EDITORS' FOREWORD

Ending global poverty, decreasing human misery and promoting economic growth have long been lofty goals of humanity. Yet, it was not until the United Nations distilled these aspirations into the Millennium Development Goals (MDGs) in 2000 that the international community agreed, at least in principle, to coordinate their development efforts around eight specific objectives. The ambition of the Goals is monumental—some might say beyond the reach of current economic development methods given a world of vast inequality. One innovation, however, of the MDGs is to make progress quantifiable, with measurable ways of charting and evaluating results.

In September 2005, world leaders will meet at the Millennium +5 Summit to take stock of how member states have done so far in making the Goals a reality by 2015. Chief among the questions that will be addressed is whether the Goals are being adequately funded and if not, what more needs to be done. It seems fitting then for this issue of the *Journal of International Affairs* to serve as a stimulus for the debate, evaluating the current interactions between institutions, processes and mechanisms for financing development. The challenge is to look past theory and high ideals and examine what works and what fails. To this effect, *Financing Development: Challenges for the Millennium Development Goals* features scholars and practitioners who examine these interactions and offer critiques and alternatives to existing methodologies.

Jeffrey D. Sachs, an influential development economist and Director of the UN Millennium Project, helps to frame the issue by providing an overview of the key challenges still facing the MDGs in his interview with the *Journal*. In a second interview, former President of Brazil, Fernando Henrique Cardoso, provides unique insight as both an academic and national leader into the process of transforming development theory into strategies for implementation.

Though many billions of dollars have been directed to development, there remains an ongoing debate about its effectiveness. Tony Addison, George Mavrotas and Mark McGillivray explore trends in global aid, highlighting a decline in assistance to Sub-Saharan Africa, where the MDGs will be the hardest to achieve. Taking a closer look into the effects of foreign aid on economic growth and human welfare, Stephen Turnovsky offers a dynamic economic model that takes into account financial, investment, production and labor flexibilities of different economies. William Masters evaluates the need for increased agricultural research in Africa and proposes an incentive-based funding mechanism to encourage innovation.

Building on these analyses of aid effectiveness, three articles explore the sources and allocation of the funds that support development. In his commentary, Akbar Noman evaluates the role of the Bretton Woods Institutions in providing development assistance and suggests a more country-specific approach to aid. Saskia Sassen explains the power of markets in determining capital flows, and argues for changes to the investment criteria used by key actors in order to better support economic development and environmental sustainability. Rathin Roy and Antoine Heuty assert that current poverty reduction strategies should be more tailored to recipient countries and that development financing should foster sustainable national capital-accumulation.

Olivier and Shahin Vallée counter that the current conception of debt sustainability undermines the very process of development that it is meant to advance, prioritizing debt over fiscal sustainability and weakening states in Africa. Ravi Kanbur poses some "hard" questions about the complicated relationship between growth and inequality and, more importantly, what exactly it is that we are buying into when we commit to eradicating world poverty.

An essential foundation for equitable growth, as described by Kathryn Imboden, is the cultivation of inclusive financial sectors that provide low-income populations with access to basic financial services. David Satterthwaite demonstrates the vital role local governmental and community organizations, as compared to traditional funding agencies, play in providing more inclusive and immediate access to aid for the urban poor.

Two commentaries on specific MDGs—gender and education—convey how individual objectives are interdependent, requiring coordination among all stakeholders for genuine improvement in human welfare. Stephan Klasen posits that gender equity underpins the advancement of most other development goals. Nancy Birdsall and Milan Vaishnav discuss how the monitoring of both donors and recipients is necessary to encourage consistent donor support for education initiatives. While energy is not formally a focus of the MDGs, a graphic essay on an innovative energy platform in Mali shows how energy is a critical element of any discussion about development.

This diverse selection of articles shows that the dialogue on economic development is constantly changing. The measurable outcomes of the MDGs provide a practical way to tackle the problems that often seem overwhelming in the face of complex political, social and economic realities. As the Editors, we hope that the content of this Journal will provide our readers with a deeper understanding of the current efforts to mitigate some of the most challenging problems in our world today.

The Editors