

## **Updated Concept Note on the Millennium Villages Project: Scalability, Sustainability, and Early Lessons**

### **I. Background**

Achieving the Millennium Development Goals (MDGs) in sub-Saharan Africa requires integrated rural development as a core component of the overall economic development strategy. Rural development requires community-based investments in priority sectors including agriculture, health, education, water, transport infrastructure, energy services, and the environment, and effective institutions at the community-level capable of implementing and sustaining these investments. In addition to rural development, the MDGs also require complementary progress in urban areas, in the rollout of national-scale infrastructure (highways, ports, rail, power), and in the voluntary reduction of fertility rates in order to slow runaway population growth.

The Millennium Villages Project (MVP) is a partnership initiative designed to identify and scale-up solutions to the challenge of integrated rural development. The MVP has already helped to highlight at the national and international policy levels several of the key (and until recently, neglected) investments needed for successful rural transformation, including an African Green Revolution for higher agriculture productivity (mainly through improved inputs, diversification, agribusiness development, and agronomic practices); comprehensive malaria control (based on full coverage of long-lasting nets, improved case management, and deployment of community health workers); the expanded training and deployment of community health workers; the expansion of school meal programs using locally produced foods; and the creation of effective community-based institutions.

A recent external review conducted by the Overseas Development Institute described the project's success as follows:

The Millennium Villages Project (MVP) has achieved remarkable results and has demonstrated the impact of greater investment in evidence-based, low-cost interventions at the village-level to make progress on the Millennium Development Goals.

The same report went on to say that:

MVP-type interventions in rural economies in Africa are patently and urgently necessary and the efforts of the MVP are to be highly commended – not least for enabling governments to implement stated policy and for piloting different strategies to enable them to do so more efficiently. As a testament to its early achievements, a number of governments have requested

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support to replicate such rural investments outside the present MVs. Moreover, additional countries have requested support to launch their own MVs.

The MVP is highlighting the value and feasibility of integrated community-based investments, rather than the one-by-one investment strategies too often deployed in rural areas. Because of budgetary limitations, donors and NGOs too often search for a single “highest impact” or magic bullet initiative that will be most “cost effective”: girls’ education, safe water and sanitation, HIV/AIDS control, livestock, and so forth. One or maybe two of these are deployed in a village, without the benefit of a more holistic strategy. The result, all too often, is the lack of sustainability of the individual investment, and the lack of an overall breakthrough out of the poverty trap. Such one-dimensional strategies fail to reach threshold levels of community capital investment needed to break the poverty trap.

There are two reasons for an integrated-investment strategy. First, with multiple objectives (health, nutrition, poverty, disease control, safe water, etc.) we need multiple tools (such as community-based clinics, diversified local food production, commercial farming, malaria control, piped water, etc.). Second, these multiple tools are synergistic. While each has a main target, each contributes to progress on several or all of the goals. Moreover, after decades in which many analysts declared “integrated rural development” (IRD) to be unmanageable (and perhaps unnecessary), the MVP and other projects are showing how IRD can indeed be accomplished using the stronger technologies, policies, information systems, macroeconomic environments, and institutional capacities now available, compared with the much weaker tools and context 30 years ago, when the last wave of integrated rural development was tried.

The MVP resonates extremely well with national and African Union policy makers in Africa, who are grateful for and strongly supportive of the very practical and measurable approaches of the MVP. One reflection of this resonance is the intense interest of governments around the world to join the project, and to expand the project nationally where it already exists. The MVP is constantly receiving requests from African Heads of State to expand the project to their countries, and from current host governments to carry the project to national scale from the one or few clusters of currently existing MVs. Fortunately, a growing number of public and private donors are prepared to back the expansion of the project, though by far not enough to meet the burgeoning demand.

Since 2006, the Millennium Village project has achieved early successes in the following 11 countries: Ethiopia, Ghana, Kenya, Malawi, Mali, Mozambique, Nigeria, Rwanda, Senegal, Tanzania, and Uganda. It is currently expanding into Benin, Cameroon, Liberia, and Madagascar. The MVP has received requests from many other countries in Africa and beyond: Haiti, Papua New Guinea, Burkina Faso, Congo, Central African Republic, Comoros, the Gambia, Guinea, Sierra Leone, and Togo. This waiting list results from the lack of adequate donor support to scale up the project in line with the incoming requests.

