

Strengthening Efforts to Eradicate Poverty and Hunger



Dialogues at the Economic and Social Council



United Nations

Department of Economic and Social Affairs
Office for ECOSOC Support and Coordination

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NOTE

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DESA

The Department of Economic and Social Affairs of the United Nations Secretariat is a vital interface between global policies in the economic, social and environmental spheres and national action. The Department works in three main interlinked areas: (i) it compiles, generates and analyses a wide range of economic, social and environmental data and information on which States Members of the United Nations draw to review common problems and to take stock of policy options; (ii) it facilitates the negotiations of Member States in many intergovernmental bodies on joint courses of action to address ongoing or emerging global challenges; and (iii) it advises interested Governments on the ways and means of translating policy frameworks developed in United Nations conferences and summits into programmes at the country level and, through technical assistance, helps build national capabilities.

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GLOSSARY OF ACRONYMS

AfDB	African Development Bank
AGR/AGRA	African Green Revolution
ADLI	Agricultural Development Led Industrialization
AMR	Annual Ministerial Review
AU	African Union
BBC	British Broadcasting Corporation
BWIs	Bretton Woods Institutions
CAADP	Comprehensive Africa Agricultural Development Programme
CAN	Andean Community
CAP	Common Agricultural Policy
CARICOM	Caribbean Community
CBT	Community Based Training
CDB	Caribbean Development Bank
CDCF	Cambodia Development Cooperation Forum
CDOs	Collateralised Debt Obligations
CDP	Committee for Development Policy
CEB	United Nations Chief Executives Board
CEDAW	United Nations Convention on the Elimination of All Forms of Discrimination Against Women
CEO	Chief Executive Officer
CLOs	Collateralised Loan Obligations
CMDGs	Cambodia Millennium Development Goals
COMIFAC	Central African Forestry Commission
CONGO	Conference of NGOs
CPA	Country Poverty Assessment
CRPC	Chronic Poverty Research Centre
CSME	Caribbean Single Market and Economy
CSOs	Civil Society Organizations
CTDL	Currency Transaction Development Levy
DAC	Development Assistance Committee
DCF	Development Cooperation Forum
DESA	Department of Economic and Social Affairs
DWCPs	Decent Work Country Programmes
EAC	East African Community
ECA	Economic Commission for Africa
ECB	European Central Bank
ECE	Economic Commission for Europe
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	Economic and Social Council
ECOWAS	Economic Commission of West African States
EDP	External Development Partners
EDI	EFA Development Index
EFA	Education for All
ENSA	National Strategy for Food Security
EP	Essential Package
EPZs	Export Processing Zones
ESCAP	Economic and Social Commission for Asia and the Pacific

ESCWA	Economic and Social Commission for West Asia
ESDP	Education Sector Development Programme
ETC	Ethiopian Telecommunication Corporation
EU	European Union
FAO	United Nations Food and Agriculture Organization
FDI	Foreign Direct Investment
FLEG	Forest Law Enforcement and Governance
FSF	Financial Stability Forum
FTI	Fast Track Initiative
FUNDEMAS	Fundación Empresarial para la Acción Social
G-8	Group of Eight
GATS	General Agreement on Trade in Services
GC	Consultative Group
GDP	Gross Domestic Product
GDCC	Gvt-Donor Coordination Committee
GEF	Global Environmental Facility
GIM	Growing Inclusive Market
GNI	Gross National Income
GNP	Gross National Product
GR	Green Revolution
GPRS	Growth and Poverty Reduction Strategy
GSB	Growing Sustainable Business
HDI	Human Development Index
HDR	Human Development Report
HEWs	Health Extension Workers
HIPC	Heavily Indebted Poor Countries
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HLF	High Level Forum
IADB	Inter-American Development Bank
IADGs	International Agreed Development Goals
IBLF	International Business Leaders Forum
ICA	International Clearing Agency
ICF	Investment Climate Facility
ICT	Information and Communications Technology
IDF	International Debt Framework
IF	Integrated Framework
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFF	International Financial Facility
IFIs	International Financial Institutions
IFPRI	International Food Policy Research Institute
ILC	International Land Coalition
ILO	International Labour Organization
IMF	International Monetary Fund
INGO's	International Non-Government Organizations
INE	National Statistics Institute
IOM	International Organization for Migration
IPCC	Inter-governmental Panel of Climate Change
IRENE	United Nations Informal Regional Network
IT	Information Technology
ITTO	International Tropical Timber Organisation
LBOs	Leveraged Buy-Outs

LDCs	Least Developed Countries
LICUS	Low Income Countries Under Stress
MAP	Plan of Action for Madagascar
MCPFE	Ministerial Conference for the Protection of the Environment
MDGs	Millennium Development Goals
MFIs	Micro-Finance Institutions
MTSF	Medium Term Strategic Framework
NAP	National Action Plan
NDBs	National Development Banks
NSDP	National Strategic Development Plan
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organizations
NPP	National Population Policy
NSP	National Strategic Plan
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OHRLLS	Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
OSAA	Office of the Special Advisor on Africa
OSAGI	Office of the Special Adviser on Gender Issues
PANCAP	Pan-Caribbean Partnership against HIV/ AIDS
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PIP	Public Investment Programme
PRS	MDG-based Poverty Reduction Strategies
PRSP	Poverty Reduction Strategy Paper
PTG	Permanent Technical Group
RECs	Regional Economic Commissions
RMG	Ready Made Garments
SADC	South African Development Corporation
SIDS	Small Island Developing States
SDPRP	Sustainable Development and Poverty Reduction Programme
SDRs	Special Drawing Rights
SEDP	Socio-economic Development Plan
SMEs	Small and Medium Enterprises
SPARC	Support to Poverty Reduction and Assessment in the Caribbean
TB	Tuberculosis
TG-7	Technical Group
TNCs	Transnational Corporations
TRIMs	Trade-Related Investment Measures
TRIPS	Trade Related Intellectual Property Rights
TWGs	Technical Working Groups
UNOWA	United Nations Office for West Africa
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNCT	United Nations Country Team
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Social and Economic Affairs
UNDG	United Nations Development Group
UNDP	United Nations Development Programme
UNEP	United Nations Environmental Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

UNIFEM	United Nations Development Fund for Women
UNFF	United Nations Forum on Forests
UNFPA	United Nations Population Fund
UNHSP	United Nations Human Settlements Programme (UN-Habitat)
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNMC	UN Millennium Campaign
UNODC	United Nations Office on Drugs and Crime
UNSCN	United Nations Standing Committee on Nutrition
UPE	Universal Primary Education
USAID	United States Agency for International Development
VAT	Value Added Tax
WESP	World Economic Situation and Prospects
WESS	World Economic and Social Survey
WFP	World Food Programme
WFS	World Food Summit
WHO	World Health Organization
WTO	World Trade Organization
YBI	Youth Business International
YCG	Youth Consultative Group
YEA	Young Entrepreneurs Association

PREFACE

In its 2007 High-level Segment held in Geneva from 2-5 July 2007, the Economic and Social Council (ECOSOC) convened its first Annual Ministerial Review (AMR) and launched the Development Cooperation Forum (DCF), as mandated by the 2005 World Summit. The AMR takes stock of progress to accelerate global efforts to achieve the internationally-agreed development goals, including the Millennium Development Goals (MDGs) and the overarching target of halving extreme poverty by 2015 – the DCF aims to strengthen international development cooperation towards achieving these goals.

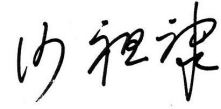
The survey of progress so far, as shown in the 2007 MDG Report, shows that seven years after the Millennium Summit, many countries are still struggling to achieve the MDGs. However, even though some countries are not on track to reach these goals by 2015, others have made significant progress in reducing extreme poverty and, on balance, the results are encouraging.

The Ministerial Declaration adopted at the end of the High-level Segment has contributed to the revival of ECOSOC by sending a message that the international community is united in addressing the obstacles that stand in the way of achieving the goal of halving poverty and hunger by 2015. Member States clearly recognized the importance of new and emerging developments, such as climate change, and their impact on sustainable development overall and the achievement of the MDGs in particular, especially for the most vulnerable countries. The Council affirmed that responses to climate change should be coordinated with social and economic development in an integrated manner. A further opportunity to do this will present itself when the Council will address, at its 2008 High-level Segment, “Implementing the internationally-agreed goals and commitments in regard to sustainable development.”

Over the past years, ECOSOC has demonstrated its ability to bring crucial development issues to the forefront of the international agenda, and to carry out its role as the central forum for addressing economic and social issues. The Council brings together all development partners to set norms and guidelines, link policy and operations, and give political impetus to vital development efforts. The 2007 High-level Segment also sought to widen its partnerships with a range of stakeholders. In addition to leaders and policy-makers from Member States, UN agencies, international organizations, regional institutions and NGOs, including academia, the Council also benefited from the presence of a number of private sector companies which participated in an Innovation Fair.

The present publication brings to a broader audience the rich materials – statements, issues papers, summaries of high-level roundtables, dialogues and other discussions – gathered at the 2007 High-level Segment of ECOSOC and its preparatory meetings. It is intended to serve as a resource and a vehicle to assess the advancement of the MDGs. It is hoped that Member States and their national, regional and international partners will use this publication to reflect on how to put in place many of the recommendations that

emerged from the debate in the Council and that are contained in this book. It is time to realize the goals that the international community has set for itself.



SHA ZUKANG
Under-Secretary-General for Economic and Social Affairs
United Nations

INTRODUCTION

The 2007 substantive session of the Economic and Social Council will be remembered as a turning point in its reform. By implementing the vision of the 2005 World Summit, the session opened new avenues for the work of the Council. The first Annual Ministerial Review, with a special focus on the eradication of poverty and hunger and the global partnership for development and the launch of the Development Cooperation Forum, could not have come at a more opportune juncture. As the Secretary-General declared in his opening remarks to the Council, “we stand at the mid-point of the race to achieve the Millennium Development Goals. A strong and sustained effort now can mean the difference between the success and failure of our grand endeavour. Needless to say, millions of lives quite literally hang in the balance.” These words represent in the starkest terms the urgency of the work of the Council.

In outlining the report of the Secretary-General to the Council and reflecting on the *MDG Report 2007*, the Under-Secretary-General for Economic and Social Affairs gave a mixed picture of the global situation. The goal of reducing poverty by half appears likely to be met in almost all regions, except sub-Saharan Africa. Even there, the earlier relentless increase in the number of poor appears to have been halted and the proportion of poor is declining, but so far, not rapidly enough. Progress in reducing hunger is less easy to identify and no recent comprehensive data exist. But hunger clearly remains a scourge in several areas, particularly where there is unrest.

Poverty, as a phenomenon and as a challenge, involves much more than income levels. There is forward movement in non-income dimensions of poverty, such as access to education and health. Importantly, data suggest that progress in such areas has accelerated since 2000 and that it embraces many of the countries where these challenges are greatest. Nevertheless, the progress to date has been uneven across and within countries and, in many cases, insufficient to achieve the agreed goals. This is especially the case where there is internal conflict and unrest impeding or reversing development. Such countries must increase their efforts to end these conflicts. Where this requires external support, the international community must unite in its efforts to achieve peace and stability – and to sustain it.

In addition to conflict, a number of other emerging challenges are placing serious constraints on the efforts to realize the internationally agreed development goals, including the MDGs, threatening to undo decades of development efforts. Major challenges include climate change, desertification and disease exacerbated by AIDS, malaria and tuberculosis. These directly impact national and international endeavours for the eradication of poverty and hunger, prevent people from realizing their potential and contributing to the progress of their societies.

Unfortunately, there are no large-scale “quick impact initiatives” that would rapidly reverse these negative trends of past decades. In the specific case of climate change, the additional information that has become available over the past year underlines the seriousness of the threat and the urgency to forge a global response. All countries should

contribute positively to the multilateral solution necessary to address this global challenge effectively.

Overall, the strategy for achieving the internationally agreed development goals, including the MDGs, *is* working, although not on the scale required. The strategy must be improved and strengthened. The aim should be to accelerate implementation in a way that enables all segments of the world's population to share in the success.

ECOSOC can contribute to such an effort, not least through the opportunity for evaluation and mutual learning provided by the Annual Ministerial Review. Yet, the most essential factor in delivering on the development agenda is that *all* countries continue to implement the policies and actions that they have already agreed upon. This includes remedying any failures to meet earlier commitments.

The national voluntary presentations by Bangladesh, Barbados, Cambodia, Cape Verde, Ethiopia and Ghana provided the Council with details of countries' actual experiences in implementing policies towards meeting internationally agreed development goals, including the Millennium Development Goals (MDGs). By sharing knowledge and information about national experiences, the presentations infused new meaning to the Council's mandate to advance and assess the implementation of the IADGs/MDGs, turning them into mechanisms to strengthen accountability for the realization of the agreed goals. The policy messages and ideas which emerged are intended to reverberate beyond the Council and enrich the development efforts of individual countries, regions, and international partners.

There were five clear messages. Firstly, national development strategies are working but not at the pace required; therefore, urgent efforts have to be made to accelerate and scale-up the implementation process. Secondly, the global partnership should be made more effective in all its dimensions. Thirdly, the global economic environment should be made pro-development and pro-poor. Fourthly, monitoring the implementation of commitments and accountability should be strengthened. Finally, emerging threats — like climate change and desertification — that hamper efforts to realize these goals, should be urgently addressed.

The Council also examined ways of making development cooperation more effective, coherent and coordinated. The official launch of the Development Cooperation Forum (DCF) marked the first collective step in filling this gap. Member States welcomed the Forum as an inclusive and universal platform which has the potential to increase the impact of development cooperation on the internationally agreed development goals and urged the Council to work collectively to realize this potential.

Four clear messages emerged from the discussions during the Forum's launch. Firstly, a key challenge in cooperating for development lies in making the process truly country-driven and inclusive. The pursuit of better impact of assistance must be based on national ownership and leadership — while taking into account domestic but also international accountability.

Secondly, predictable and stable funding coupled with effective monitoring of aid quality should be seen as essential components of efforts to enhance the impact of development

cooperation. In this regard, and with concerted effort, the DCF could become a multilateral forum for discussing aid effectiveness and donor harmonization.

Thirdly, the growing importance of South-South and triangular cooperation cannot be overemphasized. Yet, it is by no means a substitute for North-South cooperation. The Forum can contribute to promoting better understanding of South-South cooperation and put in place appropriate mechanisms to support it. Finally, broad agreement exists on a number of principles on promoting effective and coherent international development cooperation. The task of the 2008 Forum will be to offer strong analysis and provide guidance. It should be done in close coordination with the Financing for Development processes leading up to the Doha review conference in 2008.

The debate showed great expectations for the DCF, in particular with a view to improving the governance, effectiveness and impact of development cooperation for the achievement of the internationally agreed development goals. There is no doubt that the Forum can serve to strengthen the policy coordination role of ECOSOC over the UN development system and to strengthen the link between the operational and normative work of the UN system.

The spirit of partnership was a defining feature of the substantive session. The Conference of NGOs (CONGO) held their annual NGO Forum on the theme of the High-level Segment on the eve of the session and outlined a range of policy recommendations for the consideration of Ministers and High-officials of the Council. The Department of Economic and Social Affairs (DESA) organized for the first time an Innovation Fair¹ which featured a range of UN-system organizations, NGOs and private sector entities exhibiting practical solutions for the reduction of hunger, malnutrition and poverty. The Fair has made it manifestly clear that ECOSOC *can* attract key actors on such issues. Future Innovation Fairs can become the hub for promoting partnerships for implementing the UN development agenda.

The overall assessment of the 2007 High-level Segment is that it was it lived up to the expectations of Member States for a renewed and strengthened Council. The participation by Micheline Calmy-Rey, President of the Swiss Confederation and Head of the Federal Department of Foreign Affairs, Gediminas Kirkilas, Prime Minister of Lithuania, Sheikh Khalifa Bin Salman Al Khalifa, Prime Minister of Bahrain brought high-level engagement and additional dynamism to the opening session of the Council. The range of topical issues discussed, the innovative and creative changes in the format of discussions and interactive and candid discussions were welcomed by Member States. These innovations should be built on and expanded for future sessions of the Council.

With this positive start to a renewed ECOSOC, the Council should act with boldness to ensure that the Ministerial Declaration will be followed-up with actual implementation, monitoring and evaluation. Decisions regarding the methods of work must be taken at the earliest with a view to continuing the process of transformation of the Council into an action-driven organ, fully engaged and responsive to the needs of the poor. ECOSOC's

¹ See <http://www.un.org/ecosoc/innovfair/innovfair.shtml>

actions for implementation of the UN development agenda should be clear and unambiguous.

A handwritten signature in black ink, appearing to read 'Dalius Čekuolis', with a long horizontal line extending from the top right of the signature.

H.E. Mr. DALIUS ČEKUOLIS
President of the Economic and Social Council
Ambassador and Permanent Representative of Lithuania to the United Nations

Chapter 1

THE ERADICATION OF POVERTY AND HUNGER

Overview

The year 2007 represented an historic turning point in the work of the Economic and Social Council (ECOSOC). Not only had the Council held, during the High-level Segment of ECOSOC, its first meeting of the Annual Ministerial Review (AMR) on the theme of “Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development”, it also organized the inaugural meeting of the Development Cooperation Forum (DCF). These new functions serve as a benchmark to strengthen the role of ECOSOC as a central body for UN system-wide coordination in the economic, social and related fields, and to achieve the internationally agreed development goals, particularly the Millennium Development Goals (MDGs).

Efforts to eradicate poverty and hunger necessitate progress in a range of interlinked areas, such as social integration, employment and decent work, environmental sustainability and demographic issues. Nationally-owned development strategies and budgets should be supported financially within the global partnership for development, so that developed countries could reach the official development assistance (ODA) target of 0.7 per-cent of gross national income (GNI) by 2015. Following is a synopsis of the contributions contained in this chapter.

Mr. Ban Ki-moon, Secretary-General of the United Nations believes that the Annual Ministerial Review and the Development Cooperation Forum are the Council’s most striking innovations and welcomes the focus of the first AMR on “Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development”. He also launches the 2007 MDG Report, noting that progress has been slow in some of the world’s poorest countries, particularly in sub-Saharan Africa. He stresses, however, that its main message is that the MDGs remain achievable in most countries if leaders take urgent and concerted action. Furthermore, he urges developed countries to meet the agreed 0.7 per-cent ODA target and to establish timelines in this regard. He stresses the need for real action in the global partnership for development. He also emphasizes the need for urgent action on climate change, which presents a serious threat to the efforts to eradicate poverty and hunger.

H.E. Mr. Dalius Čekuolis, President of the Economic and Social Council, points out both the encouraging signs of a global decline in poverty in most parts of the world, as well as continuing concern that many countries, especially in sub-Saharan Africa, remain off track at the midpoint to 2015 target of achieving the MDGs. He emphasizes the need to work in a true global partnership and underscores the central role that ECOSOC has to play in facilitating and supporting the countries’ efforts to realize the UN development agenda. He also underlines the potential of the Annual Ministerial Review and the Development Cooperation Forum that ECOSOC is launching this year.

H.E. Ms. Sheikha Haya Rashed Al Khalifa, President of the General Assembly, underlines the critical role of the DCF and the AMR in the global fight against poverty and the promotion of human development for all. She notes that progress was made in meeting the high expectations of hundreds of millions of poor and malnourished people around the world, but that poverty has not yet been made history. She also stresses the importance of the DCF and the AMR to ensure follow-up and implementation of the outcomes of the major UN conferences and summits on development as well as to provide a strategic policy framework for development cooperation. Furthermore, she emphasizes the significance of the promotion of gender equality and women's empowerment as a key to development. In this regard, she highlights the need to empower women politically as well as economically, stating that the MDGs will not be achieved without gender equality and respect for women's human rights.

H.E. Ms. Micheline Calmy-Rey, President of the Swiss Confederation and Head of the Federal Department of Foreign Affairs, reaffirms that development, in all its dimensions, represents the most crucial challenge and foremost common objective in creating a freer and more secure world. In this respect the MDGs must be understood as a driving force to push the global development agenda forward. However, she also points out that it is much more compelling to focus case-by-case on each individual developing country, since national statistics sometimes hide the large disparities existing between different regions within the same country. She names three factors for economic growth that benefits the poor, as they act together in creating the framework conditions necessary for the entrepreneurial spirit to unfold: (i) prudent macroeconomic policies; (ii) effective social protection; and (iii) a combination of investments in the infrastructure, professional training, and basic public services. Furthermore, she urges that the developing countries formulate and implement efficient and effective strategies to combat poverty, geared towards achieving the MDGs.

H.E. Mr. Gediminas Kirkilas, Prime Minister of Lithuania, recalls that economic growth over the past years has been quite promising across the globe and that an estimated 135 million people managed to get out of extreme poverty. Yet, he underscores that the overall progress in achieving the MDGs is not sufficient and remains uneven. He emphasizes that national poverty reduction strategies need to be sustained with coordinated support at regional and global levels in order to fight poverty and hunger. He also states that sustained economic growth is a major contributor, but it does not translate automatically into reduced poverty levels and less hunger. Hence, he recommends that growth must be accompanied by: (i) strengthened institutional capacity; (ii) equitable delivery of public services; (iii) active social inclusion; (iv) bridging the gap between urban and rural development; and (v) investment in human capital. Furthermore, he identifies the link between poverty and conflict, since fragile states pose the greatest difficulty in fighting poverty. He also points to climate change as an increasing factor to be reckoned with and which requires a long-term global response, because it is usually the poor who are affected the most and take the longest to recover.

The New Economic and Social Council: Challenges to Eradicate Poverty and Hunger¹

By Mr. Ban Ki-moon
Secretary-General
United Nations

The Economic and Social Council has a sacred mission: to lead the UN's worldwide work for human uplift and development. This year, the Council is better prepared than ever for this challenge. The Economic and Social Council has undertaken bold new initiatives to reenergize its functions and to rejuvenate its mission. As a result, it is well on its way to becoming the global hub for devising and overseeing development policies and practices.

Two of the Council's most striking innovations are the Annual Ministerial Reviews and the Development Cooperation Forum. The Ministerial Reviews can help the Council better assess national progress towards the internationally agreed development goals. At the same time, the new Development Cooperation Forum can help countries to better gear international development cooperation towards achieving these goals.

These two new functions could not have come at a more opportune juncture. We stand at the mid-point of the race to achieve the Millennium Development Goals. A strong and sustained effort now can mean the difference between the success and failure of our grand endeavour. Needless to say, millions of lives quite literally hang in the balance.

That is why I particularly welcome the focus of the Annual Ministerial Review, which concentrates on the first and last Millennium Development Goals – cutting extreme poverty and hunger in half, and building the global partnership for development. Advancing on these two items is essential for human uplift, and it underpins our entire UN development agenda.

You have before you my analytical report for the Ministerial Review, as well as The Millennium Development Goals Report 2007 which is being launched right here, right now. This report is the result of a broad interagency effort spearheaded by the Department of Economic and Social Affairs. It shows that progress towards the Development Goals has been slow in some of the world's poorest countries, particularly in sub-Saharan Africa. However, its main message remains encouraging: the Millennium Development Goals remain achievable in most countries, but only if political leaders take urgent and concerted action.

Countries in Africa and elsewhere are demonstrating that rapid and large-scale progress on the MDGs is possible. As national presentations on implementation experiences show, it flows from strong government leadership, sound governance and good policies. It requires practical strategies for scaling up investments in key areas. And it needs adequate financial and technical support from the international community.

Experience has also shown that successful national development strategies must be aligned with the MDGs through internal effort – not imposed from outside. Such

strategies should be coupled with a broad-based and balanced macroeconomic policy that fosters growth and employment creation. Decent jobs, especially for women and youth, provide the strongest link between economic growth and poverty reduction. Their generation must become a higher national policy priority, along with related efforts to enhance productive capacity and improve access to markets.

All of this will simply not occur without adequate financing, much of which has to flow from a strengthened global partnership for development. I cannot stress strongly enough the need for developed nations to keep their promises. They have to meet the 0.7 per cent Official Development Assistance target. I urge donors to issue timelines for scaling up aid to reach their target commitments by 2010 and 2015.

As they do so, they must also address the disparities in the global trade regime which handcuff so many developing nations. The world desperately needs a successful conclusion to the Doha trade negotiations. Existing trade barriers, agricultural subsidies, and restrictive rules on intellectual property rights reinforce global inequities – and they make a mockery of our tall claims to eliminate hunger and poverty from our world.

The time to convert existing promises into actual progress is now. We must convert the “global partnership for development” into more than a catchy slogan, and turn it into fact so as to address the most pressing development issues of our day, from climate change to trade and aid. By acting now, we can still deliver by the 2015 deadline.

That is the task facing this Council, as well as the entire international system. I am confident that today's ECOSOC can and will come through, and provide the leadership and guidance that we all seek. For my part, I will spare no effort to ensure that the entire United Nations system functions in a coherent, effective, and efficient way for our Member States, and for all the ordinary people whose hopes and aspirations rest with us.

The Renewal of the Economic and Social Council and its Challenges²

By H.E. Mr. Dalius Čekuolis
President of the Economic and Social Council
United Nations

At the beginning of the Millennium, our leaders adopted a shared agenda for development, based on a set of common goals and targets to be achieved by 2015. Midway to this date, we are witnessing the encouraging signs of a global decline in poverty in most parts of the world. And yet, many countries remain off track to meeting the Millennium Development Goals, especially in sub-Saharan Africa.

We can only succeed in fulfilling the promise of the Millennium Declaration to the people there - and across the globe - if we work in a true global partnership, with all parties firmly determined to implement fully their development commitments.

Meeting the Goals requires multi-sectoral approaches and combined efforts across the board. While there is no single blueprint which could be adopted by all countries, success stories, such as the ones presented in the 2007 Millennium Development Goals report, indicate the existence of certain key factors for success.

This should give us renewed hope that if we take up and apply the lessons learned and successful practices on a broader scale, attaining the Goals could still be within our reach. In the run-up to 2015, the international community should therefore focus on helping to identify those key factors for success and make them common knowledge, transferable and adaptable locally to meet the challenges at hand.

The primary responsibility for achieving the development goals lies with the Member States. Due to its mandate, however, ECOSOC has a central role in facilitating and supporting the efforts undertaken by national governments. The new design of the Council's High Level Segment, in my view, has an excellent potential of responding to the call to speed up the implementation of the MDG-based national development strategies.

By enabling us to make a comprehensive assessment of progress to date towards the internationally agreed development goals and identifying implementation gaps, the AMR is an important step towards the full realization of the global partnership for development. Notably, it offers a unique platform for sharing the experience of national implementation efforts through the instrument of voluntary country presentations.

The AMR also allows us to review and define the challenges that persist and, on the basis of the shared experience, to discuss best ways of tackling those challenges. Importantly, it enables us to bring the individual conference follow-up processes together in a meaningful way in order to avoid duplications and to ensure the coherence and coordination of both policy and action.

Such a result-oriented approach of the AMR, I believe, will allow us to go an extra step towards finding viable solutions to the plight of millions of people suffering from dehumanizing poverty and deprivation.

An additional forum for finding practical solutions to the eradication of poverty and hunger is offered by the ECOSOC Innovation Fair, which is held for the first time this year. I hope that by bringing together innovators, practitioners, and policy makers, the Fair will evolve into an important catalyst for progress. I also hope this will allow ECOSOC to take its engagement with all stakeholders to a new level.

With regard to the engagement of all actors dealing with development cooperation, the Development Cooperation Forum offers a unique global platform and has the promise of becoming one of a kind in the multilateral cooperation world. Developing a vision for the DCF is therefore a major objective of its launch during the current session.

I strongly encourage to make the most of the renewed High Level Segment as an opportune setting for identifying ways that can help us to advance the implementation of the internationally agreed development goals, including the Millennium Development Goals. I count on full engagement of all participants in order to send a clear message to the world that, in the spirit of true global partnership, we do not waver in our commitments, that we are determined to do all that it takes to help millions of people to improve their lives.

As the Secretary General noted in his first statement to ECOSOC membership early in 2007, “development for all is central to the UN’s mission.... Together with security and respect for human rights, it represents our core aspirations for a peaceful and better world.” In line with its Charter mandate, ECOSOC is particularly well placed to contribute to the strength of to the development pillar, and thus to greater peace and prosperity in the world.

As participants of the first post-reform high level segment, it falls on us to set the tone and shape of the renewed ECOSOC. For the sake of those whose lives hinge on progress in attaining the Millennium Development Goals, we must therefore make the very best of this reformed Council.

The General Assembly and the Economic and Social Council: Mechanisms to Implement and Promote Action on the Development Agenda³

By H.E. Sheikha Haya Rashed Al Khalifa
President of the General Assembly
United Nations

This year marks the beginning of a new era for a strengthened ECOSOC, with new powers and responsibilities in accordance with General Assembly resolution 61/16. The adoption of this resolution – which was the result of almost a year of consultations – remains one of the important accomplishments of the sixty-first session of the General Assembly. I believe the new mandates including the Development Cooperation Forum and the Annual Ministerial Review can play a critical role in the global fight against poverty and the promotion of human development for all.

There are huge challenges ahead, particularly in meeting the high expectations of hundreds of millions of poor and malnourished people around the world. When poverty is so immediate and the suffering so intense, the world has a moral and strategic obligation to address the concerns of the poorest and most vulnerable, particularly in Least Developed Countries.

In recent years we have made progress, but we have not yet made poverty history. The challenge we all face is to live up to our commitments and work in solidarity through closer partnerships. I believe that we truly do have the capacity and resources necessary to make sure that each member of the human family is lifted out of poverty.

As a global community, both partner countries and donor countries alike have the ability to deliver on our promises. It is a reflection of our commitment to build greater trust among nations and forge a more effective multilateralism for the challenges of the 21st century.

Working in cooperation with the General Assembly, a renewed ECOSOC can stimulate progress, enhance cooperation and hold Member States to account for their commitments. In doing so we generate fresh hope for a better future where poverty and hunger are eradicated. I hope that discussions during the High-Level Segment can strengthen our ongoing partnership in the spirit of achieving the Millennium Development Goals by 2015.

Accelerating implementation and promoting action on the development agenda has been at the centre of my Presidency of the General Assembly. In November 2006, the General Assembly brought together key stakeholders -- Member States, civil society, non-governmental organizations, and the private sector -- to take stock of progress and develop partnerships to achieve the MDGs. The debate concluded with a number of tangible outcomes and recommendations, particularly the announcement by the Islamic Bank of a 10 billion dollar MDG fund.

The meeting also demonstrated the need to build an overarching mechanism to ensure follow-up and implementation of the outcomes of the major United Nations conferences and summits on development. The Development Cooperation Forum (DCF) is well placed to perform this role and address key issues such as the quality and quantity of aid, while the Annual Ministerial Reviews (AMR) can provide a strategic policy framework for development cooperation. These new mandates are complementary to the work that the General Assembly undertakes in the follow-up to the Monterrey Consensus and the Triennial Comprehensive Review of operational activities.

Strengthening our complementarities and the linkages between operational and normative work of the UN can improve the effectiveness of this organization. In doing so the United Nations can deliver more and better assistance to meet the Millennium Development Goals and other Development Goals and therefore our ability to improve the lives of those we are here to serve.

Another issue that is close to my heart is the promotion of gender equality and women's empowerment. I truly believe that women are key to development. Despite many achievements and great progress, women still suffer discrimination and marginalization. We still have a long way to go, if we are to solidify a culture of gender equality in the 21st century.

However, progress is being made. The General Assembly's second thematic debate highlighted the broad-based political commitment to making progress on this issue, and the need to empower women politically and economically. It emphasized that increasing the scope of micro-credit loans enhances the economic status of women and of those they are responsible for. The debate also reaffirmed that without gender equality and respect for women's human rights, the Millennium Development Goals will not be achieved.

The series of thematic debates that have been held during my Presidency will culminate with a debate on climate change on 31st July and 1st August; one of the biggest threats that humanity and this planet face today and in urgent need for global action. The debate is an opportunity to raise awareness about the growing scientific consensus, and to examine its relationship with the socio-economic processes in a number of developing countries. The debate will enable us all to translate this into political consensus for action in preparation for the Secretary-General's High-level event in September. These meetings can build momentum in the run up to the Bali meeting of the United Nations Framework Convention on Climate Change later this year.

Another major challenge facing the world today is HIV/AIDS. The sheer magnitude of suffering calls for an urgent response. In May, the General Assembly reaffirmed its commitment to tackling this human crisis, by adopting a decision on the "Implementation of the Declaration of Commitment on HIV/AIDS", which will pave the way for a more thorough review in 2008.

This is an exciting moment for us all to witness the launch of a strengthened ECOSOC. The Economic and Social Council, its subsidiary bodies, and responsibilities to coordinate the work of the funds and programmes of the United Nations system, is well placed to accelerate progress towards the internationally agreed development goals. We

need to strengthen implementation and ensure that monitoring mechanisms are more effective, coherent and commensurate with the growing demands for action.

Be it the realization of the MDGs, or addressing threats like climate change and HIV/AIDS, the General Assembly and the Economic and Social Council clearly have a complementary role.

ECOSOC and the National Efforts to Achieve the Millennium Development Goals⁴

H.E. Mrs. Micheline Calmy-Rey
 President of the Swiss Confederation
 Head of the Federal Department of Foreign Affairs

Development, in its economic, social, and ecological dimensions, and based on the respect for human rights, represents our most crucial challenge and foremost common objective in creating a world which is, at one and the same time, more free and more secure. The large number of development goals approved by the international community over the last decades, given their close interrelation, calls for exceptional efforts with respect to policy coherence – be they national development policies or cooperation policies conducted by donor countries and multilateral development agencies.

Against this backdrop, the Millennium Development Goals (MDGs) are to be understood as the "locomotive" driving the global development agenda forward. Thanks to these Goals, there is a solid consensus reigning today within the international community as to the necessity of combating the multiple factors responsible for poverty, and the need for transforming political principles and commitments into concrete actions.

Half-way down the road towards the objectives we have set for ourselves, many among us are curious to learn whether or not our common efforts are on track. Most seem to focus on the global picture, i.e., an aggregate result difficult to compile. I would, however, like to point out that in my opinion it is much more compelling for us to focus case-by-case on each individual developing country.

We know, for instance, that neighbouring countries – even if they boast an equivalent per capita income – can register very different infant mortality rates. We are equally aware of the fact that national statistics sometimes hide the large disparities existing between different regions within the same country. These facts serve to remind us of the complexity that characterizes the factors of development. They illustrate how the quality of the policies implemented by the respective government is vested with vital importance. Voluntary presentations by several countries on the progress realized toward Millennium Development Goal N° 1 -- the eradication of extreme poverty and hunger -- enable us to see the extent to which the nature of both the problems and the solutions differ according to the national contexts.

Economic growth that benefits the poor is not the result of getting the right economic formula down on paper. Instead, it is the fruit of a subtle mixture of factors such as:

- prudent macroeconomic policies;
- effective social protection that compensates for harmful economic inequalities;
- a combination of investments in the infrastructure, professional training, and basic public services such as security and health.

All of these elements join together in creating the framework conditions necessary for the entrepreneurial spirit to unfold. In this connection, it is a personal concern of mine to underscore the key role played by women, who are often endowed with a strongly developed flair for business.

We already have the knowledge and the experience necessary to enable us to vanquish extreme poverty and hunger. And we also have the resources necessary to do so, provided we are ready to mobilize them. I remain a proponent of the approach chosen at Monterrey, inviting all of us, all of the stakeholders – governments, multilateral institutions, non-governmental organizations, and the private sector – to join forces on a wide scale, on the national, regional, and on the global levels.

It is important that the developing countries – for it is they who bear the ultimate responsibility for their own development - formulate and implement efficient and effective strategies to combat poverty, steered by the Millennium Development Goals. It is up to them to create the framework conditions suitable for development respectful of human dignity and ecologically sustainable, and to mobilize their own resources to this end. It is no less crucial that the industrialized countries increase their development assistance, while making their markets more accessible to the developing countries, particularly to the poorest among them.

Good governance at the national level is indispensable for sustainable development. I am convinced, for example, that only solid democratic institutions which are attentive to the needs of the population can serve as the basis for an economic growth that is sustainable and capable of redistributing the benefits so as to contribute to the elimination of poverty.

At the global level, we are all called upon to enhance the coordination of our macroeconomic policies in order to strengthen global economic stability. At the same time, it is in the common interest of us all to improve the effectiveness and the impact of development assistance and to facilitate the transfer of other resources. We already know that the only way to achieve results in this domain is by rallying all of the partners concerned – beneficiary governments, bilateral agencies, and multilateral organizations - to join forces in a serious, all-out effort.

If we want to make headway, if we are intent on facing the challenges, we need to have a universal organization, vested with legitimacy in the eyes of all and capable of dealing with the various facets of the development challenge in an integrated manner. We need the United Nations.

Within the United Nations, the Economic and Social Council performs the dual role of political forum and system coordinator. It is a platform where global debate takes place on the emerging tendencies in the domain of economic and social development, and the place where partnerships can be formed to facilitate implementation of the resultant development policies.

It is my profound conviction that the inclusion of all the partners – together with representatives from civil society, the private sector, and the academia – injects momentum into the intergovernmental processes and plays a key role in the implementation of the development agenda.

For several years already, the organizations of the United Nations system have been establishing an increasing number of partnerships with stakeholders from civil society and the private sector, partnerships that have come to play an integral role in their activities. We can only applaud this evolution as it allows us to reach our objectives more efficiently. An excellent example of this type of partnership between the private sector and United Nations development institutions is the Global Compact.

We have established the ECOSOC's Annual Ministerial Review (AMR) in order to strengthen the Council's follow-up role. This Review will enable us to examine, content-wise and at the highest level, the progress registered in the implementation of the development objectives.

We have also created the Development Cooperation Forum (DCF). Once again, I am deeply convinced that this represents a significant step forward in consolidating the role of ECOSOC. This Forum will provide a valuable opportunity to re-locate the dialogue on the effectiveness of development cooperation onto a truly multilateral level. In addition, the forum will play a vital role not only in the harmonization and consolidation of the links between bilateral assistance, multilateral cooperation, and other mechanisms of aid, but also in promoting consensus on harmonization and in realigning development cooperation's financial architecture. I am confident that these new functions will provide platforms where the voices of beneficiaries, governments, and civil society can make themselves heard and be accorded the consideration they deserve. These recent developments are ample proof that ECOSOC is able to innovate reforms and thus rightfully maintain its central role within the United Nations architecture.

Sustain Economic Growth: The Key Factor to fight Poverty and Hunger⁵

H.E. Mr. Gediminas Kirkilas
Prime Minister of Lithuania

The 2007 High level Segment of ECOSOC is the first segment of a renewed ECOSOC which, I hope, is truly well placed to act as a central coordinating body responsible for reviewing the UN system's contribution to achieving the internationally agreed development goals, including the Millennium Development Goals.

It is up to us, its membership, to make ECOSOC the forum for cutting-edge discussions, practical recommendations and a real capacity to follow-up on decisions. The ability of the reformed Council to respond to the challenges facing us in the economic and social arena will be the true test of its effectiveness.

Across the globe, economic growth over the past years has been quite promising. Due to strong growth in developing regions over the past few years, an estimated 135 million people managed to get out of extreme poverty. Dollar-a-day poverty has fallen in all developing regions, with the biggest drop in East Asia.

My own region, Central and Eastern Europe, also achieved significant progress in poverty reduction. Promising changes are also taking place internationally in the fields of primary education for poor children, child vaccination against measles, and the number of HIV-positive people gaining access to retroviral treatment, to name but a few.

But the progress attained so far is not sufficient and we cannot be complacent. Overall progress in achieving the MDGs, including poverty reduction, remains uneven. In spite of repeated recognition of the special needs of Africa and recent record growth of a number of African economies, poverty and hunger remain huge challenges in sub-Saharan Africa and the Least Developed Countries (LDC).

With poverty and hunger still a daily reality for millions of people around the globe, we must live up to our commitments. We must do more and with greater urgency. And we must break from the mold of "business as usual". Or else, the Millennium Development Goals will remain no more but a promise.

The importance of national poverty reduction strategies with a strong sense of ownership cannot be stressed enough. At the same time, in order to see real progress in fighting poverty and hunger, local efforts need the sustained and coordinated support at regional and global levels.

What is required is a comprehensive, multidimensional approach. Sustained economic growth is a major factor in reducing poverty. But growth alone, as we have seen from our own experience, is not sufficient. It does not translate automatically into reduced poverty levels and less hunger. In fact, in most of the rapidly growing economies, inequalities tend to increase as well.

In order to translate economic growth into pro-poor gains at the domestic level, growth must be accompanied by strengthened institutional capacity, equitable delivery of public services, active social inclusion, bridging the gap between urban and rural development, as well as investment in human capital. Empowerment of the poor, of the vulnerable -- empowerment in the broadest sense of the word -- is extremely important in bringing about a change for the better.

Empowerment happens, among other things, through good governance, effective administration, creating a favourable climate for private initiative, and fostering a vibrant civil society. My country would not be where we are today without our firm commitment to institution building, the rule of law, fight against corruption, and local ownership of the processes.

The importance of empowering women in the context of overcoming poverty and hunger merits a special mention. The productive and creative potential of women who make up over half of the globe's population is a tremendous asset. In Lithuania, for example, we have identified and implemented four priorities for women empowerment: women in decision making, balance between family and work, equal wages policy, and gender roles.

Education and skill acquisition are equally powerful tools in poverty eradication. Lack of education and employment opportunities are among the determinants of poverty's perpetuation from generation to generation, and without added improvements in this field, breaking away from the poverty trap is highly difficult.

To deliver on our commitments to reduce poverty and hunger, we must also tackle the dialectical link between poverty and conflict. It is the fragile states that pose the greatest difficulty in fighting poverty. For post-conflict countries, international assistance is vital to enable them to recover and lay foundations for a sustainable peace. An early withdrawal of international assistance from a post-conflict country in its recovery process can be extremely damaging to the creation of long-lasting peace and thus better lives for many. Unless our efforts to help individual countries are well sustained and predictable, the results will be disappointing - or mixed at best.

In this context I would also like to highlight the importance of addressing the unfortunate situation of "donor orphans". If unattended, such troubled spots may grow into much bigger problems that can end up being a lot more costly than the assistance originally required.

I trust the ECOSOC can contribute significantly to the work of respective institutions dealing with fragile and post-conflict states. The Peace-building Commission can benefit from ECOSOC's own experience, also taking in mind the work of the *ad hoc* advisory groups on countries emerging from conflict. On the other hand, as the Peace-building Commission gathers strength, ECOSOC should also be able to draw on the experience this new UN body, thus ensuring the synergies between their respective activities and improving the effectiveness of both in their areas of comparative advantage.

To add to the list of problems that make fighting poverty a daunting challenge, climate change is increasingly a factor to be reckoned with. When natural disasters strike, it is usually the poor who are affected the most and take the longest to recover. For example,

small island developing states have witnessed encouraging economic growth over the past few years, promising better lives for their people. Yet how easy is it to sustain that growth if these islands are under an increasing risk of environmental disasters, or losing valuable land to rising ocean levels?

Equally, there are the serious concerns regarding the effects of climate change vis-à-vis agriculture and food security, water resources, energy, human health, and human habitat - all with a potential threat of making our efforts to combat poverty and hunger ever more challenging.

Time is not on our side. I am therefore pleased to see a renewed interest and a sense of urgency in recognizing that climate change requires a long-term global response. I hope that we will collectively rise up to the challenge and approach the multilateral process ahead of us in a spirit of commitment to action and willingness to compromise.

What I consider extremely important is for our engagement to reduce the effects of climate change and our efforts to combat poverty and hunger to go hand in hand and not be seen as opposing or conflicting tracks. In fact, I believe we need an increasing focus on “green growth” or “climate- friendly development” to make sure that environmentally sustainable economic growth and poverty reduction strategies make an integral whole.

The eradication of extreme poverty demands a constructive and truly global partnership of developed and developing countries. The EU to which my country belongs has made major efforts to contribute to the achievement of the Millennium Development Goals. Collectively, the European Union is providing 57 per cent of global ODA and is committed to reaching the target of 0.7 per cent of gross national income by 2015. EU countries are also committed to improving the quality and effectiveness of aid. To this effect, last May we adopted a Code of Conduct for Division of Labor, in order to better coordinate and collaborate while providing aid.

The activities of emerging donors are also contributing towards growth and poverty reduction. As an emerging donor, my country Lithuania is making her first modest but steady steps in providing assistance to developing countries. Our sense of responsibility and the living memories of our own recent reconstruction experience compel us to take a more active part in global action to support those in need. Over the past two years, Lithuania has doubled its aid budget and will continue to increase it in line with our commitment.

