved sanitary conditions and better education help reduce infant and maternal mortality. In all of these areas, women play a key role, and ensuring equal opportunities for women is absolutely essential.

Yet, continued progress toward the MDGs will be increasingly difficult to achieve without far better stewardship of the environment. Pollution can get in the way of people's health and thus their productivity, whether on the farm or in cities. Poor people are the least able to protect their children from the effects of pollution on health and educational outcomes, which can in turn mean setbacks once they reach adulthood. Climate change is intensifying, putting the prosperity of future generations at risk and imperiling hard-won development achievements.

With fewer than 1,000 days remaining until the current set of MDGs expire, it is imperative that all of us, wherever we are, make a greater effort to help more people escape poverty and improve their overall well-being. Accelerating progress toward the MDGs and maintaining that momentum beyond 2015 is not only the right thing to do, it is also in the best economic interests of nations.

This article is adapted from the Foreword in the Global Monitoring Report 2013

Rural-Urban disparities and the MDGs

By Vandana Chandra
Senior Economist, The World Bank

The countdown to 2015, when the Millennium Development Goals (MDGs) are due to expire, sparks two concerns. The global focus of the MDGs masks important spatial differences reflected in the progress that individual countries can make in reaching the targets. And, if spatial disparities matter, how are their policy implications different from those for achieving the global MDGs?

In 1980, the developing world was predominantly rural with 30 percent of its population living in urban areas. By 2011, urbanization had increased to 50 percent. By 2030, it is estimated that 96 percent of the additional 1.4 billion people in developing countries will live in urban areas. However, even as developing countries urbanize, 76 percent of the 1.2 billion extremely poor people still reside in rural areas.

According to newly released poverty statistics, both rural and urban poverty rates declined between 1990 and 2008. However, least progress in halving extreme poverty (MDG 1a) was made in South Asia and Sub-Saharan Africa. In comparison, East Asia made stellar progress driven mainly by success in China.

There is a high premium to being an urban resident – on average, urban households consume 75 percent more than rural households and urban areas have better access to MDG-related services. This motivates the rural poor to migrate to cities.

Access to primary education (MDG 2a) improves productivity on a farm or in a better paying job in the city. Combined with basic health care (MDG 1c) and nutrition (MDG 4a), primary schooling lays the foundations

for human capital that has the advantage of being cumulative – continuing to be formed throughout childhood and young adulthood regardless of location.

Education. Starting primary education and completing it is more likely in urban areas as evidenced in Bangladesh, India, Nepal and Pakistan. But the *quality* of education is also crucial. In Sub-Saharan Africa, the urban-rural differential in grades 4-7 in achieving competency in reading is 18 and in mathematics 6. Teacher absenteeism and difficulty in attracting teachers to rural areas are the main factors affecting the quality of schooling.

Healthcare. Rural-urban differentials in infant mortality rates are 8-9 percentage points in Latin America and eastern Europe and Central Asia; 10-16 percentage points in the Middle East and North Africa, South Asia and Sub-Saharan Africa; and 21 percentage points in East Asia. Spatial differences in incomes, fertility rates and access to safe water and sanitation and health care affect infant mortality. The percentage of babies born in health facilities is 78 in urban areas, compared to 43 percent in rural areas in Sub-Saharan Africa.

Infrastructure. The greatest rural-urban disparities in access to sanitation (MDG 7c) are in South Asia and Sub-Saharan Africa, where less than 25 percent of the rural population, compared to 50 percent or more of the urban population, has access to sanitation. In 2010, differentials of 70 percent in access to safe water prevailed in Ethiopia, Niger, Gambia, and Sierra Leone, compared to an average differential of 15 percent in developing countries.

Rural-urban disparities are country-specific. The spatial location of the poor poses challenges for the MDGs because the costs and logistics of service delivery are sensitive to location and the nature of the service.

Investments in education and health care are cumulative and portable. Water and sanitation are delivered at a fixed location and need scale economies to be affordable. As the MDGs are spatially blind and apply to all individuals, policymakers may have to prioritize delivery when budget constraints are binding.

Poverty Rates are falling in both urban and rural areas but are lower in urban areas

Share of the population below \$1.25/day

	1990		1996		2002		2008	
	rural	urban	rural	urban	rural	urban	rural	urban
East Asia & Pacific	67.5	24.4	45.9	13.0	39.2	6.9	20.4	4.3
Europe & Central Asia	2.2	0.9	6.3	2.8	4.4	1.1	1.2	0.2
Latin America & Caribbean	21.0	7.4	20.3	6.3	20.3	8.3	13.2	3.1
Middle East & North Africa	9.1	1.9	5.6	0.9	7.5	1.2	4.1	0.8
South Asia	50.5	40.1	46.1	35.2	45.1	35.2	38.0	29.7
Sub-Saharan Africa	55.0	41.5	56.8	40.6	52.3	41.4	47.1	33.6
Total	52.5	20.5	43.0	17.0	39.5	15.1	29.4	11.6

Source: World Bank staff estimates

Building cities that work

By Somik Lall
Lead Urban Economist, The World Bank

Today’s developed countries urbanized mostly gradually, their cities expanding over a period of 100 years or more as jobs shifted from farms to factories. This pace allowed for trial and error. Developing countries today don’t have that luxury, as people migrate in unprecedented numbers from rural areas to pursue their hopes and dreams in cities – with the world’s urban population doubling in a little more than a generation from 2 billion to 4 billion between 2000 and 2030. Getting this rapidly paced urbanization right is the key to sustainable growth.

