

Do the smartest solutions first

Not all policies are equally good. Some have low costs and deliver incredible benefits; others are exorbitantly costly and deliver only moderate gains. I believe we should do the most efficient policies first.

My think-tank, Copenhagen Consensus, has been working to identify those for two decades. For the SDGs, we collaborated with more than a hundred of the world's best economists and several Nobel Laureates to evaluate almost all of the possible targets, producing more than 50 academic papers and a Cambridge University Press book. As we're coming up on halftime for the SDGs in 2023, we have worked with dozens of top economists to identify the very best policies within the SDGs. Each chapter in this book focuses on and explains the findings of one of those papers.

Using benefit-cost analysis

The papers use *benefit-cost analysis* to identify the “best” or most efficient policies. This approach identifies *all* the benefits and *all* the costs in dollars (or rupees or any other currency). These are not just financial costs and benefits like the cost of a vial of vaccine or the salary benefit of increased productivity. There are also non-financial costs like lost time for a mom having to take a morning off to take her baby to get vaccinated or the non-financial benefit of not being sick with malaria or not dying from heart disease. Specialist researchers tally all the benefits and costs and divide the two numbers; the result then reveals how much total benefits society gets for each dollar or rupee spent. The result is the benefit-cost ratio or the BCR.

There is, of course, more to benefit-cost analysis, and you can learn more about it in the Appendix at the end of this book. But we briefly need to mention two concepts. The first is *the value of life*. Saving a particular person's life is often seen as very or infinitely valuable — especially if it is *your* life. But saving an abstract or statistical life is something societies and individuals routinely appraise.

For instance, societies can make highways less deadly by installing median barriers that avoid the very deadly cross-median crashes. This saves lives but also costs money. The barriers are installed in high-traffic, dangerous areas where they can save many lives—they are not installed everywhere. At some point, any society decides that the additional cost of more barriers is not worth the slight additional probability of a saved life.

Individuals make a similar assessment when they accept a moderately more dangerous job for additional pay. Both imply the monetary value of saving a life. Across the poorer half of the world, all the analyses in this book use a common value of saving one life one year. This makes it possible to measure the monetary benefit of avoiding a child dying from malaria or the benefit of postponing the death of an elderly person succumbing to heart disease.

The other important concept is *discounting*. Money today is worth more than the same inflation-adjusted money half a century later. Take education, where all the costs of teachers and books are upfront, while the benefits trickle in over many decades as the students grow up and enter the workforce as more skilled and productive adults. To deal with this, economists convert or *discount* all future costs and benefits to an equivalent present-day value. All the chapters use the

same discount rate to compare impacts now and in the future. In the Appendix, I explain in more detail what underpins our choices for discounting and the value of life.

The purpose of this book is to discover how *additional* spending can help, and that's what benefit-cost analysis provides. It doesn't try to reanalyze everything the world is already spending money on. There may well be useful changes to countries' current policies on one issue or another, but that's a discussion for elsewhere. Instead, I'm here asking the more limited and much more relevant question: If we are going to spend a few tens of billions more dollars, where could these additional funds help the most?

Because I'm focused on the most efficient policies, this book focuses on how to do good in the poorer half of the world—in low- and lower-middle-income countries. Poor people's needs are much greater than those of rich people, and the best opportunities to help are much cheaper. Nine out of ten deaths in children under five years of age occur in the poorer half of the world (Figure 2.1), and these deaths can be avoided at a fraction of the cost. This book is not about helping the rich world to do better.

Finally, while benefit-cost analysis can help across a wide range of areas, it should be noted that it does not provide the answer to everything. It only answers questions of how to make the world better with additional money. Some problems cannot be solved with more resources. However, for most problems, a lack of money is a central part of the issue.

All the policies that didn't make it into the final 12

The research behind this book began before the SDGs were cemented. In 2014–15, while the UN and lobby groups were still identifying what should go into the SDGs, Copenhagen Consensus considered hundreds of the promises as they were being suggested. We analyzed almost 100 different SDG proposals. Back then, we identified a number of policies among the proposed SDGs that could deliver phenomenal returns, which we defined as delivering at least \$15 of social benefits per dollar spent. Other policies we looked at delivered good or fair returns, and some were just downright poor investments (delivering less than \$1 of social benefit for each dollar spent).