However, with multiple challenges in various parts of the world, the need for urgent assistance and resources for sustained aid is ever increasing. How to work best in face of such increasing demands and finite resources? I believe one answer lies in better coherence and coordination. ECOSOC must be part of the broad effort of ensuring that the system-wide coherence enables all relevant bodies and stakeholders to contribute in a timely, needs-based, efficient, and effective manner.

I believe it is urgent to agree on measures that will strengthen UN’s capacity to deliver as one in the areas of development, humanitarian assistance and the environment, while taking into account the cross-cutting issues, such as gender equality, sustainable development, and human rights.

Tangible results in reducing the grim reality of poverty and hunger can only be reached through comprehensive, consistent, and coherent measures, involving all levels, from the domestic enabling environment and national poverty reduction strategies to international mobilization of aid, trade, investment, and debt relief.

The upcoming UNCTAD XII conference to be held in Accra in 2008, the follow-up to international conference on financing for development in Doha in 2008 and a successful conclusion of the Doha Round trade negotiations depend on developed and developing countries alike. These would be practical and pragmatic steps towards taking the world closer to the implementation of the goals we set seven years ago in Monterrey- and also a step closer to reducing poverty.

We have committed ourselves to the eradication of poverty as an ethical, social, political and economic imperative of humankind. The international community cannot move back from this strong moral obligation which is at the heart of our collective efforts. Living up to the promise of eradicating poverty and hunger internationally, of restoring the dignity of millions of human lives, must be a measure of our own human dignity.

Notes

- 1 From the 2007 ECOSOC High-level Segment, 2 July 2007
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.
- 5 Ibid.

Chapter 2

HIGH-LEVEL POLICY DIALOGUE ON CURRENT DEVELOPMENTS IN THE WORLD ECONOMY AND INTERNATIONAL ECONOMIC COOPERATION

Overview

The 2005 World Summit Outcome Document stresses the need for an integrated and broad approach to combating poverty as a means for promoting sustainable development, security and human rights for all. This chapter highlights the importance of economic development and international economic cooperation for the achievement of the Internationally Agreed Development Goals, including the Millennium Development Goals.

A high-level policy dialogue was held during the High-level Segment of ECOSOC in Geneva on 2 July 2007, between the members of the Council, the UN Conference on Trade and Development, the World Bank, the International Monetary Fund and the World Trade Organisation, on the theme “Current developments in the world economy and international economic cooperation”. Its purpose was to assess the economic situation in 2007, halfway towards the agreed goal of achieving the MDGs by 2015. Presentations by the panellists were followed by an exchange of views. Key questions raised were: How can economic growth in developing countries be sustained? Will gains effectively translate economic growth into poverty reduction? How is the international community assisting developing countries in their development efforts through partnership? What are the key challenges to be faced?

Mr. Sha Zukang, *Under-Secretary-General for Economic and Social Affairs*, moderator of the discussions, highlighted the salient points of the *World Economic and Social Survey 2007*. He noted that the pace of world economic growth is slowing. The strength of economic growth in economies in transition and in poorer countries is still highly dependent on the international economic environment which is largely determined by the economic policies of the major developed countries. Despite this, growth continues to be strong in the least developed countries, increasing their prospects for achieving the MDGs. In recent years, the international economic environment has been favourable for most developing countries. Yet, commodity prices have been volatile, and robust output growth has been accompanied by generally weak employment creation in those countries, while job growth is critical to their efforts to reduce poverty.

The 2007 Survey focuses on the challenges and opportunities that ageing of the global population presents to the prosperity of the world economy. By 2050, the number of older persons worldwide will grow to almost 2 billion, with nearly 80 per cent living in developing countries. The Survey notes that, in order to overcome the negative consequences of ageing on growth, emphasis should be placed on stimulating productivity growth coupled with measures to stem the fall in the labour force, rather

than on outsourcing migration. He called on Member States to intensify efforts to mainstream the issues of population ageing into their policies.

Mr. Supachai Panitchpakdi, *Secretary-General of the United Nations Conference on Trade and Development*, noted that favourable financial conditions and strong commodity prices have allowed developing countries to play a larger role in today's world economic expansion. The share of developing countries in global trade has increased, *inter alia*, through their impressive expansion of exports, imports and consumption, which now makes them major contributors to both global supply and global demand. Global capital flows have been reversed: developing countries have become net exporters of capital, and developed countries net importers. Tackling global current account imbalances, and dealing especially with exchange rates and financial speculation, must remain a priority for the international community to ensure a continued and sustainable global growth. The recent wave of globalisation has increased competitive pressure in world markets, with distributional consequences both among and within countries. Failure to address them effectively could trigger renewed protectionism internationally and social instability domestically, jeopardising many of the gains brought about by economic expansion. Moreover, many of the poorest countries continue to operate on the periphery of the global financial system, and ODA remains their most important source of financial resources.

Mr. Pascal Lamy, *Director-General of the World Trade Organization (WTO)*, noted that increased trade plays a vital role in growth and development. Trade opening and rule making are major goals of the WTO. A fundamental aspect of the Doha Development Agenda is to redress existing imbalances in the multilateral trading system, and to provide developing countries with improved market opportunities. An essential ingredient, trade opening can only be politically and economically sustainable if it is complemented by policies that address the challenges of institutional capacity and a more even distribution of the benefits of trade. Increasing trade opportunities for developing countries remains the most important contribution that his organisation could make to development. Mr Lamy noted that what remains to be done in the Doha Round is minor compared to all the proposals already on the table and the potential benefits of rebalancing the multilateral trading system in favour of developing countries. He stated that increased market access is one major benefit to the poorest countries of a successful completion of the Doha Round. It will also facilitate greater trade between developing countries. He stressed the importance of raising domestic support for trade opening and for resisting protectionism.

Mr. Murilo Portugal, *Deputy Managing Director of the International Monetary Fund (IMF)*, noted that there continues to be solid growth in the euro area and Japan, a vigorous pace of expansion in emerging market countries, and a strengthening of growth in the United States. Developing countries are expected to continue to grow strongly in 2007, drawing continued support from favourable financial conditions and, in many cases, from strong commodity prices, as well as strengthened macroeconomic management and continued reform efforts. It is encouraging that growth prospects remain strong across all groups of emerging market and developing countries. Downside risks to this positive scenario include: inflation pressures in both advanced and emerging market countries, the recent noticeable rise in long-term interest rates and associated global

financial sector risks, and continued large global current account imbalances. In response to the concerns raised by some delegates, he stated that no country could address global imbalances in isolation while sustaining economic growth and that there have been efforts to use a new system of multilateral discussions to address these issues.

Mr. François Bourguignon, *Senior Vice President and Chief Economist of the World Bank*, noted that developing countries' growth over the past decade has been faster than over the preceding two decades, and consistently outpaced growth in rich countries. This continuing strong growth is driving rapid poverty reduction, and the world as a whole is on track to exceed the MDG target of halving the share of extreme poor by 2015. Yet, at the regional and sub-regional levels, inequality of opportunity and participation in global growth is arguably the greatest threat to future sustainability of growth, and to meeting the MDGs. There are widening disparities in income distribution across regions and countries, and, in this connection, meeting the MDGs in fragile states which face the most severe governance and institutional challenges will be a difficult test for these countries. He noted that the international community needs to meet its commitments of better financial support to the poorest countries, while multilateral institutions must improve coordination to avoid falling short of what is needed. Strengthening aid flows to help finance essential infrastructure and social services is vital and requires new momentum and better coordination. But, despite pledges from donor countries, the expansion in global aid has stalled, and the mix of aid instruments is cause for concern. Finally, he noted that while progress has been made in supporting developing countries with good governance, fragile states have not always benefited from international support.

During the informal exchange following the presentations, the *representative of Pakistan, speaking on behalf of the Group of 77 and China*, stated that the basic objectives of the entire international financial architecture, namely global financial stability and access to short-term financial means, needed to be revived. The *delegate from Portugal*, speaking on behalf of the EU, shared their concerns regarding inequality, within and among nations, and a deficit in pro-poor, employment-generating growth. He emphasized that successful conclusion of the Doha Round trade negotiations is essential in this regard, and depends on developed and developing countries alike. The *representative of the United States* noted that the challenge is to better integrate developing countries in the globalised economy, in order to achieve greater prosperity. The *representative of Kazakhstan* called for attention to transport cooperation to benefit land-locked countries. Finally, the *representative of China* called for closer cooperation to address some of the risks of the current global economic system.

Adapting to Population Ageing¹

By Mr. Sha Zukang
Under-Secretary-General for Economic and Social Affairs
United Nations

In the sweep of day-to-day events, ECOSOC's policy dialogue offers a rare opportunity. It brings together the heads of the world's trade and financial institutions to give the Council our institutional viewpoints on the state of the world economy – and to have an open discussion with participants.

I would like to draw on the recent update of the *World Economic Situation and Prospects (WESP) as of Mid-2007 and the World Economic and Social Survey*.

These flagship reports make clear that, after a solid and broad-based growth for the past few years, the pace of world economic growth is slowing. We expect the world economy to expand by 3.4 per cent in 2007 and 3.6 per cent in 2008, down from 4.0 per cent in 2006. Yet, this forecast is surrounded by much uncertainty, with the risks mainly on the downside. Addressing these risks requires policy responses that are coordinated internationally.

Currently, the major drag on the world economy is a slow-down in the United States, as its housing sector is falling into recession. Growth in the rest of the world remains robust.

The recent economic expansion in Europe and Japan has been stronger than anticipated. But their potential growth is not high enough to act as an alternative to the United States as the major engine for global growth.

The strength of economic growth in the developing countries and economies in transition is generated partly by the synergy within this group. This stems particularly from the sustained rapid growth in China and India. Growth in most of these economies, however, is still highly dependent on the international economic environment. And that remains largely determined by the economic performance and policies of the major developed countries.

Encouragingly, the past few years have seen a strong growth in the least developed countries (LDCs). Economic growth for this group as a whole has been above 6 per cent since 2001. For a number of LDCs, this has notably improved the prospects for achieving the Millennium Development Goals (MDGs). But we must recognize that the economic performance is far from homogenous among these poor economies – and not all show adequate growth.

In recent years, the international economic environment has been favourable for most developing countries. They have been able to benefit from dynamic trade flows, high commodity prices, low external financing costs, and ample availability of international liquidity. Their vulnerability shows, however, in the increased volatility in the prices of commodities and in the equity markets of many emerging economies witnessed in mid-2006 and early 2007. We should also note the marked increases in the long-term interest

rates of the US treasury notes in early June 2007, which brought the rates to five-year highs. These rates are the benchmark for determining the financial costs of many developing countries.

To sustain the salutary international economic environment, more efforts are needed to move ahead with the multilateral trade negotiations under the Doha Round in the World Trade Organization, which were suspended last July.

The update of the WESP points to another challenging issue: generally weak employment creation in developing countries. Despite robust output growth in recent years in most developing countries, their unemployment rates have improved little or not at all over the past decade. In addition, a substantial share of employment in developing economies is in sectors of low productivity. Creation of more productive employment will be critical to their efforts to reduce poverty.

Let me turn now to one of the dark clouds on the horizon which is a major concern. We see an unsustainable pattern of global imbalances, characterized by a growing financial deficit of the United States economy. This is being matched by increasing surpluses in other parts of the world, especially in developing countries. Net foreign liabilities of the United States now exceed \$3 trillion, putting downward pressure on the value of the dollar. A more severe loss in confidence in the dollar could provoke abrupt adjustments in the global economy. This could destabilize the international financial system, derail global economic growth, and jeopardize the prospects of achieving the MDGs.

The key question is how to achieve a benign adjustment of the global imbalances, with minimum adverse impact on the stability and growth of the world economy. In our view, such an adjustment will require international policy coordination. Moving in this direction, the International Monetary Fund hosted a round of consultations in 2006. This has not yet led to any concrete actions, however. We urgently need to establish such multilateral consultations as a new and institutionalized mechanism of international policy coordination with broad representation, including from developing countries.

For the IMF to serve as the impartial mediator in such a mechanism, it will need to reform its own governance and representation. Seats on the Executive Board and votes in the Fund should better reflect today's realities. A first step in this direction was taken at the annual meetings of the IMF and World Bank in Singapore during 2006. More comprehensive governance reform is still required.

In the long run, only deep and far-reaching reforms of the global monetary and financial system will be able to prevent a similar constellation of global imbalances from arising again and to deal with the asymmetries that are currently inherent in the global adjustment mechanisms.

The ageing of the world population brings other challenges to the prosperity of the world economy. Those challenges, as well as the opportunities it provides, are analyzed in the 60th anniversary report of the *World Economic and Social Survey – the "WESS 2007"*.

Today, there are about 672 million persons aged 60 and above. By 2050, the number of older persons worldwide will be almost 2 billion. This need not be cause for alarm. In fact, population ageing offers governments and societies an opportunity to make

increased use of the talents and creativity of an increasing number of active older persons. Of course, it will bring, at the same time, major challenges. These will be more pressing in developing countries, where ageing is taking place at an accelerated pace and where now lives the majority of the world's older persons. In 2005, 63 per cent of the world's population aged over 60 lived in developing countries. By 2050, this percentage is expected to increase to 79 per cent.

About 80 per cent of the world's people older than 60 years are not sufficiently protected in old age against health, disability, and income risks. The provision of pensions to keep older persons free from poverty is already a major challenge for governments and will be increasingly so.

In developing countries in particular, many older persons are at high risk of falling into poverty. The WESS shows, however, that the provision of a universal social pension at one dollar per day seems to be quite affordable in most developing countries. And it could thus be considered as a viable instrument to keep all older persons out of extreme poverty. For some of the poorest countries, however, such an income support programme may entail a heavier fiscal burden – and require some international support.

The WESS makes the case that provision of adequate economic security during old age can be achieved if three conditions are met: (i) economic growth can be accelerated and sustained; (ii) deeper reforms of existing pension systems are undertaken to adjust to the inevitable process of ageing; and (iii) pension coverage is extended where insufficient. Steps are being taken in this direction in developed countries, where delaying retirement and staying longer in the work force can go a long way to keeping their pension systems viable.

As the ageing of the world population continues at an unprecedented rate, the share of the population that is of working age will shrink, and the labour force *itself* will grow older. To overcome the possible negative consequences of ageing on economic growth, many responses have been suggested, such as international migration and outsourcing of employment. But these will not serve as solutions. The emphasis must be on gearing policies toward stimulating productivity growth coupled with measures to stem the fall in labour supply, such as raising the participation rates of women and older workers.

We have the Madrid International Plan of Action adopted by the Second World Assembly on Ageing in 2002. It provides the framework for incorporating the dimensions of ageing in the development process and for implementing national policies to promote worldwide “the society for all ages”. But having a framework is not enough. I call on all Member States and other stakeholders to intensify their efforts to mainstream the issues of population ageing into the global development agenda.

In sum, the world economy is going through a phase of unprecedented broad-based growth. Yet, it may be difficult to sustain this momentum, and we should be prepared to deal with the downside risks. We urgently need to take on the challenge posed by the widening global imbalances and erosion of the confidence in the dollar as reserve currency. I call on you to debate the contours of a workable mechanism of effective international policy coordination. Preserving the stability and growth of the world economy will also be essential to confront the challenges posed by the rapid ageing of the

world population and to ensure that all of us – and our children – can be assured of a decent standard of living as we grow older and live longer.

Tackling Global Imbalances²

By Mr. Supachai Panitchpakdi
Secretary-General
United Nations Conference on Trade and Development (UNCTAD)

We are roughly halfway through the fourth straight year of strong and broad-based global economic expansion – but as Mr. Sha noted, a modest downshift is likely this year. Still, the world economy on the whole is rather healthy. But, of course, this picture must be qualified by the slow down of the US economy and by the fact that growth in Japan and the Euro zone still rely very much on external dynamics.

The good news is that developing countries continue to grow strongly, supported by favourable financial conditions and strong commodity prices. Rarely has their growth been so marked and broad-based. These countries are playing a larger role than ever in today's global economic expansion. Globalization has strengthened their trade and financial linkages with the rest of the world. There have been remarkable gains for both developed and developing countries, although management and balancing are needed to ensure sustainability. Last year, cross-border trade as a share of world GDP pierced the 30% threshold for the first time. The global trading system has become more inclusive, fuelling economic growth and recovery.

Overall, the share of developing countries in global trade has increased. Over the past decade their real exports have nearly tripled, especially in manufactures. For many commodity producers in the South, the boom in commodity demand and prices has offered opportunities long absent, and has led to significant and prolonged improvement in their terms of trade. Indeed, commodity prices rose last year by 30% – the greatest increase since the start of the upswing. Additionally, most developing countries managed to trigger a stable expansion of domestic demand and robust growth in real private consumption.

Their impressive expansion of exports, imports and consumption means that they are now major contributors to both global supply and global demand, which is certainly beneficial to the world economy as a whole. Developing countries are not only trading more with the North, but also among themselves.

I would also like to note that a new landscape for development finance is emerging. For a number of years now, global capital flows have been reversed: developing countries have become net exporters of capital, and developed countries, net importers. The resource transfer from the poor to the rich is the exact opposite of what happened in the first era of globalization in the early 20th century. With increased export revenue, emerging market economies have reduced their foreign borrowings and increased their holdings of foreign assets.

As I have suggested, the short-term prospects for the world economy are generally bright. But new challenges are arising that could slow or even derail this remarkable record of strong global growth if not handled properly.

Slower economic growth in the United States, albeit moderate, still affects global growth, and that may in turn have an impact on trade growth and financial integration. As the world becomes more interdependent, solid economic growth elsewhere could help lift US growth, especially since that country's economic operations abroad represent a bigger slice of the economy than before, and since the dollar is also now relatively weak. In parallel with the deceleration in the US, China's attempts to cool off an overheated investment sector could result in another global downturn.

Given all this, tackling the global imbalances, and dealing especially with exchange rates and financial speculation, must remain a priority for the international community. For a number of years now, the extraordinary US current account deficit, and the surplus in several developed countries and China, have been high on the political agenda, but improvements are microscopic.

The enormous build-up of US foreign indebtedness continues unabated. This has led to rapidly mounting political pressure for unilateral measures to protect the country from becoming even more dependent on Asia. The situation only adds to the pressure on China to let its currency float and appreciate.

But there can be little doubt that these current account imbalances cannot be corrected without adjustments in the global pattern of demand and exchange rates – and here I would like to emphasize the word “global”, because the problem is not confined to the US and China. Very high current account surpluses have been registered not just in China, but in Japan and Germany as well. Moreover, the Japanese currency has recently depreciated vis-à-vis those of Japan's most important trading partners. And there are other cases where exchange rate changes have gone in the wrong direction.

Most of the financial crises in the post-Bretton Woods era of floating have been preceded by a build-up in nominal interest rate differentials, which is not covered by depreciation in the exchange rate of the country with the higher nominal interest rate. This leads to shifts in the currency composition of investor portfolios, triggering an appreciation in the real exchange rate of the country with the higher nominal interest rate and implying a further rise in the return on those investments. Moreover, if central banks attempt from the outset to limit domestic currency by buying up foreign exchange, the resulting increase in foreign currency reserves will only add to the confidence of international speculators.

Shifts in short-term asset holdings from currencies with very low inflation and very low nominal interest rates to those with higher inflation and higher interest rates breaks the vital link between interest rate differentials and the risk of currency depreciation. It also challenges the view that floating is the only feasible solution to the external balance problem. From this standpoint, therefore – and as UNCTAD has long been warning – pressure on China to float its currency may not necessarily lead to the expected outcome.

The recent wave of globalization has increased competitive pressures in world markets, with distributional consequences both among and within countries. Failure to address them effectively could trigger renewed protectionism internationally and social instability domestically, jeopardizing many of the gains brought about by economic expansion.

Despite a 71% increase in the real income of developing countries over the past decade, enormous differences remain.

Persistent and devastating poverty has not yet been eradicated in many poor countries. Income disparity in some fast-growing emerging economies has drawn the attention of policy makers.

And in the developed world, the benefits of globalization have accrued far more to the owners of capital than to the providers of labour. Labour shares of national income in the major developed economies are at record lows, whereas the shares going to capital are at record highs.

From a development perspective, it is a moral imperative for the world to remember poor countries, especially at a time of robust global economic growth. ODA from DAC members fell last year from \$106 billion to \$103 billion, raising uncertainty about the G8 Gleneagles commitments to scale up development assistance to Africa by 2010. Amidst increasing private capital flows to developing countries, many of the poorest countries continue to operate on the periphery of the global financial system. For these countries, ODA is still the most important source of financial resources to meet their basic needs, and I trust that this meeting will contribute to addressing all these urgent challenges.

The Doha Round at a Crossroad³

By Mr. Pascal Lamy
Director-General
World Trade Organization (WTO)

I have long believed that international cooperation is the only recipe for sustainable development and growth of all countries. This is especially true in the area of the environment, with cooperation needed to tackle climate change; it is also valid in the area of health, where we need global cooperation to fight pandemics such as HIV-AIDS or malaria, to name just two; and it is also the case of trade, and in particular the on-going trade negotiations under the Doha Development Agenda.

Today there is a broad consensus that trade opening plays a vital role in growth and development. This is clear from the Report of the UN Secretary-General for this ECOSOC. Trade opening and rule-making are indeed major goals of the WTO. But today a number of the current substantive rules of the WTO do perpetuate some bias against developing countries. This is true for example with rules on subsidies in agriculture that allow for trade-distorting subsidies which tend to favour developed countries. This is also true when we look at the high tariffs that many developed countries apply on imports of agricultural and industrial products, in particular from developing countries. I often say that while the political decolonization took place more than 50 years ago, we have not yet completed economic decolonization. A fundamental aspect of the Doha Development Agenda is therefore to redress the remaining imbalances in the multilateral trading system and to provide developing countries with improved market opportunities.

But while trade is an essential ingredient, we also know that trade opening is not a panacea for all the challenges of development. Nor is it necessarily easy to accomplish or effective unless it is embedded in a supportive economic, social and political context.

My point is that trade opening is necessary but not sufficient in itself to ensure that the benefits of the negotiation bring positive results for people in developing countries. In fact, trade opening can only be politically and economically sustainable if it is complemented by flanking policies which address, at the same time, capacity problems — human, bureaucratic or structural — and the challenges of distribution of the benefits created by more open trade. This is where trade policy intersects with education and social security, with fiscal policies, with infrastructure. This policy mix must be carefully considered as noted in the UN Secretary-General's Report.

If addressing this policy mix is a difficult task in developed countries, which have the necessary means to do it, it becomes a truly uphill battle in many developing countries. This is what motivated placing Aid-for-Trade high on the WTO agenda, together and in parallel with the Doha Round.

Aid-for-Trade aims at improving the capacity of developing countries to reap the benefits of more open trade. For some developing members this will mean setting up testing facilities and reliable institutions to help to ensure that exported products meet the

technical, sanitary and phyto-sanitary regulations and standards of export markets. For some others it would mean larger-scale projects, such as improving transport infrastructure and trade logistics.

The WTO has limited activities in this field, mainly focused on training, which means that the Aid for Trade initiative has been set up in collaboration with the World Bank, UNCTAD, the IMF, UNDP, regional development banks, the OECD and other agencies that have brought their expertise to bear. The WTO will provide the platform for monitoring and regularly reviewing whether Aid for Trade is being adequately funded and delivering the expected results. In particular, we need to make sure that donors translate their pledges to increase Aid for Trade into reality. We also need beneficiaries to ensure that trade figures prominently in their development assistance priorities. Finally, we also need to work on better coordinating the assistance provided by donors.

To this end, in the autumn we will hold three regional Aid for Trade reviews in Latin America, Asia and Africa, with the cooperation of the respective regional development banks and the World Bank. All this will lead to the first global monitoring and evaluation event which will be hosted in Geneva on 20-21 November.

In the meantime, I am also happy to note the progress achieved in the revamping of the Integrated Framework providing assistance to our poorest Members, under the leadership of the Canadian Ambassador Don Stephenson. Donors now need to focus on the upcoming funding meeting that Sweden has agreed to host in Stockholm in September and which will be a test of our collective promise to translate the promises of focused assistance to the Least Developed countries into reality.

But Aid for Trade must be a complement to, not a substitute for, ambitious results in the Doha Development Agenda. Increasing trade opportunities for developing countries, and in particular the LDCs, remains far and away the most important contribution that the WTO can make to development.

The Doha Round has seen its ups and downs. It has seen agreements such as the July 2004 Framework and progress at the Hong Kong Ministerial in December 2005. But it has also seen setbacks and doubts, as evidenced in July 2006. Today the Doha Round is at a crossroad: the path towards success or the slow move towards a deep freeze.

WTO Members have pledged to conclude these negotiations around the end of the year, ahead of the start of an intense political process in the US in 2008, which will be followed by changes in the European Parliament and in the European Commission in 2009. But if this is to be achieved, we need key progress in agriculture subsidies and tariffs on agriculture and industrial tariffs now.

Recently four WTO Members meeting in Germany failed to converge on these key elements. This was not good news but it could be fatal if these four members do not play a constructive role in the multilateral negotiations which are now entering into a crucial stage in Geneva under the guidance of the Chairs of the agriculture and industrial tariffs negotiating groups. The two Chairs will be issuing compromise texts shortly, on the basis of the numerous proposals and discussions held by the entire membership to date.

What remains to be done is small compared to all the proposals already on the table, which represents two to three times what was achieved in the last Round of negotiations. But it is also small compared to the potential benefits of rebalancing the multilateral trading system in favour of developing countries, or the weakening of this insurance policy against protectionism if we fail in this last lap.

Indeed, today reaching agreement on subsidies depends on additional concessions from the US equivalent to less than a week's worth of transatlantic trade. It depends on an additional handful of percentage reduction in the highest agriculture tariffs by the EU and Japan. It depends on an additional handful of percentage reduction in the highest industrial tariffs by emerging economies such as Brazil or India. All this is to be done, not by tomorrow, but over a transition period of several years to leave space for a smooth adjustment.

I hope all WTO members will bear these proportions in mind over the coming weeks when they will be called upon to make the necessary decisions. Today the challenge is less economic than political. It is about making the multilateral trading system deliver. About making international trade cooperation deliver, I urge you to remind WTO negotiators that there are billions of people who are counting on this deal to deliver on the Millennium Development Goals.

Global Economic Prospects still Favourable⁴

By Mr. Murilo Portugal
Deputy Managing Director
International Monetary Fund (IMF)

Our assessment and baseline scenario are that times continue to be good for the global economy. There continues to be solid growth in the Euro area and Japan, a vigorous pace of expansion in emerging market countries, particularly in China and India, and we expect a strengthening of growth in the United States in the second half of the year. With these, we are forecasting global growth to top 5 percent again in 2007. This would be the fifth consecutive year of strong growth, and indeed the strongest five-year span for the global economy since the 1970s. Let me go in some more elaboration on developments in key advanced and emerging market economies that have underpinned this robust global expansion.

After a year-long slowdown in growth, the U.S. economy is expected to regain momentum gradually as the drag from the housing correction and the softness in the business sector dissipate. Growth in the first quarter of 2007 was weak at 0.6 percent, as "headwinds" from inventories and residential investment offset continued strong consumption. Going forward, higher gasoline prices may weigh on consumption in the near term, but the drag from weakness in the housing sector is expected to diminish. The rates of decline in house prices and housing starts appear to be moderating. The recent firming of indicators of business activity and investment is encouraging. We expect a stronger second half and that the economy will continue to gain momentum going into 2008. Inflation has moderated somewhat, bringing core inflation down to the top of the Fed's comfort zone, but vigilance is still needed in view of tight labor markets and recent increases in food and energy prices.

In the *Euro area*, growth has been stronger than expected. GDP expanded by 2.4 percent in the first quarter, driven by strong investment and net exports, although consumption spending slowed, in part reflecting the effects of the German VAT increase.

The Euro area economy's forward momentum looks solid and growth is expected to remain above potential through 2008. Slowing house price inflation in some countries suggests the possibility of weaker residential construction going forward. Labor markets continue to evolve favorably, with the Euro area-wide unemployment rate falling to a record low. Recent moderate wage developments and rising productivity augur well for anchoring inflation expectations, and we expect inflation to remain consistent with the ECB's objective of "below but close to" 2 percent. Monetary policy has been tightened, with policy rates increasing to 4 percent, but with the area's growth projected to remain close to or above potential, further tightening may be needed, depending on how much the supply-side of the economy has improved.

Growth in *Japan* continues at a healthy pace. GDP grew by 3.3 percent in the first quarter, reflecting buoyant business investment and strengthening private consumption. Solid confidence amidst strong profits in the business sector and continued employment

growth should underpin a further expansion of the economy. Consumption indicators point to a continued up-trend, and our projections for 2007 GDP growth are being revised higher. Japan's consumer price inflation continues to hover around zero, and monetary policy remains appropriately accommodative in the very low inflation environment. The return to a neutral monetary stance should proceed in tandem with improved inflation prospects.

Emerging markets and developing countries are expected to continue to grow strongly in 2007, drawing continued support from favorable financial conditions and, in many cases, from strong commodity prices, as well as strengthened macroeconomic management and continued reform efforts.

In China, GDP growth re-accelerated to an annual pace of more than 11 percent in the first quarter of 2007, led by buoyant investment and exports. In India, GDP growth expanded by 9.1 percent in the first quarter of 2007 - the fastest pace in 18 years, driven by a robust manufacturing sector and a pickup in agriculture. For both countries, growth looks likely to continue to be stronger than anticipated and further monetary policy tightening may be needed.

It is encouraging that growth prospects also remain strong, broadly across all groups of emerging market and developing countries. Growth remains strong in most of emerging Asia and emerging Europe, has gained further momentum in Latin America, and continues to be buoyant in Sub-Saharan Africa. Against this background, overheating and asset price inflation in some emerging market countries are a rising concern, although central banks have generally been quick in recognizing the problem and in taking remedial action.

Let me now elaborate on how we see the risks to this baseline scenario going forward, which we see as tilted to the downside. There are a number of downside risks, but let me focus on three key ones:

- First, inflation pressures remain a concern, in both advanced and emerging market countries. As we are in the fifth year of this global expansion, output gaps are closing in many countries. Rates of capacity utilization are high, and well above their long-term averages, and labor markets are tightening. Thus, the influence of increasingly global markets may have less restraining influence on inflation, as suggested by the firming prices of manufactured imports from many emerging markets. At the same time, agricultural commodity prices have soared, reflecting strong demand growth, pushing up food price inflation. A renewed surge in energy prices also remains a risk, with continuing limited spare capacity and geopolitical tensions in important producing areas. The recent rise in global long-term bond yields reflects many of these concerns as well as an improved growth outlook. Longer-term inflation expectations seem well anchored - owing to the market's confidence that central banks will maintain firm control over inflation. But these risks underscore the need for continued vigilance against inflation pressures.
- Second, the recent noticeable rise in long-term interest rates and spreads and last February turmoil remind us to guard against any complacency about global financial sector risks. Problems in the U.S. subprime mortgage sector are real and some

"ripple effects" may still be felt from strains in the mortgage market. The surge in leveraged buyouts in the United States and Europe - financed by leveraged loans with lax covenants - draw some uncomfortable parallels with that situation. Finally, there remain pockets of financial vulnerability within the emerging markets universe. Notably, strong private sector flows into emerging Europe have fuelled rapid domestic credit growth, thus creating some vulnerabilities for corporations and banks. Again, vigilance against these risks is called for.

- Third, continued large global current account imbalances leave open risks of a possible disorderly unwinding - a low-probability but a high-cost event - and of rising protectionist pressures. The apparent collapse of efforts to advance the Doha round is deeply disappointing. As a positive note, I should mention that the IMF conducted a first multilateral consultation addressing the issue of resolving global imbalances in a manner that is supportive of global growth, and that the participant countries have provided a useful roadmap of policies that could help to significantly reduce the risks attached to global imbalances. The key now is implementation.

In sum, I would conclude by saying that the global outlook remains favorable, but risks remain of unwelcome surprises. There is no room for policymakers to relax their efforts both to sustain a stable macroeconomic environment and to advance reforms that would underpin continued strong global growth over the medium term.

Broadening Progress toward the MDGs⁵

By Mr. François Bourguignon
Chief Economist and Sr. Vice President
The World Bank

I will review some issues and trends that seem of particular importance to advancing the Millennium Development Goals at this point of time. I have two main messages: *First*, at the global level, economic growth in developing countries during the past decade has been truly transformational, and opens opportunities from which all regions can benefit. *Second*, at the regional and sub-regional level, inequality of opportunity and participation in global growth is arguably the greatest threat to future sustainability of growth and to meeting the MDGs.

The international community must do a better job of meeting its commitments of better financial support to the poorest countries, while multilateral institutions need to improve coordination and knowledge transfer to avoid falling far short of what is needed.

Global performance

We find ourselves today in a period of exceptionally strong growth for developing countries and for the global economy as a whole. Developing country growth over the past decade was faster than the preceding two decades, and consistently outpaced growth in rich countries. As a result, the share of developing countries in global output, measured at PPP, expanded from 39 percent in 1995 to 46 percent by 2005. Moreover, this strong performance has been broad-based – while growth in India and China has remained rapid, middle-income countries (excluding China) have also performed well, at 4 per cent, and taken together, low-income countries even did slightly better.

This continuing strong growth is driving rapid poverty reduction. World Bank estimates of global poverty through 2004 show that the absolute number of poor declined by almost 200 million over the last 10 years, bringing the total to below 1 billion. The world *as a whole* is on track to exceed the MDG1 target of halving the share of extreme poor by 2015. *This is an enormous achievement.* Historical estimates suggest that the number of poor has been consistently above 1 billion since the late 19th century, since which time the global population has quadrupled. Economic progress has finally overcome the impoverishing effect of this demographic explosion.

This is extremely encouraging. Looking forward, it may be that 2006 will prove to be a cyclical peak in the business cycle - due to emerging capacity constraints in many countries and a maturation of the investment cycle. Yet, we expect growth to remain strong in developing countries. Recent progress in reducing poverty and accelerating human development have not been due to cyclical events that are likely to be quickly reversed, but rather represent structural changes in the global economy which are fundamental and transformational. East and South Asia have become engines of growth. South-south trade, financial flows, and even development aid now represent major opportunities for growth and advancement, including for Africa. The fastest growth in

foreign investment and trade opportunities in Africa have been with China — which alone accounted for 12% of bilateral trade with Africa in 2006 (imports).

Global disparities

This global picture provides grounds for some optimism, but the story varies substantially at the regional and country levels. Regionally, Sub-Saharan Africa lags furthest behind, although there has been progress there too. In Africa, the fall in the share of people in extreme poverty over the last few years has been fast enough to offset the impact of growing population, so that the absolute number of poor has stopped growing and stabilized — at around 300 million or 41% of the population — for the first time in at least a quarter century.

Not only are there huge disparities in income distribution across regions and countries, but the gap is widening. True, GDP per capita in low-income countries has grown faster than in developed countries, so that relative incomes have grown closer. The absolute income gap keeps growing at a very fast speed, however. 10 years from now, it may be the case that the ratio of developed countries' and Sub-Saharan countries' income per capita has gone down from 50 today to 40. But the absolute difference will at the same time have increased from \$24,000 to \$30,000, hardly a sign of the so-called “convergence”.

The challenge of meeting the MDGs is increasingly concentrated in the fragile states—those countries that face the most severe governance and institutional challenges. The 35 countries currently in this group comprise around 9% of the population of developing countries, yet they account for over one-quarter of extreme poverty and perform more poorly on nearly all indicators of development. With per capita income around one-third of other low-income countries, they also grow only around one-third as fast, so that the gap with other developing countries widens steadily. Debt/GDP ratios are 50 percent higher, poverty rates are nearly double, and under-five mortality is significantly higher than in other low-income countries. Literacy rates are lower and youth literacy lags behind adult literacy, highlighting the intergenerational impact of the fragile environment.

The challenge of inclusion

State fragility may be considered as transitory, as countries emerge from conflict or transition to a more stable political regime. There are success stories — like Mozambique or Rwanda—which have successfully emerged from periods of terrible and hugely damaging civil conflict and decline. But unfortunately there also are many examples of *persistent or recurrent* fragility.

Eighty percent of the fragile states identified in 1980 are still fragile today. Achieving the MDGs is particularly problematic in those countries, and calls for increased attention to research and policy initiatives on fragile states, and for further efforts to mobilize resources and build the capacity for the international community to respond quickly when there are windows of opportunity for change. Despite their enormous needs, aid flows to fragile states are uneven, irregular and often fragmented, taxing their organizational capacity that is so scarce and overstretched.

The challenge of inclusion also faces many middle and low-income countries that face no problem of state fragility. Income inequality is an obstacle to growth. It lowers productivity and economic performance by denying a share of the population access to basic services and the opportunity to reach their economic potential—whether this is along lines of race, geography, ethnicity, or gender. The role of governments to address imbalances in access and opportunity is paramount. This potentially is a win-win opportunity: greater equality of opportunity translates into more rapid growth performance, and ensures that higher growth leads to greater poverty reduction rather than augmented income inequality. However, it is still necessary that local, regional or central governments are not captured by elite groups which may block such reforms. This is another face of inequality and very deleterious for development.

Meeting international aid commitments

Strengthening aid flows to help finance essential infrastructure and social services is vital and requires new momentum and better coordination. But despite pledges from donor countries, the expansion in global aid has stalled, and the mix of aid instruments is cause for concern. Total ODA in real terms fell by \$5.4 billion from 2005 to 2006, and much of recent increases in aid have been due to debt relief. Debt relief can yield important benefits to recipients – especially when debt is being regularly serviced. And lower debt levels improve macro and creditworthiness indicators even when this involves writing off debt that is not being serviced. But such opportunities for “exceptional” debt relief are disappearing, and without fresh financing flows donor promises of doubling aid to Sub-Saharan Africa by 2010 will fail to materialize. On the side of donors, meeting commitments and improving aid quality will require not only reversing the recent decline in aid flows, but improving the quality of aid to allow greater flexibility in addressing financing requirements to meet the MDGs.

Additional aspects of the changing aid landscape are the recent proliferation of different sectoral (or “vertical”) funds, the growing role of non-traditional donors (such as China and India), and the expansion of private foundations. All of these are welcome. The magnitude of the development challenge we face is large enough to accommodate more contributors. But at the same time, this trend focuses attention on the fragmentation of aid and possible loss of efficiency. Fragmentation in the number of official DAC donors has been rising for decades, adding to the burden on recipient countries. Non-traditional donors and the growing earmarking that comes with vertical funds, and innovative aid financing mechanisms (including the airtax ticket and the International Finance Facility for Immunization) would make this picture even worse, underscoring the need for greater harmonization and alignment of aid programs.

International cooperation to address global externalities

A growing number of important externalities tie countries together: global trade policies, migration, sharing of water, regional infrastructure... Perhaps none is more evident today than greenhouse gases. The growing threat posed to the global environment from rising concentrations of greenhouse gases is now firmly recognized. Beyond the potential global impact, I want to emphasize its distributional consequences. Not all countries will be affected in the same way and to the same degree, and within countries, certain sectors and income groups will be far more deeply affected. There cannot be any doubt that adapting

to climate change already became an immense issue and a challenge in many developing countries. It will become more serious every year.

The other side of the coin is how we can ensure that the adjustment burden does not fall excessively on the world's poor countries and people. Part of the adjustment works through reducing emissions. It is tempting, as some have done, to argue that the problem is a "rich" countries' problem, but this misses the point. While industrial countries were responsible for three-quarters of the emissions in 1990, this has fallen to around 60 percent at present, and will fall even more to around one-half by 2020. The bulk of incremental emissions will come from fast-growing developing countries. Efforts to curb emissions must be targeted toward those countries where the marginal cost of conservation is lower, but it is essential that the global community ensures that this does not run counter to development and poverty reduction. This will require quite sizeable technological and financial transfers from rich countries to facilitate change.

I would like to note the special challenge that these issues pose to multilateralism – and in particular, *the capacity and commitment of multilateral institutions, including of course both the World Bank and the United Nations, to produce durable answers to difficult problems*. Lagging aid flows pose one such challenge. Likewise, the need to agree on and implement a global response to climate change will require an enormous transformation in the way in which the global community operates.

In front of all these issues, an obvious question is whether *we are prepared for all these challenges?* A subsidiary, and at the same time much deeper question is: *can we afford not to be?*

Notes

- 1 From the High-level Policy Dialogue on current developments in the world economy and international economic cooperation which took place during the 2007 ECOSOC High-level Segment, 2 July 2007.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.
- 5 Ibid.

Chapter 3

THEMATIC DISCUSSION: “STRENGTHENING EFFORTS AT ALL LEVELS TO PROMOTE PRO-POOR SUSTAINED ECONOMIC GROWTH, INCLUDING THROUGH EQUITABLE MACROECONOMIC POLICIES”

Overview

The evidence points towards economic growth as a necessary condition for poverty eradication. At the same time, economic growth does not automatically translate into poverty reduction. There is also a growing concern about widening income inequality. It is therefore widely recognized that policies aimed at promoting pro-poor sustained economic growth are needed. Such policies should be part of the larger national development framework to achieve the internationally agreed development goals (IADGs), including the Millennium Development Goals (MDGs). To address the rising inequality, given the complex link between growth and poverty reduction, there is a need for broad-based macroeconomic policies which benefit the poor. Such policies will need to take into consideration the specific situation of each country.

At the same time, it has been recognized that while national efforts are the key to promoting sustained economic growth that can improve the lives of people living in poverty, these national efforts will only bear fruits if they are supported by a favourable external environment. In today's increasingly interdependent global economy, external conditions have a direct bearing on the effectiveness and policy space available for the design of each country's national development strategy. One major potential threat to the world economy is being posed by the current global payments imbalances.

In order to advance policy consideration in these areas, the Economic and Social Council organized two roundtables on 2 July 2007 during its high-level segment: “Growth, poverty eradication and equity – emerging paradigm” and “Coherence and coordination of macroeconomic policies – global and regional frameworks”. This chapter contains summaries of these roundtables and some written contributions provided for these roundtables.

A. Growth, Poverty Eradication and Equity – Emerging Paradigm

Sustained economic growth is an important factor in reducing poverty. The linkages between growth, poverty and equity are, however, complex. The experiences in translating sustained economic growth into poverty reduction have varied considerably among countries, as the impact of growth on poverty depends on socio-economic conditions, including the initial extent of income inequality. It has been observed that in most of the rapidly growing economies, inequality has been on the rise despite declining poverty. As income inequality has a direct bearing on efforts to reduce poverty, there is a need to take full account of distributional impacts and incorporate equity considerations in the policy formulation process. To ensure that economic growth brings about improvement in lives of people living in poverty, Member States committed themselves at the 2005 World Summit to adopting national development strategies, encompassing a broad range of development objectives with a long-term perspective.

The roundtable session on “Growth, poverty eradication and equity – emerging paradigm”, which was chaired by H.E. Mr. Dalius Čekuolis (Lithuania), *President of ECOSOC*, focused on national efforts in promoting pro-poor sustained economic growth, by addressing the linkage between growth, poverty and equity.

The moderator of the roundtable, Mr. Kemal Dervis, *Administrator of the United Nations Development Programme*, pointed out that while the global economy is experiencing rapid growth, the world is witnessing a rapid increase in new inequalities within countries, with an important bias towards income accumulation at the top. While there is widespread agreement on the basic elements needed for development to take place, such as taking advantage of world markets and attracting private capital, it is widely recognized that markets alone will not be able to generate the desired level of poverty reduction. He said that the key challenge was therefore to ensure that the benefits of strong worldwide economic growth are shared by all. He observed that a new paradigm which combines the three goals of growth, poverty and equity had yet to emerge.

H.E. Professor George Gyan-Baffour, *Deputy Minister of Finance and Economic Planning of Ghana*, emphasized the need to strike the right balance between social investment and the promotion of economic activities. The experience of Ghana indicates that there is a need for a new paradigm that combines growth, poverty eradication and equity. Key elements include a strengthened role for the private sector and a government that removes obstacles to growth through, *inter alia*, macroeconomic stability. In an effort to create an enabling environment, attention should be directed toward increased investment in infrastructure, water resources, electricity and information and communication technologies, while ensuring that public investment does not crowd out private investment.

Mr. François Bourguignon, *Senior Vice-President and Chief Economist of the World Bank*, unlike Mr. Dervis, believed that the emergence of a new paradigm, which tries to strike a balance between growth, poverty and inequality, could already be observed. He welcomed the widening of the debate on poverty from a *posteriori* assessment of the

outcomes of economic activities to an analysis based on opportunities provided to different groups of society. The latter approach gives greater attention to distributional concerns, such as access to basic economic mechanisms and social services. Voice, he noted, was another dimension, which needed to be taken into consideration. He concluded by stressing that growth was not a silver bullet and country-specific approaches were needed to ensure that economic growth translates into poverty reduction.