In addition to new countries seeking to join the project, most of the existing host governments are clamoring for an expansion of the project. This is the case, for example, in Mali, Rwanda, Uganda, Kenya, Tanzania, Ethiopia, and Nigeria. Many of these countries have already formulated national-level strategies to expand the MVP approach to all districts, parliamentary constituencies, food-deficit villages, or simply the entire rural population in a country.

The MVP has hit clearly on a crucial and too-often-neglected part of successful development: community-based and community-led integrated rural development, with a simultaneous focus on agriculture, health, education, and infrastructure. Yet in view of the burgeoning demand for this approach, the early and tentative successes must now be backed by a long-term strategy, one that shows how the early successes can be sustained in the long haul, and carried out effectively at the national level.

At a financial level, the scale up of the MVP should be understood in the context of global MDG politics. The MVP is not free. It assumes predictable external donor support on the order of \$80-100 per person per year in rural areas, for a period of around a decade. This level of external support is in line with global commitments for scaled-up aid. The Gleneagles promises, for example, would amount to around \$100 per African per year in aid as of 2010 if the G8 follows through on these commitments as promised. The proposed scaling up of community-based investments is also fully in line with the policy consensus spelled out in the UN Secretary General's MDG Africa Steering Group Report (July 2008), which has also been adopted by the African Union.

The MVP is aiming to spur broad scaling up of integrated rural investments for MDGs. This scale-up is only possible if the ODA promises for 2010 and 2015 (recently reconfirmed by the Council of the European Union) come true. The MVP will be successful if it: (1) demonstrates the feasibility of integrated investments to achieve the MDGs in impoverished rural Africa; (2) creates new models for community-based delivery, monitoring, and measurement; (3) plays a constructive role in helping the global aid commitments to come to pass, by making the MVP lessons widely known within Africa and internationally; and (4) helps to encourage increased global public financial flows towards more practical and effective ground-level investments rather than to low quality aid.

## **II. The Millennium Villages Approach**

The Millennium Villages emphasize practical mechanisms to implement (1) integrated rural investments; (2) local leadership and community participation; (3) long-term institution building; (4) professional training of community-based management and staff; and (5) global multi-sector partnerships directly with the villages.

**Strategy of Integrated Rural Investments.** The Millennium Villages carry out integrated targeted investments at the community level in four priority areas: agriculture, health, education, and infrastructure. In 2004, total investments were estimated to cost \$110 per villager per year, plus another \$10 per villager per year for establishing, training, and operating the village-based systems. Thus, the total cost per village was \$120 per person per year. Half of that is mobilized through the MV initiative, and the other half is to be mobilized through partners, including the community itself (\$10), the national government (\$30), and NGO partners (\$20). Given the trends in global inflation and adjustments in the US dollar value over the past five years, the total equivalent cost in 2009 USD might be scaled from \$120 to approximately \$150 per capita.

Importantly, village-level budgets are implemented in a flexible but coherent manner across sites. For example, most sites decided to frontload agriculture budgets into the first few years, while some did not place as much early emphasis on supporting inputs for staple crops. Others sectors, especially those with larger infrastructure investments, are back-loaded out of a necessity borne by process intensity. Others are adjusted based on the pre-existing availability of services and estimated financial needs.

The agricultural investments support an increase in food production and a transformation from subsistence farming to commercial farming. The health interventions target child and maternal survival and the control of the major diseases, including HIV/AIDS, TB, malaria, and worm infections (neglected tropical diseases). The education interventions support universal primary school completion, improvements in school facilities, and the establishment of school meals programs. The infrastructure investments focus on electrification, feeder roads, and water and sanitation. All of these are areas in which national and international programs, if properly scaled-up as promised at Monterrey and Gleneagles, would support nation-wide investments at the levels envisaged in the MVP.

**Local Leadership and Participation.** The project assumes that the community itself, in concert with district government (the next higher level of political authority) and with civil society organizations, will take the lead in implementing and sustaining the integrated investment package. All MVP teams are local. There are no expatriates on the ground in leadership positions. Community leadership is constituted by a management team that works together with community committees to promote and as far as possible to ensure full participation, community ownership, gender equity, and accountability at the community-level. For both the committees and the management teams, the MVP provides training in budgeting, leadership, gender awareness, and other areas.