The negotiations for the SDGs ended up being conducted by a large group of UN ambassadors. I met individually with many of them in New York to share our research. I pushed for them to focus their SDG promises on the top policies we'd identified. Every ambassador I met told me that the research was very useful and agreed that, ideally, the world would focus more on the most efficient policies. However, the ambassadors quietly explained to me that their job wasn't really to find the best policy investments for the world. They were there to highlight their government's particular policy focus, which was often ideas that played well at home, regardless of how efficient (or not) they were at solving global problems.

As the world is approaching the halftime mark for the SDGs, it has become evident that the resulting lengthy list of promises has done almost nothing to help the world.

So, we went back to the best policies we found in 2015 to see if they would still deliver returns of \$15 or more on the dollar. The benefits of some have faded. Back in 2015, expanding cellphone connectivity was estimated to bring \$17 worth of benefits in higher economic growth for each dollar spent. Today, most countries have much better connectivity and coverage, so

additional investments will be much less powerful. They will certainly return less than \$15 for each dollar of cost.

We also took another look at policies that weren't quite showing \$15 returns in 2015 but were close, assessing if new innovations might have increased their BCR. Some had jumped quite a bit in value. Thanks to cheaper pills and more streamlined screening, providing heart medication rose from a \$7 return in 2015 to a \$16 return today. So, providing heart medication has been included as one of the solutions to chronic diseases in this book.

Other widely popular policies remain less-than-phenomenal. They do good, but their solutions are relatively costly, so these policies deliver fewer benefits per dollar than the *very* best policies. Two examples are providing access to clean drinking water and sanitation. While both could help billions of people, delivering drinking water returns only about \$4 in benefits for each dollar spent, and sanitation only \$3. This is because both are quite expensive. Sanitation is particularly resource-heavy, and toilets need to be maintained at a significant daily cost in order to be regularly used. Moreover, you can only have a substantial reduction in disease if fecal contamination is almost completely eliminated.

To be clear, a \$4 or even \$3 return is pretty good, but it's not nearly as good as the policies outlined in this book. Therefore, providing clean drinking water and sanitation should take a back seat in terms of focusing on additional funds if our goal is to speed up progress and do the most good with every dollar.

Climate change is a significant global concern and a real problem, but climate policies [deliver far less](#) than \$15 on the dollar. One of the most effective solutions—delivering a globally coordinated, efficient carbon tax—produces about [\\$2 of benefits](#) for each dollar spent. Stricter climate policies, for example, achieving net zero carbon emissions, [struggle to](#) even produce more benefits than costs.

One reason for this is how long it takes for the benefits of climate policies to materialize. All the costs are upfront, whereas the returns only arrive slowly and incrementally over centuries. According to [one study](#), the benefits of climate policies will only surpass their costs after 2080. [Another](#) suggests this date will first occur sometime in the next century. Therefore, it is difficult to make total benefits outweigh total costs—let alone outweigh them 15-fold or more—unless impacts in the far-off future are considered as almost as valuable as impacts in the present. This is barely tenable for rich countries, who can afford to worry intensely about the remote future, but it is particularly implausible for the world's poorer half, which has so many other immediate and urgent problems.

There are other goals included in the SDGs that are highly desirable but have few or no effective pathways to achieve them—think of world peace. We worked with economists to try to find an efficient way to reduce the risk of war, but even costly policies have little or no known ability to do so. The one [policy](#) that stood out was deploying peace-keeping forces after a peace treaty has been concluded. This can reduce the likelihood of a fragile region backsliding toward repeated war, but unfortunately, even this carries quite high costs. The estimated benefit-cost ratio is about \$5 on each dollar—again, a good policy, but quite far outside the \$15 cut-off we set for this book.

While most policies are just so-so and more than a few counterproductive, a dozen stood out for having phenomenal returns.

The 12 best policies for the world

The 12 best policies our experts have identified cover a wide range of areas: Tuberculosis, education, maternal and newborn health, agricultural research and development, malaria, e-procurement, nutrition, land tenure security, chronic diseases, trade, child immunization, and skilled migration.

