

2005 WORLD SUMMIT

HIGH-LEVEL PLENARY MEETING | 14–16 SEPTEMBER 2005



» BUILDING MOMENTUM TO END POVERTY

SOME POSITIVE TRENDS AND NEW COMMITMENTS – BUT MORE IS NEEDED TO ACHIEVE DEVELOPMENT GOALS

The 2005 World Summit will cap a dynamic period in development, offering an opportunity to take stock of progress and take key steps necessary to accelerate global efforts to meet the Millennium Development Goals and the overarching target of halving extreme poverty by 2015.

News of the advance of emerging market economies — led by powerhouses such as Brazil, China and India — has spilled from the business pages to the front pages of the world press. Developing countries are working their way up the ladder of international trade, and similar trends prevail in cross-border investment (see *Table 1*). Since 2003, there has been strong growth in developing economies, almost evenly matched among Latin America, Africa and Asia.

A “global partnership for development” has also moved forward. Developing countries are making efforts to put in place policies and investments for sustained economic growth, combating corruption and giving priority to spending on health and education. For their part, developed countries have been raising

the level of official development assistance (ODA), from \$52 billion in 2002 to nearly \$79 billion in 2004, following the 2000 Millennium Summit and the 2002 International Conference on Financing for Development in Monterrey, Mexico. Agreements reached at the summit of the Group of 8 in July 2005 would bring the total to \$129 billion by 2010. The G-8 meeting also featured approval of a plan to forgive \$40 billion of external debt of 18 low-income countries.

The agreements on financing for development at Monterrey and on sustainable development at the 2002 Summit in Johannesburg are fundamental to advance the partnership between developed and developing countries. The bargain is that developing countries will foster market-friendly, socially and environmentally responsible governance, stressing discipline, fairness and openness, and fighting corruption. Based on these premises, the developed countries agree to provide aid where needed and promote an international environment that is conducive to advancing trade, investment and technology in the developing world.

Table 1: Expanding role of developing countries in world trade, investment

\$2 038 billion	Value of developing country exports in 2000
\$2 984 billion	Value in 2004
5.8 per cent	Average annual growth of developed country exports, 2001-03
7.4 per cent	Average annual growth of developing country exports, 2001-03

Source: *World Economic Situation and Prospect 2005*, UN Department of Economic and Social Affairs

\$158 billion	FDI flows to developing countries in 2002
\$255 billion	FDI flows to developing countries in 2004
23 per cent	Developing country share of world FDI inflows in 2002
42 per cent	Developing country share in 2004

Source: *World Investment Report 2004*, UN Conference on Trade and Development (UNCTAD), and 2005 update

The challenge posed by the Millennium Development Goals has had a deep impact on national governments — including of donors — and on international finance institutions, civil society and the media. An often heated debate has taken place on how to achieve the MDGs and other development goals hammered out at global conferences. There is now widespread agreement that tackling poverty and eventually ending it are doable tasks that should no longer be postponed, or written off as utopian endeavours.

POVERTY NOT YET HISTORY

But these positive developments are matched by weak areas.

As the UN Millennium Project demonstrated in its January 2005 report (*see www.millenniumproject.org*), many of the poorest nations have not built sufficient momentum in terms of exports or incoming investment to break out of a “poverty trap”. Many of these countries — crippled by weak internal markets and low levels of human development, as well as geographic isolation, civil strife, epidemic diseases or a combination of these and other factors — are situated in Africa.

Economic advances have freed hundreds of millions from extreme poverty but have left hundreds of millions behind (*see Graph 1*). Not just in Africa but in many parts of the world, the Millennium Development Goals — relating to health, education, women and girls, and the environment — will not be achieved by 2015 in the absence of more action and focused interventions.

The recent \$40 billion debt write-off is dwarfed by the overall debt of developing countries, amounting to \$1.8 trillion. Progress has been slow in the trade negotiations started in Doha, Qatar, in 2001, aimed at establishing a level playing field for developing countries. And though the upward push of commodity

prices in the last few years helped to fuel fast growth, prices are still below historical levels.

SOME KEY PROPOSALS

During negotiations in the run up to the 2005 World Summit, focus has been given to key issues, from trade, aid and debt to health and education as well as employment, migration, science and technology.