**Long-term Institution Building.** The MVP emphasizes capacity building mainly through learning-by-doing and in-service training rather than off-site training. It also emphasizes institution building as part of the intervention delivery, rather than a focus on "getting the institutions right" first and then followed by service delivery afterward. The successes of the project – increased food production, disease control, higher school attendance, and the like – demonstrate the possibility to achieve “quick wins” and to build (and strengthen) institutions along the way, rather than several years of preparation of institutions before the interventions begin.

The Millennium Village Project is emphasizing three kinds of long-term institution building at the local level, including:

- Formation of a *community-based management team*, with capacity to guide and implement integrated investments. Many or most rural communities in Africa have some kind of participatory village committees, but very few have professional management teams. District officials are usually responsible for management functions within the villages, but this leaves a crucial capacity gap at the community level. The community management team solves the “last mile” problem of investment design and implementation.

- Formation of *producer organizations*, notably including *farmer cooperative groups*. One goal is for each cluster to have its own farmers' cooperative that will carry out functions including: financing and procuring inputs (fertilizer, improved seeds), storing harvests in safe locations, marketing village farm outputs, diversifying agricultural and agribusiness production, and establishing market linkages between the communities and the local, national, and international markets.
- Introduction or spread of *microfinance institutions*, including both saving and lending operations. The goal is to connect each household with an MFI, especially to encourage saving accounts and lending for small-scale business startups.

**Professional & Multi-sector Community-based Management and Staff.** The MVP emphasizes professional training of the multi-sector management team as well as community-based staff (e.g. in health, agriculture, and infrastructure). The project recommends “professionalization” of community-based expertise, for example by putting community health workers on a proper payroll and in-service training program. Typically today, community health workers are volunteers, and lack adequate training and professionalization.

**Global Multi-Sector Partnerships for Development.** The MVP has created a global network of expertise in science, policy, and implementation that connects day-to-day problem solving across businesses, universities, international agencies, national governments, local governments, private philanthropies, non-profit organizations, and individual community leaders. The focus on problem-solving leverages the respective strengths of each constituency in a coherent, practical, and action-oriented framework to advance the achievement of the Millennium Development Goals on the ground in Africa. The partnership embraces three sectors with global reach: business and civil society (including NGO leadership, foundations, philanthropies, and individual volunteers), the scientific community, and the policy community. These three global sectors are mobilized through the teamwork of Millennium Promise, which has principal leadership vis-à-vis business and civil society; the Earth Institute, with its network of scientific expertise; and the UN Development Program, with its partnerships throughout the international agencies. Bolstered by new and emerging technologies for information connectivity, this network is evolving into a new and unique form of outcome-oriented global partnership for development.

### **III. Scalability and integration into national strategies**

The MVP often gets caught in a contradictory critique. Since larger donor funding was not available in 2006, the project started at a modest scale of less than half a million people in order to demonstrate success. Meanwhile, it is often criticized for only “local” successes when larger ones are needed. In reality, the issue of scale has a practical bottom line. To achieve the MDGs and the escape from extreme poverty, each rural community in rural Africa will need functioning clinics, schools, safe water points and sanitation, agricultural upgrading, and roads and power. This objective might seem impossible at first glance, but the experience from the MVP suggests that it is feasible with focused and scaled effort. Scaling up of community-based investments and

institutions can proceed rapidly and in a organized manner. Indeed, African countries are pursuing many pathways for expanding from the MVs to achieve universal access, including at least the eight below. Each of these presents clear opportunities for the scaling up of MVP concepts and methods, though each is limited by the availability of donor finance, which is a limiting factor to more rapid and comprehensive progress.

