

UN takes a stand on global aid, trade and debt commitments, as G20 prepares to meet

New York, 16 September 2009 – Global poverty-fighting commitments are more important than ever in a world facing economic, food and climate crises, the UN said today, in a report on support for the Millennium Development Goals.

Although development assistance rose to record levels in 2008, donors are falling short by \$35 billion per year on the 2005 pledge on annual aid flows made by the Group of Eight in Gleneagles, and by \$20 billion a year on aid to Africa, according to UN estimates.

The report on *Strengthening the Global Partnership for Development in a Time of Crisis* was written by the Secretary-General's MDG Gap Task Force, which brings together more than 20 UN agencies, the IMF, the World Bank, WTO and the OECD, to track progress on the development partnership called for in the eighth Millennium Development Goal.

Speaking as world leaders prepare for next week's General Assembly opening in New York, and the G20 Pittsburgh summit later in the month, United Nations Deputy Secretary-General Asha-Rose Migiro cited last year's confluence of steep recession and food shortages, the expected spread of pandemic influenza this year, and the continuing impact of climate change as factors impeding progress on realization of the MDGs.

"In times of growth, we achieved a great deal," she said. "Now, the world must show that it can also make progress under adverse conditions—when the poor, the hungry and the vulnerable need us most."

ODA 'coverage gap'

Official development assistance (ODA) rose by about 10 per cent in 2008, to \$119.8 billion, according to the Report. The share of ODA in the gross national income of donor countries improved as well – from 0.28 per cent in 2007 to 0.30 per cent in 2008. But this increase remains far from the agreed target of 0.7 per cent to be reached by 2015. It also falls short of the commitment to increase annual aid flows to about \$155 billion per year by 2010. The global crisis has put aid budgets of donor countries under pressure, making it harder to meet that intermediate target.

The Report also highlights a 'coverage gap' in ODA distribution, as most of the increase in ODA since 2000 has been limited to a handful of post-conflict countries, including Iraq and Afghanistan. In contrast, many of the poorest nations in Africa have seen very little increase in aid.

Developing countries have been hurt by the collapse in trade finance since the onset of the financial crisis, tallied at a falloff of somewhere between \$100 and \$300 billion. Strangulation of trade finance has been combined to ill effect with new trade restrictions in many countries, and a stalemate in the Doha development round of trade negotiations.

Compared with a 2005 agreement by the World Trade Organization in Hong Kong to allow 97 per cent duty-free access to imports from the poorest countries, only 80 per cent of least developed country (LDC) exports have acquired duty-free status in industrialized country markets.

The Report also finds that even after the success of two major debt relief initiatives, high prices for imported fuel and food combined with weak demand for export commodities have left many developing countries with difficulties in paying their external debts.

Access to medicines and technology

The UN Report finds that just as the purchasing power of the poor is under threat, the cost of many essential medicines is rising. On average, people in developing countries now pay three to six times more than international reference prices for the cheapest generic medicines.

The digital divide between the prosperous and the poor remains wide, both among and within countries. Although more than 65 million new mobile phone subscribers signed up in Africa in 2007, the penetration rate is still less than a third of the population, as compared to 100 per cent in developed countries. Fixed broadband Internet service remains prohibitively expensive in the developing world, where people pay 10 times more than in industrialized countries.

Strengthening the Global Partnership for Development recommends public-private partnerships to improve access to essential medicines, mobile cellular telephony and Internet service.

A major theme emerging from the UN study is that implementation of the full range of global commitments can effectively advance economically and environmentally sustainable growth — growth that mitigates climate change while addressing the political, economic and public health deficits associated with extreme poverty.

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