Ms. Jayati Ghosh, *Professor at Jawaharlal Nehru University*, pointed out that current economic growth had been accompanied by sharp increases in inequality in most countries, and had not resulted in adequate employment growth. Citizens of the developing world are experiencing greater income volatility and material insecurity, and reduced access to basic services, she noted. She attributed the latter, *inter alia*, to low and insufficient levels of public expenditure in critical areas, as well as new patterns of global imbalances. She argued that while fiscal sustainability is important in the medium term, greater flexibility on public expenditure and public investment for key physical infrastructure, human resources and strategic sectors is needed in the short term. Monetary policy should not limit itself to stabilization and inflation control, but should also consider employment implications, and aim at expanding supply in strategic sectors. In conclusion, she stressed that, in order to be effective, macroeconomic policies needed to be complemented by adequate institutional conditions, enhanced voice of different groups and democratic forms of public accountability.

In their closing statements, speakers agreed that a new paradigm was emerging around growth, poverty and equity. At the same time, they said that while a new paradigm was emerging in terms of policy objectives, the international community had yet to agree on an appropriate policy mix to get to the desired policy outcome. Mr. Dervis also noted that while the panel had not touched much upon the issue of environment, environmental issues, in particular climate change, needed to be brought into the equation, as they are posing a serious threat to efforts to eradicate poverty.

The Growth and Poverty Reduction Strategy: A New Paradigm for Ghana¹

By H.E. Professor George Gyan-Baffour, MP
Deputy Minister of Finance and Economic Planning
Republic of Ghana

The first generation of Poverty Reduction Strategy Papers (PRSPs) focused on “reducing poverty.” Each country PRSP began by providing a contextual definition of poverty and designed projects and programs aimed at reducing the level of poverty in their respective countries. An underlying assumption characteristic of each of the PRSPs was that there was a very high correlation between income (consumption) poverty and social (non-money metric) measures of poverty. Consequently, most of the recommended interventions were related to the provision of basic social services such as:

- Access to quality and affordable health care;
- Access to quality education;
- Access to potable drinking water;
- Access to good nutrition; and
- Improvement in delivering the above services to the poor (good governance).

I. Poverty Reduction Programs and Projects

The above stated assumption underlying the PRSPs led to the design of programs and projects in the relevant social services sectors. For instance, in the health sector, programs included the provision of health facilities in rural communities, provision of exemptions from payment of hospital bills by the poorer segment of society, increasing the number of health care providers in the rural communities and, in Ghana, the replacement of the obnoxious “pay as you go” system with a more humane “national health insurance” system. In the education sector, projects included building school blocks, providing free tuition at the primary level (capitation grant), provision of meals to children at the basic level (School Feeding Program) and other efforts aimed at encouraging teachers stay in rural communities. In the water sector, projects included the construction of boreholes and provision of small water systems in the rural communities. All these measures were facilitated by increased decentralization of services and training of service providers both within and outside government bureaucracy.

II. Outcome of First Generation PRSP Interventions

In some countries such as Ghana appreciable improvements in the social services delivery have been recorded and levels of poverty have declined somewhat. However, the rates of reduction in poverty levels have not been commensurate, in most cases, with the expenditures made in these social services and indeed the expectations of the populace have not been appreciably met. These unmet expectations call to question the assumption

of high correlation between social poverty indicators and money measures of poverty. The argument is that, at least in the short run, provision of social services does not by itself translate into increased and sustainable income for the poor. It is further argued that the extreme focus on reducing poverty had led to a redistribution of national income without necessarily increasing the quantum of national income. The result was that while the poor may have been made better off with the redistribution efforts, the other segment of the society may have been made worse off. It is unclear whether the gains to the poor even exceed the losses to the non-poor and whether the net impact of the interventions was positive on the society at large. The first generation PRSP has hence not been as efficient as expected as a development model. Under the first generation of PRSPs, the economies of the countries were not growing fast enough to ensure that while the poor were made better off, the non-poor were not made worse off. The lingering doubts about the efficiency of the first generation PRSPs as a development paradigm calls for an alternative option which could be more efficient either in “Pareto efficiency” terms or better.

III. The Emerging Paradigm: Growth, Poverty and Equity

In response to the genuine concerns about the first generation PRSPs is the emergence of a new paradigm of development which is purported to be more efficient: Growth, Poverty Reduction and Equity. This new paradigm underlies most of the second generation country PRSPs. In Ghana this forms the basis of the second “Growth and Poverty Reduction Strategy (GPRSII) 2006 – 2009.”

While the first Growth and Poverty Reduction Strategy (GPRSI) focused on poverty reduction, GPRSII emphasizes economic growth while ensuring equity in the distribution of the wealth so created in the form of access to social services and productive capacity by the poor. It can be argued that the gains to the poor arising out of the redistribution of income from the first generation of PRSPs are good in and of themselves and that these gains could exceed the losses to the non-poor and that complete reliance on poverty reduction could be “Kaldor-Hicks efficient”. However, that position leaves the likelihood of the efficiency of policy choice to mere speculation. By refocusing on growth while ensuring equity through redistribution, the GPRSII approach permits, at the minimum, the achievement of “Pareto efficiency”, since additions to national income can be shared between the poor and the non-poor so that the poor gains and the non-poor does not necessarily lose out. It is obvious that the opportunity for the poor and the non-poor gaining exists within the context of the emerging paradigm – indeed, a “win-win efficiency” exists in the new and emerging paradigm.

In Ghana, this “win-win efficiency” goal underpins, as stated earlier, the GPRSII. This strategy prescribes a stronger role for the private sector to lead the charge for accelerated growth. The government’s role is to facilitate the process by removing all obstacles to rapid economic growth, including ensuring stability in the macro-economic environment. The anticipated increased growth will provide the government with a larger fiscal space to maintain increased access of social services to the poor.

Specifically, the removal of constraints to growth includes increased investment in infrastructure. First, we have been increasing expenditure for the construction of road and rail infrastructure to facilitate movement of goods and services within the country,

especially access to markets by farmers in the rural communities whose crops get rotten because of poor roads to get them to markets in the urban centres and between neighboring countries to enhance trade. Second, we have been increasing investment in water resources and the energy sector to ensure that businesses have quality and affordable electricity and water to make our local firms more productive and competitive and to create more jobs for the unemployed youth. Third, is to invest in communication technology to facilitate information sharing to help reduce transaction costs and speed up business operations. The fourth is to increase access to capital by the private sector to generate more growth and also generate more employment by ensuring sound fiscal and monetary policy that will not crowd out the private sector but provide them with a more predictable business environment for doing business. The ensuing private sector growth we believe have and will continue to lead to higher levels of employment and increase income to the farmers who are mainly women and poor. But more importantly, sustained growth will permit a sustainable redistribution of income that will not be resented by the non-poor because they also benefit. Finally, cognizant of the difficulty of the poor in accessing credit, conscious efforts are being made to provide the poor access to capital through the strengthening of existing micro-credit institutions as well as establishing new ones with Government's support. While this contributes to the overall growth economy, it allows the incomes of the poor to increase directly.

IV. Conclusion

It is clear that poverty reduction strategy, as envisaged in the first generation of PRSPs, have helped in reducing poverty levels in countries that adopted them. In Ghana, poverty levels decreased from about 40 per cent in 2000 to about 26.5 per cent in 2006. However, it is becoming clearer and clearer that poverty can be reduced even much faster if countries shift from extreme reliance on poverty reduction programs and projects to focus on growth while keeping a close tab on poverty-related programs and projects. The increased growth will permit a redistribution effort that is acceptable to all. This emerging paradigm will provide a win-win efficiency development option.

Long-Term Development Strategies for Growth with Equity²

By Ms. Jayati Ghosh
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The world economy is currently in the midst of an economic boom, reflected in high commodity prices, increased rates of income growth for a number of developing countries and improved balance of payments for the developing world as a whole, as shown in current account surpluses and increased capital flows. These have involved a tendency to more convergence of per capita incomes across the countries of the world than was evident in the previous decades. Yet this boom has also highlighted some major weaknesses in the pattern of growth.

The most important weakness is that high income growth is not generating adequate employment growth, especially of “good quality” employment. This is even true of the fastest-growing developing countries such as China and India, where rates of open unemployment are increasing sharply even as GDP growth continues to be high. In other developing countries, employment has stagnated, and everywhere the quality of employment has deteriorated for a large proportion of workers.

Recent economic growth has also been accompanied by sharp increases in inequality in most countries. This has meant that poverty reduction has been much slower than could be expected, given the rate of aggregate growth. New forms of poverty have emerged, especially among unskilled migrants and marginalized groups. In general, citizens of the developing world experience greater volatility of incomes, more material insecurity, and reduced access to what used to be called “basic needs” and public services.

A critical feature is the persistence of agrarian crisis in much of the developing world, despite a period of relatively high agricultural prices in world trade. The economic boom has also been associated with accelerated degradation of natural resources in the developing world, with adverse long-term consequences.

Many of the problems listed above can be traced at least partly to low and insufficient levels of public expenditure in critical areas such as physical infrastructure, agriculture and rural development, health, sanitation and education. And this reflects the fact that across the developing world, rigid norms of fiscal discipline have imposed deflationary policies upon governments, whereby expenditure in these critical areas becomes constrained.

The international correlate of this is a new pattern of global imbalances. In the past few years, developing countries have been providing net resources to the rich countries, particularly the US. Developing country governments increasingly do not spend all their foreign exchange receipts (whether these come through export surpluses or capital inflows or foreign aid) because of the fear of the adverse effects of currency appreciation and the felt need to keep higher levels of foreign exchange reserves to guard against

potential financial crises. This is a travesty of the presumed role of international financial intermediation, and amounts to a huge waste of potential resources, which could and should be used to address some of the problems mentioned above.

It is in this context that a review of economic strategies becomes important. The orientation of economic policies must shift towards a focus on the accelerated generation of good-quality jobs and improvement of living standards of the bulk of the people. These are the essential factors for inclusive growth and more effective poverty reduction. This requires a slightly different approach towards both long-term development and short-term macroeconomic management.

In terms of long-term development strategies, three features are very important. First, public expenditure and public investment in particular, are crucial in sustaining and expanding the productive base of the country, both for physical infrastructure and human resources. This in turn requires that governments become more willing to raise resources through taxation and more creative in devising ways of doing so. Second, governments must retain the ability to direct some financial flows to sectors that are seen as strategic, important to develop or crucial for livelihoods and employment generation. This can occur through directed credit, special fiscal incentives or other means. Third, institutional conditions, including ensuring more voice to different groups and democratic forms of public accountability, are crucial to ensure that public expenditure is effective.

Macroeconomic policies for the short-term and over the economic cycle also need to change accordingly. Macroeconomic policy needs to be developed within a coordinated medium-term framework, so that fiscal, monetary, exchange rate and capital management policies are consistent with growth objectives and public investment strategies. Fiscal sustainability is crucial in the medium term, but there should be some flexibility with respect to fiscal targets, especially when the deficits are the result of productive public expenditure, and during economic downswings. Rigid rules on fiscal deficits in the short run reduce the possibility of effective countercyclical policies.

Putting greater emphasis on public expenditure requires more public resource mobilization without disproportionately harming the poor or marginalize groups or having regressive effects. This is possible through improving tax administration and enforcement, diversifying sources of tax revenue instead of relying on a single indirect tax such as VAT, relying as far as possible on rule-based and non-discretionary tax instruments which are corruption-resistant and have lower transaction costs, increasing personal income tax collection from the rich, targeting luxury consumption in raising taxes, taxing capital more effectively without affecting investment and using trade taxes creatively and flexibly.

Monetary policy should not only be about price stabilization and inflation control, but should be an integral part of macroeconomic and overall development strategies. It should aim expanding supply in strategic sectors, improving livelihood conditions in sectors employing a large proportion of the labor force such as agriculture and generating more productive employment by providing institutional credit to small scale producers in all sectors.

Some other preconditions are important for this to be an effective paradigm for economic strategies in the changing context. In open developing economies, management of the exchange rate is critical because it directly affects relative prices and thereby domestic incentives and employment, and can prevent excessive volatility. In this context, managed floats or crawling pegs work best, since they allow governments to adjust the level of the exchange rate to external conditions as well as to the current policy priorities for the domestic economy. Such an overall strategy also requires that financial flows be relatively predictable, or at least not destabilizing. This in turn suggests the need to consider forms of capital control that are flexible and can respond to changing internal and external conditions.

B. Coherence and Coordination of Macroeconomic Policies- Global and Regional Frameworks

At the 2005 World Summit, countries committed themselves to formulate national development strategies to achieve the goals set out in the United Nations development agenda. National efforts are key to promoting sustained economic growth that can improve the lives of people living in poverty. In today's increasingly interdependent global economy, however, external conditions have a direct bearing on the effectiveness and policy space available for the design of each country's national development strategy. National development strategies can, thus, only be effective if they are supported by a favorable external environment. Global imbalances and trade fluctuations pose major potential threats to the world economy, and volatility in financial flows has greatly affected the efforts of developing economies in the pursuit of development.

The high degree of interdependence in the global economy calls for international coordination of macroeconomic policies in order to improve the stability and efficiency of the global economy. The report of the Secretary-General on this theme highlighted the need for more effective international coordination of macroeconomic policies in order to reduce the volatility in the financial market, and to create more stable conditions for growth. The report underscored the need for making existing international coordination mechanisms more effective in addressing financial crises. Finally, the regional nature of recent financial crises has raised interest in cooperation at the regional level.

The roundtable session on "Coherence and Coordination of Macroeconomic Policies – Global and Regional Frameworks" chaired by H.E. Hjalmar Hannesson (Iceland), *Vice-President of ECOSOC*, provided an opportunity to discuss the issues highlighted above. The roundtable focused on the coordination of macroeconomic policies at the global and regional levels in order to reduce volatility in the financial market, and create more stable conditions for growth. It also focused on the complementary role of regional cooperation.

The moderator of the roundtable, Mr. Jomo Kwame Sundaram, *Assistant-Secretary-General for Economic Development*, noted that while national efforts are central for economic growth and eradication of poverty, external conditions have a direct impact on the effectiveness of such national policies. Several actors are at play, including the International Monetary Fund (IMF) and the Group of 8 major countries (G8). With regard to the global level, he noted that closer economic integration and changing global economic circumstances may require the strengthening of the IMF and an expansion of the G8 framework. He noted that the regional nature of many of the recent financial crises had renewed interest in the potential role of regional macroeconomic policy coordination and regional financial cooperation. He recognized that the European Union was the most advanced regional cooperation mechanism in exercising a single market and a Euro-zone, but that regional coordination efforts were also taking place in developing countries. Lastly he introduced and referred to the Latin American Reserve Fund (FLAR) as a fund which was successful in addressing current account problems.

Mr. Murilo Portugal, *Deputy Managing Director of the International Monetary Fund*, reported on the medium-term strategy of the IMF to strengthen its role in global

coordination, using surveillance as the main mechanism. He highlighted, in particular, the recent Executive Board approval on a new Decision on Bilateral Surveillance, overhauling the old procedure that was adopted thirty years ago. Three important elements of the new Decision are: i) explicit recognition of domestic policies for stability and choices of exchange rate regimes; ii) clear guidance for the Member States on how to run exchange rate policies; and iii) guidance to the Fund on how to conduct bilateral surveillance. He noted that the latter should be a collaborative process based on dialogue and persuasion, taking into account country-specific circumstances and spillover effects. He also said that multilateral consultations had been launched in order to strengthen multilateral surveillance, and address issues of global concern. He noted that regional surveillance was also of great importance to the IMF. He concluded by emphasizing that the role of the IMF is to advise sovereign states through dialogue, persuasion, collaboration and trust. However, sovereign states had the final responsibility for action.

Mr. Augusto Correia, *President of the Portuguese Institute for Development Assistance*, presented the European Union's experience. Today, Europe without borders is benefiting from a single market of over 500 million people, under one rule of law and, for the majority, one currency. He highlighted, in particular, the Euro endeavor. Membership in the Euro requires exchange rate stability as well as meeting a number of macroeconomic criteria. The benefits of the Euro zone include low inflation, exchange rate and market stability, and increased trade and investment. Through the Stability and Growth Pact, the EU framework also provides mechanisms of surveillance of policies. The European Commission and the European Central Bank are working on a Single Euro Payment Area to make transactions faster and cheaper by 2010. He said that for the EU, commitment to financial integration was clear, but that integration was not an end in itself. It was a means to achieve a vibrant European economy and was closely linked to the Lisbon strategy, which through the formulation of various policy initiatives aims to make Europe the most competitive and most dynamic knowledge-based economy in the world by 2010.

Ms. Ana Maria Carrasquilla, *Acting President of the Latin American Reserve Fund*, presented the case for regional coordination and cooperation, highlighting the experience of the Latin American Reserve Fund (FLAR). She said that the growing interdependence between countries in financial and trade areas required the creation of financial support mechanisms at the regional level. One mechanism consists of pooling international reserves to strengthen national and regional foreign accounts against risks of crises. She explained that the major role of FLAR, a regional insurance facility, is to provide financial help to overcome balance of payment crises and to coordinate macroeconomic policies among its member countries. It also offers advisory services for better investment of foreign assets and public assets, notably to central banks and public institutions of the region, which have gained importance in recent years. She noted that FLAR is complementary to the task of multilateral institutions. Therefore, any initiative or development of international financial markets must be mutually coordinated. In terms of additional measures which could be taken, she pointed out that regional reserve funds like FLAR could be used to promote the development of domestic and regional financial markets and to increase the capacity to resist the volatility of capital flows.

Coordination of Macroeconomic Policies: The Experience of the European Union³

By Mr. Augusto Correia
President
Portuguese Institute for Development Assistance

As our Ministers stated during their recent Council meeting, Europe is united in its resolve that only by working together can we represent our interests and goals in the world of tomorrow. The European Union is determined to contribute its ideas of a sustainable, efficient and just economic and social order to the global process.

Indeed, the European experience has been a very special one for all of our member states. We have recently celebrated 50 years since the signing of the Treaty of Rome that created our European family. Fifty years on we are coming even closer together, while maintaining our cultural, traditional and linguistic diversity. This unity is based on our common values, those of freedom, democracy, the rule of law, respect for human rights and equality.

From a very different post-war reality that incentivized our coming together in this European endeavor, we find ourselves today benefiting from a Europe without borders, where people and goods can travel freely in a single market of over 500 million people, under one rule of law, and for the majority of us, one currency. The EU economy has emerged from the wreckage of the post-war period to become the second largest in the world. Internal trade has been key to this economic success, driven by the integration of national markets into one single EU market.

I take this opportunity to quote a fellow country man and current President of the European Commission, José Manuel Barroso, “The single market is more important than ever. I now want to see it strengthened and adapted to the globalized world of the 21st century”. Further strengthening the four freedoms of the internal market, the free movement of goods, persons, services and capital, and improving its functioning remain of paramount importance for growth, competitiveness and employment.

Integration has been a central driver for the European Union. Two values have driven this integration: solidarity and cohesion. Solidarity because our policies aim to benefit all citizens and regions that are economically and socially deprived compared to EU averages. Cohesion because there are positive benefits for all in narrowing income and wage differences among Member States and regions.

Solidarity and cohesion have driven not only the EU’s internal development policy, but also its broader macroeconomic approach.

One of the more visible aspects of the European endeavor is that of the Euro. Membership in the Euro requires exchange rate stability as well as reaching specific criteria related to interest rates, budget deficits, inflation rates and the debt-to-GDP ratio.

13 of the 27 member states have already adopted the Euro, with two more planning to join on January 1, 2008. Those that have opted out of the Euro, or those that are in the process of joining, can join the “Exchange Rate Mechanism” in order to keep their currency stable against the Euro.

According to the European Commissioner for Economic Affairs, Joaquim Almunia, “low inflation and interest rates, exchange rate and market stability, cheaper imports, more trade and investment and cheaper traveling, increased price transparency and competition...are the little known benefits of the Euro area”. The Euro-area Member States share a single monetary policy and a single exchange rate, while the other aspects of economic policy remain national concerns.

As a complement, community mechanisms for surveillance have been introduced. Coordination of economic policies among Member States is necessary as national economic developments have an influence on monetary conditions in the Euro area. In this context, the Stability and Growth Pact keeps the economic developments within the EU, and in particular in the Euro-zone, broadly synchronized. The disciplines of this Pact prevent member states from taking policy decisions that would unduly benefit their own economies at the expense of other EU countries.

Ensuring economic policy coherence is a mandate given to the European Commission. Let me highlight the role that the Commission plays in assessing whether each member state’s economic policy is in line with the Union’s economic, social and environmental agreed objectives, and in providing early warnings if it determines that a country’s deficit is becoming too high, or that some other factor related to the conditions of the Growth and Stability Pact is being breached. This analysis is undertaken by annual reports submitted by member states to the Commission.

Another key institution involved in ensuring the EU’s macroeconomic coordination and coherence is the European Central Bank (ECB). When the Euro was launched in 1999, the ECB took over full responsibility for monetary policy throughout the Euro area. The primary objective of the ECB’s monetary policy, as established by the Treaty of Rome, is to maintain price stability. The ECB and the European Commission are currently working on a Single Euro Payments Area that could make all forms of cross-border payments faster and cheaper by 2010. This exercise should bring down costs for everyone from large companies to individuals that engage in money transfers throughout Europe.

The EU’s commitment to the process of financial integration is clear. But it should also be clear – not least from the Treaty of Rome - that integration is not an end in itself. It is a means to foster a vibrant EU economy by promoting more productive use of capital and thereby raising output potential. Financial integration is, therefore, closely linked to the Lisbon strategy for structural reform in the EU.

Increasingly the EU’s internal policies – for example the environment, energy, competition policy, agriculture and fisheries, transport, the fight against terrorism and illegal migration, dealing with global pandemics – impact on international relationships and play a vital part in the EU’s external influence. Conversely, many of Europe’s internal policy goals depend on the effective use of external policies.

Over the last fifty years the EU has developed a series of external policy instruments, political, economic, commercial and financial, which helped it to protect and promote its interests and values. Successive enlargements over the last three and a half decades have demonstrated the EU's ability to promote stability and prosperity and the success of this model of regional integration.

The Role of Regional Reserve Funds in the Coordination of Macroeconomic Policies⁴

By Ms. Ana Maria Carrasquilla
Acting Executive President
Latin American Reserve Fund

Introduction

Due to the greater interdependence among countries in the financial and trade areas, international policies are required to contribute to national efforts, promoting poverty- and inequality-reducing growth. In line with this aim, coordination of macroeconomic policies plays a key role in the creation of stable conditions for growth. At the regional level, countries have responded to these challenges by generating financial support mechanisms that not only allow protection against adverse shocks and illiquidity, but also encourage cooperation and macroeconomic coordination.

Regional reserve funds

Several benefits arise from the pooling of resources in Regional Reserve Funds. Pooling resources can (a) create a shared insurance against current account crises; (b) establish stronger national and international financial systems; (c) help stimulate introduction of contingent lines of credit to limit the vulnerability of emerging markets to financial crises; and (d) enable the use of reserves as insurance against shocks on exchange rate, terms of trade and current account, changes in global or local growth conditions, and *sudden stops*.

Benefits of regional reserve funds include: (a) faster and better-timed action; (b) greater knowledge of the economic and political situation; (c) higher level of confidence and cooperation; (d) reputation and moral commitment; and (e) fewer requirements of conditionality, which allows for more expeditious credit and payment negotiations. On the other hand, limits of regional approaches include: (a) limited capacity to provide financial assistance in simultaneous adverse shocks and (b) moral hazard problems.

Latin American Experience

The Economic Commission of Latin America and the Caribbean (ECLAC) has taken the lead in the surveillance of regional macroeconomic and financial performance. Bolivia, Colombia, Costa Rica, Ecuador, Peru and Venezuela have created the Latin American Reserve Fund (FLAR). The objectives of FLAR are to: (a) support the balance of payments of member countries by granting loans or guaranteeing third-party loans; (b) contribute to the harmonization of exchange rate, monetary, and financial policies of member countries; and (c) improve the conditions of international reserve investments made by member countries.

As of May 2007, the Subscribed Capital of FLAR was US\$ 2.1 billion and the Paid-in Capital was US\$ 1.54 billion. The Fund covers a population of 124.4 million people with an estimated Gross Domestic Product (GDP) of US\$ 485 billion for 2006 and international reserves of Member Countries amounting to US\$ 76.9 billion, as of May 2007. FLAR has an AA composed rating, the highest in Latin America. Moody and Standard and Poor have given FLAR an Aa2 /Stable/ P-1 and AA-/Positive/A-1+ credit rating respectively.

The role of FLAR: How to increase the capacity of FLAR to enhance stability

A key question of the current debate is “how to increase the capacity of FLAR to enhance stability?” The following measures could be taken: (a) increase the paid-in capital by member countries; (b) incorporate new members (Uruguay has formally requested its entrance into FLAR and is expected to join as a full member by the end of 2007); (c) leverage medium-term liabilities, maintaining a positive differential between yields of liquid and acceptable risk investments and costs of deposits, so that the statement of income is not negatively affected. FLAR has increased its liabilities, including issues in the international market. FLAR has conducted two issues in the international market, under favorable conditions.

Thinking in broader terms on what else a regional reserve fund can do, there are other measures that include using a portion of the regional reserves to promote the development of financial markets and instruments. This would increase the capacity to resist the volatility of capital flows. Several instruments have been recommended for Latin America:

- Consumer Price indexed bonds in local currency. Their payments do not increase if there is a deterioration in the exchange rate and/or the terms of trade.
- GDP-indexed bonds.
- Commodity-indexed bonds.

For these bonds to be attractive to investors, the markets must be liquid and the indexation indicators free from manipulation. This can be ensured by delegation to third-party agents.

FLAR and the coordination of macroeconomic policies

FLAR promotes technical activities in the region by participating in forums, conferences, and technical discussion groups about topics and problems relevant to Latin American economies. In 2006 and 2007, FLAR held international conferences on “The Role of Regional Funds in Macroeconomic Stabilization” and “International Reserves in Middle- and Low-Income Countries: Background of Recent Accumulation, Management, Monetary and Exchange Rate Policy, and Outlook” respectively.

FLAR is part of the Permanent Technical Group (PTG) of the Andean Community (CAN). PTG supervises the convergence goals regarding public finances and inflation of the CAN member countries (Bolivia, Colombia, Ecuador, and Peru). Chile has recently joined as an associate member. All CAN member countries have achieved one-digit

inflation and, since 2005, achieved a Non-Financial Public Sector deficit below 3 per cent of GDP.

FLAR also participates in the Network for Macroeconomic Dialogue Project (REDIMA). REDIMA is a communication and dialogue tool available to macroeconomists of central banks and finance or economy Ministers in Latin America. Its aim is to support regional integration by promoting macroeconomic dialogue and cooperation among the countries of each sub-region. This project was launched by ECLAC, in 2000 with the financial and technical support of the European Union.

Conclusions

- FLAR has a key role in the promotion of the stability and welfare of member countries.
- FLAR is complementary to the task of other global funds. Accordingly, any initiative, reinsurance or development of financial markets must be coordinated with the global institutions.
- FLAR could become a mechanism for development of local financial markets and instruments.
- FLAR has a limited capacity to provide assistance in simultaneous crises. This capacity could be increased with financing through markets, increasing membership and services. Work is carried out in this regard on all fronts.
- FLAR plays an important role in macroeconomic coordination through macroeconomic dialogue groups.

Much more needs to be done.

Notes

- 1 From the Thematic Discussion, “Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies”, of the ECOSOC 2007 High-level Segment, 2 July 2007.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.

Chapter 4

ANNUAL MINISTERIAL REVIEW “STRENGTHENING EFFORTS TO ERADICATE POVERTY AND HUNGER, INCLUDING THROUGH THE GLOBAL PARTNERSHIP FOR DEVELOPMENT” – THE NATIONAL PERSPECTIVE

Overview

All Member States of the United Nations have committed themselves to achieving the Internationally Agreed Development Goals, including the Millennium Development Goals. At the 2005 World Summit the world leaders reaffirmed their commitments in working together for these goals. The 2005 World Summit also entrusted the Economic and Social Council with new functions, including the annual ministerial-level substantive review, to promote implementation of this objective. In further elaborating on the strengthening of ECOSOC, General Assembly resolution 61/16 recommended that annual ministerial-level substantive reviews provide an opportunity for countries to make national voluntary presentations.

The 2007 substantive session marked the inaugural session of the Annual Ministerial Review, where ministers reviewed the progress made, assessed the obstacles faced and considered the ways to overcome them. As recommended by the General Assembly, the Review was complemented by presentations made by Ministers from Bangladesh, Barbados, Cambodia, Cape Verde, Ethiopia and Ghana which had volunteered to share their experience in the implementation of their MDG-based national development strategies with the Council. In their presentations, countries highlighted policies, successes, and initiatives which merit scaling up or could be replicated in other countries, regions and globally. Challenges confronting both developing and developed countries in the pursuit of the full achievement of the MDGs and the broader IADGs by 2015 were also discussed.¹

There are also a number of emerging challenges that are placing serious constraints on the efforts to realize the internationally agreed development goals, including the MDGs, threatening to undo decades of development efforts. Major challenges include climate change, desertification and disease burden exacerbated by AIDS, malaria and tuberculosis. These directly impact national endeavours for the eradication of poverty and hunger, prevent people from realizing their potential and contributing to the progress of their societies. The Annual Ministerial Review provided a platform for discussing impacts of these development challenges and how the international community can and should respond to these threats. To this end, the Council hosted an Informal High-Level Roundtable on “Emerging challenges to efforts to eradicate poverty and hunger” on 2 July 2007 at the UN Office in Geneva during the High-Level Segment of the Council.

The present chapter contains the executive summaries of the national reports that were prepared for the national voluntary presentations and the summary of the High-Level Roundtable on “Emerging challenges to efforts to eradicate poverty and hunger”.

The National Voluntary Presentations of Bangladesh, Barbados, Cambodia, Cape Verde, Ethiopia, and Ghana²

The national voluntary presentations addressed five broad themes:

- Key features of the national development strategy and its relationship with the IADGs, including the MDGs;
- Progress made in the implementation of the national development strategy, including analyses of policies employed;
- Key strategic successes, challenges and lessons learned from the scale-up of initiatives to implement the national development strategy, including IADGs/MDGs, and projects and programmes which have not only been successful in the country but have been or could be replicated elsewhere;
- Assessment of the financing needed to achieve the internationally agreed development goals, including the MDGs at the country-level, and covering funding gaps through increased domestic resource mobilization;
- Support of the international community for the national development strategy, improving aid effectiveness, and predictability of other types of support to country's effort.

Key policy messages

The following key policy messages emerged from the six national presentations and discussion that took place during the national voluntary presentations:

1. *Country-owned national development strategy* is essential to provide focus and direction for pursuing the IADGs at the country level.
2. *Global partnership*. The global partnership should be made more effective in all its dimensions.
3. *Social dimensions of poverty*. Development strategies should be people-centred, addressing the multidimensional nature of poverty, especially social deprivations. Institutional frameworks should be strengthened and geared towards providing social services, removing the threat of marginalization, and empowering the poor.
4. *Acceleration of implementation*. National strategies are working, although not on the scale required. There is a need to accelerate implementation by scaling up effective policies and programmes and fuelling innovation.
5. *Good governance* at all levels, including the fight against corruption, is a cornerstone of eradicating poverty. Corruption has national aspects, but it also has international dimensions, which requires North-South cooperation in order to be eliminated.
6. *Participation of stakeholders* in the formulation and implementation of national development strategies is critical for the sustainability of the development process.

Governments should keep, maintain and enhance public-private-civil society partnerships to mobilize all the potential for development.

7. *ODA allocation.* The international community should evaluate the allocation of the totality of aid, not only multilateral aid but also bi-lateral aid in order to redress imbalances in ODA flows. A determining factor in allocating ODA should be the needs of national plans and strategies. Good policies should be supported, but there should be other considerations, such as in the case of fragile states.
8. *Middle-income countries and graduating LDCs.* There was a strong message that positive performance should not be penalized. The international community should provide appropriately necessary access to ODA and to increase and improve ODA for middle-income countries, particularly in the areas of technical cooperation and budgetary assistance. The smooth process of graduation should be a shared responsibility with the international community.
9. *Pro-poor markets and trade.* There is a need to take advantage of market and trade opportunities to fight poverty. This should be pursued through policies which are pro-poor, ensure that liberalization leads to employment creation, and address a more even distribution of the benefits of trade. The Doha Development Round should be put back on track.
10. *Pro-poor policies and programmes.* Economic growth is a prerequisite for eradicating poverty and hunger, but there is a need to ensure that economic policies give greater attention to social outcomes, promoting a broad-based, pro-poor and pro-development economic growth. Programmes should be targeted to enable people to take advantage of economic opportunities, including through micro-credit, women's empowerment, and investments and innovations with special attention to agriculture and rural development.
11. *Peace and development* are inextricably interdependent. There is a need to integrate post conflict countries in the global economy to increase the chances of sustained peace and long term development. Regional frameworks could be used to this end.
12. *Emerging threats*, like climate change and desertification that hamper efforts to realize the development goals, should be addressed urgently. SIDS and LDCs, in particular, are vulnerable to natural disasters and the consequences of climate change. There is an urgent need to further integrate climate change and environmental sustainability into poverty reduction strategies and support the implementation of adaptation policies. The Programme of Action for Sustainable Development of SIDS should be fully realized.
13. *The AMR National Voluntary Presentations* should continue to provide a forum for countries to participate and share experiences. Monitoring the implementation of commitments and accountability should be strengthened. OECD/DAC countries, as well as emerging donors should present national plans also for review by ECOSOC.

Executive Summaries of National Voluntary Presentations of Bangladesh, Barbados, Cambodia, Cape Verde, Ethiopia, and Ghana

Bangladesh

Sound Macroeconomic Performance

The steady annual economic growth of over 4 per cent during the past decade and relatively low inflation, have been the underlying macroeconomic factors in reducing poverty. According to a World Bank study, Bangladesh's GDP growth experienced the least volatility in the 151 economies it covered³. This impressive growth performance, along with a decline in the population growth, contributed to a doubling of annual per capita GDP growth, from 1.6 per cent in the 1980s to 3.3 per cent between 1990 and 2004. Both farm and non-farm activities, as well as strong export performance by the RMG sector, triggered the growth. Taking into account the impressive strides in economic growth, human development and poverty alleviation, the Goldman Sachs recently included Bangladesh in a list of 11 countries that have the greatest economic potential to replicate the success stories of China and other Asian Miracle countries⁴

Social Indicators

Bangladesh has outperformed most low-income countries on a range of social indicators. It increased net primary enrolment from 74 per cent in 1991 to 87.27 per cent in 2001 and has already attained the MDG of eliminating gender disparity in primary and secondary enrolment. With the sharp decline in infant mortality from 94 to 51 per 1,000 live births between 1990 and 2004, and in child mortality from 151 to 74 per 1,000, Bangladesh is set to achieve the targeted two-thirds reduction in both infant and child mortality rates by 2015. Food security has improved markedly, even for the very poor. Bangladesh's ranking in the human development index (HDI) is much better than might have been predicted for a country at its income level.

Explaining the Success

Behind these successes lies a steady productivity growth in the agricultural sector. Despite the fact that its share of GDP declined from 30.4 per cent in 1991 to 20.1 per cent in 2005, agriculture still employs about 50 per cent of the population in Bangladesh. Moreover, nearly 75 per cent of Bangladesh's population still live in the rural areas. Though not discussed in the report, the deteriorating terms of trade for farmers – owing to high input prices and an imperfect market structure – help to explain the declining share of agriculture in GDP. Farmers often do not receive a fair price for their output as access to market is controlled by intermediaries. Future efforts in poverty reduction will need to take this into account.

Micro-credit has proved to be one of the most effective development tools in Bangladesh. The Grameen Bank model of credit delivery to the rural poor – especially to women - has proved that the poor can lift themselves out of poverty through their own efforts and

industry provided they are given access to capital. By 2006, nearly 80 per cent of poor households have taken part in micro-credit programmes, and a majority of those have improved their economic condition. The micro-finance sector is set to push boundaries further with the development of micro-insurance schemes.

The role of NGOs in reducing poverty extends also to education, where they play a key role in providing non formal education. This offers a practical curriculum and a flexible class schedule, in response to the needs of the families and the communities. BRAC, the largest NGO in Bangladesh, has a vast network of schools. This complements the government's own provision of education and has been particularly effective in reaching the poorer sections of society, who may otherwise be excluded from education. There is growing evidence that education and skill development have significantly contributed to reducing poverty in Bangladesh.

Temporary labour migration - primarily to Saudi Arabia and other Middle Eastern countries - has also contributed significantly to increasing household income and reducing poverty, both directly and through consumption and investment multipliers. The remittances reached USD 5.48 billion in 2006, accounting for nearly one tenth of the country's GDP. Temporary labour migration and remittance will continue to play an important role in poverty reduction in the foreseeable future. However, any adverse shock – global, political or economic instability – may seriously undermine the gains in poverty reduction.

Key Challenges

While agricultural production has increased manifold, it is showing signs of diminishing marginal return. Given the finite amount of land and a still growing population, land use and crop intensity is approaching a maximum. This severely limits the ability of many poor people to earn a livelihood from farming. New investments and innovations in agriculture to further boost productivity will remain key to maintaining food security and reducing poverty and hunger. While the PRSP recognises the importance of maintaining a robust agricultural sector, the maintenance of steady job growth in the urban sector to absorb the increasing flow of migrating rural poor will remain a challenge. Bangladesh will have to identify and promote new thrust sectors to sustain the progress that helped achieve MDG-1 targets.

The ready-made garments (RMG) industry -- the country's foremost export sector -- has experienced impressive success and growth in recent years. It employs nearly two million women, who migrated to cities and whose income not only empowers them, but also contributes significantly to the rural economy throughout the country. But the future of this important sector will rely heavily on its ability to compete with other garment producing countries in Asia and Africa; and also on the outcome of the Doha Development Round in the areas of special and differential treatment.

If Bangladesh loses preferential market access for its RMG exports to Europe and North America, especially vis-à-vis other RMG exporting LDCs, it is likely to face a large number of job losses, with adverse consequences on poverty. By some estimates, almost 740,000 garment workers – mostly women – will lose their jobs if Bangladesh loses the preferences. When the possible job losses in other sectors dependent on the RMG

industry is accounted for, the total number may be as high as 2.59 million⁵. This would also mean almost 1.15 million people would slip back into poverty, derailing efforts to reach the MDG-1 by 2015. The PRSP and other policies take this challenge into account.

It is important to keep in mind – though not elaborated in the report -is the fact that RMG is not a skill-intensive sector and it has little or no learning effect. Excessive reliance on RMG exports may consequently depress the demand for skills and by extension, the demand for education. There is the potential danger that over-dependence on the RMG sector may trap the economy in a “low-skill, low-value added equilibrium”, undermining future efforts to reduce poverty. Taking this into account, PRSP puts the right emphasis on skill development and export diversification.

Trade liberalisation is perhaps the most visible expression of globalisation. Bangladesh has taken bold steps to liberalise its trade since the early 1990s. Trade now accounts for nearly 37 per cent of its GDP, compared to about 19 per cent in 1992. During the same period, Bangladesh’s un-weighted average MFN tariff declined from 47.4 per cent in 1992-93 to 13.54 per cent in 2004-2005⁶. This is reflected in an almost four-fold increase in its imports, from USD 3.9 billion in 1992 to USD 13.8 billion in 2005. Concurrently, trade deficit as a percentage of GDP rose from 4.76 per cent to 6.46 per cent, showing that Bangladesh's exports have not kept pace with growth in imports. It will remain a daunting challenge for Bangladesh to pursue a pro-poor trade policy, especially to ensure that liberalisation leads to job-growth, both in traded and non-traded sectors.

Another formidable challenge in Bangladesh’s poverty reduction efforts – though not detailed in the report - is the adverse consequences of global warming. The Stern Report⁷ warns that the very poor in the low-lying coastal areas of Bangladesh will be one of the worst victims of a rise in the sea-level. By some estimates, the sea level in the Bay of Bengal is rising by about 3mm a year and it is predicted that as much as one fifth of Bangladesh’s land mass will go under water if the sea level rises by just one meter. This will cause not only massive displacement of about 13 to 30 million people, but will also reduce the capacity for rice production by as much as 30 per cent. If Bangladesh is to achieve MDG1 by 2015 -and more importantly, if it is to sustain a low rate of poverty after 2015 -it will need to address the issues of climate change more vigorously. International cooperation will be critically important in minimising the adverse effects of global warming on Bangladesh.

The full national report is available at:

<http://www.un.org.bd/pub/unpubs/ECOSOC-NR-BGD-Final.pdf>

Barbados

In addressing the issue of poverty, the Government of Barbados' concerns go beyond measures of income and consumption. The concept of poverty reflects the generally accepted understanding of this phenomenon as being multi-dimensional in nature and one that touches all levels of society. It can also include "poverty of the spirit" as defined in Barbados' *National Strategic Plan*. To eradicate poverty also means addressing issues such as inequality, justice and human rights. So while Barbados is not faced with extreme hunger and poverty, it is still faced with the complexities of human development and the need to sustain efforts to ensure that persons achieve their full capacities. Therefore, the focus of the overall development strategy is not simply to achieve the MDGs but to surpass them. In so doing the Government of Barbados has embraced the notion that while economic growth is a necessary condition for human development, it is insufficient by itself to achieve and sustain human development.

Barbados' Sustainable Development Profile

Barbados is a middle-income Small Island Developing State (SIDS) with a fragile natural resource base and an open economy characterized by a narrow range of exports and a heavy dependence on imported goods. Its main foreign exchange earning sectors are tourism, sugar, manufacturing, banking and financial services. Barbados enjoys a relatively high quality of life. The country currently ranks 31 in the UN Human Development Index.

However, the country faces several challenges, which are characteristic of SIDS, and others which are unique to the Caribbean region. Its small economic size, its high degree of economic openness and limited resource base makes it extremely vulnerable to external shocks and impedes its capacity to respond and adjust to them. This lack of resilience is further compounded by the negative aspects of globalization.

Barbados' limited land size, natural resource base and fragile marine ecosystem leave the island susceptible to several environmental threats including: invasive species, flooding, soil erosion, coral reef degradation, climate change and natural disaster. Threats to Barbados' environment have the potential to seriously harm the tourism-based economy, agriculture and food security. As a SIDS, Barbados must adapt to climate change. However, planning for contingency strategies that may not be resilient enough to withstand the onslaught of rising sea levels or violent hurricane seasons is proving to be challenging. Moreover, the country's small size undermines its ability to absorb the shock caused by natural disasters.

The single largest threat to Barbados' health and social services sector is the HIV/ AIDS epidemic. The Caribbean region has the second highest rate of infection of HIV/ AIDS after Sub-Saharan Africa. HIV/ AIDS has a significant impact on the cost of health care, the provision of social services and the sustainability of the labour force. The epidemic has the potential to undo the gains the country has made in human development. Reversal of the spread of HIV/ AIDS is the one MDG target that is continuing to challenge the region. Many persons are knowledgeable about the disease and prevention strategies, but changing high-risk behaviours remains an obstacle.

Increasing crime and violence, thought to be arising from disparities of income and security, are also of concern and pose a threat to the sustainability of the gains made over the last 30 years. The Caribbean region has become a major illegal drug transshipment route. Drug trafficking brings with it a myriad of related crimes from petty thievery to organized crime. Increased crime erodes investor confidence and causes slowed economic growth. Strained resources have to be redirected to the justice system and away from critical social programming. In the context of these challenges, the closure in 2006 of the UNODC Caribbean Regional Office was highly disturbing to Barbados and the Caribbean Community and it is hoped that this decision will be reversed.

Barbados continues to attract migrants from other CARICOM countries and the wider world in search of greater economic opportunities and improved living conditions. Some enter illegally. The increasing population places a strain on limited social, economic and environmental resources. However, like many developing countries with a well-educated and skilled workforce, Barbados has been experiencing human capital flight as skilled professionals, particularly teachers and medical professionals, seek career opportunities in overseas job markets. The Government is faced with the challenge of delivering quality education and health care with significant skills-loss in these critical sectors.