1. **Expansion of existing clusters to larger administrative scales, such as Millennium Districts.** The largest MV clusters currently reach up to 60,000 people. The incremental administrative challenge is to deliver services at a higher administrative level, such as a district or province. This implies replicating village-level service delivery, as in the MVs, and also adding regional-level service delivery such as roads, electricity grids, and health referral systems. For example, the Government of Kenya has initiated a process to draft plans for 8 “Millennium Districts” across the country, each with a population of roughly 500,000 people. Similarly the Government of Ethiopia is considering an MV-inspired approach to the Ogaden region, broadening the scope of a development program that was originally conceived to focus on irrigation. Expansion efforts can also begin to include connections to nearby urban centers, such as have been identified through the Millennium Cities initiative.
2. **Expansion to new MV sites.** Based on the experience of the Millennium Villages, several governments are preparing plans for replication of the MV approach in other parts of the country. For example, the Government of Nigeria has recently started drafting a strategy to expand the MVs to reach 20 million people across 36 states, financed through its own resources freed up by debt relief. The Government of Uganda aims to initiate an MV-style “model sub-county” of approximately 25,000 people in each of 10 districts spread across the country’s four main regions, including special emphasis on post-conflict sites in the northern region. The Government of Rwanda has proposed a similar approach to initiate an MV in each of 30 districts as part of its Vision 2020 Umurenge national strategy. These latter two countries require incremental external financing in order to implement their programs.
3. **Targeted support to the poorest communities.** The Government of Mali has identified the 166 poorest *communes* (with a total population of approximately 2 million people) that require targeted cross-sectoral support, following on the MV lessons in Tily. Such a means-tested approach can guide a government’s efforts to prioritize multi-sectoral support to its poorest and most vulnerable populations. As compared to the first approach, in this case, governments have indicated a need to focus on specific sectors and pockets of poverty in an intensive way with the objective of seeing a rapid reduction in poverty and inequality. The experience of the MVs offers a practical example of how resources can be deployed to invest in the poorest and most marginalized sections of society. The MV approach of cross-sectoral targeting is a novel and practical way of reaching the poorest people in a systematic manner.
4. **National expansion of specific successful interventions.** Often a country’s policy environment is ripe for the expansion of a specific MV-piloted intervention before it is ready for broader scale-up of multi-sectoral community approaches. For example, the

Sauri MV cluster helped demonstrate the success of free mass distribution of bednets and helped advance the Kenyan Ministry of Health's national bednet distribution program. Similarly the Mwandama MV cluster's successful fertilizer support program helped advance Malawi's country-wide agricultural input support program that has become the model for all of Africa.

The proliferation of global sector-specific funding mechanisms will amplify this intervention-focused dynamic. For example, as of September 2008 the global malaria control community has set mobilized more than \$3 billion to finance its April 2008 commitment that every African sleeping site in an endemic malaria zone will be covered with a modern bednet by the end of 2010. This scale-up will likely happen much faster than Millennium Villages could, and should be considered a success on its own merits. Meanwhile the U.S. Congress has recently authorized nearly \$10 billion per year for African health initiatives over five years, more than twice the total current US annual official development assistance (ODA) to Africa. A crucial global effort is also underway to launch a global financing mechanism for smallholder agricultural inputs, backed by pivotal leadership from the Government of Spain. This "vertical" sector support will likely make a major contribution to the health MDGs in Africa, again on its own merits, but will need to be integrated with other sector programs – such as education and infrastructure – in community-level delivery mechanisms.

5. **Rounding out service delivery among existing community development programs to "MDG-ize" them.** Most community development programs, either NGO-led or government-led, focus on a limited number of sectors, typically with a limited budget. Education projects are usually located in different villages than water projects, which are in turn usually disconnected from income-generation projects and women's empowerment projects. The MVs can be used as a *concept*, not only a project, to help other organizations identify opportunities for sectoral expansion in their initiatives, and to partner with complementary organizations. As the UN moves towards "delivering as one," the MVs offer a practical approach for coordinating the substantive support from different development partners around a cohesive and common set of objectives. For example, a community-based agriculture or micro-credit organization supported by FAO can join forces with organizations delivering basic health and education (UNICEF, UNESCO), and infrastructure (World Bank, African Development Bank) and so forth, such that communities are supported to achieve *all* of the MDGs rather than just one or two of the MDGs at a time.
6. **Private-sector collaborations.** There is the clear readiness of the private sector to participate in the local scale-up of the MDGs. Many private businesses are currently participating in the MVP, including Ericsson (expanding mobile telephony and wireless internet coverage), General Electric (in health care equipment), JM Eagle (in large-scale water piping), Swiss Re (in support of new weather-based insurance), Becton Dickson (in diagnostics and pharmaceutical supplies), Novartis (in malaria medicines), Pepsi (in support of village-based irrigation), Lenovo and Sony (in supply of computers), and Sumitomo Chemical (in provision of long-lasting insecticide-treated bed nets) among others. Many other companies such as KPMG and DLA Piper have contributed to the

Millennium Cities initiative to identify investment opportunities in nearby urban economic centers, where processing of rural commodities will most likely need to take place. Still more companies, national and transnational, are looking for opportunities to engage in corporate social responsibility and to advance the MDGs in areas where they are themselves operating.