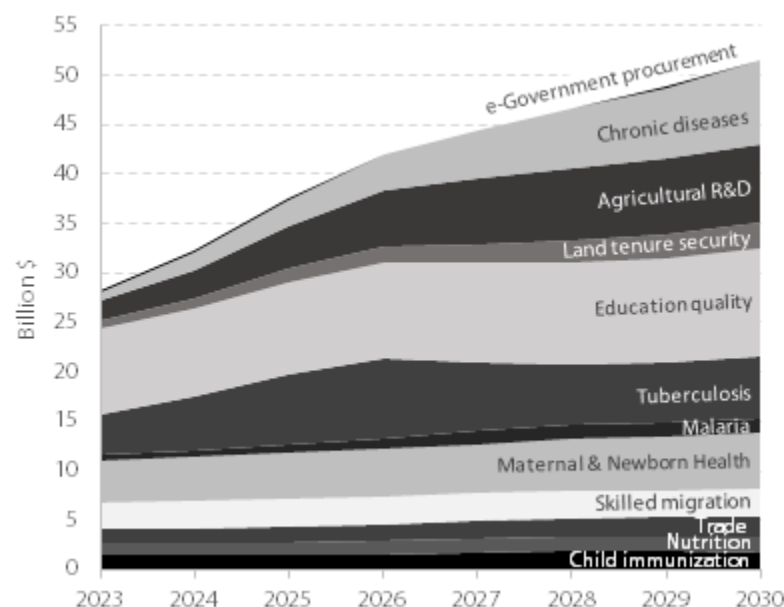


Figure 3.1 The cost for each of the 12 policies proposed in the book.

These areas have both costs and benefits. The annual costs, as shown in Figure 2.5, rise from \$30 billion to almost \$50 billion by the end of the decade, with an average cost of \$41 billion per year. The 2030 cut-off just denotes the end of the SDG era—these policies would also be phenomenally efficient in the years and decades after. Indeed, for some of them, the researchers estimated the costs and benefits far beyond 2030, as indicated in the individual chapters.

Some of these costs are non-financial, such as time costs for mothers to get their children vaccinated or for tuberculosis patients to go to support meetings. These non-financial costs sum to about \$6 billion annually, and they do not need to be financed by higher taxes or additional philanthropists' checks. So, of the total cost of \$41 billion per year, we will actually have to marshal about \$35 billion a year to pay for these policies.

The benefit of these 12 best policies can really only be described as momentous. Together, these policies will save 4.2 million lives each year and generate \$1.1 trillion in additional benefits each and every year (as you can see in Table 2.2).

It's easy to become inured to such huge numbers, so let's pause a moment to reflect on how immense this really is. Saving 4.2 million lives in 2024 is equivalent to stopping one 747 jumbo jet full of passengers from crashing once an hour of every day for the entire year.ⁱ

Then, saving 4.2 million lives in 2025 is equivalent to avoiding the eradication of the entire population of [New Mexico and Nebraska](#). Saving 4.2 million lives in 2026 is like avoiding the death of the combined populations of [Estonia, Eswatini, Djibouti, and Guyana](#). And so on.

Across the decade, each year, about [30 million people are expected to die](#) in the poorer half of the world. These policies could avoid a full one-seventh of those deaths. For every seven tragedies that will play out in these countries over the rest of this decade, these policies could avoid one.

And that is just the effects up to the end of the decade. Most of the policies highlighted in this book will set us up for saving more lives far beyond 2030. Treatment for tuberculosis, for instance, will save 600,000 lives annually in this decade, but the resulting dramatic reduction in the disease's spread will mean much lower death figures far into the coming decades.

The economic gains are also something to marvel at. Achieving \$1.1 trillion in economic benefits split across the population of the poorer half of the world comes to \$278 a person annually. That is almost one additional dollar for every person every day. With low- and lower-middle-income countries estimated at [\\$10 trillion in GDP in 2021](#), that means an 11% boost to their economies each year.

Table 3.1 Annual costs and benefits of best investments, both in lives saved and dollars, average over the decade 2023–30 (in no particular order).