Progress in the National Development Strategy

Barbados' *National Strategic Plan, 2005- 2025* (NSP) clearly sets out a development strategy that fully integrates the aims and objectives of the MDGs and the various IADGs enshrined in the international instruments to which this island has committed itself. National development objectives seek to maintain access to quality education, health care and sanitation. They also address gender inequality, poverty and discrimination. In addition, these objectives seek to ensure broad-based political participation. Long-term preservation of the environment and cultivation of global partnerships are also key goals. Barbados' Medium Term Strategic Framework (MTSF) will advance pressing policy interventions, objectives and targets over the next two years based on the NSP.

In support of the national development strategy, the Government is preparing its first Human Development Report (HDR), which will be completed in 2009. The HDR will report on Barbados' progress in human development and identify areas which need to be guided by policy and interventions. It also provides an avenue for Barbados to assess its achievements and challenges in developing a socially just and competitive society.

BARBADOS' NATIONAL STRATEGIC PLAN, 2005-2025

Goal 1: Unleashing the Spirit of the Nation seeks to harness creativity, pride, adaptability and independence. Developing these characteristics will help sustain progress towards the achievements of the MDGs.

Goal 2: New Governance for New Times seeks to address governance issues that reflect MDG8 'Promoting Global Partnerships'. Government's engagement of civil society, the private sector, regional and international organizations will ensure that the country continues to meet the goals.

Goal 3: Building Social Capital aims to promote greater inclusion of vulnerable groups; gender mainstreaming; community development; and improved education and healthcare.

Goal 4: Strengthening the Physical Infrastructure and Preserving the Environment resonates with MDG7 'Ensure Environmental Sustainability' by facilitating environmentally sustainable practices; protecting the island's biodiversity; and maintaining sustainable access to clean water and improved sanitation.

Goal 5: Enhancing Barbados' Prosperity and Competitiveness and Goal 6: Branding Barbados Globally are the goals of an expansive programme to build economic resilience through the strength of the Barbados brand, which will protect and sustain its gains in human development in all MDG areas.

Successes

Barbados has achieved the majority of the MDG targets and the Government remains committed to the concept and vision of the UN's global development agenda in pursuing a MDG-plus mandate.

The Government has ensured that Barbadians have access to free primary, secondary and tuition-free tertiary education. Barbadians can also access the publicly-funded health care system as well as some free pharmaceuticals, including antiretroviral treatment for HIV/AIDS. There is also 100 percent access to clean drinking water and improved sanitation.

Continued sustainable human development remains a major concern of the Government, especially in light of the country's unique vulnerabilities as a SIDS. To help build resilience to exogenous shocks, it is developing a globally competitive society and economy. The Government is also seeking to continue engaging partners at the local, regional and international levels. It is already achieving this in several meaningful ways.

The unique tripartite social partnership agreement, which brings Government, civil society and the private sector together to address local economic and social issues, has been hailed by the International Labour Organization (ILO) and other agencies as an innovative good governance model for other developing countries.

In its commitment to regional integration, the Government has been working through several regional frameworks, including the Caribbean Single Market and Economy (CSME), to ensure that its economy remains robust enough to adapt to globalization. Moreover, these regional frameworks have also helped to strengthen partnerships in the social, health and environmental sectors.

The Government is currently working with regional partners such as the United Nations Development Programme (UNDP) and the Caribbean Development Bank (CDB) to understand the complex and multidimensional nature of poverty or "social deprivation" in the country through the Support to Poverty Reduction and Assessment in the Caribbean (SPARC) initiative and the Country Poverty Assessment (CPA). The

partnership is intended to strengthen evidence-based policy and programming to address issues of poverty, discrimination and social injustice.

The joint Government, Inter-American Development Bank (IADB) and CDB-sponsored Education Sector Enhancement Programme (Edutech) has sought to increase access to computer technology and the Internet at all levels in the education system, in an effort to endow future generations with the necessary skills to compete in the global economy and information society.

There have been several dynamic partnerships in the health sector to help combat growing health risks; most notably, the Pan-Caribbean Partnership against HIV/ AIDS (PANCAP) which comprises CARICOM states as well as regional and international partners. The programme is a regional response to the HIV/ AIDS epidemic. International donors are working through this mechanism to deliver critical aid to CARICOM member states.

The Government has been scaling-up initiatives to promote environmental sustainability, especially given the concerns regarding land development and rising fuel prices. The Government is looking forward to taking full advantage of the Global Environmental Facility (GEF) funding that it has received. Additionally, in an effort to build strategic trade and development partnerships, the Government is also exploring South-South partnerships with regional (Brazil) and extra-regional partners (Nigeria) in renewable energy, particularly in the areas of trade and technology transfer.

Challenges

Barbados has consistently expressed the view that the MDGs will only be achieved if the MDG 8 ‘Global Partnership for Development’ is fully addressed. It is the Government’s view that successful implementation of the eighth goal is a pre-requisite not only for the comprehensive attainment of the other seven goals, but also in making significant progress beyond the MDG targets and with respect to the IADGs.

Barbados is urging the global community to recognize the needs of developing countries and regions and to take full account of their unique characteristics when prescribing solutions to their problems: *one size does not fit all*. It is also recommending that the international community recognize the particular economic and environmental vulnerabilities of SIDS. Barbados is concerned that few significant achievements have been made in the Programme of Action for Sustainable Development of SIDS since its adoption in 1994 and review in 2005. The international community must take concrete action in response to the challenges of SIDS.

The implementation and sustainability of current policies and programming continue to be challenges. Strategic avenues must be explored to achieve timely and effective outcomes. This is an important area where Barbados, like other developing countries, will continue to need the support of the global community.

Having been graduated as a developing country with middle-income status, Barbados no longer has access to a range of funding mechanisms, which once helped to build and sustain gains in human development. Funding through current ODA mechanisms is not distributed internationally with regard to economic and social equity. In particular, no

account is taken of the severe pockets of poverty and the dilemmas of vulnerability in middle-income developing countries. Barbados is requesting the international community to provide appropriately equitable access to ODA and to increase and improve ODA for middle-income countries, particularly in the areas of technical cooperation and budgetary assistance.

The full national report is available at:

http://www.un.org/ecosoc/docs/pdfs/Barbados_national_rpt.pdf

Cambodia

As a signatory of the Millennium Declaration in 2000, Cambodia has expressed its full commitment to the Millennium Development Goals (MDGs). In 2003, the global MDGs have been localized in Cambodia and these are called Cambodia Millennium Development Goals (CMDGs). The CMDGs reflects Cambodian realities based on a strong national consensus. Through adopting a participatory process of consultation, specific indicators have been identified for each CMDGs, including the benchmark and the short, medium and long term target values to be reached during 2005, 2010 and 2015. In all, the CMDGs cover 9 goals, 25 overall targets, and 106 specific targets covering (i) extreme poverty and hunger; (ii) universal nine-year basic education; (iii) gender equality and women's empowerment; (iv) child mortality; (v) maternal health; (vi) HIV/AIDS, malaria and other diseases; (vii) environmental sustainability; (viii) global partnership for development; and (ix) de-mining, UXO and victim assistance.

During the last eight years, Cambodia and its people have enjoyed the benefits of peace, political stability and rapid economic growth. Indeed, the hard gained peace, political stability, safety, social order and enhanced security are the most important pre-conditions to Cambodia's realization of its real economic and social potentials. Based on this peace and stability, which have become more and more entrenched day by day, the Royal Government have undertaken with strong determination the reforms in various sectors within the framework of the "Rectangular Strategy" for Growth, Employment, Equity, and Efficiency and the "National Strategic Development Plan (NSDP)". These efforts have taken deep root in the socio-economic foundation of Cambodia and provided impetus for rapid economic development. The Cambodian economy has become more and more resilient and dynamic by achieving the average growth of approximately 9.4% per annum during 2000-2006.

The Royal Government of Cambodia recognizes that these achievements cannot be made possible without the generous contribution from all Cambodia's cooperation partners. It also reflects the gradual improvement in the efficient and effectiveness of utilization of all kinds of cooperation financing that Cambodia has received from its external cooperation partners.

To implement Rome Declaration, the RGC's Action Plan on Harmonization & Alignment 2004-2008 was endorsed in November 2004. An important element of this Action Plan is the RGC's commitment to prepare a single National Strategic Development Plan (NSDP) 2006-2010 that will serve as a framework for alignment of all ODA supported activities. The RGC stands strongly committed to achieve CMDGs by adopting these as the key pillars of Cambodia's National Development Policy & Strategy.

The NSDP 2006-2010 is a combination of early Socio-economic Development Plan (SEDP), National Poverty Reduction Strategy (NPRS), National Population Policy (NPP) and other sectoral policies & strategies to implement Rectangular Strategy which is the platform of the RGC in the 3rd legislature of the National assembly 2003-2008, for reducing poverty & achieving CMDGs. The NSDP was a CMDGs-based plan aiming to

ensure Cambodia's rapid progress towards achieving the CMDGs & other socio-economic goals.

For preparing a CMDGs-based plan, the NSDP had three important features: (i) NSDP shall adopt CMDG-consistent targets, where applicable, as its targets in 2010; (ii) Strategies/policies/programs/financial allocations & sectoral priorities of NSDP will be geared towards achieving these targets; (iii) M & E framework of NSDP shall include appropriate indicators to regularly monitor progress towards achieving the CMDGs. Sub-goals & disaggregated & detailed targets & plans to achieve them will be spelt out in greater precision in sectoral & sub-national plans. Progress of NSDP will be annually reviewed & monitored. There are 15 macro-goals (7 CMDG macro-goals) & 43 critical indicators (28 CMDG critical indicators) to be monitor annually.

The NSDP is a single, overarching document containing RGC's priority goals & strategies to reduce poverty rapidly, and to achieve other CMDGs & other socio-economic development goals for the benefit of all Cambodians. The existing three-year rolling Public Investment Programme (PIP) mechanism will be used to identify, plan, phase and cost estimate specific activities every year for the next three years. PIPs therefore form an integral part of the NSDP.

To support the development of NSDP, 18 Technical Working Groups (TWGs) have been set up: one Technical Working Group on Planning & Poverty Reduction (TWG-PPR) and 17 TWGs at sectoral and thematic level. These joint TWGs provide a useful forum for strengthening partnerships across all stakeholders, including Government & EDPs. To ensure coordination among the TWGs, a Gvt-Donor Coordination Committee (GDCC) has been established to provide policy guidance, to set priorities & to propose measures to resolve issues raised by the TWGs. The RGC has decided to assume full ownership & leadership of the annual aid mobilization consultation by transforming the Consultative Group (CG) process to a Cambodia Development Cooperation Forum (CDCF) from 2007.

Cambodia's present performance in relation to the CMDGs is mixed and uneven. There are significant improvements in poverty rates in urban and more accessible rural areas, expansion of primary education to more children, significant reduction in mortality rates for both infants and under-five year olds, improved immunization against major childhood diseases and breastfeeding, reduction of gender disparity in most areas especially in primary education, adult literacy, and wage employment in agriculture and industry, reduction of communicable diseases, especially HIV/AIDS; and improved urban access to safe water and rural access to improved sanitation.

There are still many shortcomings and challenges that Cambodia must overcome to realize the agreed goals and targets such as high rural poverty rate, limited progress in achieving the goals of universal nine-year basic education particularly those beyond primary education, gender disparity in secondary and tertiary education, persistent of domestic violence against women, and access to quality health services especially in case of women and maternal health etc. There are significant discrepancies among provinces in terms of progress toward CMDGs. The situation varies from one CMDG to another.

The First Development Challenge is to maintain a high growth rate to generate productive employment & income earning opportunity for an ever-growing population and to pursue a growth strategy, which will benefit all Cambodians: (i) Pro-poor growth policies through investment in sectors where the poor are concentrated & can find decent work & sustainable employment; (ii) growth should translate into increased Government revenue and; (iii) Increased government revenue as a result of growth should be allocated to social protection programs for those unable to seize economic opportunities.

Cambodia's progress toward CMDG is constrained by a number of impediments. An important one is the chronic shortage of investment funds to meet its priority requirements. There is a danger of debt services that will absorb more and more the limited of national budget.

If Cambodia is to achieve CMDG, greater financial flows through aid, reduced debt servicing and increased current account inflows, as outlined in MDG 8 are critical to bridge the resource gaps & foster the country's required growth.

Such assistance needs to ensure that donors support is aligned to Cambodia's national priorities, that it is managed for results & that there is mutual accountability between RGC & External Development Partners (EDP).

The urgent need of Cambodia is to secure adequate external assistance and targeted support in specific areas. These areas include agriculture and rural development, infrastructure and technology, health, education and capacity building in trade related areas. Massive investments in these areas are needed in order to be on track to meet the CMDGs.

Complement from EDPs and global community to its pro-CMDG national strategy will require financial, technical & other supports and by creating win-win partnerships. A collective effort is the key to achieving CMDG & ensuring sustained growth & stability in Cambodia.

The full national report is available at:

http://www.un.org/ecosoc/docs/pdfs/Cambodia_national_rpt.pdf

Cape Verde

Cape Verde has had economic growth, averaging 5.6% in real terms during 2001-2006, with low inflation, exchange rate stability and reduction of public debt.

Of the MDGs, primary education for all is a reality and a program to reinforce the quality of the education system, secondary education and vocational training is in progress. Gender equality is guaranteed in primary, secondary and higher education. There is a strong feminine presence in public institutions, such as the Parliament and the Government. The mortality rate decreased from 43.6 per thousand in 1995 to 20.2 per thousand in 2005; the mortality of under five-year-olds decreased from 56 per thousand in 1993 to 22.6 per thousand in 2005. Access to drinking water rose from 42% in 1990 to 85% in 2006.

Despite progress, the country remains one of the most vulnerable in the world and is highly dependent on Official Development Assistance and emigrants' remittances. Food insecurity in Cape Verde is structural and caused by agro-ecological constraints made worse by drought and desertification.

Regarding governance, the Government has implemented measures and policies to promote the transparency of public management, make democratic institutions function, increase civil society participation in public life, promote and protect private property and investment, respect rights and liberties. Such measures have earned the consensus of national political and social stakeholders as well as international partners.

MDG 1: Reduce Extreme Poverty and Hunger

Despite significant economic growth rates in recent years, poverty remains a problem. Data published by the National Statistics Institute (INE), resulting from the Household Expenditure and Income Survey, confirm that 37% of the population was poor in 2002, and 20% very poor. These data show that relative poverty and extreme poverty increased between 1989 and 2002. With regard to poverty at the family level, approximately 28% were poor and 14% extremely poor in 2002. The level of poverty is not identical throughout the country. Due to limited arable land, climatic conditions unfavorable to agriculture, an agrarian situation that prevents productive investments, there is a structural and chronic shortage of farming and cattle raising. Agricultural production, even in years of high rainfall, meets under 20% of cereals needs. Despite food insecurity, the national context may be considered, in general, as favorable to food insecurity reduction.

With regard to public policies, Cape Verde has a National Strategy for Food Security (ENSA), developed in 2002 but ending in 2015 with a Five-Year Program for Food Security (PSA 2002-2007), both adopted by a Cabinet resolution in 2004. The national food security program for 2007-2011 has been submitted for Government's approval. There is also a National Strategy for the Development of Agriculture and Fisheries up to 2015 with an Action Plan 2005-2008.

To achieve the MDG goals there are several challenges in areas of poverty alleviation and food insecurity reduction. Implementation of the growth and poverty reduction strategy focuses on actions to achieve the MDGs.

Cape Verde's graduation from LDC, scheduled for 2008, is a milestone for both the international community and the Capeverdean nation and a signal of progress in several sectors, including the MDGs.

Cape Verde will have achieved most of the MDGs by 2015. If GDP continues to grow at an accelerated rate, poverty is expected to have halved by 2015. Some MDGs have been reached at macro level while others are being reached thanks to the Growth and Poverty Reduction Strategy. Sanitation and infrastructures have high investment needs. There is also an increasing gap between rich and poor, urban and rural areas, men and women, and the islands.

The key issue is to know if Cape Verde's graduation from LDC category will be successful taking into account its lack of natural resources and vulnerabilities in economic and security areas. Will this positive drive continue after graduation? Will Cape Verde be able to graduate from LDC in a successful and sustainable manner, despite its vulnerabilities?

Within the framework of UN General Assembly Resolution A/59/209 of December 20th 2004, a consultative mechanism named Transition Support Group, GAT⁸ was created in May 2006. The GAT, in its third meeting on the 12th of June 2007, adopted a Declaration on the effective and sustainable graduation of Cape Verde from LDC. The GAT also urges donors particularly bilaterals and multilaterals, and the private sector, to reinforce partnership with Cape Verde focusing on synergies between public and private investment, support to market access, improved access to funding and investments, capacity building for development, and participation of emigrants in transforming the country.

In formulating the new *Growth and Poverty Reduction Strategy, GPRSP II*, the main objective is to identify what the country intends to accomplish by establishing priority actions to be implemented as well as expected outcomes and needs in terms of financial resources for their implementation. All this will be achieved based on dialogue between government authorities, civil society, private sector and development partners.

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Ethiopia

Features of the National Development Strategy

Ethiopia's Poverty Reduction Strategy (PRS) is the primary vehicle for achieving the MDGs. To date, two PRSs have been formulated; the Sustainable Development and Poverty Reduction Programme (SDPRP) and the Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The SDPRP was launched in 2002 following wide-ranging public consultations in 2001. The strategy focused on improving human and rural development, food security, and capacity building through transformation of the agricultural sector; reforms in both the justice system and the civil service; decentralization and empowerment and; capacity building in the public and private sector.

The PASDEP is a five-year (2005/06-2009/10) strategic framework that builds on the strategic directions pursued under SDPRP but also embodies some bold new directions including a major focus on growth with particular emphasis on commercialization of agriculture, private sector development, and the scaling up of resources to achieve the MDGs. PASDEP ranks among the first PRSs to be based on an MDG Needs Assessment. Costed MDG required interventions span seven sectors (i.e., agriculture and rural development, education, health, water and sanitation, road, urban development, private sector and trade issues) as well as three cross cutting areas (i.e., gender, HIV/AIDS and population). In effect, PASDEP is explicitly linked to the MDGs and constitutes Ethiopia's medium term plan for achieving the MDGs. Furthermore, it has been synchronized and aligned with the longer term MDGs time frame.

Progress in the Implementation of the National Strategy

The implementation of Ethiopia's strategies for poverty reduction has been associated with positive trends in macro-economic as well as socio-economic indicators. At the macro-economic level, Ethiopia's per capita income growth has, over the past half-decade, exceeded the average for sub-Saharan Africa. Growth has been led by the agricultural sector but complemented by strong performance in the manufacturing, construction and service sectors. In particular, construction has been spurred by the much needed public sector investment in infrastructure.

Ethiopia's socio-economic indicators have also improved. In particular, gross primary enrolment rates have improved markedly; immunization coverage has expanded; the nutritional status of the population has improved; and the absolute number of people living below the national poverty line declined between 1999/00 and 2004/05 with much of the decline occurring in rural areas. The decline in poverty has been associated with an improvement in food security in both the urban and rural areas.

I. Strategic Policy Successes

Although a number of innovative policy measures have contributed to Ethiopia's progress, policy successes in education, agriculture and infrastructure are worth noting.

A. Education

Ethiopia's remarkable achievement in gross primary enrolment is largely attributable to the government's Education Sector Development Programme (ESDP), which places emphasis on improving access to educational opportunities without compromising on quality. Specific measures to achieve these objectives include: promotion of universal free primary education; community control over schools and resources; upgrading teacher training; enhancing the English language curriculum; and emphasising information technology, computers, and television in teaching across the country. To support these efforts, government per capita spending on education more than doubled between 2001/02 and 2004/05.

B. Agriculture

The Agricultural Development Led Industrialization (ADLI) strategy is the government's overarching policy response to Ethiopia's food security and agricultural productivity challenge. The ADLI's distinctive features include: commercialization of smallholder agriculture through product diversification; a shift to higher-valued crops; promotion of niche high-value export crops; support for the development of large-scale commercial agriculture; effective integration of farmers with domestic and external markets; and tailoring interventions to address the specific needs of the country's varied agro-ecological zones.

Specific policy measures to improve agricultural productivity and promote food security include: agricultural extension and research; the design and operationalization of growth corridors; agricultural export promotion; a National Food Security Programme; a Productive Safety Net Program; and a Voluntary Resettlement Program.

Agricultural Extension Services and Research

A key feature of this innovative policy measure is the deployment of extension workers to every rural *kebele* in Ethiopia to facilitate sustained knowledge and skills transfer to smallholder farmers. This has contributed to increased agricultural productivity particularly for cereals, pulses, and oil seeds.

Growth Corridors

To enhance agricultural commercialization and diversification, the government is designing growth corridors to integrate complementary centers of production and marketing. Growth corridors facilitate integrated development by creating value chains within and across regional boundaries.

National Food Security Program

The National Food Security Programme seeks to achieve food security by: increasing the availability of food through domestic (own) production; ensuring access to food for food deficit households; and strengthening emergency response capabilities.

Productive Safety Net Programme

The Productive Safety Net Programme is intended to bridge the income gap of chronically food insecure households, and engage such households in community asset-

building efforts especially during the lean season and times of drought. Priority for household asset-building interventions is given to beneficiaries of the Safety Net Programme.

C. Infrastructure

Achieving ADLI's objectives requires focused infrastructure investments, especially in roads, energy and water and sanitation. To this end, the government has designed a number of programmes to improve the nation's infrastructure.

To date, the governments Road Sector Development Programme which was designed to integrate isolated rural communities with regional and national markets has resulted in a significant increase in the total road network of the country and the proportion of roads in good condition.

The catalytic role of telecommunications for development is now widely accepted. Accordingly, Government has taken major steps to enhance the sector's contribution to economic growth and poverty reduction. The Ethiopian Telecommunication Corporation (ETC) has developed a strategic plan to face the challenges of bringing telephone connectivity to the wider public particularly rural areas and towns.

The telecommunication policy/strategy framework stipulates that the backbone infrastructure will remain in the public domain, under the auspices of ETC, while the private sector is encouraged to become increasingly involved in downstream activities and services. At the same time, the Government and the regulatory authority will keep up sustained pressure to ensure that the ETC meets the highest service standards, attain roll-out targets and delivers world class network and service quality standards.

Furthermore, the Universal Electrification Access Programme, a large-scale rural electrification programme, is expected to benefit over 6,000 rural towns and villages in all regions of the country.

Finally, Ethiopia's *National Water Resources Management Policy*, *Water Sector Strategy*, and *Water Sector Development Programmes* seek to ensure efficient, equitable and optimum utilization of available water resources to support the country's socio-economic development. Notable achievements of these programmes include: increased rural access to clean water and; increased access to irrigated land by farmers.

D. Health

One of the major policy initiatives that have been placed in motion recently, is institutionalization of the village health service through the implementation of health service extension programme as an institutional framework. This Programme would give momentum to the efforts directed towards the achievement of the MDGs, especially Goals 4, 5 and 6).

As a result of the diligent implementation of this Programme, the number of Health Extension Workers (HEWs) increased from 2,800 in 2004/05 to 9,900 in 2005/06. Complimentary measures have also been put in place to improve the number, skills, distribution and management of health workers. In addition, a new system of healthcare financing, including drug revolving funds has been introduced and efforts to mobilize

additional foreign aid to overcome some of the problems mentioned below have been scaled up.

E. Private Sector Development

Ethiopia has made significant improvement in business and investment climate to create a dynamic private sector and contribute to economic transformation. The recent vibrancy in the private sector (both domestic and foreign) including increasing trade, investment, employment and income growth clearly shows that the private sector is making its contribution to Ethiopia's development. PASDEP intends to deepen the business and investment environment for accelerating and sustaining private sector led growth in Ethiopia.

F. Gender Equality

Ensuring gender equity is also another critical issue that is being addressed in order that Ethiopia accelerates growth to achieve the MDGs and eradicate poverty. Since the 1990's, Ethiopia has moved firmly to promote and protect the rights of women to participate in the political, economic and social processes of the country- from the constitution to passing and revision of various laws, proclamation of rural development, education, health etc. Further, advances are still required in implementing the various gender equity initiatives particularly the National Action Plan for Gender Equity.

G. Devolution of Power and Empowerment

In the Ethiopian context, designing and implementing the economic transformation agenda in synergy with state transformation agenda through devolution and empowerment and civil service reform is central for peace, democracy and development, hence eradicating poverty. The on-going implementation of public sector capacity building programme including civil service reform, district level decentralization programme is intended to build a capable, accountable, and effective state. The priority focus is to empower and build-up the capacities of the lowest echelons of regional governments-*woredas* and *kebeles* by building effective democratic and public institutions. This will enhance democratic participation, governance and hence improve the delivery of services and contribute to poverty eradication.

H. Industry and Exports

The integration and interdependence between the agricultural and industrial sectors play a key role accelerating the country's economic development and bringing about socio-economic transformation. Following the sequence of reform measures, achievement of macroeconomic stability, the opening up of the market as part of efforts towards liberalization of the economy, the creation of an enabling investment environment, a steady growth of industry and trade has been registered in the recent past. As a result, value-added in industrial output grew on average by 7.1% and in services by 7.3% during between 2002/03 - 2005/06.

The linkages between the agricultural and industrial sector also provides opportunity for the expansion of the service sectors i.e., domestic trade, transport, banking and finance, and the tourism sectors. Hence, the overall strategic framework is comprised of the

government's Industrial Development Strategy, the ongoing Privatization Programme, and MSE Development Strategy.

A sustainable and fast industrial development can only be ensured if the sector is competitive in the international market. Accordingly, it needs to be exposed to the rigorous of the international market. Apart from its linkage with agriculture, it should be export oriented and led by the industrial export sector. This is the thrust of the Industrial and Trade Development Strategy. The strategy is informed by ADLI and has been under implementation since 2001/02. In order to successfully implement the strategy, the state has focused on providing support to the private sector, coordinating & guiding the activities of all stakeholders, and addressing market failures through strengthening of inter-sectoral linkages (between agriculture and industry) on the domestic front and through exploiting the potentials and opportunities of regional and global economic integration.

II. Key Challenges

Notwithstanding these strategic policy interventions, a number of key challenges remain. They include: rising inflationary pressures; growing income inequality particularly in the urban areas; HIV/AIDS; a decline in the quality of education and; limited resources particularly for resource-intensive interventions in the area of infrastructure development.

In recent months, the country has experienced a rise in inflation and a corresponding decline in real incomes particularly of the poor. Long run solutions to this challenge rest on efforts to enhance productivity of smallholder farmers while expanding the modern sector to create more jobs.

Furthermore, despite the decline in the poverty rate and the impressive growth record, low income persists. Moreover, ensuring universal primary health service including HIV/AIDS remains a major health challenge. Undoubtedly, the gains in enrolment have placed considerable pressure on the nation's educational infrastructure and compromised the quality of education at both the primary and secondary level. Additional human and financial resources are therefore required to improve the absorptive capacity of the educational system.

Additional investments in overall infrastructure development are needed to support and sustain Ethiopia's current economic expansion. Given the resource-intensiveness of infrastructure development, greater effort and assistance is required to scale up resources to finance such investments.

III. Support from the International Community

Addressing Ethiopia's development challenges will require a scaling up of both human and financial resources. Currently, over a third of PASDEP's capital expenditure is funded through External Aid. Development partners take PASDEP as the organizing framework and basis for support. In order to enhance partnership Government and partners have put in place dialogue architecture - at policy level - the High Level Forum (HLF) and various sectoral forums. We have also established Joint Government-Partners Task force on Harmonization to take forward the Paris Declaration. A number

of multilateral partners (World Bank, EU, AfDB) and bilateral (UK, Ireland, Canada) have moved to supporting budgets and sector/programmes using public finance system.

However, the country faces challenges such as unpredictability in aid flows, lack of information on aid flows, lack of commitment by some donors to harmonize disbursement and reporting procedures. There is also need to accelerate the pace of implementing the Paris Declaration. We recognize that there is a lot of good will to support PASDEP. However, this good will needs to be translated in real aid flows on time.

Furthermore, despite debt relief and debt cancellation, per capita official development assistance to Ethiopia (US\$14.8 in 2005/06) is considerably lower than that of other low-income countries, including many with higher average per capita incomes and with better indicators of human development. It is worth noting that OECD/DAC figure for Ethiopia's ODA per capita refers to as US\$26. This is a reflection of information gap as well as scope. Even if we take this figure, Ethiopia still gets half of the average per capita ODA for Sub-Saharan Africa (SSA).

Increased, well-coordinated, transparent and harmonized inflows of external finances are critical for the achievement of PASDEP and the MDGs. In line with Monterrey, Gleneagles, and Blair's Commission Report, at least a doubling of aid is needed to implement the programmes and projects required to accelerate growth and achieve the MDGs. This can only be achieved through strengthened support from the international community.

IV. Conclusions

Development interventions will only be effective if they are guided by long and medium-term home grown development plans that internalize the MDGs. To date, Ethiopia has achieved fairly rapid growth with measurable positive human development outcome. This has been accomplished through prudent macro-economic management and innovative policy interventions particularly with respect to primary and secondary enrolment, infrastructure development, increased agricultural productivity and improved food security. However, several challenges remain including emerging inflationary pressures induced by excess demand, declining quality of educational services stemming from rapid increases in the enrolment rate, rising inequality particularly in the urban areas and continuous effort needed to bridge the infrastructure deficit.

Most importantly, financing remains a critical challenge to the effective implementation of the PASDEP. In particular, on-budget external finance (ODA) has leveled off since the implementation of PASDEP. As the Government enters the third year of implementing the PASDEP (2007/08), there is an urgent need to scale up Official Development Assistance (ODA) towards full-scale implementation of the PASDEP and MDGs. On its part, the Government has been doing its level best in mobilizing domestic resources through implementation of a comprehensive tax reform programme as well as putting in place an institutional framework for leveraging social mobilization and community contribution to facilitate implementation of the PASDEP and hence MDGs. However, the effort on the domestic front needs to be complemented through scaling up financing in the spirit of meeting the MDGs by our development partners.

The full national report is available at:

http://www.un.org/ecosoc/docs/pdfs/Ethiopia_national_rpt.p

Ghana

In 2001 Ghana faced difficult policy choices emanating from the unfavourable economic policy environment and its negative impact on human development. The economy was characterised by large fiscal deficits and a heavy debt burden, a combination of which placed severe limitations on the capacity to address the high level of poverty in the country.

The government applied to access the Enhanced Highly Indebted Poor Country (HIPC) facility so as to lessen the huge debt burden and enhance its fiscal space for addressing poverty and implementing programmes of reforms required to restore macroeconomic stability. With this in view and as a requirement for accessing the HIPC initiative a national development policy framework the Ghana Poverty Reduction Strategy (GPRS I) was formulated and implemented over the period 2003-2005.

The process of preparation of the GPRS I was participatory with consensus built through consultations with major stakeholders, including Ministries, Departments and Agencies, civil society organizations, local government institutions, groups of experts and Ghana's development partners.

The strategy focused on the attainment of macroeconomic stability alongside the component of human development policies and programmes which targeted the objectives of improving access of Ghana's population to basic needs and essential services. These programmes included basic education, safe water, improved health, environmental sanitation and special programmes for the vulnerable and excluded. In this respect, the GPRS I, broadly reflected a policy framework that was directed primarily towards the attainment of the anti-poverty objectives consistent with the UN's Millennium Development Goals (MDGs).

The GPRS I also incorporated a set of sector priorities identified and prioritized as Medium Term Priorities (MTP). Based on the positive results of the implementation of the GPRS I, especially in the area of attaining macroeconomic stability and some measure of progress made towards attaining the objectives of human development including the MDGs a successor national development policy framework, the Growth and Poverty Reduction Strategy (GPRS II: 2006-2009) was formulated. While GPRS I focused on poverty Reduction Programmes and projects, the emphasis of GPRS II is on growth-inducing policies and programmes which have the potential to support wealth creation and poverty reduction.

Strategies

Key strategies for poverty reduction include the following:

- prudent fiscal and monetary policies;
- private sector-led industrialization through the application of science and technology;
- sound and sustainable management of the environment;
- promotion of commercial agriculture using environmentally friendly technologies;

- agro-based industrial expansion; and
- increased investments in economic and social services.

These strategies were strengthened by increased efforts to implement the following medium term priority interventions:

- infrastructure development
- modernised agriculture based on rural development to ensure increased production and employment;
- investments in education, health, and sanitation to enhance delivery of basic social services;
- upholding the rule of law, respect for human rights and the attainment of social justice and equity to enhance good governance; and
- private sector development through macro-economic stability and

Additionally, measures were adopted to enhance the opportunities for implementing direct poverty reduction interventions at the district level through:

- utilisation of HIPC funds to support expenditures in health, water, sanitation, education and employment generating projects at the district level;
- direct funding of District Assemblies by government to implement projects that impact directly on the poor;
- increased shares of budgetary allocations to finance the provision of rural infrastructure;
- implementation of District Mutual Health Insurance Schemes.

Key Successes and Failures

The prime objective of relative macroeconomic stability has been attained largely as a result of the implementation of prudent fiscal and monetary policies. Associated with this turn around are the following:

- the fiscal space has widened substantially, with government revenue-GDP ratio rising from 17.7% in 2000 to 23.5% in 2006. This has facilitated rising increases in government expenditure from 32.34% to 36.77% of GDP between 2000 and 2006.
- end-of-year inflation has also dropped from 40.5% in 2000 to 10.5% by the end of 2006.
- commercial bank lending rates have also declined from 47% in 2000 to 22% in 2006, whilst the violent cedi depreciation has been considerably reduced successively from 49.8% (dollar) in 2000 to 0.9% in 2006.
- relative progress has also been made in realising the objectives of the medium term priority areas. In agriculture, for example, the cocoa and forestry sub-sectors have experienced productivity gains.

- investments in infrastructure have shown significant gains especially in the road sub-sector, energy and ICT.
- the improvements in the fiscal space of the economy has enabled significant increases in investments in the social sector in support of health, education, water and sanitation and special programmes targeted at women, children, the vulnerable and excluded. These have contributed to substantial progress towards the MDGs.
- the private sector has benefited from the improved macroeconomic conditions, increased government efforts to address the infrastructural bottlenecks, and from institutional reforms carried out in the financial sector, customs, legal system, labour market, land reform and civil service. These benefits have manifested themselves in increasing credits to the private sector, and in the ease of doing business in Ghana (CPIA = 3.9).
- these improvements have contributed significantly towards promoting accelerated growth with GDP growing from 3.7% in 2000 to 6.2% in 2006 and a substantial decline in poverty levels from 39% in 1998/99 to 26.5% in 2006 that puts Ghana on the road to achieving the millennium development goal of reducing poverty levels by half from the 1990 levels long before 2015 in spite of some mixed results on the efforts to attain some of the MDGs

Support from the International Community including the UN System

Strengthening the partnership between Ghana and her Development Partners has been central to the formulation, implementation and monitoring of the GPRS. The principles of the partnership are based on the Paris Declaration and include:

- strengthening country's ownership of the development process;
- ensuring the alignment of development partner support on national priority;
- ensuring harmonisation of donor procedures and country systems;
- managing resources on the basis of desired results and use of information to improve decision making;
- ensuring mutual accountability in relation to resource flow and results achieved through the implementation of national strategy.

The results of improved Government and Donor Partnership have influenced the current Aid architecture in Ghana with mutual benefits to both parties. The new relationship has contributed to increased technical and financial support for the implementation of the GPRS from both bilateral and multilateral donors.

Challenges

Ghana has achieved progress towards accelerated growth and poverty reduction in recent years, but major challenges still remain including the following:

- lack of structural transformation of the economy in the face of sustained economic growth;
- energy crisis;

- low level of accumulation of technological capabilities;
- high youth unemployment as a threat to social cohesion;
- slow pace of public sector reform;
- the brain drain;
- unsustainable management of natural resources;
- persistent inequalities in the distribution of the gains of growth;
- the HIV/AIDS menace;
- financing the infrastructure gap;
- high public sector wage bill.

Key Lessons learnt

- Country-owned national development strategy is essential to provide focus and direction.
- Linking national strategy to budget ensures that resources are properly targeted towards the implementation of national priorities.
- Strengthening the partnership between government and its development partners has promoted mutual and contributed to increase in financial and technical support for the implementation of GPRS II.
- Broad based progress on reforms can lead to rapid increases in economic growth and sustained poverty reduction. Economic growth should be a shared endeavour to avoid increases in inequality.

The full national report is available at:

http://www.un.org/ecosoc/docs/pdfs/Ghana_national_rpt.pdf

Informal High-level Roundtable relating to the theme of the AMR: “Emerging challenges to efforts to eradicate poverty and hunger: climate change, desertification and health crisis”⁹

Climate change is already hampering the achievement of MDG-1 in certain regions, particularly in developing countries. Adverse climate change impacts natural systems and resources, infrastructure, and labor productivity, which leads to reduced economic growth. The poor are often affected the most because of their vulnerability. There is an urgent need to accelerate actions for mitigation and adaptation as an integral part of development planning. This is fundamental to achieving the overarching goals of eradicating poverty and hunger by 2015, and sustaining progress beyond 2015.

Moreover, the rising pace of desertification is posing a threat to food security through soil degradation and decreasing crop yields, contributing to increased poverty and hunger. Drought and desertification, salinity, erosion from floods and other natural disasters as well as man-made causes all contribute to poor soil fertility and land degradation, which threaten the livelihoods of people, especially those living in rural areas. Climate change is likely to increase areas affected by drought, land degradation, and lower crop yields and increase livestock deaths. Land degradation translates into poverty by depriving poor people, including many indigenous peoples, of all or part of their livelihood. At the same time, poverty itself contributes to desertification as a lack of alternative sources of income encourages poor people encroach on and over-exploit environmentally sensitive areas.

The global impact of AIDS has already been so devastating that the Human Development Report 2005 of the UNDP concluded that the AIDS pandemic had inflicted the single greatest reversal in human development. While some progress has been made, the pace of the epidemic continues to outstrip current efforts. The AIDS epidemic demands an urgent and focused response. Among the main challenges ahead is the need to work more closely and openly with populations at high risk of HIV, as well as addressing the underlying drivers of the epidemic such as poverty and gender inequality. There is a need to move from short-term emergency response to a longer-term response that recognizes the exceptionality of AIDS and is integrated with national development planning and implementation. We need an ambitious and balanced strategy of both prevention and treatment and adequate urgent funding.

The panelists were Dr. Rajendra K. Pachauri, Chairperson of the Intergovernmental Panel on Climate Change, H.E. Mr. Sid Ahamed Ould Rais, Minister for Commerce and Industry of Mauritania, Dr. Michel Kazatchkine, Executive Director of the Global Fund, and Mr. Nick Rance, Television Trust for the Environment. The Roundtable was chaired by H.E. Mr. Dalius Čekuolis, the President of ECOSOC, and moderated by Mr. David Shukman, Environment and science correspondent of BBC.

Presentations

Dr. Rajendra K. Pachauri, Chairperson of the Intergovernmental Panel on Climate Change, presented the crux of the three Assessment Reports released so far. He explained how climate change affects efforts to eradicate poverty. First, global warming is accelerating with the 100-year linear trend of 0.74 °C, which is greater than what was assumed in the last assessment (0.6 °C). Experts expect a rise in average temperature in the range between 1.8 °C and 4 °C by the end of this century. At the high end of this scenario, there can be severe impacts on the life system. Dr. Pachauri pointed out that this rise in temperature is not uniform and the Arctic is warming up twice as fast as the rest of the world, posing threat to indigenous ways of life. With the interaction with other climate factors, the temperature increase is expected to cause more frequent extreme weather events, such as heat waves and heavy rainfalls. The sea level rise is also posing a threat, especially to large delta areas in Asia and Small Island Developing States. Those extreme events generally strike the more vulnerable parts of society, the poor, children and the elderly. Dr. Pachauri pointed out that the climate change has severe impacts on agricultural yields, which is already observable in Sub-Saharan Africa, India and Southeast Asia. In the affected regions, food security will be increasingly at risk. Desertification is also advancing in many parts of the world. In addition, there are health impacts caused by climate change and its negative consequences. Dr. Pachauri emphasized the need for warning systems and an appropriate health infrastructure, which are lacking especially in the poorer countries. He also highlighted the efforts of media in raising awareness as well as to inform the public on the extreme events and called for a partnership between climate experts and the media, so as to spread the extreme event warnings more rapidly.

H.E. Mr. Sid Ahamed Ould Rais, Minister for Commerce and Industry of Mauritania, highlighted the link between desertification and poverty. Mauritania was largely a rural society dependant on rural agriculture, but because of desertification and resulting decline in agricultural productivity, there is a massive migration to urban areas. The migration of farmers poses threat of food insufficiency. The rapid urbanization, in turn, is resulting in lack of infrastructure, causing a number of problems. First, insufficient clean drinking water and sanitation is causing health problems. Second, there is a lack of educational infrastructure. Third, the fact that sand from the seashore was used to build houses has resulted in increase of flood in those areas. Clearly, desert is advancing and now 90 per cent of Mauritania is covered by desert, which is leading to disastrous consequences. The chain reaction from the decline in husbandry to decline in livestock has resulted in increase in poverty. Infrastructure is posing a huge problem. For example, even if roads are built, desert covers and erodes them. These issues illustrate that the problem is not just of climate change and environment. He emphasized that there is a need to integrate sustainable development concerns in development policies.

Dr. Michel Kazatchkine, Executive Director of the Global Fund, highlighted the importance of this panel in treating these issues in an integrated manner. The Global Fund principally addresses MDG 6 on combating HIV/AIDS, Malaria and other diseases. But it impacts on MDG 4 (reducing child mortality) and MDG 5 (improving maternal health). These health impacts, in turn, relate to other MDGs. For example, HIV/AIDS relate to the issue of women, poverty and education, food security and environmental

degradation, in particular clean water and sanitation, as highlighted by Minister Reiss. Yet, 2 million people die each year due to tuberculosis (TB) and 90 per cent of TB cases and death occurs in developing countries. Malaria also affects low-income countries more and 90 per cent of about one million deaths that occur each year are in sub-Saharan Africa. The situation is similar for HIV/AIDS. Seventy per cent of people infected with HIV live in sub-Saharan Africa, even though it holds only 11 per cent of the world population. He emphasized that with right tools and drugs, these cases could be preventable, as demonstrated by Botswana. The Global Fund spends about 58 per cent of its fund on HIV/AIDS and has contributed to increase the reach of antiretroviral treatment. To fight against malaria, the Global Fund finances insecticide-treated bed nets and drugs, resulting in reduction of death toll. Dr. Kazatchkine explained that the Global Fund operates as a financial instrument. It is demand-driven and finances programmes that are nationally-owned. After five years of existence, it is facing a new phase and it needs to grow. Last month, the Board set target of tripling the global contribution to \$6 billion per year by 2010.

Mr. Nick Rance, Television Trust for the Environment, presented a film clip entitled “Adopt, adapt and survive,” which looked at the impact of climate change on biodiversity and livelihood in East Africa. He highlighted the role of media in raising awareness of key issues, such as climate change and desertification. Furthermore, he emphasized that if people need to respond to the threats posed by climate change and adapt their life styles, they need to be provided with accurate information. Such information needs to be provided in a comprehensible and useful manner. Moreover, if people are to take part in the global debate and engage in the political system of their own country, they need to be informed. The film clip illustrated some examples of how people are adapting to climate change and desertification in East Africa.

The key points that came out of the Roundtable were the following:

- There was a strong recognition for threats caused by these emerging challenges to the development efforts as well as interconnectedness of these issues.
- There was a call for addressing these issues in an integrated manner. At the same time, the need to address the links between these issues and MDGs were stressed.
- Many developing countries are affected by desertification and its impacts on development efforts were stressed. The need to recognize desertification as a global problem and increased support needed to address the issues was emphasized.
- In order to address the needs of developing countries in their efforts for tackling these issues, in particular adaptation, increased global partnership was called for.
- There was a call for the United Nations to undergo energy audit and raise energy efficiency and to set the example of sustainable business conduct.

Notes

- 1 All sessions were chaired by H.E. Ambassador Dalius Čekuolis, President of the Economic and Social Council and moderated by Mr. James Rubin, World Affairs Commentator, Sky News. Representatives from civil society and the private sector participated in some of the presentations.
- 2 From the National voluntary presentations of the Annual Ministerial Review, “Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development”, of the ECOSOC 2007 High-level Segment, 3 July 2007.
- 3 See World Bank, *Bangladesh Development Policy Review*, December 14, 2003. Report No. 26154-BD, pp. 7-8.
- 4 “Why Goldman Sachs may be right about Bangladesh”, by Andy Mukherjee, *International Herald Tribune*, Tuesday, 24 January 2006.
- 5 Khondker, Bazlul, “*Potential Human Development Implications of MFA Phase-Out: The Case of Bangladesh. Estimates from an Integrated Modeling Approach*” UNDP Bangladesh, May 2005.
- 6 WTO Trade Policy Review: Bangladesh - 2006
- 7 Stern, Nicholas, “*The Economics of Climate Change: Stern Review*”, Cambridge, 2007
- 8 The GAT includes the Government of Cape Verde and the following partners: Austria, China, Spain, United States of America, France, Netherlands, Luxemburg, Portugal, African Development Bank, World Bank, European Union, and the United Nations System.
- 9 From the 2007 High-level Segment of ECOSOC, 2 July 2007.