7. **Social investments for natural resource and commodity investors.** Several major international natural resource companies have indicated a desire to invest in integrated rural development programs in the regions of mines and plantation (e.g. rubber and palm oil), as well as along transport (e.g. rail and pipeline) routes. MVs are a natural organizing principle through which such companies can complement their production activities with community investments to ensure social sustainability. Several major international companies have also indicated a corporate social responsibility-inspired interest in supporting MVs in areas where they source general commodities and products, with the possibility of establishing a social marketing brand.
8. **Scaling up the global multi-sector network for development.** A large number of leaders from business, academia, government, communities of faith, student bodies, and the general public around the world have indicated their desire to join the MVP's global partnership network for development. The UNDP is bringing in its partners around the world. And working closely with the Earth Institute and its global scientific network, Millennium Promise is approached daily from all corners of the globe by individuals and organizations that are keen to contribute to the network's efforts for the MDGs. For example, Millennium Promise Japan was launched in 2008 to connect leaders from different sectors of Japanese society, and discussions are underway to launch national affiliates in several industrialized and African countries.

All of the above mechanisms highlight ways in which international development organizations can support bottom-up expansion of MV successes in rural Africa. The Millennium Villages also provide an operational framework for ensuring national-level sector programs backed by increased official development assistance are coherently administered at the community-level. For example, the Global Fund to Fight AIDS, TB, and Malaria is supporting national governments in expanding rural services in the fight against these three pandemic diseases and the proposed African Green Revolution Fund will support rural investments in agriculture. The local implementation of these efforts requires increased capacity in the villages. There must be skilled workers, such as community health workers, or community agriculture workers, to enable the community to support and absorb the national-scale financing effectively. The communities must also be trained in budgeting, accountability, and MDG-based planning. The MVP aims to work with UNCDF in strengthening these local institutional processes moving forward.

#### **IV. Sustainability of the MV approach**

The MVP should be considered as a 10-year project through to 2016. Committed donor financing was raised and allocated for the first five years, defining the first phase of operations. The second five years will require additional donor financing, not yet raised or allocated, but

much less than \$60 per person per year. A realistic project funding range for the second five years will be \$10-20 per person per year, with actual financing needs depending strongly on the levels of international donor aid and (therefore) national budgets during the second phase. If large-scale donor aid is on track, less direct aid to the MVs will be needed.

The MVP is committed to making every effort to ensure that progress in social service delivery and income generation achieved in the first phase of the project is not reversed in the second phase or beyond, when direct donor assistance to the MVP declines. This will be accomplished by a combination of the progress in income generation and institutional development within the MVs, together with increased donor aid at the national-level, which will then reach the MVs through national programs rather than through the MVP.

Years 1-5: Implementation of key interventions in agriculture, health, education, and infrastructure. The goal is to achieve the non-income MDG outcomes by the end of year five, compared with the baseline of 2006, including: reduction of hunger by half or more; universal primary school completion rates; reduction of maternal mortality by three-fourths and child mortality by two-thirds compared with baseline; and universal access to safe drinking water. There will also be a major advance in reducing extreme poverty, perhaps by half or more, but full sustainability in poverty reduction will still need to be secured in the second phase of the project.

Years 6-10: Consolidation of interventions and MDG achievements, further progress in commercialization of agriculture and development of new businesses, especially in agribusiness, and the expansion and consolidation of key institutions (community-based management, farmers' cooperatives, and microfinance). By the end of year 10, the community institutions should be secure, the village should be self-sustaining (in the context of national-level provision of social services and infrastructure), and growth should be robust. Extreme poverty should be reduced by more than half relative to the baseline (2006).

The transition from \$60 per person per year in Phase I to \$10-20 per person per year in Phase II will be accomplished in three main ways: (1) increased national budgeting for core social sector delivery (schools, clinics), backed by ODA, which will reach the MV clusters as a matter of course; (2) improved incomes in the MVs themselves by the end of the fifth year; (3) a continuation of institution building in years 6-10 of the project, backed by modest local community funding contributions. The income generation progress in Phase II (starting in year 3 of Phase I) will require progress on business development with *commercial financing* of the farm sector, complementary to donor finance and intermediated by the emerging producer cooperatives.