	Lives saved	Economic benefits	Total cost	Whereof non-financial cost	BCR
Tuberculosis	0.6 million		\$6.2 billion	\$1.0 billion enabler cost	46
Maternal & newborn health	1.4 million	\$40 billion higher growth from the demographic dividend	\$4.9 billion	\$2.1 billion time cost	87
Malaria	0.2 million	\$10 billion avoided productivity losses and saved health expenditure	\$1.1 billion		48
Nutrition	about 18,000	\$19 billion boost to lifetime income and saved expenditure	\$1.4 billion	\$0.2 billion time cost	18
Chronic diseases	1.5 million		\$4.4 billion	\$0.2 billion consumer loss	23
Childhood immunization	0.5 million		\$1.7 billion	\$0.2 billion time cost	101
Education		\$604 billion annual boost to lifetime income	\$9.8 billion		65
Agricultural R&D		\$184 billion consumer and producer surplus	\$5.5 billion		33
e-Procurement		\$10 billion saved expenditure	\$76 million		125
Land tenure security		\$37 billion, farms more productive, urban land more valuable	\$1.8 billion		21
Trade		\$166 billion income increase	\$1.7 billion		95
Skilled migration		\$49 billion higher productivity \$6 billion demographic gain	\$2.8 billion	\$2,6 billion demographic loss	20
Total saved lives	4.2 million				
Total \$	\$1,023 billion	\$1,119 billion	\$41 billion	\$6 billion	52

Notice that most of the economic benefits will only arrive in the future from better long-term economic performance. Take education policies that deliver about half the total \$1.1 trillion annual benefits. The costs of \$9.8 billion (almost all financial costs for teachers, classrooms, tablets, and software) will make children across the poorer half of the world learn much more. When they become adults, they will be more productive, and the ones with a job will receive higher pay for many decades to come. The present-day value is \$604 billion, as the value of these future income increases is discounted to today. The actual inflation-adjusted increases will be much higher, but most are many decades away.

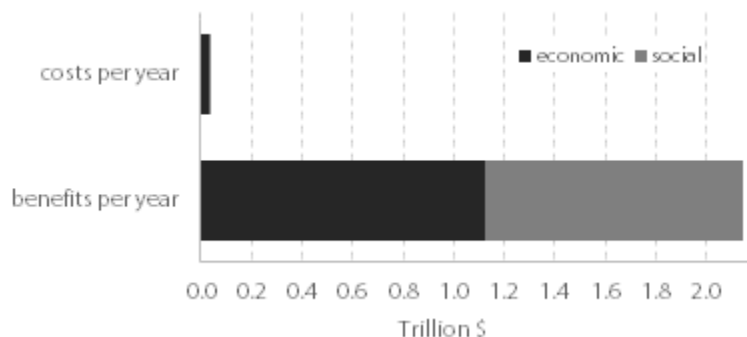


Figure 2.6 Annual benefits and costs for the best investments over the decade 2023–30. Split in economic and non-financial, or social, benefits and costs.

Figure 2.6 puts into one graph the overarching argument of this book: Over this decade, the top 12 solutions will cost \$35 billion annually and incur an additional \$6 billion in non-financial costs.

The benefits are \$1.1 trillion in economic benefits along with 4.2 million avoided deaths, worth an additional \$1 trillion. In total, the benefit will amount to \$2.1 trillion per year. Spending \$41 billion of economic and social costs to generate \$2,100 billion in benefits means that each dollar will generate an astounding \$52 in benefits. The benefit-cost ratio, or the BCR, is 52.¹

This is an amazing opportunity. Imagine that you could spend a dollar and make others better off to the tune of \$52. You don't get this opportunity often. But here it is.

We can afford it

Spending \$35 billion may sound like a lot, so it's useful to put it in context. Across the 4.1 billion people in the poorer half of the world, that amount means an additional \$8.50 a year of spending per person. Compared to the \$274 per person that governments in the poorest half of the world are already spending, this is a tiny increase. Where possible, governments in these countries themselves should definitely consider increasing their spending by 3% to provide these 12 great policies.