Chapter 5

HOW ARE WE DOING IN THE FIGHT AGAINST HUNGER AND MALNUTRITION?

Overview

Mobilizing Member States, the United Nations system as a whole, major institutional stakeholders, as well as civil society and the private sector, to join forces against poverty and hunger proved to be a key determining factor for the success of the Council's Annual Ministerial Review (AMR) in 2007. In preparation for its consideration of the AMR theme on *Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development*, the Council held a half-day informal event on 2 April 2007 which brought together renowned policy makers, practitioners and academics to assess progress in fighting poverty and hunger at the global and national levels and to generate new ideas on how to tackle the challenges and obstacles identified. It also provided a forum for an exchange of lessons learned and for highlighting those approaches that merited scaling up.

In considering an evaluation of efforts to combat hunger and malnutrition, attention should also specifically be given to problems being faced in Africa. Consequently, during the AMR in July, and as part of its consideration of its theme, the Council held a roundtable discussion on *Ending the cycle of food crises: cultivating a home-grown green revolution in Africa*. Despite several success stories of Africans achieving food security for its citizens, there has not been any sustainable reduction in the prevalence of poverty and hunger on the continent, which remains in a desperate situation. Africa is the only region in the world where agricultural productivity is declining. Yields of maize and other staple cereals typically remain less than 1.0 ton per hectare. Latest FAO estimates indicate that, over the past 15 years, the number of undernourished people on the continent has actually *increased* by 45 million to 220 million people suffering from extreme hunger today, representing more than one third of the total population in Africa. This dire situation needs to be focused on in any assessment of efforts in combating hunger and malnutrition.

This chapter highlights the contributions made at both of the above-mentioned events.

Looking Ahead: Emerging Challenges in Food Security focuses on the importance of agriculture-led economic growth to alleviate hunger and malnutrition on a global scale. It highlights the need for increasing productivity to realize increased economic returns to benefit the poor. The study also notes that the expansion of biofuel production presents both opportunities and challenges for food security. It also describes the adverse effects of climate change on productivity. In addition, it looks at agricultural and health linkages, particularly the impact of HIV/AIDS and other diseases on food security and malnutrition, and draws attention to the growing challenge of an aging global population and the difficulties faced by older persons in rural areas.

Halving Hunger and Malnutrition: How Are We Doing in Meeting Millennium Development Goal No. 1? highlights five indicators that could be used to assess international progress on MDG 1, and maintains that in order to achieve that goal, all five of them need to be met. It shows that in the period 1990-2004, the share of people living in extreme poverty fell from 33% to less than 20%. However, it concludes that rates of progress have been too slow to meet all goals, that they vary geographically, and are inconsistent across targets. Accelerating progress requires a focus on: *prevention* of hunger and malnutrition, *spreading knowledge* of what is already successful (such as new products and treatment of malnutrition), and *empowering individuals* at risk of hunger by enhancing choices through health services and information about the implications of life choices (proper food choices, family planning and better hygiene).

Innovative Financing for Action against Hunger and Poverty maintains that more active cooperation and partnerships are necessary to achieve the MDGs by the target date of 2015. Several courses of action are suggested, including promoting sustainable growth by linking remittance with micro-credit, taxation of currency transactions, creating an International Financial Facility, solidarity levies on international travel, the creation of a solidarity lottery, and enhancing Special Drawing Rights (SDRs). Emphasis is also made on the need for reducing tax evasions, the proceeds of which, together with other innovative sources of financing, could greatly help advance efforts in combating child malnutrition.

Supporting the Development of the Agricultural Sector to Achieve Food Security in sub-Saharan Africa focuses on the dire situation in Africa where 20 food emergencies have occurred since 1998. It points out that sub-Saharan Africa has 16 of the 18 countries in the world with the highest rates of malnutrition, and that one third of the continent suffers from extreme hunger (in particular among children). Advances in Africa's struggle against poverty and hunger depend largely on the development of the agricultural sector, in which a major transformation needs to take place, similar to the one that occurred in Asia over the past 50 years. Many initiatives are underway in support of a green revolution, and these need to be built upon if the many problems African agriculture is facing are to be successfully overcome.

Delivering on an African Green Revolution in a Perspective of Regional Integration describes the problem of under-capitalization and poor performance of African agriculture, and shows that despite strong and emerging opportunities major challenges exist. To achieve sustainable economic development and an African green revolution several obstacles must be first overcome: limited financial resources, WTO rules for market access, developed countries agricultural support policies. Additionally, the effects of climate change must be mitigated. There was therefore a strong need for strengthening regional integration. Two major issues need to be addressed: the extreme fragmentation of the food and agricultural systems and markets, and the disconnection of farmers from both input and product markets. It concludes by presenting a four-point integrative approach to promoting a green revolution in Africa.

Africa's Green Revolution: Prospects and Challenges notes India's success in bringing about a green revolution during the 1960s and 1970s, and expounds on the lessons learned from that experience. For Africa to achieve similar results, strong, consistent and

holistic Government support was imperative. In addition, the paper stresses that the receipt by African countries of timely foreign assistance was critical, and that several obstacles needed to be overcome. It notes, however, that renewed efforts in a global approach to achieving a green revolution in Africa seemed to be underway, and that most importantly, African Governments and leaders now seem to increasingly recognize the need for an African green revolution in order to achieve Africa's long-term development goals.

Implementing appropriate Land Policies to achieve a Green Revolution in Africa notes that land policies undertaken by many African Governments are increasingly marginalizing farmers, and that if the situation was not urgently reversed, would result in a serious security threat to the continent's socio-economic stability and prevent the achievement of a green revolution in Africa. To achieve the desired results, incentives for investment in productivity were needed, and for that to occur, land tenure was a critical factor. It therefore highlights the many problems encountered by African farmers and provides suggestions on possible courses of action.

Looking Ahead: Emerging Challenges in Food Security¹

By Ms. Rajul Pandya-Lorch

Head of the 2020 Vision for Food, Agriculture and the Environment Initiative, International Food Policy Research Institute*

I. Introduction

World food security is at the crossroads of many challenges that are emerging more or less at the same time. While there is some progress in reducing the proportion of people who are undernourished, virtually no progress has been made in reducing their number worldwide. According to the Food and Agriculture Organization (FAO) estimates, 820 million people in the developing world remain undernourished or hungry (FAO 2006a).

The challenges to food security are complex, and policy makers have never been faced with so many global challenges that have to be addressed with a high degree of urgency. Sub-Saharan Africa requires particular attention. Even though there have been numerous positive developments in recent years, including strong economic growth, poverty and hunger have remained persistent. Recent developments show that food security and malnutrition have been high on the agenda of many international forums, including the African Union and G8 Summits.

Emerging challenges for food security relate to the divergence between growth, poverty, and hunger. Increasingly, economic poverty reduction is not translating into improvements in food security. The majority of the world's poor who live in rural areas are small farmers but, in the context of changing global markets, these small farmers are marginalized, and therefore not able to climb out of poverty. At the same time, rising energy prices leading to the expansion of biofuel production and increasing demand for food raise important concerns about food security. Wheat prices, for example, are rapidly increasing to levels not seen before. While biofuel production offers promises for the poor, it may also hurt net consumers of food through increased agricultural prices. Climate change is another big challenge that policymakers face today, because it has adverse effects for food security.

This paper begins by presenting a brief overview of the current global hunger situation. This is followed by a discussion of some emerging challenges for agriculture and food security in the developing world. In the last section, implications for policy actions necessary to effectively address these issues are discussed.

II. Global food security situation

Progress in improving food security has been very slow indeed. The number of undernourished people in the developing world declined by 3 million between 1990-92

* This study was jointly prepared by Rajul Pandya-Lorch in collaboration with Teunis van Rheenen and Tolulope Olofinbiyi in the Office of the Director General of the International Food Policy Research Institute (IFPRI)

and 2001-03, from 823 million to 820 million (FAO 2006a). When China's remarkable progress in reducing hunger is accounted for, the number of undernourished people in the rest of the developing world increased by about 50 million over the same period. South Asia remains home to the largest number of undernourished people, about 300 million, but Sub-Saharan Africa has seen the highest increase (37 million) of undernourished individuals.

Some progress has been achieved with the first Millennium Development Goal (MDG 1) of halving the prevalence of hunger by 2015. According to FAO (2006a), the proportion of undernourished declined by 3 percentage points (from 20 to 17 percent) between 1990-92 and 2001-03. Again, East Asia made the highest gains, while Sub-Saharan Africa had the most severe prevalence of undernourishment. However, the slow pace of progress in the fight against chronic hunger in most of the developing world is one of the greatest challenges that confront our society. Clearly, the World Food Summit (WFS) target of halving the number of hungry people will not be met. Millions of people will continue to live in hunger and will not be able to live fully productive lives. Recent projections show that the number of undernourished people in 2015 will still exceed the WFS target by 170 million (FAO 2006a). Thus, even if the MDG 1 target can be reached, many households in developing countries will remain food-insecure. Efforts should be intensified to seek sustainable solutions for those that will be left behind.

III. Emerging challenges for food security

Food security risks are long-standing and increasingly complex. To significantly reduce hunger, effective policy must take advantage of the opportunities presented by changing global market conditions and to protect the food-insecure from new risks (von Braun, 2007a). In this section we will briefly discuss some of the major challenges to food and nutrition security.

Agriculture-led growth, poverty, and food security linkages

There is a growing challenge of translating economic growth and poverty reduction into food security improvements. Studies have shown that poverty has a tendency to decline more rapidly than food insecurity. With economic growth not being equitable in many countries, there are examples such as Peru and Pakistan, where economic growth actually went hand in hand with an increase in poverty and food insecurity. Between 1990 and 2004, the number of absolutely poor people decreased by more than 300 million (Chen and Ravallion 2007), while the number of food insecure people decreased by 3 million (FAO 2006a).

Agriculture-led economic growth is central to poverty alleviation. Given that 70 percent of the world's poor live in rural areas and depend on agriculture for their livelihoods, enhancing agricultural productivity - thereby increasing economic returns - will have immediate effects in reducing extreme poverty and hunger (Rosegrant *et al.* 2006). There is substantial empirical evidence on the advantage of agriculture growth in reducing poverty. A recent cross-country analysis by Ligon and Sadoulet (2007) shows that a 1 percent increase in GDP growth from agriculture increases the expenditures of the five poorest deciles on average by 3.7 percent, which is much more than growth from other sectors of the economy. Agricultural productivity is closely connected to food security.

Increases in food production lead to increases in food availability. Similarly, increases in the amount of food available increases food access and enhances household food security (Rosegrant *et al.* 2006).²

Smallholder development

Poor small farmers often face many challenges in their efforts to increase agricultural productivity. About 85 percent of the world's 460 million farms are considered small with less than 2 hectares (Table 1), and 90 percent of such farms are in developing countries (von Braun, 2004). The efficiency argument for smallholder farming is well established. Empirical evidence shows that large farms, on an annual basis, yield lower returns per hectare of land compared to small farms (Hazell *et al.* 2007). The efficiency of small farmers in land use may be weakened by changing methods of production (Hazell *et al.* 2007), and sustained productivity gains require the adoption of new production technologies. Small farms become increasingly disadvantaged when these new technologies require more capital inputs, mechanization, or high levels of education (Hazell *et al.* 2007). Thus, the challenge of developing technologies appropriate for poor small farmers, and helping them to access these technologies and inputs in a timely and cost-effective manner remains.

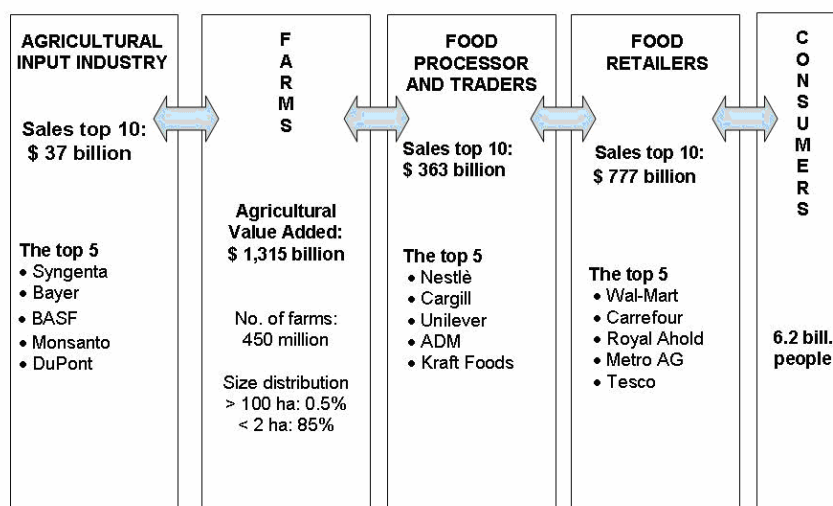
Table 1—World farm size distribution

Farm Size (hectares)	Percentage of all farms	Number of farms (millions)
< 2	85	387
2 - 10	12	54
10 - 100	3	13
> 100	1	2
Total	100	456

Source: von Braun, 2004.

The supermarket revolution

In a rapidly changing world food situation, the global agri-food system (Figure 2) has increased its market share in developing countries, and firms along the food chain have become increasingly concentrated, highly coordinated, and more global in their operations. Certainly, the supermarket sector is the one of the fastest-growing elements in the global agri-food chain. Policymakers must continue to monitor these changes in order to understand the challenges and opportunities that exist for small farmers and poor consumers (von Braun 2005).

Figure 2—The global agri-food system, 2005

Source: von Braun, 2007a.

This revolution is already happening in many developing countries. In India, the number of food retail outlets increased from 2,769 thousand to 3,683 thousand between 1996 and 2001 (Table 2). The effect is that the segments of food retail outlets are increasingly controlled by supermarkets imposing stricter standards for food quality and safety, consistency, timeliness of supply and traceability. Consequently, small farmers find themselves marginalized from these evolving supply chains. Policymakers are faced with the challenge of ensuring the participation of small and poor farmers in the global value chain. Helping small farmers to build their financial, physical, human, and social assets is important to this end. More specifically, investments in producer organizations, farming and post-harvest practices, packing sheds, and capital assets are relevant (Weatherspoon and Reardon 2003).

Table 2: Growth of retail outlets in India, 1996-2001

	Number of Retail Outlets (in thousands)					
	1996	1997	1998	1999	2000	2001
Food	2,769	2,944	3,123	3,300	3,480	3,683
Non-food	5,774	6,040	6,332	6,666	7,056	7,482
Total	8,543	8,983	9,456	9,967	10,536	11,165

Source: Chengappa et. al 2003.

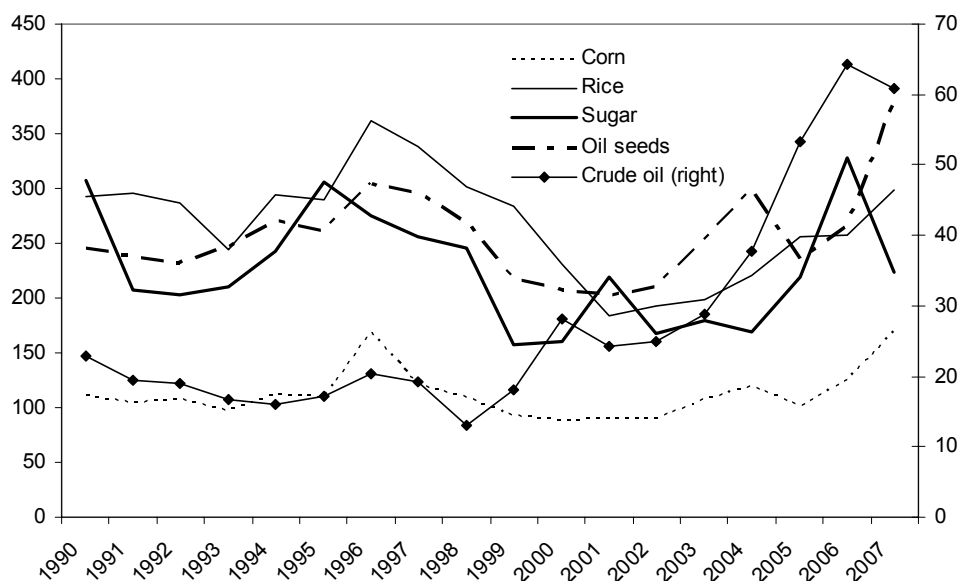
The problems particular to small farmers include high transaction costs; low capacities to implement food safety and quality measures; and low access to finance, technology and information (von Braun 2004). Evidence from case studies of eight developing countries demonstrated that interventions which address these issues - making agriculture more productive – are helpful in raising the agricultural income of poor households (Cord 2007). These policy actions include: (1) improving access to markets and reducing transaction costs substantially; (2) strengthening land policies to secure rights; (3) creating a structure of incentives that benefits all farmers; (4) increasing the availability of technology to small producers; and (5) developing coping strategies that help the poorer and smaller producers manage risks.

Biofuels

The emerging biofuel economy is driven by growing concerns about high oil prices, energy security, and climate change. The expansion of biofuel production presents both opportunities and challenges for food security (Hazell and Pachauri 2006; FAO 2007). Biomass such as fuelwood, charcoal, and cow dung are still the main sources of energy for poor people (Modi *et al.* 2005). Several studies have pointed out that access to energy is critical to economic growth and development (Ailawadi and Bhattacharyya 2006; FAO 2007) and only when this has been taken care of will we be able to achieve the MDGs in a sustainable manner.

Biofuels could potentially play an important role in poverty alleviation by improving access by the poor to energy, promote energy security, reduce greenhouse gas emissions, and create income opportunities in rural areas (FAO 2007). But to enable the poor to really benefit from biofuels, certain conditions need to be taken care of, including investments in underlying productivity, rural infrastructure, and the promotion of market linkages between small farmers and dynamic markets.

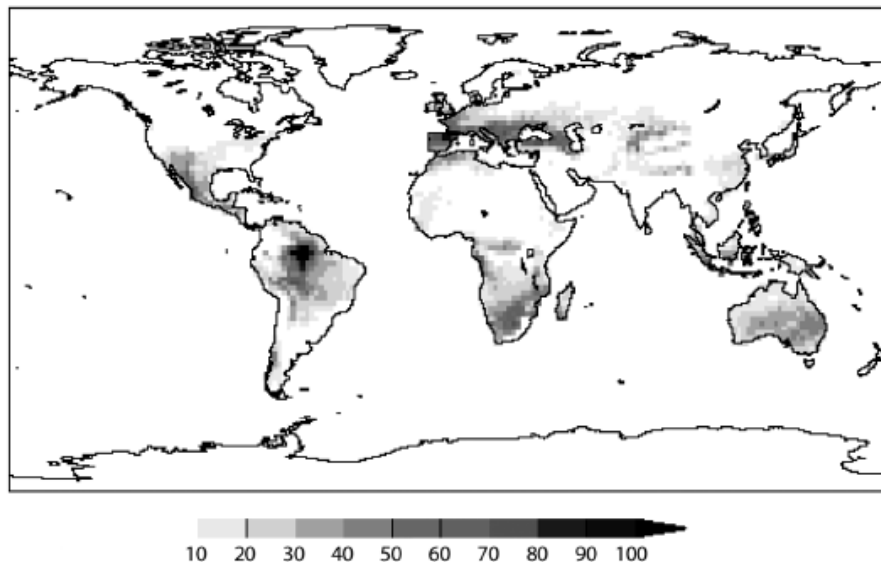
Biofuels also offer the challenge of higher food prices. The competition between agricultural production for food and for fuel can lead to increases in agricultural commodity prices. Figure 2 shows that agricultural prices are increasingly linked to energy prices. Von Braun (2007b) points out that the risks for the poor may remain high if the biofuel sector is not properly managed, and if fluctuations in oil prices continue to drive fluctuations in food prices.

Figure 2—World prices of selected commodities, 1990-2007

Source: von Braun 2007b. Data on corn, rice, sugar, and oilseeds are from OECD 2005 for 1990–2005 and World Bank 2007 for 2006–07 (US\$/tonne). Data on crude oil are from IMF 2007 (US\$/barrel). Note: 2007 data for corn, rice, sugar, and oilseeds are for January–June 2007 only; 2007 data for crude oil are for January–April 2007 only.

Climate Change

Climate change can adversely affect food security. According to the Intergovernmental Panel on Climate Change (IPCC 2007), crop productivity is expected to decline during even small temperature increases, thereby increasing the risk of hunger. Further, droughts are projected to increase. In Figure 3, the global occurrence of droughts for IPCC's A1B scenario is shown.³ Agriculture is the largest consumer of water and when the quantity and reliability of water supplies are changes, the welfare of millions of poor farmers could be potentially at stake. African farmers, already among the poorest in the world, are particularly vulnerable because of their reliance on low-input and rain-fed agriculture. Recent results published by the Inter-governmental Panel of Climate Change (IPCC) are truly alarming. No longer are the consequences of climate change in the distant future, the IPCC (2007) predicts that already by 2020 between 75 and 250 million in Africa are expected to be exposed to increased water stress caused by climate change.

Figure 3—Drought projections for IPCC's A1B scenario

Source: adapted from Holdren 2007. Note: percentage change in average duration of longest dry period, 30-year average for 2071-2100 compared to that for 1961-1990.

Agriculture and health linkages

In the same way that world agriculture faces new challenges, new threats to global health such as HIV/AIDS and avian influenza emerge even as old ones persist (Hawkes and Ruel 2006). Agriculture is associated with many of the world's major health problems, including undernutrition, malaria, HIV/AIDS, food borne diseases, and diet-related chronic diseases. Good health and productive agriculture are essential in the fight against food insecurity. There is growing recognition that the interaction between agriculture and health is two-way: agriculture influences health and health influences agriculture. We are aware of the impact of HIV/AIDS on agriculture, on livelihood, on nutrition, and food security, and in turn about how agriculture affects HIV/AIDS. In the other direction, the existence of these health conditions has significant implications for agriculture. Because poor health workers are less able to work, the cuts in productivity and income make them vulnerable to food insecurity (Hawkes and Ruel 2006). New policies that facilitate greater synergies between agriculture and health are needed. Greater collaboration between the two sectors will enable poor people to live healthier and more productive lives.

The aging population

One more emerging challenge related to health is the aging population. Policymakers must ensure that aging people lead healthy and productive lives as they are vulnerable to

undernutrition and its related nutritional deficiencies, excessive and imbalanced intakes, as well as the associated risk of chronic diseases (Solomons 2001). The number of elderly in the developing world - people over 60 years of age - is expected to increase from 428 million to 1568 million between 2005 and 2050 (Table 3). In China, the share of the population above 60 years of age will be 31 percent by 2050 (United Nations 2005).

Table 3—Population age structures in the developing world, 2005 and 2050

Age group	Number of people (millions)		Percentage of total population	
	2005	2050	2005	2050
0-14	1,615	1,639	31	21
15-24	994	1,091	19	14
25-29	2,216	3,541	42	45
60-79	386	1,290	7	17
80+	42	278	1	4
Total	5,253	7,840	100	100

Source: Adapted from United Nations 2005.

The proportion of elderly people is rising much faster in rural areas than urban areas due to migration of younger people to nearby cities. Tremendous problems are faced by the older people in rural areas - in poverty - who are forced to depend on family or community support. Policy and research agenda on health and nutrition must be changed to effectively address the growing rate of population aging in developing countries in the coming years (Solomons 2001).

IV. Conclusions

A look at the emerging challenges to food security should not draw attention away from the entrenched challenges: peace and security; governance and political will; insufficient large-scale public investment in areas where the food-insecure live; capacity and women's status; and dealing with shocks.

More systematic approach to experimentation and scaling up of programs is needed to avoid repetition of failures and to foster mutual learning. This relates to innovative programs such as nutrition and health related interventions; especially early childhood nutrition programs; creative food and cash for education and school feeding programs; employment related poverty reduction programs; and social safety net policies and programs.

Much more investment is needed in creatively developing, implementing, and scaling up specific measures targeted directly at reducing hunger – and in designing pro-poor economic policies that support remunerative sources of livelihood.

As noted earlier, while it is laudable that some countries are on track in achieving the MDG 1, about 600 million people could still be food-insecure by 2015. Strategic policy actions are needed now and in the coming years to address the other half of the MDG 1 – those poor and hungry left behind.

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Halving Hunger and Malnutrition: How are we doing in meeting Millennium Development Goal No.1?⁴

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Introduction

In the year 2000, world leaders committed their nations to a new global partnership to tackle human deprivation. The overall agenda was framed in the Millennium Declaration, which itself was under-pinned by eight Millennium Development Goals (MDGs) – a set of targets covering various dimensions of the development process, including income, health, education, gender, environmental sustainability and governance. The first of the MDGs focuses on the elimination of poverty and hunger, setting an intermediate target of halving “by the year 2015, the proportion of the world’s people whose income is less than one dollar a day and the proportion of people who suffer from hunger” (UN 2001, p.19). Given that half the time set has now elapsed, this paper explores what progress has been made towards reaching these goals, with a particular focus on the first MDG’s targets for poverty and hunger.

Defining the targets

Establishing what measures to use in determining progress against poverty and hunger is important, since both concepts are multi-faceted. It is not sufficient to consider indicators of national production (wealth), nor national level food production, when the deprivations that the world community seeks to eradicate are experienced at the level of households and individuals. As a result, five separate, but related, indicators were selected that *together* offer a composite picture of income and consumption insufficiency:

1. The proportion of people living in poverty (on less than US\$1.08/day);
2. The poverty gap;
3. The share of the lowest quintile in national income or consumption;
4. The proportion of people undernourished;
5. The prevalence of underweight (low weight for age) among preschool children.

The first measure (known as ‘poverty headcount index’), refers to the share of population living in households living below the currently-used international poverty line, which corresponds to US\$1.08 per day (in 1993 prices) (UN 2007). This is easy to interpret, but the measure has the well-known deficiency that it describes little about the *depth* of poverty (i.e. how far a household may be below that line) (Chen and Ravallion 2004). Hence, inclusion of the second MDG 1 indicator – the poverty gap - which offers an understanding of *how severe* is the poverty of certain segments of the population.

The third indicator (the share of the lowest quintile in national income or consumption) is a measure of inequality focused on the share of consumption accruing to the poorest subgroup of a population when divided into quintiles. Unlike the widely-used Gini index, this indicator does not seek to capture *national* inequality but focuses on inequality as felt at the bottom end of the poverty distribution.

The fourth and fifth indicators, undernourishment and underweight, deal more explicitly with the ‘hunger’ aspect of MDG 1. The fourth relates to the prevalence of undernourishment. This measure is in itself a composite constructed of three separate parameters: national per-capita availability of calories (energy supply); a log-normal distribution of available calories across households (that is, a sense of how many households have access to different shares of the total energy supply); and a threshold for minimum calorie consumption (the bare minimum for living a healthy productive life) (FAO 1996). Households with a per capita availability of calories that fails to meet the minimum are classified as “undernourished”, and the share of population in this category can be calculated country-by-country. Finally, the fifth indicator – children aged less than 5 who are underweight – reflects the share of the preschool population with a low weight relative to their age when compared against an international reference value (UNSCN 2004).

Global Progress

These five measures together reflect how the international community understands the inter-linked problems of hunger and poverty, and they offer a way to measure change over time. Encouragingly, important gains *have* been achieved since the early 1990s at a global level. For example, the proportion of people living in extreme poverty fell from nearly a third to less than one fifth between 1990 and 2004--a trend which, if sustained, would allow the first of the poverty reduction targets to be met for the world as a whole (UN 2007). This does not disguise the fact that more than 1 billion people (21 percent of the world’s population) continue to be poor by this measure (Chen and Ravallion 2004), nor that as many as 420 million of these people are “chronically poor” (defined as living below the poverty line for more than 5 consecutive years) (CPRC, 2004). In other words, gains have been possible, but much work remains.

The same applies to the measures of hunger which have also declined since 1990. The number of undernourished people dropped from 823 million to 814 million in developing countries (FAO 2005), while the number of underweight preschool children fell by about 20 percent (to reach roughly 126 million) (UNSCN 2004).

Such progress is important. It demonstrates that positive change is possible and that the targets are attainable...in theory. That said, global trends mask substantial spatial and temporal differences, and many countries – especially in Sub-Saharan Africa – are showing worsening trends in each of the benchmarks. In fact, much recent global progress has been driven by East Asia where, for example, China alone reduced poverty by 160 million people, and undernourishment by 50 million. Poverty increased by 85 million in Sub-Saharan Africa, as did undernourishment (by 35 million), and the prevalence of underweight children also rose (by 20 million). In Eastern Europe and Central Asia undernourishment grew by 5 million in the same period, alongside an increase in poverty of some 15 million (Gentilini and Webb 2007). Indeed, at current

rates of change the target of halving the proportion of underweight children will be missed by 30 million children, most of them in Africa and south Asia (UN 2007).

What is more, gains in one of the benchmarks do not automatically mean gains in each of the others. For example, while many studies suggest that economic growth is associated with reduced poverty (World Bank, 2005; Dollar and Kraay 2000), this is not guaranteed, nor does it translate in linear fashion into improvements for the very poorest. Figures 1 and 2 illustrate the important (often ignored) point that poverty, hunger and malnutrition are distinct problems. These trend lines for countries in the same region of the world show that improvements in one measure of poverty do not inevitably secure changes in other measures of poverty. Similarly, good nutrition does not axiomatically occur where food availability and economic growth are high (Haddad *et al.* 1997; World Bank 2006)—as underpinned by Figure 3.

For any given country to claim success in reaching MDG 1 it will have to demonstrate net gains in all five measures, not in one or another alone. This point is demonstrated graphically in Figure 4, which shows the degree to which two countries (one in Latin America and the other in West Africa) have reached all five MDG1 benchmarks. Reaching the outside edge of these ‘spider web’ diagrams represents attainment of the MDG 1 target (measured against initial conditions (in 1990) for that country). The diagrams show that the Latin American country performed well on four out of the five indicators, but its income inequality worsened. That country is closing in on the *overall* MDG1 goal, but to achieve it there will need to be more focused action on tackling inequality. This is a common problem, as recently noted by the UN (2007, p.8), since “between 1990 and 2004, the share of national consumption by the poorest fifth of the population in developing regions decreased from 4.6 to 3.9 per cent...Widening income inequality is of particular concern in Eastern Asia, where the share of consumption among the poorest people declined dramatically during this period. Still, inequality remains the highest in Latin America and the Caribbean and in sub-Saharan Africa, where the poorest fifth of the people account for only about 3 per cent of national consumption (or income).”

By contrast, the country in West Africa has made good progress on all three measures of poverty, but it still lags when it comes to improvements in reducing hunger and child malnutrition. A recent study of 58 developing countries found that only 13 nations made substantial progress in *all five* components of the MDG 1 goal (Gentilini and Webb 2007). The conclusion here is that the causal factors of poverty and hunger are *multifaceted* and *inter-linked*. Thus, while policies should be tailored to address specific problems underpinning each dimension, the consequences of inaction in other relevant domains can be very damaging. Conversely, the sum of benefits related to specific policies and programmes may be higher than the sum of individual interventions.

Priorities to Accelerate Gains

As outlined above, progress has been made but it has been a) patchy geographically, b) too slow to meet most of the goals, and c) not uniform across targets even within one of the MDG goals. Thus, while recent gains have to be sustained commitment to faster and broader gains has to be renewed. In the domain of hunger, there are three major priorities to be kept in mind as the world heads towards 2015: a) Learning from, and rapidly

spreading, what works, b) Supporting enhanced choices focused on prevention of hunger and malnutrition, and c) Ensuring that tackling hunger and malnutrition remain genuine development priorities.

Learning from, and sharing, what works

Despite an increase in number and scale of humanitarian crises in recent years ‘excess mortality’ due to untreated severe malnutrition has been falling. That is, while violent deaths continue to be a major concern in crises such as Darfur, Sri Lanka and Columbia, non-violent deaths in such major emergencies has been declining. Similarly, although serious droughts in southern Africa in 1991/92, and again in 2001/02, caused massive shortfalls in food production there were no clearly defined ‘famine’ deaths. This is because of a rapidly evolving awareness of how best to contain and treat acute malnutrition in both children and adults. This relates in part to new products and protocols that are science-based and have been rapidly rolled out to the field. If access to those most in need is possible, humanitarian professionals now know how to save lives and stabilize such situations. Mass famines are becoming infrequent (thanks to earlier and more effective intervention), and large-scale death from malnutrition is arguably less today than it has ever been.

Fewer people die because newly-developed products are used to treat malnutrition, and new protocols have been defined that allow people to recover more fully and faster-by treating co-infections, improving weight gain, enhancing mother’s knowledge of how to reduce default rates, and so on. This includes the judicious use of micronutrients—such as zinc to treat and life-threatening diarrhea, Vitamin A to prevent measles, and folate to protect pregnancies. Vitamins and minerals are central to saving lives where hunger and malnutrition are widespread and severe, and carefully formulated products like nutrient powers (sachets sprinkles on meals) or nutrient-dense ready-to-use-foods help ensure their targeted delivery.

This does not imply that micronutrients are more important than macronutrients; it is hard to recover needed weight on micronutrient supplements alone. This means that encouraging and securing appropriate consumption is not a theoretical goal—it is a prerequisite if previously malnourished but now stabilized patients are not to return to the malnourished state. This does not mean that food alone is *the* solution to hunger; not at all. But it does imply that attention is needed to sustained anti-hunger activities in all crisis and post-crisis contexts.

While acute hunger receives considerable attention and resources, non-emergency (chronic) hunger receives scant priority and resources. There have been amazing successes in the management of acute malnutrition and hunger in crises, but these are quasi test-tube or laboratory conditions where sanitation and diseases are controlled, as is the foods that are eaten, and vaccinations that are given (Webb and Thorne-Lyman 2006). Outside of therapeutic feeding centers in clinics or refugee camp settings it is much harder to replicate best practice—due to less control over conditions and far fewer resources. An ongoing challenge to MDG1 is determining how to improve the treatment and prevention of malnutrition for those people who do *not* have access to clinics or camps, and moving beyond the treatment of acute conditions to the containment of more moderate conditions, and ultimately into prevention.

Enhanced Choices

Preventing the worst from happening is, of course, the ideal. Prevention is ultimately about enhancing choices—not only for mothers with infants, but for fathers, for the elderly, for adolescents. It is critical to prevent a child from starting down the slippery slope of *becoming* malnourished. In other words, success is not based simply on treatment of low weight or poor growth, it's about preventing loss of weight and avoiding the loss of growth momentum.

Malnutrition is a problem that manifests throughout the life-cycle, and while there are windows of opportunity for action throughout the lifecycle, starting as soon as possible is best. Even if a baby survives, foetal malnutrition contributes to around 30 million babies being born with a low birth weight (less than 2.5kg). A child's risk of dying in the first few days or weeks of life is 40 times higher if they had a low birth weight than if they had been born of normal weight and size. The behavioral and cognitive development of undernourished infants is impeded, and they suffer more (and more serious) infections. Slower mental and physical maturation has implications later on in childhood. Stunted children can lose two full years of their total education because they enter school years later than they should have. Once enrolled in school, hungry children attend more erratically, perform less well, and drop out earlier—all of which reduces the total number of years of education available to them. Thus, the malnourished child starts school with an already spoilt report card, and is likely to leave school without any benefits of education. That poor start will affect productivity, income-earning potential and health throughout adulthood.

This suggests that people most at risk of hunger and malnutrition need, a) to better understand the implications of choices they make or don't make (about hygiene, family planning, food selections, etc), b) enhanced options (resources, food alternatives, complementary health services) to be able to make changes in their lives, and c) to rely on their governments and service providers to recognize and enforce their human rights as they relate to a life without hunger. In this sense, hunger is not just about food, and poverty is not just about income. Both are crucial elements of the development process, but empowered lives of all vulnerable individuals is the real goal.

Prioritizing Hunger and Malnutrition

For the right choices to be made, hunger has to be a priority at national and individual levels. For governments to resolve deficiencies they need knowledge about potential solutions and why such investments matter to economic as well as human growth. Improved surveillance systems and tracking systems are needed to ensure that problems are highlighted rather than obscured, that moral outrage can be catalyzed rather than suppressed. The 'invisibility' of malnutrition has to be challenged—placed front and center of poverty reduction strategies, investment plans and all discussions about governance.

There are many reasons for the continued invisibility of hunger and malnutrition, including the concentration of malnutrition among the very poor (who have limited political 'voice'), the physical invisibility of many nutritional deficiencies (when 2/3 of

children are stunted being short looks ‘normal’, and most micronutrient deficiencies are not observable to the untrained eye).

This results in limited explicit local demand for nutrition services, which is compounded by the absence of a sectoral or ministerial “home” for issues relating to hunger and nutrition among governments. The result is a failure by most policymakers to understand the nature and magnitude of the nutrition problems that exist in their countries, and the availability of cost-effective solutions.

Combinations of equity-based policies and targeted interventions are needed to resolve (prevent as well as treat) malnutrition and hunger more broadly. But this requires that governments place hunger as a prominent priority on their policy agenda—as the MDGs have done, in putting eradication of hunger alongside, rather than below, poverty as the first of the development goals.

Conclusions

The scars of hunger last a lifetime, and even beyond. Stunted growth, ill health and mental impairment act like shackles; heavy weights that slow a child’s progress towards a safer and more productive life. All of the MDGs are threatened by lack of progress in meeting the targets in MDG1. While hunger is a human tragedy at the individual level, depriving millions of people of a chance to contribute more to their own lives, it also represents a development catastrophe at the national and global levels. Continued hunger will beget not only more hunger but also continued poverty.

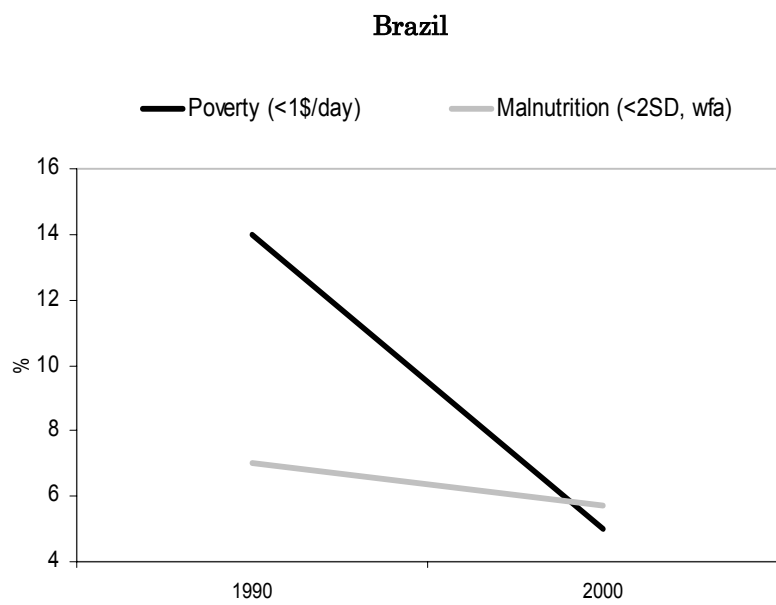
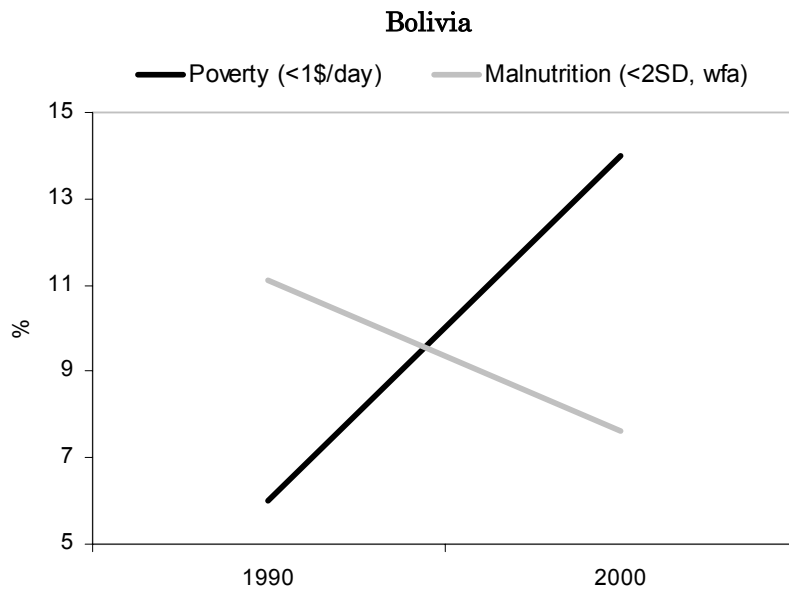
The time is ripe for faster, more far-reaching change. According to the MDG Hunger Task Force, “political action to reduce hunger should address hunger, poverty, and disease simultaneously. It is particularly important that reducing hunger should be a major part of poverty reduction strategies, since little progress in reducing poverty is likely as long as large numbers of people suffer from malnutrition” (UN 2005, p.2). Narrow sectoral activity (business as usual) may result in improvements in one or other dimension of the problem, but it cannot be expected to bring about gains across the board which are required to meet all of the MDG goals. Ensuring sound nutrition is one of the most crucial contributions that parents can make to the survival and growth of their child; supporting that task is also one of the most crucial contributions that a society can make to its citizens.

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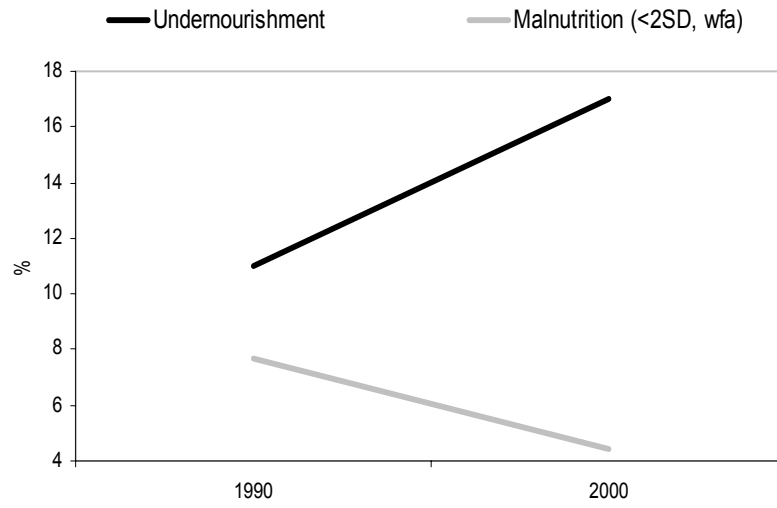
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Figures 1, 2 3: Trends in selected MDG 1 benchmarks for 3 countries of Latin America (source: Gentilini and Webb 2007)

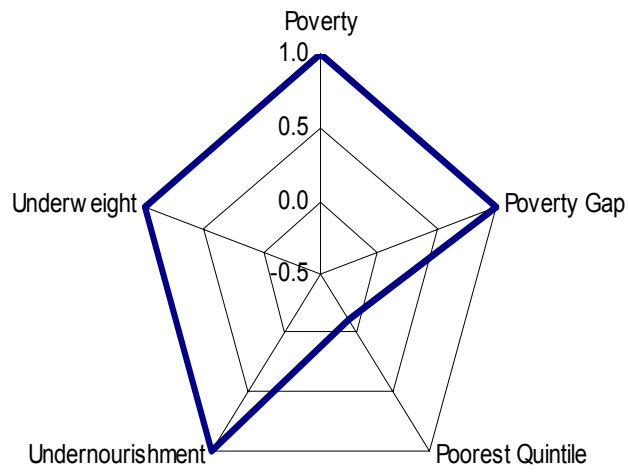


Costa Rica

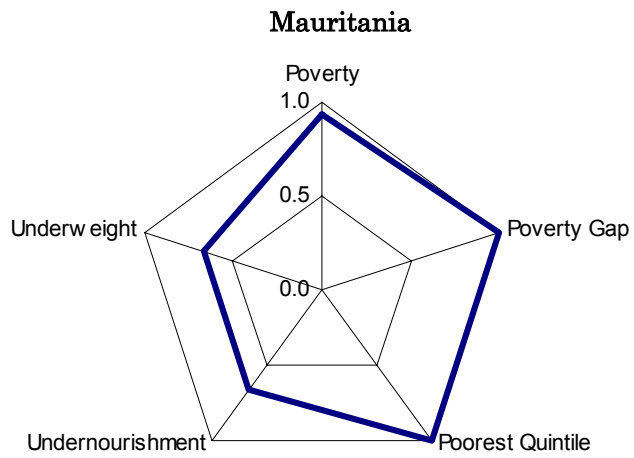


Figures 4: Progress towards all 5 MDG1 targets (Latin American example)

Chile



Figures 5: Progress towards all 5 MDG1 targets (West African example)



Innovative Financing for Action against Hunger and Poverty⁵

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The world has witnessed a number of different expressions of substantive international cooperation, in the framework of the United Nations. Countries have made commitments that seek to improve global governance and achieve development that is more evenly distributed throughout the world. The internationally agreed Millennium Development Goals (MDGs) and the Monterrey Consensus on Financing for Development are significant examples of such commitments.