In addition to the environmental sustainability efforts that are central to the MV's programmatic efforts, operational sustainability between Phases I and II needs to be divided in two parts: (1) public service delivery and (2) self-sustaining private sector income generation. Each of these in turn requires consideration along two dimensions, (a) institution building and (b) financing.

## 1. Public service delivery.

- a. **Institution building.** The Millennium Villages deliver basic services, often in partnership with local government agencies, and always in partnership with local community structures. Organizational modalities are in line with government policy, with innovations such as the training and deployment of community health workers, low-skilled workers taught to provide simple preventive and curative services to address the majority of morbidity sources. The key organizational challenge for public sector sustainability is, therefore, to identify the community governance structure that can continue to administer multi-sectoral services. The MV experiences to date suggest that this should include (i) a community management team; (ii) sector committees that govern community decision making and program monitoring; (iii) mechanisms to coordinate between community administration and higher levels of government; and (iv) an emphasis on women's representation at all levels.
- b. **Sources of finance.** Low-income communities are too poor to afford basic health, education and other key public services. It is well-established international policy that developing and developed country public finance must play the central role for basic services. It is also why, for example, the abolition of user fees has been broadly advocated and led to tremendous gains when implemented. The Gleneagles ODA promises of roughly \$100 per African per year are essential for providing these basic services. Note also that the OECD donor commitments are to *increase* ODA to Africa beyond the 2010 date, due in particular to Europe's commitment to reach 0.7% of GNI in aid by 2015. Therefore, the availability of external donor financing is expected to increase significantly *above* \$100 per capita after 2010.

The Millennium Villages show us that basic services can be provided within a relatively modest financing envelope and well within the aid commitments. They also clearly show us that without the actual delivery of increased donor flows, the MDGs are likely to be missed by a wide margin in most of rural Africa. If the ODA commitments do not come to fruition and the resources are not available for mass scale-up then scaling up will not succeed. The MVP program team plays an ongoing role in contributing to global advocacy, so failure would not be for lack of effort. Under the more limited aid scenario, the MVP will still help to stimulate national level scale-up processes of particular sector intervention packages, such as scaled-up inputs of agriculture and malaria control; and successful replication or imitation of MV-style integrated community-level support, but perhaps at more limited funding.

## 2. Self-sustaining income generation.

- a. **Institution building.** Agriculture is by far the dominant economic activity in rural sub-Saharan Africa. A first step to escaping the sub-subsistence poverty trap in rural settings is to support a boost in farm productivity that provides a reliable food surplus for local trade, new opportunities for diversification into cash crops, and the freeing

up of labor for off-farm economic activity. The first two years of the MVP emphasized the first step of boosting food production above subsistence levels, with crop yields typically doubling or more. The current period (years 3-5 of Phase I) emphasizes a multi-pronged approach to supporting farmers' cooperatives; supply chains to urban, regional and international markets; further investments in land improvement and water management; crop diversification; and agribusiness (e.g. food processing).

The MVP is exploring novel approaches to farmer cooperatives, with a design that emphasizes the bundling of services to smallholder farmers, and therefore the aggregation of these services in order to achieve economies of scale. The bundling of services includes: financing of agricultural inputs; procurement of inputs; development of community nurseries; agricultural extension services; pest control; post-harvest storage; marketing of community outputs; climate and crop insurance; crop diversification; and financial intermediation between local producers and investors, both domestic and foreign. This component will play a major role during years 3-10 of the MVP.

Another crucial component of income generation is the spread of microfinance institutions in the MVs. The MVP goal is community-wide access to financial services by the end of Phase I. In Kenya, and soon in other clusters, mobile-phone-based banking is being introduced (M-PESA in the Kenya system).

- b. **Sources of finance.** The first phase of MV support to agriculture emphasizes subsidies – or “public finance” equivalents – for basic inputs. The project inherently faces the need to phase-out this subsidy support to agriculture and transition to private finance mechanisms for the productive sector. As the MVP phases out its own subsidies, these will be partly replaced by national-level subsidies (as in Malawi), and partly by a transition from subsidies to seasonal input credits.