¹ Since both costs and benefits scale to other currencies, it also means that each rupee will generate ₹52 of social benefits, and each kwacha, euro, or shilling will deliver 52 kwachas, euros, or shillings in social benefits. This is true for all BCRs throughout the book.

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The \$35 billion is also a modest cost compared to the [\\$211 billion](#) that rich governments spend on development aid each year. The rich world ought to fund these 12 great solutions by increasing their development spending slightly and by redirecting spending as old commitments are completed.

Individual wealthy donors should also consider spending their philanthropy here. Just in America, private philanthropy spends [\\$485 billion annually](#), though most go to religion, education, and health inside the USA. In 2021, Americans sent [\\$27 billion](#) to international development. Globally, although the data isn't great, this figure might be almost twice as large. Private philanthropy could, by itself, pick up a significant part of the cost for these 12 great solutions.

And \$35 billion looks even smaller when you consider what the world spends in other policy areas. We devote more than [\\$1.1 trillion](#) to low-carbon energy, [\\$2.1 trillion](#) to military expenditures, and [\\$5 trillion](#) to education. This book's smart policies would require just 3% of our climate spending or less than 1% of our spending on education.

Or let's look at it another way. This year, the world will spend about [\\$147 billion](#) on pet food, and annual spending is increasing rapidly. Just the annual *increase* in pet food spending over the next two years could pay for almost all of the 12 best solutions every year.

Or consider the fact that the world this year will spend [\\$112 billion](#) on cosmetics (not even including shampoo, skin cream, and fragrance, which add another \$488 billion). Since 2020, our annual cosmetic spending has increased by \$39 billion.

Yes, as a world, we can afford to spend \$35 billion more to do incredible good.

\$35 billion to make the world amazingly better off

The 12 best investments in this book offer a breathtaking opportunity to improve the world at a relatively low cost, and it would speed up progress on key SDG targets. That doesn't mean we should stop striving to do all good things, including our many SDG aspirations. But the reality that we are failing does call for better prioritization. In other words, we should do the best things *first*.

Many people will still be reluctant to give up on the primacy of our expansive promises in the SDGs. But promises without delivery have little worth.

Many will also argue that the SDGs are intricately interwoven and neither can nor should be picked apart. The SDGs themselves insist that they are "[integrated and indivisible](#)." But, in reality, governments and organizations constantly choose between targets and goals when they decide to fund some projects and not others. And across the SDGs, actual funding has remained far below what is needed, with a likely [deficit of more than \\$1–2 trillion annually](#).

Perhaps most importantly, we need to realize that we selected before and that worked. The world picked and chose among the Millennium Development Goals to focus on just some of the targets. Namely, leaders fastened onto big promises like "halve the proportion of people who suffer from hunger" because they were clear, important, achievable, and relatable and thus worthy of a global commitment.

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Many of the MDGs' 18 targets went largely ignored because they were vaguer, less deliverable, and less impactful. Consider the muddled bureaucratese of the target to "Address the special needs of landlocked developing countries and small island developing states (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)." We decided to mostly ignore that, too.

We now need the same courage to focus on the best SDG opportunities first. And that means saying no, at least initially, to a great many other promises that vie for our attention and resources. Remember what the late Steve Job said:

"People think focus means saying yes to the thing you've got to focus on. But that's not what it means at all. It means saying no to the hundred other good ideas that there are. You have to pick carefully. I'm actually as proud of the things we haven't done as the things I have done. Innovation is saying no to 1,000 things."ⁱⁱ

It is time to do the smartest things first and prioritize the best investments to help the world.

ⁱ 4.2 million is equivalent to 479 people per hour, a bit more than the [typical](#) 467 passenger plane layout.

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<http://books.google.com.au/books?id=O2FcyW68SmAC&lpg=PA1951&ots=zut1r5z7To&dq=People%20think%20focus%20means%20saying%20yes%20to%20the%20thing%20you've%20got%20to%20focus%20on&pg=PA1951#v=onepage&q=People%20think%20focus%20means%20saying%20yes%20to%20the%20thing%20you've%20got%20to%20focus%20on&f=false>, Apple Worldwide Developer's Conference May 13–16, 1997.