Yet, there has been a shortage of decisive partnerships for *action*. There is a lack of more dynamic cooperation leading to action. The world is becoming increasingly aware that commitments undertaken are not being fulfilled, particularly as regards the time frame established for achieving the Millennium Development Goals. On the other hand, some progress has been made in terms of financing for development, but advances have been uneven and sadly lacking in some vital areas.

Among many valuable unilateral and multilateral efforts undertaken recently, in 2004 a group of countries from both North and South decided to join forces to help in narrowing the gap between large-scale needs and limited financing. Their aim was to “make it happen” by turning words into action.

The Presidents of Brazil, Chile and France, along with the Secretary-General of the United Nations, were subsequently joined by the Heads of State of Spain, Germany, Algeria and South Africa, in launching an initiative aimed at identifying innovative sources of financing to fight hunger and poverty. Action against Hunger and Poverty was set up by these countries to identify innovative financing mechanisms. Funding raised in this way would be used to set up projects that would facilitate the achievement of the Millennium Development Goals. The initiative received strong support from the United Nations and a Technical Group (TG-7) was appointed by the respective Heads of State of the member countries. This North-South partnership identified a series of potential innovative sources of financing, as shown in Table 1.

Table 1

Innovative Sources of Financing for Action against Hunger and Poverty: Menu of Options Identified by the Technical Group (TG-7)

- Solidarity levies on air travel

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- Reduction of tax evasion and tax havens
- Increasing the benefits of remittances (link with micro-credit)
- Taxation on currency transactions
- Taxation of arms trade
- International Financial Facility (IFF)
- Special Drawing Rights (SDRs) for counter-cyclical financing of development
- Voluntary contributions through credit cards
- Socially responsible investing or “ethical funds”
- Solidarity lottery

The crux of this North-South partnership, with its technical support and the backing of the Heads of State of these countries, is that it has contributed to efforts to steer the course of globalization away from dehumanization and pro-cyclicalities, while raising awareness of the issues involved and ensuring that speeches made at international summits are followed by concrete actions. This involves a drive toward a type of globalization that includes, among others, international solidarity levies and improving the environment for countries to develop better national policies. This means repositioning democracy, because democracy implies being able to choose the way forward. A wider group of countries (including the seven named above) was set up in 2006. The Leading Group on Development Solidarity Levies currently comprises 45 countries from both North and South, with very different levels of development. All these countries have expressed a willingness to identify and apply pro-development levies, to contribute either by generating funding or by discouraging “public bads”, such as tax evasion and financial crises.

The two groups share a comprehensive approach that seeks a globalization of solidarity; that is, a sort of globalization with a human face that can enable development benefiting all countries. The approach is pro-development and pro-equity, both in the source of funding and in the use of resources.

Progress already made

The TG-7 has made tangible progress by implementing concrete measures to turn words into action. In New York in September 2004, a meeting headed up by Presidents Chirac, Lagos, Lula da Silva and Rodríguez Zapatero was attended by the Heads of State or Ministers of most of the countries of the world. In response to proposals put forward by the Technical Group on Innovative Financing Mechanisms, 110 countries expressed their support for the Group’s work in the New York Declaration on Action against Hunger and Poverty. The Group thus received a mandate to continue its preparations for the 2005 World Summit, which was held in September 2005 to assess progress towards achievement of the Millennium Development Goals.

France, with the support of Chile and Brazil, put forward a proposal to apply a levy on airline tickets. The pilot project on air-ticket solidarity contribution was officially introduced on 14 September 2005, with proceeds going to the fight against HIV/AIDS, tuberculosis and malaria.

Actually, in 2006, a group of countries launched a pilot project to fight three pandemics: HIV/AIDS, malaria and tuberculosis. The project, known as UNITAID, is an international drug purchase facility. It is located within the World Health Organization (WHO) in order to avoid any duplication in administrative costs. The fact that the service avoids bureaucracy and cost duplication is a key factor and one that must be at the forefront in the design and identification of sources and uses of financing.

UNITAID was set up by Brazil, France, Chile, Norway and the United Kingdom and is supported by the Clinton Foundation and the Gates Foundation. A large group of other nations is joining or is in the process of joining this North-South partnership.

The three pandemics targeted are major causes of hunger and poverty in the households they strike. All three are determining factors in the advances and setbacks of the development process. In addition to fighting these diseases directly, UNITAID also aims to improve the functioning of these markets, in order to lower the cost and raise the quality of therapeutic drugs, not only for the direct beneficiaries but also for developing countries in general.

UNITAID is financed mainly from the proceeds of a solidarity levy on international air flights. Chile and France (since March and July 2006, respectively) were the first countries to introduce boarding charges earmarked for this solidarity initiative. To date, some 30 countries are considering applying such a levy or using other sources of sustainable financing for this purpose, or have already begun to do so. Since October 2006, contributions have been starting to flow gradually from a growing number of countries.

We encourage all Member States of the United Nations to consider using this innovative source of financing, which has the following advantages:

- (i) Air passenger transport is an activity that has benefited from globalization;
- (ii) Generally speaking, air travel is a comparatively under-taxed sector (in terms of fuel, for instance);
- (iii) The air transport levy tends to constitute progressive taxation, as air travellers usually belong to the upper income brackets, and are therefore fairly good candidates for sharing their benefits with the rest of the world;
- (iv) It is an easy to collect national levy, involving little bureaucracy in cases where airport fees or ticket taxes are already in force.

A flexible menu for future action

As for other possible innovative sources of financing, the Technical Group has been working on nine proposals, ranging from the solidarity levy on international air flights to “securitizing” emigrant remittances by linking them to micro-credit for recipients. Given the limited time available, I shall refer to only three of the proposals.

External crises and Special Drawing Rights (SDR)

Hunger and poverty are clearly related to monetary crises that result from lower export prices, capital outflows and capital flight, and natural disasters. These shocks are severely regressive and seriously hamper development.

In times of recession, the vast majority of population loses out: workers, businesspeople and the government. Effective support mechanisms are needed to help countries which, despite their best efforts, are hit in times of crisis by external, financial or terms-of-trade shocks that are beyond their control.

We have proposed that the IMF be mandated to issue new Special Drawing Rights (SDRs): the special global currency that only the Fund can issue.

The situation as of today is that a decade ago, in 1997, the board of the IMF approved the issue of 22 billion Special Drawing Rights (SDRs), or the equivalent of US\$ 34 billion. President Clinton was then in office and the United States supported the proposal. Subsequently, the proposal had to be ratified by member countries representing 85% of “quotas” (related to the economic power of each nation) or votes of all country members of the IMF. The proposal has now been ratified by 133 countries, which together control 77% of the voting power within IMF. One vote is still needed, that of the Government of the United States, since this country’s 17% is needed to achieve the 85% required to implement the new issue of SDRs.

The standard rule for the allocation of SDRs is that they are to be distributed according to their “quotas” in the IMF. Developed countries hold 60% of the quotas. The TG-7 proposal is that developed countries agree to make available their 60% share to countercyclical facilities of the IMF itself or regional or sub-regional funds. The aim would be to help reduce the real economic and social costs generated to developing nations by financial crises and unstable terms of trade.

Of course, the access of crisis-hit countries to such funds should be subject to a thoroughly revised conditionality, so as to ensure true counter-cyclicity. As explained earlier, crises suffered by developing countries, originated in external causes –such as financial and terms of trade volatility- are economically wasteful for them, for their neighbours and trade partners and for the world economy.

Tax evasion and tax havens

Hunger and poverty are also associated with weak tax systems, where weakness is partly attributable to tax evasion by means of tax havens.

It is a matter of serious concern that a large proportion of the profits from the financial flows and capital gains of globalization are untaxed or under-taxed. Tax havens are one means by which such inequity is perpetuated.

Tax evasion has an ethical dimension, as it penalizes legitimate, transparent, open and non-secretive investors who duly pay their taxes, while benefiting those who engage in practices such as tax avoidance, money laundering, financing of terrorism and other activities funded with money from illegal practices or allowed by tax loopholes or policy failures. Tax evasion is notably unfair with honest tax payers. Permissive policies in the

face of booming financial flows have allowed this flaw in globalization to develop. It is well known that a substantial share of these resources, leaked from the tax systems of both North and South countries, are sheltered in tax havens.

We must help developing countries to strengthen their tax systems by adopting measures to prevent evasion perpetrated through tax havens. Tax evasion is extremely unfair to honest tax payers. The recently reformed Committee of Experts on International Cooperation in Tax Matters can play an important role in this respect. Also the Organisation for Economic Co-operation and Development (OECD) has been working on the issue of tax evasion and tax havens, though the progress achieved would be limited to members of the OECD. Collaboration with both should be encouraged with a view to taking concrete steps to fight international tax evasion, and to contribute in improving the tax systems of all developing countries wishing to do so.

Cooperation among institutions concerned for transparency and accountability is key to achieving progressive and forward-looking advances in this area. This is one of the priorities identified by the TG-7 and the wider group of 45 countries.

The proceeds of the fight against tax evasion, along with other innovative sources of financing such as an international lottery, could be used for a pilot programme to strengthen efforts to combat child malnutrition. Brazil and Chile have been studying this issue as a possible second area of allocation of innovative funding for Action against Hunger and Poverty.

Other issues

The Technical Group and the Leading Group on Development Solidarity Levies have been carrying out consistent and responsible technical work, particularly at the second Plenary Meeting in Oslo in February 2007, under the chairmanship of Norway, on the possible adoption of a currency transaction development levy (CTDL). A small non-distorting levy could provide significant financing for development. I am convinced that, notwithstanding the strong lobbying by some financial agents, the advantages of this possibility merit serious consideration. A major technical input on the issue is the document prepared for the TG-7 by the renowned economist John Williamson.⁶ Other important studies include those produced by NGOs, such as Stamp Out Poverty, whose report was financed by the Government of Norway.

Tax evasion, monetary and financial crises and pandemics have a high social cost in the form of underdevelopment, hunger and poverty.

Many countries and organizations have been making progress on these fronts and there is a deeper social awareness, increased political will and improved technical support for more effective action. We are now in a position to move faster through partnerships for comprehensive and equitable development. We can hasten progress towards humanizing globalization and limiting instability and inequality by putting the legitimate strengths of globalization to work in favour of stability and equitable development.

Supporting the Development of the Agricultural Sector to achieve Food Security in Sub-Saharan Africa⁷

By H.E. Mr. Victor Borges
Minister of Foreign Affairs of Cape Verde

In a world with plentiful food supplies, sub-Saharan Africa continues to be characterized by widespread chronic food insecurity and an increasing number of emergency food crises. Since 1998, there have been around 20 food emergency cases every year in Africa, almost a three-fold increase over the 1980s. The region also contains 16 of 18 countries with the highest malnutrition in the world. Over the past 15 years the number of Africans who suffer from extreme hunger has increased by 45 million to 220 million people, more than a third of the continent's population. It is also estimated that over 45 percent of the population in Africa who are undernourished are under 15 years old. Child hunger is of particular concern because it irreversibly cripples human potential.

Africa is also a continent where poverty eradication highly depends on the future development of the agricultural sector - 60% percent of all Africans work in agriculture, and three-fifths of their farms run mainly on subsistence. However, the state of the region's agriculture is poor as it is facing declining productivity due to poor soil fertility, poor access to improved seeds and planting materials, and dependence on rain-fed agriculture and poor water management.

Responding effectively to the cycle of food crises in Africa will require a major transformation of the agriculture sector akin to the Green Revolution that occurred in Asia in the 1950s. African Governments have already begun to take the steps needed for a Green Revolution. In July 2003, the African Union Heads of State and Government issued the Maputo Declaration, which called for an increase in budgetary allocations to agriculture and rural development to at least 10 percent of total national public expenditures by 2008. This commitment was made in the framework of the New Partnership for Africa's Development (NEPAD), and initiatives taken to implement its Comprehensive Africa Agricultural Development Programme (CAADP) are steps in the right direction that need to be strongly supported by national governments and development partners alike.

Financial assistance, from traditional donors and the philanthropic community alike, is critical to complementing the target set by the African Union. In this connection, I note the launch in 2006 of the Alliance for the Green Revolution in Africa, which was established with an initial US\$150 million grant from the Bill & Melinda Gates Foundation and the Rockefeller Foundation, which will now be chaired by the former Secretary General of the United Nations, Mr. Kofi Annan. I also note the Oslo Green Revolution Conference begun last year which has become the venue for public-private partnerships for increasing agricultural productivity in the region. I hope that there will be many more initiatives – coordinated, of course, and working in close collaboration with African Governments and within the African Union-NEPAD framework.

There is hope based on success stories from across the region – from Malawi to Kenya - which demonstrate that it is possible for sub-Saharan Africa’s agriculture to develop. And it should be possible to build upon these success stories to see within this decade a Green Revolution in Africa.

Delivering on the African Green Revolution in a Perspective of Regional Integration⁸

By Mr. Abdoulie Janneh
Executive Secretary of the Economic Commission for Africa (ECA)

1. Why an African Green Revolution

The Green Revolution (GR) is a term used to describe the transformation of agriculture in many developing nations that led to significant increases in agricultural production between the 1940s and 1960s. This transformation occurred as the result of programmes of agricultural research, extension, and infrastructural development.

The Green Revolution (GR) of the 1960s, which brought increases in food production, rural incomes, and rural economy transformation in Latin America and Asia, largely missed Africa. It did not take hold in Africa not only because of inappropriate agricultural policies, but also because it was not designed for the continent's diverse agro-ecological zones, farming systems and socio-cultural contexts. Therefore, the need for African countries and their global partners to promote a new Green Revolution in Africa so as to help the continent meet the MDG goal of halving hunger and poverty by 2015 is more urgent than ever.

The original GR model incorporated new varieties, fertilizer and irrigation and led to widespread improvement in crop yields. For many, the challenge is simply to consolidate and extend that revolution. But there are a number of factors that suggest that such a strategy will not be sufficient. These include the variable performance of these technologies, a changing economic and policy environment, and the significant diversification of the livelihood strategies of African rural people. Also, the early GR was limited by second-generation problems, such as salinization, soil fertility imbalances, and proliferation of pests. While these problems can be addressed by further technological innovations, they also point to environmental concerns that impose additional constraints on technological development.

Therefore, the African Green Revolution (AGR) must not only contribute to more efficient food production, but also address concerns of environmental protection and be compatible with policies that support diverse livelihoods in African rural areas. Thus, the possibilities and challenges of the "new" Africa Green Revolution are more complex than what a simple technical change in agricultural approaches would indicate. What African governments need is to trigger an overdue transformation of their agricultural sector and rural economy.

2. Under-capitalization and poor performance of African agriculture

Because of the lack of consistency in degree and direction of priorities, African agriculture is today one of the most undercapitalized in the world:

- Only 6 per cent of the arable land in Africa is irrigated, compared to 40 per cent in Asia.

- Only 22 kg of fertilizer per hectare of arable land in Africa (8 kg/ha in SSA) is utilized, i.e. less than 15 per cent (and 7 per cent) of the level in Asia and Latin America.
- The number of tractors per 1000 ha of arable land is 3 times greater in Asia and 8 times greater in Latin America than Africa.
- Road density is more than 2.5 times higher in Latin America and 6 times higher in Asia than in Africa.
- Access to energy and telecommunications is very poor in rural Africa.
- Institutions of agricultural education, research and extension are poorly staffed, under equipped and poorly funded.

Because of this severe under-capitalization depicted above, the rural landscape in Africa is still marked by smallholder subsistence farms, low technology and weak knowledge-based agricultural production systems.

The combined effects of these features include stagnating or declining agricultural productivity, weak backward and forward linkages between agriculture and other sectors, loss of competitiveness in world markets, increased food insecurity and natural resource and environmental degradation.

Worse, despite the continuous surge of commercial food imports, standing now at some US\$ 25 billion annually, and the recourse to nearly US\$ 2 billion in food aid annually, about one-third of total population in sub-Saharan Africa suffers from hunger, and the continent's share of global agricultural exports has fallen sharply from 15 per cent in the mid-1960s to 5 per cent in 2000.

3. Opportunities and challenges for the African Green Revolution

The above sobering picture notwithstanding, the challenges of structural transformation and sustainable development of agriculture in Africa must be decisively tackled in the face of strong and emerging opportunities. These include the changing political and economic environment due to improved governance at the national level, as well as opportunities for new markets that offer support to the globalization process, the gene revolution (biotechnology). Also of note are developments in information and communication technology (ICT).

However, there are also some major challenges that African countries are facing in their efforts to promote an African green revolution, and these are:

- Difficulty of market access under WTO rules;
- Agricultural support policies and export subsidies of developed countries;
- The impact of climate change; and
- Insufficient financial resources and human and institutional capacities.

4. The Need for strengthening regional integration

The African food and agricultural economic landscape is fragmented among the 53 countries and more than a dozen overlapping sub-regional groupings. Past agricultural policies have not meaningfully transcended the national and sub-regional perspectives to embrace a full continental scope.

From a regional perspective there are two major issues that need to be addressed to trigger an African green revolution which are: a) the extreme fragmentation of the food and agricultural systems and market, and b) the double disconnection of farmers from both input and product markets.

Owing to the extreme fragmentation of African agricultural and food systems, there are significant asymmetries in perceptions of market and investment opportunities by the private agro-industry and agribusiness community as one moves from the national to the sub-regional and regional perspectives. From an economic standpoint and within the framework of an increasingly global economy, this landscape is simply not optimal enough to provide for the levels of economies of scale (at all stages of commodity chains), economies of vertical coordination (among the different stages of commodity chains) and economies of complementary diversification and specialization (among countries and sub-regional groupings) that would allow the realization of full competitiveness gains and intra-regional trade potential for Africa's agriculture.

It may be also reasonably argued that market development and linking farmers to the market are key pre-conditions to the structural transformation of agriculture in Africa. For farmers to take the risk of investing in productivity-increasing technologies, not only should the related information and inputs be accessible and affordable to them, but also and equally important, reliable and accessible markets should exist for any surplus output resulting from technology-based productivity gains. Hence, connecting the farmers to well developed and functioning markets, backward for input delivery and forward for product outlets, is a crucial element for fostering the new African Green Revolution.

5. A Four-point Integrative Approach to Promoting a Green Revolution in Africa

Coordinated strategic commodity value chain development, with emphasis on agribusiness development

A successful agricultural transformation process implies that farmers are increasingly connected to markets through the agro-industrial and agribusiness sectors. This is necessary to respond effectively to farmers' demand for agricultural inputs, on the one hand, and to meeting the effective demand and preferences of increasingly urbanized consumers through processing, conditioning, transporting and delivering food and agricultural products, on the other. In this sense, agro-industrial and agribusiness development and a green revolution must go hand in hand in the transformation process. This points to the crucial importance of what one may call the *agriculture-industry-trade nexus* in addressing the agricultural transformation challenge in Africa.

Integrated regional space for investment and trade in agriculture, integration going beyond national and sub-regional levels

Developing vertically coordinated regional food chains for strategic commodities would require building public private partnerships to create an environment that is conducive to ensuring both profitability and security of private investment.

More explicitly, the creation of such an environment could proceed from the opening of Free Sub-Regional/Regional Investment Zones. For example, major river basin initiatives such as those of the Niger and Nile rivers could lend themselves to a strategy of free regional investment zones for the development of vertically-coordinated chains of production, processing and marketing of strategic food and agricultural commodities.

In such zones, the creation of the right policy, institutional and legal frameworks for the development and management of land and water resources and the provision of the necessary supportive public infrastructure and services, as well as the establishment of African trans-national agribusiness companies, would grant further incentives and security for private investment.

Sub-Regional Centres of Excellence for Technology Development and Transfer

Africa is offered great opportunities to harness both a conventional green revolution as well as emerging gene revolution technologies to make significant headways to sustainable agricultural development and food security. This will require strengthening African research capabilities. Sub-regional Centres of Excellence for higher agricultural education and research for technology generation/adaptation could be created along the lines of agro-ecological zones and strategic food commodities.

Resource Mobilization for Public Investment in Agriculture

Achieving an African Green Revolution will require more investment efforts in agriculture by African governments and private sector as well as development partners. More urgently, African governments need to implement their commitment of allocating at least 10 per cent of national budgetary resources to agriculture by 2008 and to create the enabling policy and institutional environments for greater private-sector investment in agriculture.

Africa's Green Revolution: Prospects and Challenges⁹

By Professor Jeffrey D. Sachs
 Director of the Earth Institute, Columbia University and
 Special Advisor to the United Nations Secretary-General on the
 Millennium Development Goals

I think it's good to recall the first 'Green Revolution' in India starting in the mid-1960s. What happened? The Indian Green Revolution ended what had seemed to be an endless and inescapable cycle of famines. In the early 1960s, Rockefeller Foundation agronomist and future Nobel Peace Prize Laureate Norman Borlaug met with India's great agronomist, M.S. Swaminathan, to see whether Borlaug's new hybrid seeds, developed for Mexico, could help in Indian conditions. Swaminathan and his team immediately put the seeds to field trials in 1963-64 (Swaminathan, ed., 1993). After some experimentation with exact planting methods, the Sonora (Mexico) seeds proved to be as revolutionary for India as they were in Mexico. Yields soared. Further successful field trials were carried out in 1964-65. The problem shifted from field trials to multiplication and uptake of the high-yield varieties at a level that could make a difference for a vast and hungry population.

At that point, fate intervened. India experienced back-to-back disastrous droughts and crop failures in the planting years 1965-66 and 1966-67. Catastrophic hunger seemed unavoidable. India made emergency imports from the U.S., but the arrivals were slow in coming, especially in the second year. U.S. biologist Paul Ehrlich, writing in *The Population Bomb*, predicted that Indians would die by the tens of millions in famine, and that it was too late to do anything about it. He did not count on the triumvirate of Borlaug, Swaminathan, and the brilliant and dynamic Agriculture Minister Chidambaram Subramanian. In 1966, the Agriculture Minister gave the green light for a dramatic uptake of the new seeds, backed by public financing and new government institutions. The triumvirate worked out the details, especially a way to use government financing and institutions to disseminate the new technology as rapidly as possible. As Subramanian later recalled (Swaminathan, 1993, p. 89):

[In 1966] very important decisions were taken about production, such as the initiation of the high yielding varieties programme, assurance of remunerative prices to farmers, and introduction of a mechanism for buying the surplus grain from them.

The government also made a massive importation of 18,000 tons of seeds. Interestingly, to speed the uptake on an urgent basis, the program aimed for the most favorable sites:

We could not then think in terms of a long-term policy. We gave ourselves a period of a little over five years and a decision was taken – which was criticized by many – that we should take advantages of places where the resources were favourable: the soil, water, and even more than these, enterprising farmers. That

is why we selected the irrigated areas and particularly Punjab (of which Haryana was then a part) and western U.P. [Uttar Pradesh].

The Government, backed by international aid, supported every component of the green-revolution package – water (irrigation), high-yield seeds, fertilizer, input financing, and the purchase of output from the farmers at guaranteed minimum prices. In 1967, the government introduced the National Seeds Programme. It was India's first World Bank programme, and the Bank's first seeds programme anywhere in the world. The Government also established the Food Corporation of India, to purchase grains from the farmers, and the Agriculture Prices Commission, to ensure an adequate minimum price of output.

The United States Government also provided massive financial help to finance huge shipments of fertilizer. Indeed, USAID's support for fertilizer was the largest item in the USAID assistance package of the late 1960s. In addition, the Rockefeller Foundation and Ford Foundation supported scientific and organizational aspects of the Green Revolution. The rest, as they say, is history.

In 1966-67, the amount of wheat procured in India was about two million tonnes; of this, 1.01 million came from Punjab [the epicenter of the Green Revolution]. Within one year the total procurement went up to 8.9 million tonnes, and of this, five million tonnes were contributed by Punjab. The third year, the total was a remarkable 23 million tonnes, of which 13.6 million tonnes were from Punjab. So that even within the first two or three years, the impact was very evident, surplus foodgrain became available and, of course, now it has gone up to more than 105 million tonnes. As always, the contribution of Punjab is more than 60%. (Swaminathan, p. 29)

Already by July 1968 the Government of India issued a postage stamp bearing the phrase "Wheat Revolution."

As a final point about India, it is worth noting the emphasis that participants put on guaranteeing the prices of inputs and outputs for the farmers, to ensure adoption of the technology. At a time of budgetary pressures in 1972, the Minister of Finance resisted the Government's procurement of Punjab's production surplus. The Minister of Agriculture insisted, and prevailed. He recounted the episode as follows:

Having consulted [the financial team], I called them together and said: I have listened to advice from all of you; but I have taken the decision that the seven to eight tonnes should be procured at the announced price, whatever that might be. Firstly, by not purchasing you would be letting down the farmers as prices will drop and they will suffer great loss; secondly, we do not know what the position will be next year. And therefore I told them frankly: having heard your expert advice, the decision is to procure. You find out how to finance it, and if you are not able to advise me on that, I will take expert advice from the outside. The purchase was made, the next year was a drought year, and without the seven or eight tonnes we would have been sunk. (p. 101)

What are the lessons for Africa from all of this? There are several. The first is that a Green Revolution requires strong, consistent, and *holistic* government support. The

farmer must face a realistic set of conditions – in input supplies and prices, available technologies, supportive infrastructure, and output prices – to facilitate the adoption and diffusion of the new technology. Solutions for water management, seeds, and fertilizers should be viewed in an integrated manner. Swaminathan in fact identified six key elements for success:

- Owner cultivation
- Land consolidation and leveling, to support small-scale irrigation (by tubewell in the Indian case)
- Rural electrification
- Rural communication
- Dynamic research and extension
- Remunerative price for output and assured marketing

All of this emphasizes that India's Green Revolution certainly did not occur through market forces alone, and neither will Africa's. Markets play a role to be sure, but in the case of the poorest of the poor, the government must ensure a strongly supportive environment.

Second, foreign assistance is crucial. India did not make the breakthrough out of extreme poverty on its own. Timely aid from the US Government and U.S. foundations was crucial, though that fact in no way diminishes the decisive home-grown leadership demonstrated by India.

Third, the conditions for an Africa Green Revolution are finally coming into line. Three obstacles have finally been overcome. The first was scientific. At the time of the Indian Green Revolution, Africa could not have achieved a comparable breakthrough since the breeding of high-yield seed varieties had not yet been accomplished. It took another 10-15 years, into the early to mid-1980s, for a number of high-yield varieties appropriate for African conditions to become available.

Yet by that time, a second obstacle has arisen. In the early 1980s, the World Bank fell into a trap of rigid "market fundamentalism," known as the Structural Adjustment Era. The Bank had come to the theory, contrary to the evidence from Asia, that the way to invigorate African agriculture would be to eliminate the role of government altogether. The Bank mistakenly believed that the reason for the low productivity of Africa's smallholders was the anti-rural bias of urban policy makers. The theory was that by dismantling of government institutions in the farm sector (sector agricultural banks, parastatal fertilizer companies, market boards, agricultural extension, etc.) the terms of trade would shift in favor of the farmers, and thereby unleash a burst of market-led development. Of course nothing like that ensued. Since that time, poor African farmers have found themselves unable to purchase the inputs they need to achieve high productivity in food production.

The third obstacle, linked to the second, was the loss of interest in agriculture by the donor community. If markets could solve the food crisis, there was no need for aid. Or so went the reasoning. This dismal situation has persisted for a generation, during which

time Africa has confronted a mass loss of soil nutrients (due to the lack of fertilizers and adequate crop residues), falling farm sizes due to rapid population growth, and worsening climate conditions due to long-term climate change. In contrast to all of the rest of the world, food output per capita has declined. Actual yields have been a half or less of the yields that could be obtained through the proper use of high-yield seeds, combined with fertilizers, proper planting methods, and small-scale water management.

Now the science is available (though much more can still be accomplished), the market fundamentalism is nearly gone (killed by failure to achieve promised results), and the donors are finally re-awakening to the decisive importance of an African Green Revolution to enable Africa to escape from hunger, disease, and the poverty trap. The new Alliance for an African Green Revolution (AGRA), spearheaded by the Gates and Rockefeller Foundations, is likely to mark an historic sea-change in the global approach. It signals a new readiness of the world to engage in the challenge of raising African food production. Donor governments – including the U.K., Ireland, Brazil, Luxembourg, Norway, and others – are now stepping forward to support the scaling up of agriculture.

Finally, and most importantly, African Governments and leaders are recognizing the centrality of an African Green Revolution to achieve Africa's long-term development aspirations. African Governments have attended several summits (e.g. the "Abuja Fertilizer Summit" in 2006), issued several joint African Union and NEPAD statements, and have begun to implement exciting national-scale agriculture programs. The most powerful of these has been Malawi's new system of input vouchers for fertilizers and seeds, to ensure the use of high-yield inputs by Malawi's impoverished, cash-strapped, and hungry smallholders. The early results have been spectacular: two large harvests which have rapidly converted Malawi from a food deficit country in extreme crisis, to a food-surplus country selling its grains to hungry neighbors in the region (Glenn Denning et al, "Malawi: Start of an African Green Revolution?" Science, Science Forum, submitted 2007). Similar successes, at a smaller scale, have been achieved by the Millennium Villages Project in several countries in Africa. (Pedro Sanchez et al., "The African Millennium Villages," Proceedings of the National Academy of Sciences, Special Feature: Sustainability Science, submitted 2007).

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Implementing appropriate land policies to achieve a Green Revolution in Africa¹⁰

By Mr. Jerome O. Gefu
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Introduction

Some of the world's poorest persons and communities are found in sub-Saharan Africa where 7 of every 10 persons live on less than \$1 a day. The poorest of the poor are often found in rural areas engaged in rudimentary primary production activities. They have very limited access to social infrastructure considered fundamental to meet human basic needs for a decent and meaningful life. Infant and maternal mortality is high and on the increase. Life expectancy is low.

The extreme poverty experienced by this group has shut the doors of education to them and their children; has driven rural populations, especially youth, to the cities where, (due to poverty), they are often driven to prostitution that could expose them to HIV/AIDS and other diseases as well as other conditions that are precipitated by poverty.

Land policies by many African governments are increasingly eroding the rights of the rural farmer to land, forcing poor farmers to become tenants to land merchants and speculators. Amongst the worst affected are pastoralists, hunter-gatherers, fisherfolks and small-scale rural and peri-urban food producers. This situation, if not urgently reversed, poses a security threat to Africa's socio-economic stability and will impede the realization of an African Green Revolution. Most African countries are endowed with a variety of natural and human resources with which they can fight and win the war against hunger and poverty. What remains, therefore, is the strong political will of African leaders and peoples to ensure that public resources are fully deployed in support of productive activities. With the support of the international community, civil society, the academia and others, CBOs can be empowered and mobilized to improve the livelihoods of resource-limited producers.

Achieving an African Green Revolution requires providing incentives to invest in productivity – for this, land tenure is the critical factor. The poor are no strangers to elite groups displacing them, to forced evictions which are reported to be on the rise. They therefore do not manage the land with any long term or sustainable practices. Why would they if they cannot be sure that their investments and labour will be to their long term benefit.

- Smallholder agriculture is not sufficiently supported or subsidized. Public funds are spent by governments including in more developed economies to stimulate employment.
- Smallholders need better access to markets if they are to increase their incomes. In cases where some subsidized inputs are promised, often it is the larger commercial

farmers who have strong lobbies and close political ties. There is therefore a need to level the playing field by helping smallholders to develop their own institutions. This disadvantage often compels farmers to buy required inputs at cut-throat prices. Because of his poor economic power, the farmer is unable to use the optimum required input. The effect on productivity is thus compromised.

- The African farmer is vulnerable to the vagaries of weather and is ill-prepared (and, therefore, caught off guard) when disasters occur. There are limited facilities and expertise for early warning devices.
- Post-harvest technologies, especially for preserving perishable foods are still being developed, the post-harvest losses are staggering
- Even where the scientific investments can lead to improved productivity, unless the poor have secure property rights, the benefits are often expropriated by the powerful once the often poor quality of land has been restored, meaning that the poor not only lose out from the technical improvements but they lose on the value of the labour equity that has gone into improving productivity.

Nature of the problem

Several challenging problems exist, and these include:

- Depleted soil fertility due to over use of land and erosion/overgrazing;
- Resource-use conflict between pastoralists and farmers resulting in national and regional security problems;
- Lack of or inappropriate land policies (super-imposition of statutory land laws on customary systems);
- Land speculation undertaken by political and economic elites;
- Inadequate capacity of African civil society groups, farmer organizations, agricultural research and personnel engaged in advocacy and community mobilization. There is therefore a need to train the trainer to enable scientists and communities to express their potential;
- The high cost of inputs combined with low producer price;
- The poor quality/adulteration of inputs (especially agro-chemical, fertilizers, etc).; and
- Poor access to financial support for agriculture.

Required action

- Need for policy and institutional reforms;
- Need to hold regular dialogue between civil society, researchers, extension staff and development partners to review land situation in order to be pro-active in advancing effective action plans and needed action research;

- Need for the international community and development partners to mobilize bilateral, multilateral and regional resources to unleash productive potentials of IP and vulnerable groups and the advancement of viable and equitable land policies;
- The International Land Coalition (ILC) and other relevant development partners will be expected to provide important convening roles. Land policies are conflictual and touch upon fundamental inequalities in many African Countries. The ILC has been called upon to act as a neutral convener of government ministries, the international donor and technical agencies and civil society, including farmers and social movements, to seek negotiated solutions to help the poor gain and maintain their resource rights;
- Scale-up investment in agricultural research and training for effective and efficient crop and livestock production;
- Creation and/or protection of new or existing pastoral grazing niches to minimize conflicts and promote symbiosis between the two groups;
- Strengthen partnership between regional governments, the private sector and the international community;
- Monitor the effect of agro-chemical use on land and water bodies;
- Encourage and promote youth groups and empower them to remain in gainful agricultural production in rural areas. This will reduce the influx of young persons into the cities;
- Encourage the use of IK for land management and livestock production;
- Promotion of gender equality in agricultural production and extension outreach so that women can express their potential in agricultural produce processing and marketing;
- Encourage adoption of ecologically compatible and socio-culturally accepted dual purpose crops and livestock species;
- Marketing frontiers should be further expanded;
- Agricultural production should be generously subsidized by African governments;
- Guaranteed minimum prices for produces to keep them motivated;
- Investment in infrastructure and human capital is a must to launch Africa into the Green Revolution arena;
- The UN-system and development partners can play vital roles in mobilizing action in encouraging African countries to produce agricultural goods in which they have comparative advantage and so have a fair share of the world trade and globalization.

Notes

- 1 From the 2007 ECOSOC Informal Event of the Annual Ministerial Review, 2 April 2007.
- 2 *Food availability* is the “availability of sufficient quantities of food of appropriate quality, supplied through domestic production or imports (including food aid), and *food access* is “the access by individuals to adequate resources (entitlements) for acquiring appropriate foods for a nutritious diet” (FAO 2006b).
- 3 See Houghton et al. 2001 for scenario description.
- 4 From the 2007 ECOSOC Informal Event of the Annual Ministerial Review, 2 April 2007.
- 5 Ibid.
- 6 See John Williamson, “A tax on currency transactions as an instrument in the war against poverty”, *CEPAL Review*, No. 89, ECLAC, Santiago de Chile, August 2006.
- 7 From the 2007 High-level Segment of ECOSOC, 4 July 2007.
- 8 Ibid.
- 9 Ibid.
- 10 Ibid.

Chapter 6

ARE WE MAKING POVERTY HISTORY: THE ROLE OF GLOBAL PARTNERSHIP FOR DEVELOPMENT

Overview

The international community has eight years left to achieve the Millennium Development Goals (MDGs) -- agreed targets in the universally shared framework for the betterment of people's lives worldwide and for the strengthening of global partnerships for development. Since 1990, some developing countries, especially in Asia, have made significant progress in several areas towards reaching the Goals, showing that significant reduction in absolute poverty and hunger is possible in a relatively short period of time.

However, much remains to be done at the global level to speed up progress. Donor and recipient governments and the international community at large need to identify ways and means for "making it happen" through the fulfillment of the existing commitments in MDG 8 and other forms of domestic and international collaboration. This Chapter explores ways of strengthening national capacity for eradicating poverty and hunger through partnerships.

The Paris Declaration on Aid Effectiveness accepts the notion that a major requirement of any effective framework for development, including poverty and hunger reduction, is to increase the space for national ownership in initiating and implementing development strategies and commits donors to align against them. Success in reducing poverty and hunger in many parts of Asia is, in part, the result of well-defined national development strategies. It is therefore important to develop partnerships between the donor and recipient countries based on mutual accountability, and to provide the recipient with an enabling environment for the implementation of these nationally owned strategies, backed by sufficient financial and technical assistance. National capacity development should empower national stakeholders (Government, the private sector and civil society, including NGOs) to develop poverty and hunger reduction strategies that are responsive to peoples' needs.

The presentations contained in this chapter provide a unique mix of views on successful strategies for poverty eradication with a common denominator: the need to work with others as partners to reach the ambitious goals set at the national and international levels. The interventions from Government officials, high-level officials of international organizations, private sector representatives, academics and NGO representatives are briefly presented below:

Mr. Juan Somavia, Director-General, International Labor Organization, focuses on the important dimension of employment and decent work in poverty reduction processes and presents progress made within the UN system to ensure that this dimension is reflected across the spectrum of development policies.

Mrs. Carmen Alcoreza, Deputy Minister of Public Investment and External Financing, Ministry of Development Planning of Bolivia, presents the poverty reduction policy currently implemented in her country and highlights both its strategic components and the mechanisms put in place to involve the population from all regions.

Mr. Juan Pablo de Laiglesia, Secretary General, Spanish Agency for International Cooperation, presents the evolution of Spain's development cooperation policy, characterized by the search for participation of all actors, the focus on poverty eradication and the willingness to improve quality of aid, including through increased policy coherence.

Mr. Jean Gabriel Randrianarison, Secretary-General, Ministry of Economy, Planning, Private Sector and Commerce, Madagascar, analyzes the relevance of public-private partnerships for rural development, taking the examples of operational partnerships in his country.

Mr. Wilfried Luetkenhorst, Chief of Cabinet and Director of the Bureau for Organizational Strategy and Learning, United Nations Industrial Development Organization (UNIDO), also examines the critical role of the private sector in sustainable poverty reduction and addresses the importance of development cooperation agencies and private businesses to engage in strategic alliances and partnerships.

Sir Mark Moody-Stuart, Chairman, Anglo American plc, stresses the important contribution that the private sector can make to development, particularly in terms of training of the manpower and co-financing of infrastructures, and highlights the necessary coordination between private companies, civil society and labor organizations.

Mrs. Jane Nelson, Director, Corporate Social Responsibility Initiative, Kennedy School of Government, Harvard University, analyzes the role of business in supporting development goals at various levels and makes recommendations on areas of action for leaders in business and the public sector to consider.

Mr. Kwesi Botchwey, Professor of Practice of Development Economics, The Fletcher School, Tufts University and Member of the UN Committee for Development Policy, underscores the need for ownership of development strategies by African countries. Beyond official development assistance, he stresses the importance for the State to create the appropriate economic framework to maximize resource mobilization and enable access of economic actors to credit.

Mrs. Ann Pettifor, Director, Advocacy International, questions current imbalances and uncertainty in the global financial system and highlights the need for regulation of the capital flows and credit creation through appropriate international mechanisms.

Towards a UN System-Wide Approach to Poverty Reduction through Decent Work¹

By Mr. Juan Somavía
Director-General
International Labour Organization

Poverty eradication is like a circle, with many entry points. One way of “making it happen”, as the title of this roundtable says, is to concentrate on creating opportunities for decent work, particularly among women and youth. This should be coupled with social protection to support those living on the margins of the productive economy. Poor women and men know well that in order to escape poverty, they need a job that enables them to earn enough money to secure a decent life for themselves and their dependants. This is the predicament of nearly half of the world’s working adults, who live below the US\$2 a day poverty line. They know that they do not need more work, but better work, more productive work, work that provides basic protection against life events like illness. They also need a workplace where they are treated with dignity and where their voices are respected. For the great majority, this situation means getting out of the informal economy trap in which they find themselves.

The ILO’s Decent Work Agenda is built on four interconnected pillars: employment and enterprise development, social protection including in the informal economy and rural areas, sound employment relations developed through social dialogue, and the international framework of labour standards, especially fundamental principles and rights at work. Through these pillars the ILO offers a coherent policy portfolio for discussion with countries in the design of Decent Work Country Programmes, which we see as the ILO contribution to the UN Development Assistance Framework (UNDAF).

The widespread democratic demand for decent work has been acknowledged as a development priority by the international community. The Ministerial Declaration adopted last year by ECOSOC enriched our efforts for system-wide coherence in the fight against poverty by focusing on full and productive employment and decent work for all as one unifying theme for country ownership and support by the multilateral system. Following up on this Declaration, the ILO has developed with partner agencies in the UN system a Toolkit for Mainstreaming Productive Employment and Decent Work, by which each organization analyzes its own policy in relation to their employment and decent work outcomes. The objective is to have the system ensure that the goal of decent work is reflected across the spectrum of development policies. This is a true breakthrough in policy coherence, which has been approved by the higher UN inter-agency mechanism, namely the United Nations Chief Executive Board, chaired by the Secretary-General, Mr. Ban Ki-moon, in April 2007.

These efforts cannot bear fruit without working together at various levels. Dialogue between governments and key actors such as employers’ organizations and trade unions, and between countries and their international partners is an essential part of poverty eradication efforts. Such dialogue is also vital for improvements in productivity, which

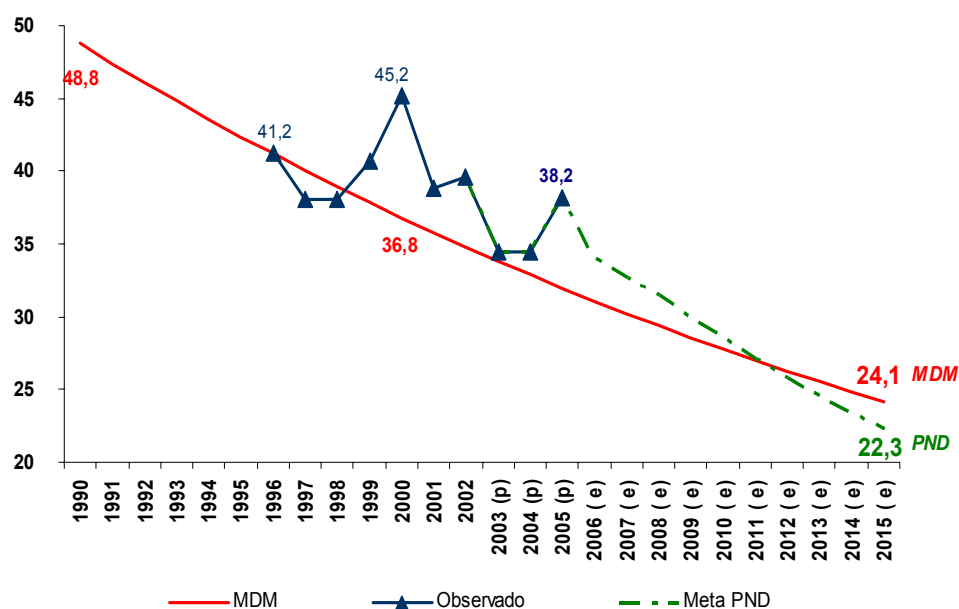
enable an increase in the living standards of the poorest, and for investing in the sustainability of growth through education, health, essential infrastructure and productive enterprises.

Poverty Reduction Policies in Bolivia²

By H.E. Mrs. Carmen Alcoreza
Deputy Minister of Public Investment and External Financing
Ministry of Development Planning of Bolivia

Since the design and implementation of a new policy to combat poverty, Bolivia has gone back to planning after some 17 years during which the central system and planning and coordination team of the government was totally dismantled. The State was drastically reduced in the 90's and its role was confined to that of a mediator and oversight of the activities of the market which were meant to determine development, production and wealth distribution in the country. The current Government of Bolivia believes that the level of poverty in the country is the result of tremendous economic, cultural and ethnic inequalities, which poses a more active role of state.