It is a general challenge in Africa that microfinance has not thrived in the agricultural sector. Microfinance mostly covers service sector activities and small industry (e.g. bakeries and trade) with regular monthly cash flows rather than agriculture inputs financing with highly seasonal and risky cash flows (and other complications as well, requiring bundling of services). The project is taking steps to introduce microfinance for inputs, through the bundling of services. The farmers' cooperative in Tiby, Mali, for example, has piloted a novel approach to micro-financing of agricultural inputs, translating initial MVP agricultural subsidies into a revolving credit fund for agricultural inputs.

Concurrently, the MVP is supporting the development of an agri-business diversification and scaling-up strategy for each MV site, as well as the up-scaling of local microfinance institutions to facilitate private savings and investment. Irrigation investment strategies are also playing an important role in creating the opportunities for multi-cropping and transition to higher value crops. It is a core objective that all residents in the MVs have bank accounts and access to microfinance services.

## V. Some Early Lessons of the MVP Model: Success and Risks

The greatest early successes of the MVP include the following:

- Rapid increase of food production
- Rapid decrease of malaria and other tropical disease burdens
- Rapid deployment of school meal programs
- Rapid deployment of safe water points
- Successful organization of communities into working committees in support of MDG objectives
- Successful development of local management teams, with cluster managers, science coordinators and sector leaders (in health, education, agriculture, and infrastructure in most clusters, and gender and business development in some clusters)
- Successful engagement of women in leadership positions in the MVP
- Rapid deployment of community health workers
- High community morale and buy in
- Successful creation of a global network of support, embracing the private sector, civil society, the scientific community, and the international development organizations

There are several difficulties with the MVP that are not signs of fundamental difficulties, but rather of the artifact that the MVs are “islands of relative prosperity in a sea of poverty.” There is, of course, considerable in-migration into the MVs, both of long-term residents (e.g. family members arriving or returning to the villages), or in-migration of individuals in search of particular services, especially health care at the MV clinics and hospitals. This is a difficulty of the project, fully anticipated but difficult to prevent.

A second “artifact” of the project is that district officials are occasionally reluctant to implement a specific measure (e.g. putting the community health workers on payroll) because of “spillover” and “demonstration” effects to non-MV villages in the district. These objections are not of principle, but objections that arise from current budget constraints. Inequalities in service delivery or in terms of public-sector employment can be difficult to handle. In general, the project has invested considerable time in discussions with the district officials to solve these problems in pragmatic ways. These are practical challenges rather than fundamental obstacles.

A third artifact of the project is its fixed dollar budgets amidst a rapidly changing (mainly deteriorating) global economy. Perhaps most dramatically, the doubling or more of fertilizer prices has limited the capacity of the project’s modest agriculture budget to cover inputs as planned. The project is therefore accelerating the transition from subsidies to credits for inputs, while working as well to raise global donor aid for input financing in Africa. The depreciation of the dollar, combined with the surge in energy prices, is also taking a large bite out of the real purchasing power of \$60 per person per year.

More problematic and systemic is the limited capacity at the district level to support the rollout of basic infrastructure – including the extension of the power grid to the MVs, the building or

maintenance of roads, etc. Part of the difficulty, once again, is simply budgetary. District officials could do much more if they had a larger budget, as promised by donor partners. Part of the difficulty, however, is capacity limits (e.g. the availability of engineers in rural areas), which will take some time to overcome. To scale up the MVP nationwide will certainly require a significant investment in the technical and management capacities of health, engineering, hydrology, and agronomy officials at district level.

## **VI. Conclusions regarding risks to the MVP**

The biggest risk to the MVPs is not its own design or implementation. Solutions can and will be found for agricultural financing, health delivery, infrastructure rollout, and more. The biggest risk by far is that the MVPs remain islands of integrated investments in the midst of business-as-usual under-investments by national governments and international donors. At the core of Africa's challenges lies a poverty trap. Africa lacks the saving and borrowing capacity to finance the critical investments its needs to achieve the MDGs and to escape from extreme poverty. The situation is getting better in some ways (e.g. the spread of literacy, cell phones, and computers), but it is also getting worse in many other important ways: higher world energy prices, environmental degradation, climate change, rising populations, and more. We will need an investment breakthrough to keep ahead of the curve. That investment breakthrough is now advocated by the international community, endorsed by the African Union, backed by the UN Secretary General and UN agencies, and even financed in principle by increased donor funds. What remains is to deliver on shared commitments.