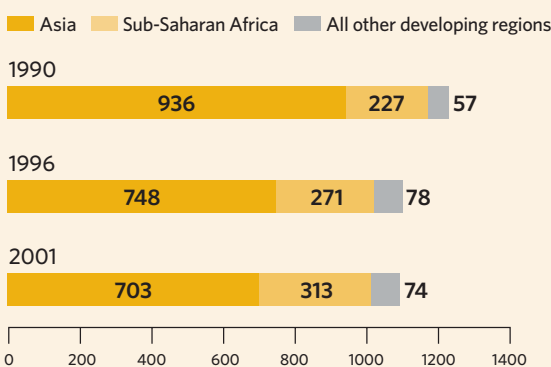
Donor countries have discussed meeting the long-standing UN target of devoting **0.7 per cent** of a government’s income to development assistance. Last year donors disbursed only 0.25 per cent of national incomes on ODA, considerably lower than in earlier decades (*see Table 2*). It is encouraging that in the spring of 2005, the European Union officially committed to reaching this target.

Proposals for **alternative sources of financing** have been advanced — such as an International Finance Facility, which would frontload the delivery of development assistance by borrowing against future commitments to provide aid at the scale necessary to achieve the MDGs by 2015. As with the issue of rapidly reaching 0.7 per cent, the debate has revolved around the capacity of poor countries to absorb aid. The importance of trade, investment and the domestic business environment has been acknowledged.

Broad support has been granted to the “**quick wins**” — low-cost, country-led, donor-supported interventions, such as distributing anti-malaria bed nets, providing free school meals using locally produced food, and dropping user fees for primary education and for health services.

There is support in principle for a successful resolution of the Doha **trade** talks, and the Summit could provide an impetus. The actual terms will need to be worked out at the WTO’s Hong Kong ministerial meeting in December, but a proposal for the UN Summit could be enacted outside of WTO talks: granting duty-free and quota-free access for imports from the least developed countries (LDCs). Representation of developing countries in the WTO and the Bretton Woods institutions — the World Bank and International Monetary Fund — has also been under consideration, as well as the role of the UN in development policy making.

Graph 1: Number of people living on less than \$1 a day (in millions)



Source: *The UN Millennium Development Goals Report 2005*, UN

Global warming and climate change have been the subject of heated debates. There is growing recognition that **climate change** exists, and that it entails unsettling if not disastrous consequences. But differences remain on action, including the efficacy of the Kyoto Protocol. Governments have also addressed the need to develop mechanisms that take effect after the 2012 expiration of the first commitment period of the Kyoto Protocol.

Combating **HIV/AIDS** remains on top of the development agenda. **Science and technology** has been acknowledged as fundamental in the development process. **Gender** equality and the empowerment of women have been recognized as crucial to achieve the MDGs, and the need to advance women's rights has been reiterated.

The Secretary-General has recently identified **migration** as one of the new frontiers for the Organization in the 21st century. There is growing recognition of the nexus between international migration and development, and the need to coordinate efforts between sending and receiving countries to maximize benefits and respond to challenges. The debate on these nego-

tiations will be further advanced by the report of an independent commission on migration which will present its conclusions in October of this year. In 2006, the General Assembly will also convene a high-level dialogue on migration and development.

The proposals that will be presented to Heads of State and Government at the 2005 World Summit have taken into consideration **countries with special needs**, which include the least developed countries, landlocked developing countries and small island developing states. There is a growing awareness of the need for international support for this category of countries. Last year's tsunami disaster was a forceful reminder of the vulnerability of islands and coastlines, and hillside and mountainous areas are similarly vulnerable to mudslides and earthquakes.

The **special needs of Africa** remain a priority. Recent economic progress on the continent and the establishment of the New Partnership for Africa's Development (NEPAD) offer glimmers of hope. So does the promise at this year's G-8 that aid to Africa will double by 2010, as well as market-opening measures such as the ones extended by the United States.

Table 2: Fall and rise of development assistance as share of developed country income

> 0.5	Per cent of developed country gross national income spent on ODA in 1960s
0.36	Per cent of developed country GNI spent on ODA in 1988
0.31	Per cent spent on ODA on average in 1992-93
0.21	Per cent spent on ODA in 2000
0.25	Per cent spent on ODA in 2003 and in 2004
0.7	UN target for share of donor country GNI to be spent on ODA, which 11 EU countries have pledged to meet by 2015, and which five more currently meet or exceed (Denmark, Luxembourg, Netherlands, Norway and Sweden)
\$226	Annual average cost per person from donor countries required to fund ODA at 0.7 per cent of national income (in 2002)

Calculated from Organization for Economic Cooperation and Development statistics