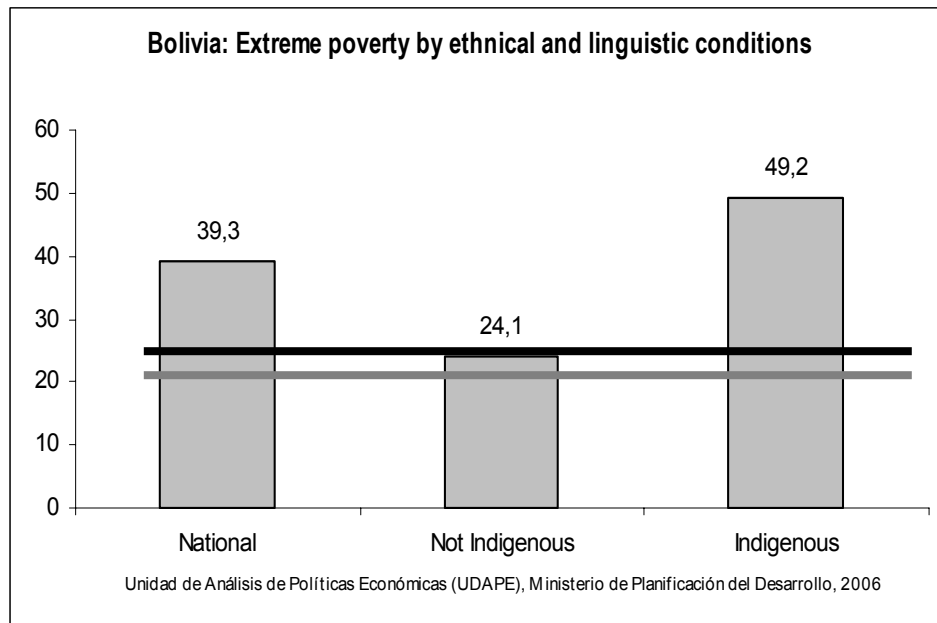
Bolivia: Extreme Poverty 1990-2015



The national development plan (PND by its acronym in Spanish) elaborated by the Government is based on four fundamental strategies: 1) Productive Bolivia: a strategy that aims to ensure the transformation of the productive system in the country; 2) Democratic Bolivia; a strategy geared towards empowering and strengthening emerging social movements in the country; 3) Sovereign Bolivia, a strategy for the sovereignty of country, which should guide Bolivia's international relations; and 4) Bolivia with dignity, a strategy that looking for the dignity of the country and its population, based on re-

establishing social services that will bring dignity to the people of Bolivia. On the basis of these four strategies, Bolivia has set out a poverty reduction policy referred to as *the policy for social protection and community development*, attached to the *Bolivia with dignity* strategy and aims to: eradicate extreme poverty, eliminate all forms of exclusion, reduce the inequality gap, reduce risk factors and vulnerability of individuals, families and communities that live in extreme poverty.

Vulnerability is high in the country, since individual and communities might be harmed quite seriously through modifications or changes in their environment. Recent natural disasters have amplified this phenomenon. In fact, there has been a sharp increase in extreme poverty this year, affecting primarily the most vulnerable groups, particularly women and children, mainly in rural areas. Moreover, the extreme poverty and marginality in Bolivia shows also the inequity present in the rural and indigenous populations. A Bolivian recent report describes the magnitude of this phenomenon which demonstrates the gap between a group of indicators as part of the MDG. (UDAPE 2006)



Consequently, the Government implements its social protection policy through the establishment of *social protection networks* throughout the country in a comprehensive manner, including targets in social and productive areas over the short and long term. The network should cover an extensive territory in order to identify local communities and neighborhoods in need and to bring greater equity among the various regions of the country.

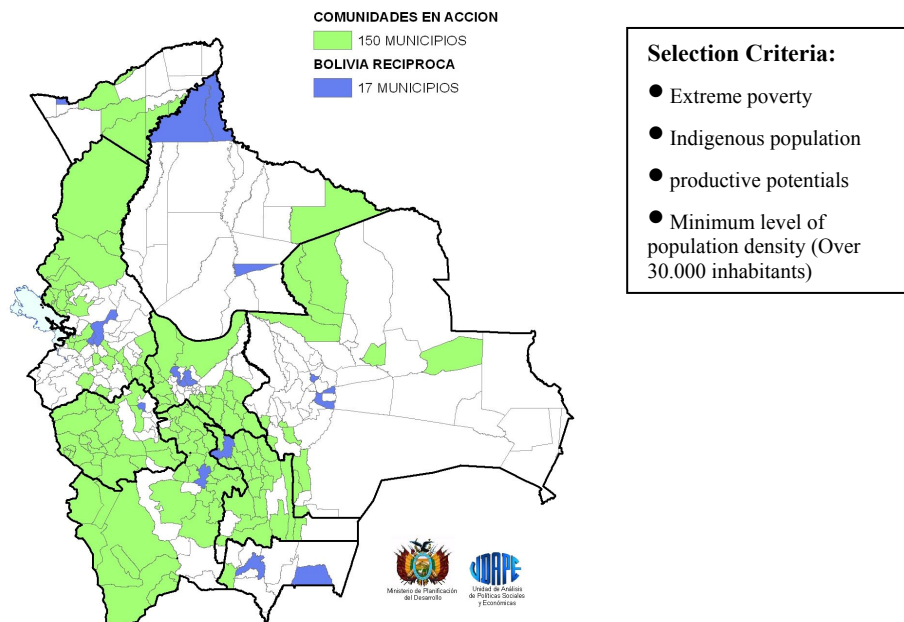
The National Development Plan (PND) reflexes the internal effort along with the world's pact against poverty. *The Policy for Social Protection and Community Development* proposes the combination between the universal policies focuses in the MDG with the geographically localized interventions to fight extreme poverty. The MDG compromise

in Bolivia is translated in 22 national indicators. The implementation of this strategy will permit a largest achievement of 16 national indicators in a more integral methodology, called *MDG's plus*. The extreme poverty target in 2005 was set at 24.1% for 2015; the application of the PND will allow to reduce this indicator at 22.3%.

At the same time, a community-based approach is considered important to promote the development of various forms of community organization aimed to carry out programmes and projects. Direct transfers will be operated, in certain conditions, in the framework of this overall network, which will require social involvement and participation in the development, implementation and assessment of the network. The strategy is based on both rural and urban areas that we refer to as reciprocal (*Comunidades Recíprocas, urbanas*) or communities in action (*Comunidades en Acción, rurales*). The network is structured through the National Planning Council for Economic and Social Affairs CONAPE, and it has a technical secretariat which administers a social policy Fund. It has four main pillars and starts with short-term action but focuses also on more long-term activities. Four programmes, focusing on employment, vulnerable groups, municipalities and the youth respectively, have started to be implemented.

The national strategy for social protection focuses mainly on the 150 poorest municipalities of the country. From this number, 35 have been identified as showing the highest levels of extreme poverty and have begun to receive assistance. In practice, this implies working with communities of at list 30,000 inhabitants and involving indigenous populations in the search of sustainable productive patterns for the rural areas, and with the poorest municipalities of the cities.

Bolivia: Municipalities in poverty situation



The Contribution of Spain to International Action against Poverty³

By Mr. Juan Pablo de Laiglesia
Secretary-General
Spanish Agency for International Cooperation

This intervention focuses on the efforts that Spain has made to make poverty eradication a reality in its development cooperation policy and to translate statements into facts.

First, it should be stressed that for the public Administration to work hard on development cooperation, the push has to come from the top. There must be the *commitment of the government*, which is the case in Spain. A solid and effective international development policy has become a fundamental and essential part of Spain's foreign policy. This development policy is committed to the eradication of poverty, the improvement in levels of education and health, fostering productive infrastructure, economic growth, and job creation, as well as the promotion of good government, democracy, and human rights. Two main reasons explain this commitment:

- Spain firmly believes that the eradication of poverty and the promotion of sustained development is a moral and ethical obligation. The situation of deep inequality, poverty and lack of basic resources, to which a large proportion of the world population.
- Poverty represents a violation of human dignity. It is therefore a duty for all governments to work intensively to ensure that every men and women in developing countries enjoy a full life, in which they can exercise their rights in a real and effective way.
- The eradication of poverty is also a goal that we all must pursue if we want to build a safer and more peaceful world.

This commitment has led us to align ourselves with the rest of the international community, and especially the UN, in its efforts to eradicate poverty. But you have first to agree with the rest on what poverty is. Along with the UNDP, we believe that poverty has a multidimensional nature. It touches various aspects of human capacity: economic (income, living resources, decent work), human (health, education), political (democratic governance, rights, power), socio-cultural (status, dignity) and protection (insecurity, risk, vulnerability). Moreover, it is essential to integrate the perspective of gender to reduce poverty in all its dimensions, while keeping the balance of natural resources is fundamental if poverty-reduction is aimed to be made lasting.

This approach to poverty is linked to the Millennium Development Goals, and is also found in the origins of the notion of sustainable human development promoted by the UNDP. It entails a process of enlargement of personal capabilities and opportunities, in other words, the “empowerment” of persons and institutions.

Knowing that we have a strong mandate from the government to fight poverty, understood in the same sense as the international community does, we got down to work. In a nutshell, we have taken four big steps: building on consensus, increasing our ODA flows, improving the quality of our aid, and favouring multilateralism.

The first thing we realized is that there is no development policy worth its name that is not rooted in the consensus and participation of all players. The whole Spanish development policy is based on a consensus among all the stakeholders that have a role in the planning and implementation of this policy, namely:

- The Ministries of Foreign Affairs and Cooperation; Economy; Trade or Defence;
- The Regional and local authorities, which earmark an increasing amount of resources to development
- The civil society, including the NGOs.

That means that all the relevant documents on Spain's development policy have been agreed upon all the stakeholders. So, our main strategic paper, the Spanish Master Plan for International Cooperation 2005-08 is approved by the government, with the unanimous backing of everyone involved in cooperation and supported by the Parliament.

Consequently, Spain's development policy represents a true state policy.

Secondly, when we say *to make eradicating poverty our aim*, we realize that we have to make the obligations it entails also ours. As you well know the international consensus demand a surge in the flows of ODA to developing countries. That increase must come, obviously, from additional funds, simply put, from new money and not from re-directing the financial flows. For us, this is critical so that the poverty still present in many of the so-called Middle Income Countries is included in this is fight.

And this is what we've been doing since 2004. That year, Spain's aid reached 0.25% of its GDP, and in 2007, it will attain 0.42%. In only three years, Spain's aid will have doubled, from almost 2 billion euros in 2004 to 4.2 billion in 2007. The Government is committed to reach 0.5 in 2008, which will represent more than 5 billion euros.

Nevertheless, Spain believes that an increase in the amount of ODA flows is not enough, and we have sought to go further. That is why Spain, together with Algeria, Brazil, Chile, France and Germany, has worked in the framework of the Action Against Hunger and Poverty, an initiative aimed at finding new alternative sources of financing for development, that may complement ODA and therefore contribute to fill the gap between current commitments in terms of ODA and financing needs in developing countries.

In the framework of this Action Against Hunger and Poverty, Spain has firmly supported the "International Financing Facility for Immunization", that seeks to obtain additional resources for massive immunization against deadly diseases for children in many developing countries. Furthermore, Spain is studying mechanisms to turn the enormous flow of migrants' remittances into a tool and engine for development in the recipient communities, through easier and cheaper channels to send these flows, as well as public resources to support and complement them.

Thirdly, we are deeply committed to *improve the quality of our aid*. To borrow from a well-known commercial, ODA without quality is nothing. In this respect, Spain has enhanced the quality of its aid by:

- a. Improving its instruments of planning and evaluation;
- b. Building on the principles of ownership, complementarity, harmonisation and alignment, that is sticking to the Paris Declaration on Aid Effectiveness.
- c. Resorting to new instruments of cooperation, and
- d. Promoting policy coherence.

a. Spain has strengthened its instruments of planning and evaluation of development policies, so that we can maximize our efforts and be more predictable and effective. It took some revamping of our system, in particular, boosting the policy planning department. The result has been a set of documents in which we find where and how we should spend our funds.

b. Secondly, Spain has also sought to improve aid effectiveness, as spelt out in the Paris Declaration, built from the principle of “ownership” of partner countries in their own process of development, which inspire the Millennium Development Goals. For that, you need to listen to them. We have arranged a system of joint commissions with every recipient country so that we agree with them upon the objectives and strategic lines to be pursued in common.

We are also working on deeper harmonization and complementarity among donors, whether they are States or international organisations, through the permanent dialogue with other donors and local governments and institutions. We have instructed our field offices to start joint programming with the European Commission.

c. We have also been refining our instruments. Starting from scratch in 2004, we have built quite a large pool of new instruments of cooperation, such as sector-wide approaches and participation in public-private alliances. In addition to that, we have enhanced our approach to NGOs to count on them as full time partners and not just as recipient of public money.

d. Furthermore, we have tackled the issue of policy coherence. Development aid is just one chapter within the set of public policies adopted by the developed countries, which have an impact on the developing countries’ capacity to attain the path of sustained development. In fact, some of these policies, like trade, or debt, may have effects of as much importance, or more, in the developing countries than aid itself. It means little to have a committed and quality development aid policy if other public decisions run in the opposite direction, limiting the opportunities for progress in the countries of the South. That is why the Spanish Ministry of Foreign Affairs and Cooperation ensures the coordination of the bodies in the General State Administration that work in those spheres of activity affecting policy coherence. Furthermore, the coordination among different ministries is ensured by Spain’s Interministerial International Cooperation Commission.

Policy coherence is envisaged in MDG 8, which includes specific targets related to debt or trade. In this respect, Spain has paid attention particularly to the problems related to

debt sustainability and, besides its commitment towards the HIPC Initiative, Spain is supporting specific initiatives on change of debt for cooperation projects and programmes, in the fields of education, infrastructure and environment, particularly with Latin America. Spain has already signed this sort of agreements with Costa Rica and Ecuador.

As far as trade is concerned, this is an essential tool for developing countries to obtain basic resources on their path towards self-sustained growth. Therefore, Spain, in the framework of the European Union Trade Policy, supports those efforts aimed at making headway in the Doha development agenda, which should bring significant benefits to developing countries.

Last but not least, Spain's development policy is now deeply founded on active multilateralism. We believe international development organizations, especially those of the UN family, are very well equipped to lead the fight against poverty. So, the logical conclusion is: "let's support them and let's make ourselves be heard". In other words, the Ministry of Foreign Affairs and Cooperation is promoting Spain's active role in the multilateral organisations that work in the field of development, and encouraging Spain's active involvement in the international development agenda that is debated and decided in the framework of multilateral bodies.

Moreover, Spain's has extraordinarily increased its voluntary contributions to multilateral bodies, as well as its contributions to multilateral funds. In this respect, Spain is actively supporting the United Nations system, having signed agreements with different bodies which belong to the UN family, such as the UNDP, UNICEF, FAO or UNIFEM and keeping regular contacts with them. It is worth mentioning the Spain-UNDP Fund, aimed at supporting the achievement of the MDGs, which will be financed by 528 Million euros from 2007 to 2009.

In conclusion, this has been our experience and remains our path to take effective measures to eradicate poverty, hand in hand with the international community. Spain has been working, and will continue to work, to attain the objective of sustained development and eradication of poverty. Spain has taken on its part of responsibility in this fight. We believe that poverty eradication is possible. As the former UN Secretary General said, we are the first generation that has the knowledge and means to make progress in the fight against poverty, and that is precisely what inspires Spain's work day after day.

Partnerships among Rural Development Stakeholders in Madagascar⁴

By Mr. Jean Gabriel Randrianarison
Secretary-General
Ministry of Economics, Planning and the Private Sector of Madagascar

This contribution presents some experiences of successful partnership for rural development in Madagascar. This does not diminish the important role of the urban population in the development of the country.

I. The big picture: employment opportunities in rural areas in Madagascar

The agricultural sector (agriculture, breeding and fishing) is the principal source of employment in Madagascar. It represents 82.4% of jobs on the whole island while none of the other activities surpass 5% of total jobs. Moreover, this sector only loses its dominant position in the big urban centers, namely in the six chief towns of the provinces as well as in Antsirabe, where one job out of two is in the business or in private services other than teaching, health and transport.

Apart from domination in business and in « other private services » (49.5% of total employment), employment in the big urban centers is characterized by the relative importance of the secondary sector. There, employment in this sector (textiles, construction and public work, food and other industries) represents 19.6% of jobs. But beyond this immediate observation, it is surprising to notice that when one moves from the rural environment towards the big urban centers, via the secondary urban centers, the importance of each sector in relation to employment is all the more important as the area is an urban one – which therefore shows at which point the rural sector lacks employment in *all* sectors, except of course in the agricultural sector for which the opposite situation prevails.

Job distribution according to the activity sector and type of environment (in percentage)

	Big urban centers	Secondary urban centers	Rural	Whole
Agriculture/primary	11.7	71.8	90.1	82.4
Food Industry	1.6	0.4	0.2	0.3
Textiles	6.0	0.3	0.4	0,8
BTP	4.6	1.4	1.3	1.5
Other industries	7.4	2.1	1.0	1.6
Business	21.2	9.6	1.7	4.0
Transport	5.9	1.5	0.6	1.1
Private Health	0.6	0.2	0.1	0.1
Private Education	2.1	0.8	0.2	0.4

Public Administration	10.6	4.0	2.0	2.9
Other Private Services	28.3	8.0	2.5	4.9
Total	100	100	100	100

Source: National Institute of Statistics of Madagascar

II. Some examples of partnerships among development stakeholders

1. The silk sector

The silk programme in Madagascar is an integrated programme from the breeding to the weaving. This programme foresees the technological laying out, the organization of training sessions and workshops, and the elaboration of an information and documentation system and of technical documents. For breeding, two centers were selected in order to benefit from a sample of silkworms with strong potential, imported from Japan and other countries. The weaving centers have been strengthened by training sessions for their specialists and by new laboratory equipment aimed at improving the performance and the quality of the material derived from the animal. International experts have introduced threading tools and better milling techniques. This equipment can easily be reproduced and allows for a finer and a more regular silk thread.

General functioning of the system

Association	UNIDO	State
<ul style="list-style-type: none"> - Production - Assimilation of the technology - Duplication of the technology 	<ul style="list-style-type: none"> - Financial support to launch the project - Training - Organizational support - Advice 	<p>Role of a facilitator, through the establishment of an institutional framework, of the functional relationships among the actors involved.</p>
<p>In future, the associations will function in full autonomy</p>		

Impact: At present, the centers fully function and the assimilation of technologies is ensured.

2. The Rural Development Support Programme (funded by the World Bank)

The principal objectives of this Programme are:

- i. Increased productivity and incomes for small farmers in a sustainable manner in the agro-ecological regions of the country covered by a Regional Development Working Group (20 in total);
- ii. Support to the development of producers' organizations and community groups;
- iii. Poverty reduction in the rural areas, while preserving basic natural resources.

The mechanisms of the Programme are the following:

<p style="text-align: center;">Support for productive investments</p> <ul style="list-style-type: none"> - small productive infrastructure - agricultural activities - non-agricultural activities - support to farmers' organizations 	<p style="text-align: center;">Agricultural Research</p> <p>Thematic research on production systems</p>
<p style="text-align: center;">Institutional support</p> <ul style="list-style-type: none"> - Support for a plan of action for rural development - Support for rural development policies - Support for implementing a statistical news system 	<p style="text-align: center;">Management and follow-up to the project</p> <p>This component aims at supporting and facilitating the administration and management of the project through the creation of a national unit in charge of executing the project (UNEP) and of six provincial units (UPEP).</p>

Impact of the programme

In terms of support to productive investments:

- 2,820 productive investment sub-projects are supported, of which 449 have been finalized and 2,371 are being implemented; they benefit 32,246 rural families and are divided into 528 productive infrastructures (111 finalized and 417 being implemented), 2,104 agricultural activities (304 finalized and 1,800 being implemented), and 188 non-agricultural activities (32 finalized and 154 being implemented). 72 strategic partners have been solicited to support the implementation of the agricultural and non agricultural activity sub-projects;
- 126 communes (townships) are supported in the elaboration of their Communal Development Plan;
- 490 farmers' organizations have benefited from technical and organizational capacity-building activities;

- 394 persons have received training on environmental impact studies, the elaboration of the communal development plan, the mobilization and capacity-building techniques of rural groups, the establishment of voluntary saving funds, the management of accounts and financial obligations;
- 316 rural organizations have established savings and are affiliated with microfinance banks.

In terms of institutional support:

- The establishment of an Information System devoted to Markets : 14 regional agricultural statistical units set up and fully functional; the listing of the prices of 28 rural markets are prepared on a weekly basis;
- Realization of a light agricultural survey on a sampling of 12,000 rural households;
- Realization of a survey on the feasibility of importing milk cows.

III. Partnership for Rural Development in the framework of the Plan of Action for Madagascar (MAP)

1. The goal of the « MAP »

The goal of the MAP is to make a qualitative leap in the development process, thanks to an innovative plan which, in a five year timeframe, will mobilize the people of Madagascar and their international partners, start rapid growth, lead to poverty reduction, and ensure the development of the country in response to the challenges of globalization and in compliance with the vision entitled “Madagascar- Naturally!” and the Millennium Development Goals.

Six challenges are mentioned in the commitment of the MAP in support of rural development, namely:

1. Securing land ownership
2. Improving access to rural financing
3. Launching the ‘green revolution’
4. Promoting market oriented activities
5. Diversifying agricultural activities
6. Increasing the agricultural value-added and promoting agribusiness.

2. The role of partnerships in the framework of the MAP

The partnership for development is specifically mentioned in the Plan of Action for Madagascar (MAP) as an integral part of its implementation phase, which is hereunder described.

The implementation system for the MAP

1. **The vision:** The vision “*Madagascar naturally*” and the Millenium Development Goals define the country’s general orientation on the long term.
2. **The MAP:** This five-year plan reflects the eight commitments which will allow to eradicate poverty and to launch a qualitative leap in the mid term.
3. **National programmes:** The commitments of the MAP and the objectives are presented in detail in the sectoral programmes or ‘national programmes’.
4. **Follow-up:** Follow-up machinery will be established to allow the Government to assess the actions undertaken and to proceed with the necessary adjustments during the implementation phase of the MAP.
5. **Development partners:** Coordination of development partners will be ensured through an annual conference and sectoral meetings to allow for harmonization and efficient allocation of resources with a view to increasing the impact, particularly in terms of poverty reduction.
6. **Annual planning:** The commitments of the MAP are implemented through the annual planning process of the General Policy of the State and the Budget.

Concluding remarks

Partnerships have proved to be an important asset if they are used in an optimal manner. Beyond the rise in revenues, the beneficiaries can, by a multiplier effect, make other economic actors profit by technology improvements. Conversely, the failure of partnerships can create problems at the microeconomic level (lack of ownership by households and even disagreement among the stakeholders) and in the macroeconomic sphere (unnecessary increase of indebtedness in the country).

The Role of Partnerships Involving the Private Sector in Poverty Reduction⁵

By Mr. Wilfried Luetkenhorst
Chief of Cabinet and
Director of the Bureau for Organizational Strategy and Learning
United Nations Industrial Development Organization (UNIDO)

Poverty reduction is not going to happen by government fiat but only through private sector dynamism. In this context, it is encouraging to note that the second generation of Poverty Reduction Strategies (PRSs) currently being formulated in many developing countries places a more pronounced emphasis on the contribution that the private sector will have to make – compared to the over-reliance on the social agenda that characterized earlier PRSs.

This intervention stresses two points:

- First, the critical role of the private sector in any strategy to reduce poverty in a lasting and sustainable manner
- Second, the importance of the public and private sector, of development cooperation agencies and private business, to engage in strategic alliances and partnerships

At the outset, the following striking trend deserves to be recalled: at the beginning of the 1990s, of all resource flows to developing countries, some 30 percent were generated by private sources while approximately 70 percent were transferred as Official Development Assistance (ODA). The most recent available data (2005) reveal a complete reversal of these shares: two thirds of resource flows now originate from the private sector with ODA accounting for only one third. A remarkable change indeed. And a change that calls for a response from development agencies.

This new situation clearly calls for joint approaches and for partnerships between UN agencies – and, for that matter, also bilateral aid agencies – and those private sector players that undertake commercial investments in the developing world. These partnerships must have a dual purpose. First, they must seek to direct more of these private investment flows to countries that so far have been largely bypassed (namely, above all, the least developed countries). Secondly, they must seek to enhance the developmental impact of foreign investment wherever it does take place.

To achieve these increased developmental spread effects of foreign direct investment (FDI), UNIDO believes that the creation of sustainable linkages with local small and medium enterprises (SMEs) has proven to be the most powerful mechanism. This was also one of the key points made by the United Nations Commission on the Private Sector and Development in its 2004 report entitled “Unleashing Entrepreneurship”, which to this day remains one of the best and most concise reports on this subject. The creation of business linkages is also a central feature of the UN Global Compact.

Indeed, we all need to revisit the modalities and established practices of aid delivery. It is no longer appropriate, and certainly not effective, to look at ODA and FDI as two totally separate forces. The more we define complementarities and promote joint action, the more we will create synergies and generate tangible impact on the ground.

The following examples illustrate UNIDO's recent work in this field:

- In India, together with a number of global car manufacturers, we have managed to enhance the performance of hundreds of SME automotive component companies, which otherwise would have been wiped out by global competition. This has saved and indeed upgraded, thousands of jobs. This business partnership programme, which has been ongoing for eight years, has moved from an initial pilot phase into the roll-out of upgrading services to SMEs in one region, from where it has been scaled up to cover the most important regional clusters of the automotive industry in India. Today, UNIDO is preparing its withdrawal from the programme, which will be fully taken over and managed by the relevant local industry associations. In a nutshell, this partnership has created a sustainable capacity in India and will soon be standing on its own feet, with companies paying for the services received.
- In a more recent partnership established in 2006 with Microsoft, UNIDO is developing, initially for sub-Saharan Africa, an electronic Investment Monitoring Platform, which will provide rich information and assessments of investor perceptions and behaviour, and in turn will facilitate evidence-based policy decisions on investment promotion. This partnership will subsequently be extended to cover other regions as well. It is further envisaged to collaborate with Microsoft on a refurbished computers programme, which will benefit local SMEs and at the same time, address serious environmental challenges created by electronic waste.

In both cases, the state-of-the-art expertise of global business players is brought to bear on local development dynamics.

At the opening session of the Council, Mr. François Bourguignon, the World Bank's Chief Economist, spoke about the growing fragmentation of development assistance that we are currently witnessing, with an increasingly important role of emerging new donors (China and India being cases in point) and rapidly growing contributions coming from powerful private foundations. This is certainly true. But it is equally true that we are now witnessing hybrid forms of aid delivery, often with several partners from business, civil society and traditional aid institutions getting together and delivering sustainable results.

This is an exciting new development – a development that breaks down conventional barriers and does not ask who provides the much needed support (whether multilateral or bilateral, public or private agencies) but the far more important questions of “Does this support work? Does it provide jobs, create income and reduce poverty?” While it is quite legitimate to see a potential danger of development assistance being gradually privatized, one must recognize that there is now a healthy dose of pragmatism compared to the often ideological dividing lines that prevailed in the past.

The Role of the Private Sector in Poverty Eradication⁶

By Sir Mark Moody-Stuart
Chairman
Anglo American plc

It is clear that while government and donor input into healthcare, education and infrastructure is vital to addressing poverty, a lasting solution is to build economic activity so that sustainable livelihoods are created. For too long international development policy has been conducted as if it were divorced from the real economy. Poverty will only be beaten if there is growth and growth comes primarily from the private sector.

The basic contribution of business

The basic contribution of companies to economies through fiscal payments and multiplier effects should not be forgotten. The following figures from the “Anglo American”, which are available readily from the company’s “Report to Society” (www.angloamerican.co.uk), illustrate how the economic benefits are shared.

In 2005, the company made record underlying profits of \$5.5 billion, supported by very strong commodity prices. \$4.46 billion were paid to Governments in taxes, 64 percent of these payments were in developing countries. Of this, \$3.12 billion was in the form of corporate taxes and royalties and \$1.34 billion in value added and employee taxes. This compares with \$3.22 billion to shareholders in dividends and \$0.4 billion to banks in interest. Payments to our employees amounted to \$4.86 billion, \$ 2.78 billion or 57 percent of which was to 86,000 employees in Africa and Latin America.

The multiplier effect of our 86,000 employees in Africa and Latin America spending the bulk of their earnings locally on housing, services and education, is substantial. Using conservative family and other multipliers shows that the business supports well over a million people directly and indirectly in developing countries. But this is dwarfed by the \$17.2 billion paid to suppliers, of which \$9.17 billion or 53 percent was disbursed in Africa and Latin America. That sum in turn generates tax, employment, further local supplies and so on down the chain.

These figures demonstrate that a single profitable business, albeit a large one, is putting billions of dollars into developing economies and providing economic support to millions of people.

Additional efforts to grow enterprises

If one applies special efforts to boost local suppliers and develop sustainable businesses in the local supply, the effect can be magnified at no great cost. For example in South Africa, \$1.7 billion, or 26 percent of local procurement now goes to black owned or

controlled businesses, a figure that has increased by 30-50 percent a year over the last few years.

Many companies go further and put special efforts into development of small and medium sized enterprises. In the Anglo model, called Anglo Zimele in South Africa, Anglo co-invests – typically a 20 percent shareholding - with budding local entrepreneurs to build new businesses. This is done at a rate of about 20 businesses a year on commercial terms, but with mentoring and advice on business planning and methods. Once the business is on its feet, usually after three years, Anglo Zimele sells out to the entrepreneur, leaving the business as completely independent. There are currently investments in over 40 businesses, employing 3,500 people with a collective annual turnover of \$135 million.

In Chile, a little over a year ago we decided to adapt the Zimele model and now have two initiatives running. One, administered through an NGO partner, involves microfinance loans to over 1,000 start-up businesses. The second leg involves trying to support small businesses in our supply chain to grow into medium sized suppliers to the mining sector – this is currently involving about 20 companies. Anglo is now looking to pursue similar models in Brazil and Peru.

In the context of business development, it is worth mentioning the work started under the auspices of the Global Compact in the run up to the Johannesburg World Summit on Sustainable Development in 2002 and now lead by the UNDP on “Growing Sustainable Businesses” in the least developed countries. The idea was for businesses in various sectors from communications through beverages and personal products to energy to look at ways in which they could grow their normal business, perhaps with some adaptation, to serve the poorest sectors of society.

Capacity Building

A major contribution of businesses to capacity building is through training of employees. This often amounts to 3 or 4 percent of employee costs. Many entrepreneurs starting in business get their first business experience through employment in major companies or for example by becoming dealers or distributors for major companies, for example in the beverage business or transport fuel retailing.

In many cases the local supply of people with sufficient education to work in technological industries is insufficient. It is therefore in the self interest of companies to invest in education. For example, at Anglo American, we have over 1000 bursars, some 500 graduate trainees and some 2000 apprentices in training. In addition, Anglo has a programme of some \$5 million a year to strengthen critical maths and science teaching in schools in South Africa, building on existing centres of excellence in both the public and private sector.

Co-investment in infrastructure

Many major operations, particularly in the resource industries, require major investments in transport and port infrastructure. The longer term utility of such infrastructure to serve other sectors of society can be greatly improved if planning is integrated with

government or donor funded infrastructure investment. This concept can be extended further if both the company requirement and the public infrastructure are contracted at the same time, perhaps using the contracting capacity of the private sector to oversee the contract, thus supplementing sometimes weak government capacity.

The barriers to this happening on the company side are concerns about delays – government infrastructure planning timetables are often understandably more protracted than those for a single project – and concerns about funding. These barriers may be overcome or reduced by commencing planning at a very early stage of a project and involving international financial institutions as guarantors of payments.

Co-investment, with potential to serve the poor, is also very important in the healthcare field. Consider a company addressing the threats of HIV/AIDS, TB or malaria in its workforce. With a major programme on HIV/AIDS prevention and treatment running for some years now, Anglo American's statistics demonstrate that, apart from any moral imperative, the cost of provision of antiretroviral treatment for AIDS is largely offset by reduction in absenteeism and in treatment costs for other infections.

But the viruses, bacteria or insects responsible for these diseases are no respecters of factory or plant boundaries. They cannot be treated unless families are also treated. But where should the line be drawn in extended families, neighbours, fellow pupils at school and the community at large? Furthermore, families are often located relatively remotely to corporate facilities, meaning that company clinics, suitable for employees, are not suitable for families or the wider community. The answer here has to be co-investment with government health services or donors to provide facilities. Often the skills of the private sector can be used to run such facilities. A barrier to such co-investment is a concern on the part of the company that donor funding from such sources as the Global Fund for HIV/AIDS, TB and Malaria, or from the US Government's PEPFAR, is often in relatively short term tranches. Should such funding not be continued, the company will be potentially left holding the baby, or all the babies so to speak.

Co-ordination between different sectors of society and different companies

In all of the above, co-operation and consultation between different companies as well as civil society and labour organisations is critical. The Local Networks of the Global Compact are an important way of achieving this, bringing together businesses of all sizes as well as the civil society and labour. Through this mechanism, within a framework of the principles of the Global Compact, key concerns can be identified and local priorities established.

Conclusion

Through the effective running of its normal business, with extensions into its supply chain and using its skills in enterprise development, a company can have a very considerable impact on the establishment and growth of sustainable livelihoods which are essential to poverty reduction. In addition contributions can be made to the development of capacity, both within the company and through support for the education system. Co-investment with governments and donors in both infrastructure and possibly in healthcare

can be effective. Given planning and co-operation with others, all of this can be accomplished at very modest additional cost to the company.

Business as a Partner in Eradicating Poverty⁷

By Ms. Jane Nelson

Founder Director of the Corporate Social Responsibility Initiative at
Harvard University's Kennedy School of Government, and
Director of the International Business Leaders Forum

The private sector – including both domestic and foreign companies and large and small-scale enterprises – is playing an increasingly important role in helping to eradicate poverty.

Companies are increasingly working with each other and with governments and civil society organisations, for example, to help promote good governance, improve investment climates, ensure decent work conditions and tackle corruption. They are also becoming more active in efforts to expand economic opportunity to marginalised groups such as women and youth, deliver essential products and services to low-income communities, facilitate remittances, respond to complex emergencies, strengthen health systems, respond to growing water scarcity, support education reform and bridge the digital divide. At the same time, there are private enterprises that either intentionally or unintentionally are having a detrimental impact on achieving these and other development goals, and that are increasing or exacerbating conditions of severe poverty and income inequality.

Understanding and encouraging the appropriate role of business in eradicating poverty - and in particular, minimising any negative impacts and leveraging the positive contributions of the private sector - is a leadership challenge and opportunity that no government or business leader can afford to ignore.

A leadership opportunity for business and government

From the perspective of governments, the challenges are too great and varied, and resources too scarce and dispersed for any one government to tackle them alone or even for the public sector to address them collectively. Engaging effectively and transparently with the business community and civil society organisations is essential to achieving the Millennium Development Goals (MDGs) and to ensuring a more inclusive, rights-based approach to economic growth.

Equally, there is a need for governments to engage more proactively with major corporations in efforts to improve both corporate and public governance, and to ensure that public revenues from natural resource development, business taxes and exports actually reach the poor and help to support national development objectives. Ground-breaking initiatives such as the Extractive Industries Transparency Initiative, Kimberley Process, Equator Principles, International Cocoa Initiative and Ethical Trading Initiative illustrate what is possible in terms of building innovative new mechanisms for greater mutual accountability.

From the perspective of business, developing economies are too important to be overlooked by major companies that want to grow in the coming decades. The best companies already recognise that engagement in these economies is not only a matter of philanthropy or compliance with responsible business practices in areas such as the environment, labour and human rights, although these are all essential. Increasingly it is also a case of positioning for long-term growth and developing new products, services and business models to profitably solve development challenges and serve untapped markets.

At the same time, companies recognise that many developing countries present new types of risk that need to be effectively managed. This calls for them to play a more proactive role in addressing key development challenges and engaging in public policy dialogue and institution building with governments.

As British Prime Minister Gordon Brown commented in a July 2007 speech at the United Nations, “[business] knows better than anyone that in the long run you simply cannot succeed in places where the roads are impassable, where people have no access to markets, where employees are under-educated or under-fed, where the rule of law is poorly established or poorly respected. Not only does business have the technology, the skills, the expertise for wealth and job creation that if fully mobilised for global purpose will help meet our goals, it is also in your best business interest to help poor countries develop.”

So what are the most effective and appropriate roles for companies to play in helping to eradicate poverty while also creating long-term value for their shareholders?

The role of business in supporting development goals

There is wide variation in the specific contributions that different companies can make to support economic and human development goals. Their contribution depends not only on the type of development intervention needed – such as increasing access to jobs, income, education, health, energy, water, technology and markets or improving governance and public capacity - but also on factors such as the industry sector and the company’s business model, ownership structure and size.

Despite these differences, almost all companies have the potential to make a contribution to eradicating poverty through the following three spheres of business influence. The International Business Leaders Forum (www.iblf.org) has worked with UNDP and others to develop a ‘Framework for Business Action’ based on these three areas:

- i. **Core business operations and investments** – including the company’s activities and relationships in the workplace, the marketplace, and along the supply chain. The greatest and most sustainable contribution that any company can make to eradicating poverty and supporting development more generally is through carrying out its core business activities in a productive and responsible manner. The key goal for all companies should be to minimise and be accountable for any negative impacts on development that may arise from these activities, and to increase and leverage positive impacts, ranging from technology transfer and job creation to the payment of taxes and human capital development. In particular, companies can aim to develop what UNDP

describes as ‘inclusive business models’, which explicitly include the poor as employees, entrepreneurs, suppliers, distributors, retailers, customers or sources of innovation in economically viable ways. They can also make a strong commitment to ensuring what the ILO has called ‘decent work’, not only through adhering to ILO Labour Conventions and codes of conduct, but also through programmes to support worker empowerment and training.

ii. **Strategic philanthropy and community or social investment** – aimed at mobilizing not only money, but also the company’s other core assets and competencies such as its people, products and premises to help support and strengthen local communities and non-profit partners.

iii. **Public policy dialogue, advocacy and institution building** – efforts by companies, either individually or collectively, to participate in relevant public policy dialogues and advocacy platforms with both developing country and donor governments, as well as helping to build or strengthen public institutions and administrative capacity within developing countries.

These three spheres of business impact and influence are illustrated in the diagram below, “Spheres of business impact and influence”. They can also be envisaged as a company’s ‘development footprint’ – the extent and impact of which will vary depending on the company, industry sector and situation in question.

Hybrid approaches

One of the most interesting developments in recent years has been the emergence of what can be described as ‘hybrid approaches’. These are business models or partnerships that combine the company’s core competencies and commercial acumen, with social investment, philanthropy and/or public finance. Such approaches are being used to support projects that may not immediately meet commercial hurdle rates, but have the potential of becoming economically viable over the longer term, while explicitly addressing a development or social need.

Such approaches are being used to seed some of the innovative ‘base of the pyramid’ or inclusive business models that are being developed by companies such as Hindustan Lever, SABMiller and Anglo American, and by the Shell, Vodafone, Coca-Cola, Cisco Systems and Virgin Unite foundations. In all cases, these companies and corporate foundations are leveraging their immense talent and capacity in fields such as marketing, production, supply chain management, and information and communications technology, in addition to their philanthropic funds or corporate social investment programmes. In a growing number of cases large companies are also partnering with individual social entrepreneurs to develop economically viable products and services for low-income communities.

Spheres of business impact and influence

SOCIAL INVESTMENT AND PHILANTHROPIC ACTIVITIES

Mobilize core competencies and resources such as money, products, skills, premises and people to help support or strengthen local communities by:

- Supporting enterprise development, education, training, youth development, environmental, and health and nutrition projects in local communities
- Building managerial, technical, financial and governance capacity of local community leaders, social entrepreneurs, technical specialists, and their organizations

CORE BUSINESS ACTIVITIES

The research and development, sourcing, manufacture, marketing, distribution, pricing, end-use, and disposal of many products and services can contribute to international goals in a number of ways. At a minimum these activities should be carried out in a way that complies with the law, manages risks, and minimizes negative social and environmental impacts, while remaining profitable. They can also create positive value for host communities and countries by:

- Producing safe and affordable products and services
- Generating income and investment
- Creating jobs
- Developing human resources
- Building local businesses
- Spreading responsible international business standards and practices
- Supporting technology development and transfer
- Establishing physical and institutional infrastructure

POLICY DIALOGUE AND ADVOCACY ACTIVITIES

Take individual and/or collective action to influence the enabling environment, build public capacity, promote good governance and support more systemic change at the local, national or global level:

- Supporting effective implementation of international norms relating to human rights, labour rights, bribery and corruption, and the environment
- Sharing business skills; know-how, technology and resources with government to help improve public capacity and service delivery in key economic, education and health areas
- Helping government to attract and retain foreign investment and to access foreign markets
- Advocating for fair trade and effective aid
- Engaging in multi-stakeholder dialogues around complex public problems such as corruption, healthcare, education, security, climate change etc.



* Enabling framework = regulations, legislation, fiscal incentives, voluntary guidelines and codes of conduct, public opinion, institutional structures, financing mechanisms, research, training and capacity-building, media etc.

Sources: Nelson, J. Building Partnerships. United Nations and International Business Leaders Forum, 2002 and Nelson, J. Business as Partners in Development. International Business Leaders Forum, UNDP and World Bank, 1996.

Collective action

While it is essential that major corporations get their individual operations in order and focus on what they are best equipped to deliver, there is potential to scale-up their impact and address more systemic challenges through collective initiatives with other companies, governments and development partners. These initiatives can be focused on a particular country or region, a specific development challenge, or a particular industry sector. Examples include: Business Action for Africa, South Africa's National Business Initiative and Business Trust, Philippines Business for Social Progress, Vietnam's Business Links Initiative, Tanzania's Private Sector Initiative, the Global Business Coalition Against HIV/AIDs, TB and Malaria, and the Global Alliance for Improved Nutrition.

The following three examples illustrate the potential for collective action and cross-sector partnerships in more detail and have relevance for other countries and regions:

The African Investment Climate Facility (ICF)

The World Bank's Doing Business initiative and findings of the Commission for Africa have both emphasised the crucial need to address issues such as property rights and contract enforcement, regional trade promotion, taxation and customs reform, infrastructure facilitation, labour and capital market restructuring, reduction of red tape and the control of corruption and crime in order to improve Africa's investment climate and the ability to alleviate poverty. The ICF is an innovative new public-private vehicle aimed at applying business principles and rigorous management practices to address this challenge. Launched in 2005 as a formal partnership between African and donor governments and the private sector, ICF is based in and run from Africa. Its public-private composition is reflected in its governance, funding and operational structures and its results will be assessed annually by an independent board. Co-chaired by Niall FitzGerald, Chairman of Reuters and Benjamin Mkapa, former President of Tanzania, the ICF's corporate partners currently include Anglo American, Celtel, Microsoft, Shell, SABMiller, Standard Bank and Unilever. These corporate partners are not only providing funding to the Facility, but have also committed to second personnel to serve on task forces and to share expertise in a variety of areas such as project management, evaluation and reporting, market research and risk management. Although still at an early stage, this model may have applicability in other regions.

Youth Business International (YBI)

Young people make up almost half the world's unemployed. Many have the potential to start their own business but lack the necessary means to do so. This represents a tremendous waste of talent but also provides a great opportunity. The ILO reported that 'halving the world's youth unemployment rate would add an estimated 4.4%-7% to the world's GDP'. YBI was created by the International Business Leaders Forum to address this challenge. It is a network of locally based programmes that provide support to entrepreneurial youth by providing access to start-up finance and a business mentor who works with the young person for the crucial first few years as they develop their business.

Each local YBI programme works in close partnership with the business community. YBI is currently active in 38 countries and to date the YBI Network has enabled over 17,000 new businesses to start and they, in turn, have provided employment for many thousands of others.

The Public Health Foundation of India

The quality, affordability and reach of public health services is a crucial foundation for both economic and human development and poverty eradication, yet in many developing countries there are serious institutional and human resource constraints to delivering good services. In India, a group of major corporations and foundations have joined forces with the government and donor agencies in a public-private partnership aimed at strengthening the country's public health capacity. The business, government, philanthropic and academic partners in this foundation play a shared role in the governance structure as well as jointly providing funding, expertise and other resources. The foundation aims to establish up to seven new institutes of public health in India in addition to strengthening existing public health training and research institutions and networks, generating policy recommendations and establishing an independent accreditation body.

