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WE CAN END POVERTY 2015 MILLENNIUM DEVELOPMENT GOALS

UNITED NATIONS

PRESS RELEASE

Extra push needed on aid, trade and debt to meet global anti-poverty goals, UN reports

International development co-operation at a crossroads in 2010

NEW YORK, 16 SEPTEMBER 2010 – The United Nations warns today that shortfalls in meeting agreed actions on combating poverty and raising living standards are jeopardizing achievement of the Millennium Development Goals (MDGs) – eight internationally agreed targets that aim to reduce poverty, hunger, maternal and child deaths, disease, inadequate shelter, gender inequality and environmental degradation by 2015.

As world leaders prepare to meet next week for a summit to boost MDG progress, a new UN report, *The Global Partnership for Development at a Critical Juncture*, finds serious gaps in the realization of commitments only five years away from the deadline for achieving the Goals.

Despite aid flows at an all-time high of $120 billion in 2009, among the most urgent areas identified in the report is a current shortfall of about $20 billion in the annual level of aid as agreed five years ago by the Group of Eight (G8). At their Gleneagles meeting, the G8 pledged that by 2010, they would increase official development assistance (ODA) by $50 billion and double aid to Africa by $25 billion. Presently, the funding gap on commitments to Africa alone is over $16 billion.

Though ODA is expected to rise to $126 billion in 2010, it will not be enough to meet the agreed target, meaning that the Gleneagles pledges are unlikely to be met by the end of this year, when they are scheduled to expire. As such, the report calls for a recommitment to the long-standing UN target of 0.7 per cent of gross national income for donor countries to be devoted to ODA. The current gap in meeting this particular target could be closed by 2015 through annual ODA increments of about $35 billion for each of the next five years, to reach a level of around $300 billion by 2015.

In addition, the report notes that although aid transparency has improved, there is a need for further efforts towards mutual accountability to ensure the effectiveness of ODA.

The UN report also acknowledges the increasingly significant role of non-traditional donor countries in contributing to the MDG efforts of developing countries. Governments of developing and transition economies reported about $9.6 billion of assistance in 2008, including through South-South financial and trade co-operation, exploring innovative sources of financing and collaborating on combating corruption and tax evasion.

“Tremendous progress has been made in strengthening [international] partnerships,” said UN Secretary-General Ban Ki-moon. “But the agreed deadline of 2015 is fast approaching and there is still much to be done.”

The report was written by the Secretary-General’s MDG Gap Task Force, which brings together more than 20 UN agencies, the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development, the World Bank, and the World Trade Organization (WTO). It tracks progress on the global development partnership called for in MDG 8. At the Millennium Summit in 2000, world leaders pledged to “create an environment at the national and global levels conducive to development and to the elimination of poverty.”

IMPROVING THE TRADING ENVIRONMENT

While global trade has recovered since the 2008 global financial and economic crisis, there has been no significant reduction in the tariffs imposed by developed countries, and average tariffs on key products from developing countries remain relatively high.

Only 81 per cent of least developed country exports, excluding armaments and oil, have acquired duty-free status in industrialized country markets. This falls short of the 2005 commitment made by WTO Member States in Hong Kong, to allow 97 per cent of exports from the poorest countries to enter rich-country markets without duties or quotas.

Hence, the UN report calls on all parties to intensify efforts to conclude a development-oriented WTO Doha Round of multilateral trade negotiations within a realistic timeframe, and ensure that the most vulnerable countries are given the support needed to strengthen their trading capacities.

In addition, agricultural subsidies in developed countries may have declined in 2008 as a percentage of gross domestic product, but at $376 billion per year, still represent three times the present amount of ODA flows and remain high in absolute terms. This continues to undermine prices and income opportunities for farmers in developing countries, affecting food security, most alarmingly, in places where hunger is widespread.

Aid for Trade commitments to developing countries increased 35 per cent in real terms in 2008, to reach a record level of almost $42 billion. But resources continue to be concentrated in a few countries. The top ten recipients account for 45 per cent of the total, while LDCs received just 25 per cent. The report recommends continued strong commitment to Aid for Trade, and that sufficient resources reach the most needy.

THE PROMISE OF ALLEVIATING DEBT BURDENS

Debt relief amounting to about $86 billion has been provided to 35 of the world's poorest countries. But there are nevertheless 27 out of 39 examined low-income and small middle-income countries that are in debt distress or at high risk of facing that condition. A further problem is that the existing major debt relief initiatives are coming to an end. To deal comprehensively with the debt problems of all developing countries, the report recommends that initiatives be extended under more flexible conditions, and that a new mechanism be created for an orderly workout of sovereign debt incurred following the economic crisis.

ACCESS TO MEDICINES AND TECHNOLOGY

The Task Force finds that the cost of many essential medicines has been rising, meaning that even the lowest-priced generic medicines for both chronic and acute diseases remain unaffordable for many of the world's poor. On average, in 2008, people in developing countries paid almost three to six times the international reference prices.

Access to information and communication technologies, especially mobile telephony and the Internet, has grown the fastest in the developing world, but the digital divide between the prosperous and the poor remains wide. While there are more cell phone subscriptions in the developed world than there are people, developing countries have reached a penetration rate of only 57 per cent. The gap is broader as regards the Internet. The proportion of Internet users is 64 per cent in the developed world, and 18 per cent in the developing world, requiring further investment in this area.

Additionally, countries require further access to technologies for renewable energy production and environmental protection to effectively respond to climate change and enhance disaster risk reduction. The report recognizes this as a key area to strengthen the global partnership and calls on the developed world to abide by its financing commitments made at the 2009 UN Climate Change Conference in Copenhagen.

For more information, see **www.un.org/esa/policy/mdggap**

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