But effectively responding to the challenges and opportunities presented by urbanization is no easy task, as city leaders must figure out now how to provide the affordable homes, transportation, jobs, and basic infrastructure and services necessary to support already ballooning urban populations in ways that have the least impact on the environment. In trying to address these challenges, city leaders often pursue targeted investments: providing housing subsidies, increasing infrastructure spending, creating new growth poles. Yet history shows us that a more comprehensive set of rules is needed.

In response, the World Bank has developed a program of diagnostics called the Urbanization Reviews that help governments think comprehensively about how policy and investment choices can influence the pace, magnitude, and impact of urbanization. Over the past three years, these diagnostics have been carried out in collaboration with city leaders in several pilot countries across the globe – from Uganda to India to Colombia.

The World Bank has now synthesized these experiences into a few basic principles that, when adhered to, can go a long way towards putting cities on a sustainable path to development – even under the heavy constraint faced by many developing cities. These principles have been summarized in a new report, entitled *Planning, Connecting, and Financing Cities Now—Priorities for City Leaders*, using the three main dimensions of urban development:

- *Planning* – charting a course for cities by

setting the terms of urbanization, especially policies for using urban land and expanding basic infrastructure and public services.

- *Connecting* – making a city’s labor, goods, and services available across the city and to other cities and export markets.
- *Financing* – finding the up-front capital to provide infrastructure and services as urbanization picks up speed.

Of the three dimensions the underlying research shows that planning for land use and basic services is primary for countries at all stages of urbanization. Yet because planning must allow for people and products to be mobile, it must be coordinated with connecting at all stages of a city’s growth.

What follows then is financing: a dimension that, although as necessary as the other two, should be city leaders’ last concern rather than their first. This is because investments in urban infrastructure will define a city’s urban form, which has lasting consequences for decades and centuries to come. This presents enormous potential for regret if decisions are made without adequate consideration of how conditions – economic, social, and environmental – will change over time.

Coordinated planning, connecting, and financing are, therefore, essential for cities to grow efficiently, cleanly, and inclusively and avoid locking in unsustainable paths to development.

Framework for Sustainable Urbanization

	Plan	Connect	Finance
Value	VALUE land through transparent assessment	VALUE the city’s external and internal connections	VALUE and develop the city’s creditworthiness
Coordinate	COORDINATE land with infrastructure, natural resources, hazard risk	COORDINATE among transport options and with land use	COORDINATE public- private finance using clear, consistent rules
Leverage	LEVERAGE competitive markets alongside regulation to expand services	LEVERAGE investments that will generate the largest returns—individually and collectively	LEVERAGE existing assets to develop new ones, and link both to land use planning

The MDGs Report Card: Where we stand

By Eugenia Suarez Moran
Development Prospects Group, The World Bank

Only two years away from the 2015 target for the Millennium Development Goals (MDGs), progress is diverse across regions. Global estimates indicate that targets such as reduction of extreme poverty (MDG 1a), gender equality in primary education (MDG 3a), access to safe drinking water (MDG 7c), and improved lives for at least 100 million slum dwellers (MDG 7d) have been reached.

Poverty. The distribution of the poor is notable in the differences between poverty rates in rural and urban areas. As global poverty declined, so did the differential between urban and rural poverty. East Asia and the Pacific region had narrowed the gap by almost half by 2008. In other regions, such as Sub-Saharan Africa, Latin America and the Caribbean, and South Asia, there was less progress in closing this gap.

Education. The commitment to provide primary education to every child has been reached only in Latin America and the Caribbean, although Europe and Central Asia is close (This goal had been reached by East Asia and the Pacific; then there was some reversal, but the region is now close to reaching the goal again). Urban and rural primary completion rates are very similar in many countries around the world. The quality of primary education, however, differs more substantially, as evidenced by the differences in the percentage of pupils reaching competence levels in reading in urban versus rural areas.

Gender equality. Expanding opportunities for women in the public and private sectors is a core development strategy. Education is the starting point. By enrolling and staying in school, girls gain the skills they need to enter the labor market, care for families, and make decisions for themselves. Girls have made substantial gains in primary and secondary school enrollment. In 1990, the primary school enrollment rate of girls in developing countries was only 86 percent that of boys. By 2011, the average was 97 percent.

Child mortality. In most developing countries, child deaths usually occur in the first year. The under-five mortality rate fell from 87 per 1,000 live births in 1990 to 51 in 2011. This progress is not sufficient to meet the MDG target of a two-thirds reduction, and only 13 countries are making enough progress to reach it by 2015. As a country urbanizes, children in urban areas tend to have access to better health services and, thus, urban areas

have lower rates of child mortality than rural areas. Notably, the highest rates of child mortality are in Sub-Saharan Africa, where countries are the least urbanized.

Maternal mortality. MDG 5 centers on improving maternal health, by reducing the maternal mortality ratio by three-quarters. However, progress on maternal health is still lagging. Even though many developing countries are making progress towards reducing maternal mortality (e.g. Sri Lanka and Malaysia), for most, progress remains slow and the levels of maternal mortality are still high in much of the developing world. In spite of ongoing additional efforts all around the world, this target is unlikely to be achieved by 2015.

Sustainable development. Most countries have agreed on the principles of sustainable development, and there is international consensus to protect the environment. To this end, MDG 7 includes a target of halving the proportion of the population without access to improved sanitation and water. However, access to safe water and sanitation remains a problem. Fifty-six countries have not made enough progress to reach the target on time; moreover, 20 countries do not have enough data to measure their progress on this target. Sub-Saharan Africa is lagging the most, although it has improved access to clean water in rural areas from 35 percent in 1990 to 49 percent in 2010; access in urban areas has not changed and remains at 83 percent. East Asia and Pacific made impressive improvements in rural areas, from 58 percent in 1990 to 84 percent in 2010; in urban areas access is nearing 100 percent. The other regions have managed to reach access rates of more than 80 percent in urban and rural areas.