Conclusion

As these and many other examples illustrate, the private sector has an increasingly important role to play in working with governments and others to achieve key development goals and eradicate poverty. Three areas of action are especially important for leaders in business and the public sector to consider:

- i. Efforts to *mobilize, reward, and scale-up the positive contributions* that companies can make to development, either individually through the creation of inclusive business models and competence-led philanthropy and community investment programmes, or collectively through groups of companies working together to solve development challenges.
- ii. Efforts to *identify, mitigate and monitor any negative impacts and externalities* arising from corporate activities, through initiatives such as industry-wide labour, human rights, ethical and environmental standards and guidelines, integrity pacts, and multi-stakeholder monitoring, accountability and dispute resolution mechanisms.
- iii. Efforts to enable the private sector to play a legitimate role in *improving the broader enabling environment* at a national or regional level. In particular through initiatives to strengthen public governance and public institutions, not only in the economic sphere but also in areas such as anti-corruption and strengthening public health and education systems.

A growing number of business leaders, companies and industry associations are stepping up to the plate in all of these areas to support economic and human development goals. The central challenge for leaders in business and government alike is to develop new business models, market-driven mechanisms and cross-sector alliances that serve the public interest while making sound business sense, and that harness the competencies, technologies and networks of the private sector without replacing or undermining the role of governments or destroying the ability of business to create long-term value. Success in

meeting this challenge will be essential to eradicating poverty in many developing countries.

An African Perspective to Poverty Reduction Strategies⁸

By Dr. Kwesi Botchwey
Professor of Practice of Development Economics
The Fletcher School, Tufts University,
Member of the United Nations Committee for Development Policy and
former Minister of Finance of Ghana

Significant progress has been made in the pursuit of the Millennium Development Goals, in particular the overarching goal of poverty reduction. The bulk of this progress has been made in China where, over the past two decades, about 220 million people have gone out of poverty. However, progress have also been made in sub-Saharan Africa, where most of the poor are concentrated (34 of the 48 poorest countries are African). Fifteen countries of this region have reached the middle income status and another five are very close to it. Still, the challenges are most daunting in sub-Saharan Africa, with 318 million of the region's population (of over 700 million) still living on less than \$1 a day.

Clearly, the MDGs are still achievable at this half-way mark, provided that we begin to "sprint". What will be at stake? The positions expressed during this roundtable, which largely concur with the analysis and recommendations contained in the report of the Committee on Development Policy, provide useful insights. They can be grouped under five major headings: 1) The role of national ownership in the design and implementation of effective national strategies for poverty eradication; 2) The efficacy of the poverty reduction strategy process itself; 3) The role and performance of the global partnership in helping meet the poverty reduction goals; 4) The financing issues and the changing patterns observed in this field; and 5) The new forms of supporting national and global partnerships.

The solution to poverty eradication and the acceleration of the ongoing trend are not going to come from official development assistance alone. Too much attention has been paid to making ODA flows efficient and effective. Given the political economy that drives ODA flows and the geopolitical considerations at stake, ODA flows will never be completely adequate, free-standing and predictable enough to make the difference in practice. While for many countries, particularly in sub-Saharan Africa, ODA is of utmost importance, the spirit of change that is needed cannot come from international assistance alone. This spirit has to come from the countries themselves who should position themselves in such a way as to exercise leadership in shaping the policy agenda, set priorities and fight to expand policy space and use it effectively. It makes little sense to claim for policy space if the countries are unable to exhaust this space.

It is also important that MDGs and the Poverty Reduction Strategy Papers (PRSPs) do not become the new shackles on the vision of developing countries. While they are both important, it is essential to think on a longer term, beyond 2015. The need for appropriate policies is not going to come to an end in 2015. In Africa, where poverty is

concentrated, the population will significantly increase, with 2 billion additional people by 2050. Long term prospects are therefore crucial.

National ownership means, more than anything else, knowledge, namely knowing the national situation thoroughly, accessing knowledge on best practices worldwide, and customizing such best practices to suit specific national conditions. The countries that have experienced an acceleration of poverty reduction in recent times, such as China and India, have done so, as they themselves have said, by “crossing the rivers with filling the stones”, harnessing the institutional framework and knowing the situation better than anyone else. Creative and innovative policies and practices are essential, whether this refers to tax policy, the protection of property rights, the deregulation of financial markets or the design of social protection schemes. African countries should create the right macroeconomic, political and governance conditions for price stability, savings, investment promotion so as to maximize domestic resource mobilization, encourage larger flows of remittances and access international capital markets. While philanthropic initiatives and the increased involvement of the private sector are positive developments, the viability of these efforts depend on the existence of adequate policies and public frameworks.

Finally, it is essential to liberate the creativity and initiatives of the local private sector and tap into alternative sources of financing, including public-private partnerships. It is all the more important to do so because most of resources coming to developing countries are not connected to ODA. Countries should therefore engage in developing domestic resource mobilization strategies and reforming their financial sector to enable freer access to capital for small and medium-size enterprises, taking into account the contribution of healthy SMEs to job creation and poverty reduction.

Global Finance: Can the Poor continue to finance the Rich?⁹

By Ms. Ann Pettifor
Director
Advocacy International¹⁰

"There is surely something odd about the world's greatest power being the world's greatest debtor. In order to finance prevailing levels of consumption and investment, must the United States be as dependent as it is on the discretionary acts of what are inevitably political entities in other countries? It is true and can be argued forcefully that the incentive for Japan or China to dump treasury bills at a rapid rate is not very strong, given the consequences that it would have for their own economies. That is a powerful argument, and it is a reason a prudent person would avoid immediate concern. But it surely cannot be prudent for us as a country to rely on a kind of balance of financial terror to hold back reserve sales that would threaten our stability."

Lawrence H. Summers, Harvard University. Speech at the Third Annual Stavros S. Niarchos Lecture. Institute for International Economics. Washington, DC. March 23, 2004

In his speech quoted above, Lawrence H. Summers questions whether it is wise for a rich country like the United States to be so dependent on a country like China, that jointly with Japan exercises a 'kind of balance of financial terror' over the US. This is because both countries hold large sums of US government-backed IOUs, or Treasury bills, and can threaten to 'dump treasury bills' – and thereby deprive the US of financing for consumption and investment. (It is important to note, in passing, that US Treasury bills held in Japan are mainly held by private investors, whereas in China these bills are largely held by a public institution, China's central bank.)

However 'the balance of financial terror' can be approached from a different perspective. In this paper we question whether poor countries - countries with very large numbers of poor and unemployed – are wise to finance exorbitant rates of consumption and investment in a very rich, almost fully employed country like the US? And is it wise for low-income countries to be investing their country's surplus, not in domestic education, health, employment and vital infrastructure, but in lending (at low rates of interest) to a high-income country, already fully developed?

More worryingly from the point of view of low-income countries is this: the US, as a geopolitically powerful debtor, has the power to defer, delay or default on repayments of its foreign debts. (Russia did so only recently). Second, as the issuer of the world's reserve currency, the US has the power to devalue those loans/debts by printing more of the currency in which they will be repaid, i.e. dollars.

Finally is it wise for low income countries to be investing the hard-earned surpluses of their people and institutions in a country, the US, which has a record of default on its obligations; (see below) a historically high current account deficit (\$860bn by the end of

2006, 6.5% of US GDP); a historically low savings rate, high personal, household, corporate and sovereign debts; and which is now facing a prolonged and painful economic downturn? Indeed as this is written (November, 2007) the US is experiencing a crisis of household insolvency and banking write-downs. These have been caused by a contraction of the easy de-regulated money that has characterized Anglo-American credit markets in the last decade. Rises in interest rates and a tightening of credit, a spiraling oil price, the first fall in average US house prices since the Great Depression and what one economist calls ‘systemic fraud’ in the US banking sector¹¹ have all lead to widespread defaults on sub-prime mortgages, the repossession by creditors of millions of poor peoples homes, and crises for US banks, including Citigroup, Merrill Lynch and Bear Stearns. One economist, Prof. Roubini, writes that US banks face “losses of the order of \$500 billion once you account for all the losses from sub-prime, near-prime, prime mortgages, CDOs (collateralised debt obligations) CLOs (collateralised loan obligations) failed LBOs (leveraged buy-outs), auto loans, credit cards and other consumer credit, commercial real estate loans, a variety of asset backed securities, ...and other financial market losses. Sub-prime alone is now estimated to lead to losses as high as \$238 billion based on a mark to market analysis.”¹²

This contraction of credit, which over the past decade has successfully fuelled the inflation of assets in economies modeled on the Anglo-American template for de-regulation, is now leading to major international adjustments/corrections, including a substantial fall in the value of the dollar. Such currency realignments will badly impact the value of poor country reserve holdings. A global recession could quickly dissipate the surpluses built up by e.g. China and would impact more painfully on the poor and unemployed in low-income countries.

We conclude that the current phenomenon of the poor financing the rich is as risky and unsustainable as it was in the period prior to the French revolution.

Foreign Exchange Reserve Accumulation

Since 1995:

Net financial transfers between low-income and high-income countries has shifted from an inflow to low-income countries of \$46bn to an estimated outflow of \$658bn in 2006¹³

Debt cancellation has helped keep net financial flows positive for some low-income countries, but even for sub-Saharan Africa (excluding South Africa and Nigeria) net flows are estimated to have become negative in 2006. In other words, poor countries are transferring more of their precious, scarce resources abroad than they are receiving in aid and other flows. The chart below illustrates the dramatic change in flows between poor and rich countries since 1995.

The build up of foreign debts in rich countries is correlated by the build-up of foreign exchange reserves (i.e. US and other rich country Treasury bills) in countries like China and India. This is a key mechanism through which financial net transfers have occurred

Low-income countries now own a stock of official foreign currency reserves of over \$3 trillion (up from \$2 trillion in 2005 and \$572 billion in 1997) of which China owns about \$1.3 trillion.

In 2005, 92 out of 127 low-income countries increased their reserves, mostly in the form of dollar-denominated US Treasury bills. They did so largely as insurance - to hold a 'cushion' of reserves that would protect their currencies from speculative attacks and financial instability.

In contrast, high-income countries hold much lower levels of foreign currency reserves: a total of \$1.1 billion at the end of 2005 (Euro area (\$167bn), US (\$37.8bn), Japan (\$828.8bn) and UK (\$40.9bn))

How did we get here?

It all began with President Nixon's decision in 1971 to default on US obligations (to repay debts in gold) and to detach the US from the discipline of the Bretton Woods system, which required governments to maintain balanced current and capital accounts. The US had built up debts as a result of the Vietnam war, and was unable to fulfill its obligations to repay debts in gold. President Nixon simply ordered an end to repayments in gold, and defaulted on those obligations. At the same time he withdrew the US from the Bretton Woods system, without co-operating with other world leaders to replace or improve the international financial architecture put in place at Bretton Woods in 1947.

Under Bretton Woods, the world's global reserve currency, the US dollar was regulated with an arrangement to exchange dollars for gold at a fixed rate. The system required the US to exercise discipline, to regulate capital flows and correct imbalances, including trade imbalances, as they occurred. After the US unilaterally dismantled the Bretton Woods system there was no international framework for regulating or correcting imbalances – either surpluses or deficits in either trade or finance. The US was free to expand consumption, and rely on foreign savings to finance that consumption. Leadership of the international financial system was transferred to 'the invisible hand' driving private, capital markets.

The Bretton Woods system while not perfect, fostered an age of international financial stability and economic growth. For example, per capita GDP in Latin America rose by 80% between 1960 and 1980, but has risen by only 10% since 1980 – the start of the period of de-regulation of trade and finance.

“The three decades following World War II seem to have been a golden era of tranquility in international capital markets, a fulfillment of the benediction ‘May you live in dull times’ ... Sovereign defaults and liquidity crises were relatively rare.”¹⁴

Since 1980 the global economy has been characterized in part, by economic growth, particularly in China and India, but also by debt-deflationary crises, growth recessions and financial instability that badly hurt their poor and vulnerable. Latin America (1982), Japan (1989/90 to the present day), Mexico (“the tequila crisis” in 1994/95), Asia (1997/98), Russia (1998), Brazil (1999) and Argentina (2001) are but the most prominent of these.

To this list we must now add the United States, Europe, Japan, Australia and New Zealand in 2007.

How should a new international system of regulation be constructed?

We propose that the international community of nations should finally heed the advice that John Maynard Keynes offered after the turmoil of the 1920s and 1930s. The first is to recognize that capital flows and credit creation should be regulated – not by a private sector driven alternatively by greed and fear; but by a democratically accountable public sector. Such a policy will inevitably be greeted by howls of protest from the private sector. However, as this article goes to press, the private sector is relying on publicly available ‘liquidity’, made available by Central Banks and underpinned by taxpayers, to shore up losses, finance liabilities and avoid insolvency. Because the current crisis is not one of liquidity, but of insolvency, there is considerable risk that Central Banks and therefore taxpayers will face substantial losses and liabilities. At that point taxpayers are likely to protest the reckless greed of the private sector, and a financial system that periodically abandons the free market rule that those who undertake risks for gains, should also face losses. Instead Central Bankers are protecting and rewarding unwise creditors and investors with gains, while burdening taxpayers with losses. Such behaviour means that public sector intervention and regulation of the private finance sector will inevitably become acceptable, even fashionable once again.

The second is Keynes’ proposal for the replacement of a US dollar-based reserve system by the establishment of an International Clearing Agency - a new, open, international currency regime consistent with keeping international trade and investment open to all nations on equal terms.

The key actions of such an International Clearing Agency (ICA), would not be very different from those of domestic clearing agencies. They would act as follows:

- All foreign currency payments received would be exchanged for domestic currency deposits;
- All foreign currency payments would be deposited by Central Banks with the ICA;
- All international reserves would be held by the ICA;
- By netting all international payments against countries’ reserve accounts, the ICA would determine orderly changes in exchange rates.

Conclusion

The current international financial architecture benefits rich countries in a way that is profoundly unjust. It is not sustainable, and it is vital that debate on a new international financial system is re-vitalised and led by countries that are key players in the global economy, including China and India. There are major benefits to poor countries in replacing the US debt-based system of international reserves with an International Clearing Agency. These include greatly reduced exchange rate volatility, trade imbalances and reduced dominance of a few ‘strong’ currencies and countries over the rest of the world.

But perhaps its greatest benefit would be an end to the injustice of the poor world financing the rich.

Notes

- 1 From the 2007 High-level Segment of ECOSOC, 4 July 2007.
- 2 Ibid.
- 3 Ibid.
- 4 Ibid.
- 5 Ibid.
- 6 Ibid.
- 7 Ibid.
- 8 Ibid.
- 9 From the 2007 ECOSOC Informal Event of the Annual Ministerial Review, 2 April 2007.
- 10 See www.advocacyinternational.co.uk
- 11 Liquidity Bust Bypasses the Banking System. Part 1. The rise of the non-bank financial system. Henry C. K. Liu, Asia Times Online September 6, 2007.
- 12 Credit and Financial Markets Losses: \$100 billion or \$200 billion? Or most likely \$500 billion, Nouriel Roubini | Nov 07, 2007 <http://www.rgemonitor.com/blog/roubini/225427>
- 13 Source: UN/DESA: World Situation and Prospects, 2007 and Jubilee Research. www.jubileeresearch.org . See also the work of Brad Setser at www.rgemonitor.com e.g. The US trade deficit is falling, but not as fast as the world's demand for US debt. Oct 16, 2007.
- 14 Eichengreen B & Lindert, P.H. 1991. 'The International Debt crisis in Historical Perspective. MIT Press, 1991.

Chapter 7

OFFICIAL LAUNCH OF THE DEVELOPMENT COOPERATION FORUM

Introduction

The Development Cooperation Forum (DCF) was officially launched on 5 July 2007 as part of the High-level Segment of the Economic and Social Council in Geneva. Initially conceived in the Report of the Secretary-General's 2004 High-level Panel on Threats, Challenges and Change¹, the Forum was formally established at the 2005 World Summit in order to deepen the global dialogue on development cooperation issues.²

Within the framework of the High-level Segment of ECOSOC, the General Assembly further entrusted the DCF with a 'distinct identity' to give policy guidance and recommendations to promote more effective international development cooperation. In addition, the DCF was tasked with identifying gaps and obstacles with a view to make recommendations on practical measures and policy options to enhance coherence and to promote development cooperation for the realization of the internationally agreed development goals (IADGs), including the MDGs.³

In preparation for the first DCF in 2008, a High-level Symposium was held in Vienna in April 2007. This chapter presents the discussion at that meeting in a first section. The second section summarizes the debates at the launch of the DCF in July 2007.

I. Preparing for the Development Cooperation Forum: Vienna High-level Symposium

To facilitate dialogue among stakeholders during the launch of the Development Cooperation Forum and to begin a consultative process for the Forum in 2008, the Department of Economic and Social Affairs of the United Nations Secretariat is organizing several high-level symposiums, hosted by Member States, with particular focus on the key challenges facing development cooperation. The first event, on the theme, "Country-level experiences in coordinating and managing development cooperation"⁴ organized in cooperation with the Government of Austria, took place in Vienna, on 19 and 20 April 2007. The objective of the Vienna High-level Symposium was to examine progress, identify key challenges and discuss good practices by donors and partner countries in implementing some of the policy goals established at the 2005 World Summit and the International Conference on Financing for Development, held in Monterrey, Mexico, in 2002, as they relate to the management and coordination of development cooperation at the country level.

The programme was organized around six main themes:⁵ (i) Assessment of development effectiveness; (ii) National development strategies as frameworks for development

cooperation; (iii) Predictability and stability of development aid; (iv) National capacities for administering aid; (v) Monitoring of aid quality; and (vi) Donor harmonization.

In the various discussions held at the symposium there was strong consensus on the need to accelerate the implementation of policy goals relating to development cooperation established at the 2002 Monterrey Conference, the 2005 World Summit and the 2005 Paris High-level Forum on Aid Effectiveness. Three key principles were singled out as being of pivotal significance for development cooperation that produces discernible and lasting results: national ownership, participation and accountability:

- (a) **National ownership:** genuine national ownership means that developing countries lead, in partnership with donors. Ownership is not simply agreeing to the terms and conditions of development cooperation established by donors, it is actively taking charge of defining the framework and process for cooperation;
- (b) **Participation:** the participation of non-State actors in the formulation and implementation of national development strategies is critical for the credibility, impact and sustainability of the development process. It is also important for Governments not to limit the participation in policy dialogue processes to like-minded stakeholders, but to benefit from a broad range of perspectives;
- (c) **Accountability:** development partners need to relate to each other as equals and be expected to heed agreed commitments. The Development Cooperation Forum could play a role in fostering such a partnership between development partners, based on the principle of accountability. It was also recognized that donors are increasingly scrutinized by parliaments and other oversight institutions for the effectiveness and impact of development assistance.

The two-day discussion were organized as a multistakeholder event, with the participation of high-level individuals in their personal capacity – The event was attended by approximately 130 participants representing a wide range of stakeholders, including representatives from developed and developing countries, including the Minister for Foreign Affairs of Cape Verde, United Nations organizations, the World Bank, the International Monetary Fund (IMF), the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD), bilateral aid agencies, regional and international organizations as well as representatives from civil society and the private sector.⁶ The debates greatly benefited from a number of country case studies and presentations that brought in local examples and recent experiences in coordinating and managing development aid from Bangladesh, Cape Verde, Indonesia, Mozambique, Rwanda, Uganda and Viet Nam.⁷

1. Opening of the Symposium

In opening the Vienna High-level Symposium, the President of the Economic and Social Council, Dalius Čekuolis, emphasized that the event was an important first step for the launch of the Development Cooperation Forum in Geneva in July 2007 and for the holding of the first Forum in New York in 2008. The Symposium was also deemed to be an excellent opportunity to take stock of progress in implementing the global development cooperation agenda at the country level.

The Development Cooperation Forum was considered to be a key platform for fostering dialogue and consensus on development cooperation policies among a wide range of stakeholders for the realization of the internationally agreed development goals. Participants were encouraged to share the outcome of the symposium with their respective constituencies, with a view to promoting a dynamic and inclusive preparatory process that would enable the Forum to fulfil its mandate and have a real impact at the country level.

The Under-Secretary-General for Economic and Social Affairs, José Antonio Ocampo, expected that the Development Cooperation Forum would become a major instrument of the international community in promoting more effective and coherent development cooperation for the realization of the internationally agreed development goals. The goals were regarded as constituting a shared framework for development cooperation owned by all stakeholders. The establishment of the Forum should be considered a major step in the implementation of the global partnership for development, while recognizing the concerns of many developing countries that this partnership is yet to live up to its full potential in several areas.

The Under-Secretary-General expressed the view that the Development Cooperation Forum would have a particularly important role to play in strengthening political oversight of aid commitments and aid effectiveness, in particular considering the scope for further improvements in the delivery and use of development aid at the country level. In this regard, enhancement of the quality and quantity of aid should be a high priority for donors while partner countries should use development assistance, multilateral and private financing and their domestic resources more effectively. Furthermore, improvements in aid effectiveness should go hand-in-hand with measures to improve the governance of the development aid system.

The strength of the Development Cooperation Forum was considered to be its ability to promote an inclusive process, anchored in quality analysis, where the voices of all stakeholders would be heard in global dialogue and policymaking. No other forum could provide such political legitimacy.

Ambassador Johannes Kyrle, Secretary-General for Foreign Affairs of Austria, singled out the commitments of the European Union to increase overall development assistance flows, with targets set for 2010 and 2015. There is a shared understanding among donors and partner countries that scaling up of development assistance must be complemented by measures to improve the quality of aid. With that objective in mind, bilateral delivery of development assistance is currently undergoing profound restructuring under the auspices of the OECD/Development Assistance Committee, guided by the Paris Declaration on Aid Effectiveness.

The United Nations was believed to be an indispensable part of the international development system, yet its structure would need to be further strengthened, streamlined and made more efficient. Furthermore, bilateral and multilateral aid delivery was thought to be in need of improvement, in particular in order to ensure that the interface of both actors at the country level, including the relationship with the international financing institutions, is well-defined and complementary.

It was anticipated that the symposium would make a contribution to the aid effectiveness agenda by deepening the understanding among stakeholders of existing coordination mechanisms and of the interlinkages between national development strategies and the delivery of development aid.

Ambassador Irene Freudenschuss-Reichl, Director-General, Department of Development Cooperation of the Federal Ministry for European and International Affairs of Austria, concluded the opening session by drawing attention to several ongoing tracks aimed at reforming global development cooperation. First, bilateral donors are working, both individually and collectively, to enhance aid effectiveness within the framework of the Paris Declaration and the upcoming High-level Forum on Aid Effectiveness, which is to be held in Ghana in 2008. Secondly, the division of labour within the European Union in respect of development cooperation is actively being discussed in order to reduce transaction costs and streamline aid delivery. Thirdly, reform of United Nations development cooperation has been given a strong impetus following the report of the High-level Panel on United Nations System-wide Coherence.

With respect to United Nations reform, it was considered important not to limit the debate to the review of the efficiency and effectiveness of the Organization's operational activities for development but also to look at its broader role in development cooperation. Issues previously in the domain of technical experts, such as energy security, climate change and water sustainability, which as of late have taken on a political nature and significance, may become important future priorities. Thematic and geographical clustering may therefore need to be considered in consolidating mandates at the United Nations Headquarters level.

It was also stressed that the different reform tracks need to interface in order to produce the desired impact at the country level. The Vienna High-level Symposium could be seen as a first step in defining this interface under the framework of the Development Cooperation Forum, which would eventually become the venue for such interaction.

2. Key issues in development cooperation

The meetings at the symposium provided an opportunity for participants to discuss trends and progress in coordinating and managing development cooperation at the country level. In the informative discussions that took place at the symposium, the overarching theme became that of striking a balance between forces that may at times be at odds with one another.

Reconciling national development priorities with the internationally agreed development goals was mentioned as a particular challenge in some countries. The need for national political and economic space for manoeuvring by developing countries, while at the same time adhering to the international commitments reflected in the normative frameworks of the United Nations, also emerged as an issue warranting attention.

Furthermore, ensuring resource flows to social sectors ("Millennium Development Goal sectors") in partner countries should not be at the expense of investment in productive sectors that indirectly support advancements in areas such as health and education. In addition, squaring the focus on measurable Millennium Development Goal indicators

with the importance of other areas, which are not easily quantifiable (for example, human rights and good governance), was considered a major challenge.

Monitoring was seen as an area where donors wield particularly strong influence over partner countries in framing the areas of focus and the selection of indicators. The strongest message of the symposium, however, was the need for partner countries, in cooperation with donors, to build strong national capacities to exercise genuine leadership in the development process.

National leadership is one aspect of the development compact between developed and developing countries, whereas important issues that relate to donor behaviour constitute another side of the compact. One such issue raised was the challenge faced by partner countries in coordinating and managing aid resources that, in many cases, are much more volatile than domestic revenues.

While streamlining the presence and practices of donors at the country level should be accorded high priority, different ideas were aired with regard to donor harmonization, ranging from the need for full harmonization of procedures to improving coordination and to looking into the creation of an environment more conducive to competition between donors in providing their services.

The following sections provide a brief summary of the discussions that took place in each of the six sessions.

A. Development effectiveness

Despite recent progress in improving the livelihoods of millions of poor people in the developing world, poverty reduction remains a daunting challenge, even in countries with positive economic growth rates. Considering that economic growth is a necessary but not sufficient condition for poverty reduction, pro-poor policies are required for appropriate income distribution. Even modest annual economic growth may deliver impressive poverty reduction. Thus, when it comes to poverty alleviation, the nature and pattern of economic growth is just as important as the rate of growth. Even small changes in income distribution, for instance, may reinforce the effect of growth on poverty.

Countries should also be aware of the forces that fuel economic growth since these define the impact of such growth on poverty and the ability of partner countries to become less aid dependent. If development aid is a major contributing factor to economic growth, there is a risk that it may consolidate and perpetuate aid dependency. Economic growth may not necessarily, therefore, be a process that decreases aid dependency.

A policy environment conducive to development effectiveness requires both sector policies and an overall enabling policy framework. Individual development projects will also have more impact if they are anchored in an effective national development strategy. Another important factor in bettering service delivery to the poor can be knock-on effects, whereby enhanced conditions in one sector lead to improvements in others, for example the growth in girls' secondary schooling and rural electrification in reducing child mortality in Bangladesh.

Donors were urged to provide better support to regional programmes, which tend to be few in number and inadequately resourced. It was felt that both donors and partner

countries have often overlooked opportunities for regional cooperation to support the implementation of national development strategies in areas such as water management, power, transportation and disease control.

The distinction between development effectiveness and aid effectiveness was also highlighted since development assistance is only part of overall financing for development in a given country. The experiences of a number of Asian countries in mobilizing resources for development through trade, investment and business activities, and thus escaping aid dependency, were highlighted as lessons to be learned.

Every country needs to establish its own balanced approach in order to avoid a lopsided development focus when using aid to achieve the internationally agreed development goals. Since indicators are good servants, but bad masters, the Millennium Development Goals should be seen as tools to enable countries to keep track of progress. In order to achieve improvements in, for example, health, investment is also required in other areas, such as infrastructure and job generation. A narrow view of expenditures in the social sector as the principal means to achieve the Millennium Development Goals should therefore be avoided.

It was argued that in many countries the scaling up of development aid will improve development effectiveness. In order for such scaling up to have the desired effect it will have to be delivered in a predictable manner and with consideration for the quality of aid, in particular by shifting funds from projects to programme and budget support. Improved means of assessing the effectiveness of development aid in developing countries may also be required if donors are to make a strong case for major scaling up with regard to citizens and oversight institutions, such as parliaments.

Partner countries need to be aware, however, of the risk of becoming trapped by multidimensional aid dependency once it is entrenched as a *modus operandi* in government administration. In some countries, a corporate culture of government prevails, within which officials generally have experience in thinking of possibilities in terms of the framework of donor support. With an abundance of prescriptions for moving beyond aid dependency, compliance triumphs at the expense of independent, innovative thinking.

Concerns were also expressed that the recent trend of incessantly pushing for reforms may be raising the bar too high for the weakest developing countries. Is too much being asked of countries facing the most daunting development challenges with the weakest human resources? In addition, frustrations were voiced that the importance attached to reform in the development partnership was often at the expense of the daily challenge of making service delivery work at the country level.

B. National development strategies

National development strategies are the principal vehicle for advancing the implementation of the internationally agreed development goals at the country level. It is important to bear in mind, however, that the goals are targets, not policy strategies. Operationalizing these goals directly at the country level, without proper consideration for social, political and economic considerations, may potentially undermine the effectiveness of existing development strategies and constrain ongoing development

processes. Development assistance focusing on the realization of the internationally agreed development goals will only be effective when these goals reflect domestically held priorities.

There were repeated calls for more realistic approaches to formulating and evaluating national development strategies. National development strategies are sometimes expanded from feasible plans into aspirations, which may undermine their credibility. It is important to prioritize when formulating such strategies, and to note, from experience, that there has been some procrastination when it comes to making difficult decisions on trade-offs, notably between different internationally agreed development goals. A number of characteristics were offered for turning strategies into effective plans such as the need that they be participatory, comprehensive and flexible.

Critics maintained that there are examples of partner countries directing their priorities and strategic plans towards issues that ensure continued development assistance. It was argued that this produces a dubious confluence of development assistance and national strategies developed to meet the expectations, if not conditions, of donors.

The same argument was advanced in the case of civil society, since domestic political processes may be altered to fit with donor priorities and methods. It was contended that this may ultimately create an industry of professional recipients, both in government and civil society, who appear to present national priorities while more often reflecting donor sentiments.

Some concerns were also raised that the United Nations Development Assistance Framework process at the country-level was often overly focused on social, environmental and governance issues at the expense of economic and trade-related policies and assistance, which play a critical role in national development strategies. In consideration of the fact that the observance of human rights is the foundation of effective governance, the view was expressed that there was a need to ensure that such principles are mainstreamed into development cooperation for the realization of the internationally agreed development goals.

C. National capacities for administering aid

A resounding theme at the symposium was the development and sustainability of national capacities for administering and coordinating development assistance and their role as a foundation for development. National capacities, as such, should be understood as an amalgam of a broad set of human, institutional, structural and economic capabilities.

Regular joint capacity assessments by development partners were considered critical for building the right mix of such capacities. Such assessments should not be targeted at past needs, but should rather be forward-looking and should include costing in order to strengthen accountability and buy-in from the involved parties.

Capacity for the design and implementation of aid management strategies is critical if governments are to exercise genuine leadership in partnership with donors. In general, keeping with the consensus on country needs, and in order to facilitate national ownership and leadership of the process, supply-induced demand incentives should be

limited by donors and countries should receive adequate support on a genuinely demand-driven basis.

Strict donor adherence to using national systems and procedures for managing aid flows was considered to be an important element in enhancing national capacities in partner countries. The channelling of donor resources outside of a budget framework poses significant challenges for partner countries in terms of the development of national capacity. The more donors work around national systems and procedures the more they weaken these mechanisms to the detriment of development in partner countries.

Capacity constraints were considered to be not solely the domain of governments in developing countries, however. Donor offices in partner countries are often inadequately staffed, relying on decision-making from headquarters offices, and possessing limited competency to engage in meaningful policy dialogue with national counterparts, which is otherwise becoming more important in terms of the development partnership.

In addition to the observation that some donors may be better poised than others to support capacity development at the country level, it was suggested that South-South and triangular cooperation offer viable alternatives that focus on country experiences and lessons learned in both strengthening and complementing national capacities. This also applies to capacities needed for the development of aid policies, which are often written or facilitated by consultants, putting partner countries at a disadvantage in negotiating terms and conditions.

It was observed that planning, policymaking and oversight at the national level could be greatly improved by the provision of better quality national statistical data on development. At the 2007 Conference of African Ministers of Finance, Planning and Economic Development, for example, the challenge of improving the availability, timeliness and quality of data conforming to international standards was highlighted. In drawing attention to this issue, the Conference heeded the warning not to slip into the trap of developing policy-based evidence but rather to focus on evidence-based policy.

Parliaments and independent audit bodies are normally not adequately equipped to exercise their oversight role, focusing instead on procedural issues. It was suggested that progress will be achieved when those entities have the capacity to monitor and analyse results and when there are mechanisms to hold the executive branch to account. This predicament ties in with the observation that ministries of financing and planning are often overburdened and their capacities stretched too thin in managing and coordinating development cooperation, in part due to the centralized nature of many States.

The poaching of talent by donor agencies to implement and deliver aid programmes, which undercuts and distorts existing capacity development at the national level, is also a concern in many developing countries. Although this problem is sometimes exacerbated by lack of effective civil service reform in partner countries, donors are increasingly aware of the situation. In addition, strategic human resources management at the country level may, to some extent, offset less than comparable pay in the national civil service.

It was highlighted that without reinforcement of evaluation, analysis and negotiation capacity, supported by donor openness and partner commitment, there is little chance of

genuine mutual accountability, alignment and ultimately attainment of the internationally agreed development goals.

It was keenly felt that line ministries with the requisite experience and competencies should be encouraged to conduct monitoring and evaluation in a more concerted fashion.

D. Predictability and stability of aid

With recent commitments of donors to increase development aid on an unprecedented scale, the question of how these flows will be managed and coordinated throughout the aid delivery value chain takes on even greater importance. Adding to the issue of creating a predictable aid environment for countries with high ratios of aid dependency, there were numerous different contributions to the discussion on enhancing predictability and stability of development assistance.

The problems posed by partner countries in coordinating and managing aid resources, which in many cases are far more volatile than domestic revenues, was particularly highlighted. One issue mentioned was the inclination of some governments to forego investing in sustainable human capacities in the health and education sectors due to uncertain financial prospects. This predicament is particularly exacerbated in fragile States, which are also the countries in most need of a stable operating environment. Considering the lacklustre performance of such countries in terms of economic growth, compared with other least developed countries, it was suggested that, in order for aid to achieve the biggest relative impact, fragile States should be the centre of attention.

One option to enhance the predictability and stability of aid flows could be to increase general budget support to partner countries. Such an approach is increasingly favoured due to the perceived advantages of giving partner countries enhanced flexibility in terms of allocation and eventually improving the predictability of resources flows. A caveat was made, cautioning donors against using this mechanism as a “gap-filler” at the end of the budgetary year in order to comply with targets in a seamless manner. General budget support in itself is not preferable to other aid modalities, yet used in a constructive fashion it carries great potential for partner countries in terms of facilitating the realization of their development goals. The focus on ensuring predictable inputs into the development process at the country level should not, however, diminish the focus on how to achieve predictable results.

Another option could be to use a “big push” approach, targeted at good performers that have the capacity to absorb, administer and disburse significantly increased aid flows. A concern was voiced, however, that donors are already inclined to focus on so-called “donor darlings” while leaving the “donor orphans” underfunded. As with fragile States, positive-reinforcement mechanisms may work to the detriment of countries most in need of improving their development processes.

Different levels of confidence were expressed with respect to donors meeting targets for development assistance in 2010 and 2015. To avoid the concerns of macroeconomic instability with regard to a “disbursement bulge” of aid when approaching milestone years, it was noted that increased frontloading of aid would greatly facilitate the coordination and management of such additional resources. In terms of funding, the

erosion of core resources for the multilateral donor system was also a major cause for concern.

The predictability and stability of aid flows can be discussed at several different levels. Discussions at the aggregate level aside, it was noted that even though a region, such as sub-Saharan Africa, experiences volatility in aid flows as a whole, unforeseen events such as humanitarian disasters or societal upheaval may distort the fact that a number of countries in the same region are experiencing stable commitments and showing steady disbursement rates. It was suggested that a thorough and comprehensive analysis be conducted, which would go beyond the consolidated figures and examine the situation on a country-by-country basis.

E. Monitoring aid quality

Initial comments centred on the importance of being conscientious about the purpose of monitoring aid quality. Whether the aim is to comply with accounting standards, to ensure that resources are allocated properly or that aid achieves the desired impact, not all development outcomes take the form of social products that can always be measured. While participants took note of the trade-offs involved in such quantification, the discussion for the remainder of the meeting focused primarily on the monitoring of how aid is delivered.

There were strong sentiments that the monitoring and oversight of aid quality is not the prerogative of State institutions at the central level. Even though established entities such as parliamentary committees, auditor-generals and national audit offices should play an important role in providing assessments of aid quality, local governments should also be part of the monitoring system. In addition, civil society organizations should complement that picture by assuming the role of local accountability agents. Monitoring of aid quality should therefore be looked at as a process involving all stakeholders.

Contrary to this, the sometimes lofty aspirations of the development community seldom reflect the expectations of citizens in partner countries. This disparity in expectations along the aid delivery chain from donors to the individuals in the villages of destination, is due in part to the limited dissemination and communication of national development cooperation priorities. If citizens in partner countries do not know what to expect of development aid, or have no expectation at all, the notion of holding donors or governments accountable at the lowest level is futile.

Enhanced monitoring of aid quality is also contingent on improved national systems for public financial management. Funds should be channelled through these systems since the use of alternative procedures increases the difficulty of monitoring aid flows. It was felt that one of the best ways to promote more effective monitoring of development is to deliver such assistance through budgetary support.

During the discussion of monitoring aid quality, the issues of selecting appropriate indicators and evaluating the areas that are most pertinent to partner countries also emerged. Indicators need to be selected carefully, and even then they do not necessarily provide the full picture. With respect to monitoring and evaluation, examples were provided of the asymmetries often seen in the relationships between development partners. In the example of one country, the donor countries would select indicators that

applied to their performance from international agreements, such as the Paris Declaration, whereas the indicators used to measure the partner country were selected by donor countries from national strategies and plans.

If donors set the framework within which indicators for assessing government performance are selected, it begs the question as to whether donors are merely evaluated on their ability to finance what they encourage the partner country to pursue. Eventually, such lack of ownership on the part of partner countries leads to a sense of disfranchisement and inaction.

Reservations were expressed about whether the heavy hand of some donors in the aid partnership is compatible with ideals of independence, freedom and democracy. Donors are often dealing with issues perceived by partner country governments as having an interventionist or intrusive character, yet participants were reminded that a number of the countries where this is the case have recently emerged from conditions of great internal stress or upheaval. While recognizing the need for enforceable contractual relationships, donor involvement in monitoring and evaluation reflects in fact that the accountability that ultimately matters the most is the one between governments and their people.

Finally, evidence was cited that many partner countries have made significant progress in recent years in building capacities for recording, coordinating and monitoring of aid, as part of their partnership with donors.

F. Donor harmonization

The Minister for Foreign Affairs of Cape Verde addressed the opening meeting on donor harmonization. Outlining the vision for development cooperation in his country, particularly taking into consideration the recent launch of the United Nations joint office pilot, the Minister explained the reform initiatives and challenges currently faced in Cape Verde.

In the ensuing discussions, it was stressed that the debate on donor harmonization should always be seen as means to improve the impact of development assistance. The symposium thus called for striking a balance between focusing on what goes into the “development cooperation equation”, such as harmonizing aid processes and procedures and the ultimate results that come out of that equation.

While there has been some progress in donor harmonization at the country level, numerous examples of the continued need for streamlining of actions of donors at that level, including their interface with partner countries, were also highlighted. A range of measures such as programme-based and sector-wide approaches, projects with pooled funding and co-financing were mentioned as important means of achieving cost-savings and easing the strain on national counterparts.

With reference to the experience of the first United Nations joint office pilot, it was noted that further progress in harmonization could be facilitated by donors pursuing a strategy of decentralizing decision-making authority to their offices in partner countries, since staff at the country-level tend to be more receptive to reform and harmonization. It was also mentioned that harmonization can be seen as the last step in a long process of integrating and bringing into accord a multitude of donor practices and processes. A first

step in achieving such a goal should be the deepening of the dialogue between donors themselves.

It was argued that all hopes and efforts should not necessarily be vested in harmonizing and aligning donor efforts since the results do not always measure up to the endeavours undertaken. Another speaker aimed a different view with regard to regulating the current development aid system, mentioning that central planning had come a long way, but that it may have exhausted its potential. It was mentioned that, as an alternative, partner countries might be given the ability to purchase the services from actors in the international fields. Lessons from the private sector could perhaps be learned in terms of improving the distribution and allocation of aid.

Concern was expressed that in some countries the establishment of a plethora of working groups and other mechanisms involving donor presence may lead to proliferating priorities. With a wide array of activities defined as priorities, the coherent alignment of priorities becomes virtually impossible. Applying the market mechanism of ranking donors in order to encourage competition was mentioned as one viable approach. A similar approach suggested the creation of coordinating committees at sector and national levels, under the leadership of the government in the partner country and with only a limited number of seats granted to donors, which would eventually spur competition.

In discussing the notion of competition among donors, it was noted that services would have to be delivered according to certain standards and under specific regulations, with providers vying for the attention of partner countries. It was noted, however, that the market for aid is not a typical one since there is little contestability with only entries and no exits. The advantages of promoting competition among donors would thus have to be considered with the understanding that usual market conditions do not apply.

With regard to donor harmonization, the recent emergence of vertical and special purpose funds as popular mechanisms in the global aid system was highlighted. Such funds may play a critical role if they leverage resources and are well-used; at the same time, it was cautioned that countries that are granted resources for specific purposes may in some cases, find that government staff are poached and management attention diverted disproportionately towards the same objectives at the cost of other urgent development priorities.

It was noted that a number of donors are prone to picking and choosing United Nations agencies in order to fund individual projects and programmes. The importance of maintaining adequate levels of core funding for multilateral donors was highlighted in this regard. Concern was also voiced that a number of donors planning to scale up aid over the next couple of years are simultaneously envisaging cutting back on the number of partner countries. With multilateral institutions constrained by allocation formulas that, by and large, follow the same pattern, some countries may eventually encounter an increase in underfunding, which would exacerbate already poor conditions and performance.

3. Principles for achieving sustainable results

The discussions held at the symposium reaffirmed a number of principles for achieving sustainable results in development cooperation. Frequent references were made to:

partner countries taking ownership and leading the development process; the promotion of participatory processes involving all key stakeholders; and development partners answering for their performance through effective accountability mechanisms.

A. National ownership: leading the development process

The pivotal significance of national ownership of the development process was stressed throughout the symposium. Genuine ownership should be understood as a process whereby partner countries actively lead in the partnership with donors. Ownership by governments of partner countries does not mean merely agreeing on the terms and conditions of development activities conceived by donors. Instead, it means actively taking charge of defining the areas and initiatives within which a given partner country wants to engage with the donor community.

Ownership should not be confined to governments enjoying a monopoly over the development process. Instead, the process should be owned by a coalition of national stakeholders or should include full transparency and engagement of civil society organizations, parliament, media and the private sector. Since the poor often have little, if any, ownership of the development process, it was argued that the concept of ownership should be rethought.

A number of concerns were raised as to how to balance the competing demands of donors needing to demonstrate development results to their national constituents while at the same time giving sufficient time and space for manoeuvring to partner countries. It was felt that genuine national ownership must be premised on the exercise of sovereignty and political will, not in terms dictated by donors. It was mentioned that, while there may be a general agreement that partner countries should be in the driver's seat, there is an impression that "someone else is towing the car". The recent United Nations reform effort towards "Delivering as one" at the country level has also highlighted the potential tension between the principles of focus and inclusion.

Country ownership and leadership were regarded as necessary factors of success, and while the notion of ownership is part of every discussion, constituency and report issued, it was considered important, in view of its ubiquitous usage, to internalize the meaning of this concept in development processes. The concept includes the will to own and lead and the ability to align forces around that will and to make choices and decisions on the trade-offs required.

The issue of aid conditionalities featured prominently in the discussion on ownership, in particular since it was considered that they eroded sovereignty and limited the policy space of governments. Furthermore, conditionalities can violate the democratic and economic rights of the poor since they generally fail to meet any notion of consultation. Others argued, however, that conditionalities are part and parcel of the contractual relationship between development partners and that the discussion should focus instead on the circumstances under which different conditionalities, including ex ante, results-based and process-based conditionalities, are appropriate and work. Conditionalities may even be worthwhile in some instances since they can allow national leaders to leverage difficult reform.

B. Participation: consulting with stakeholders

There was unequivocal consensus that the participation of non-State actors in the formulation and implementation of national development strategies is critical for the credibility, impact and sustainability of the development process. Several examples were provided of inclusive approaches in which consultations with civil society organizations and academia have played a major role in formulating national development strategies.

Ensuring consultations with non-State actors is only the first step, however, in formulating development priorities and strategies. A second step is to secure adequate representation of the same stakeholders in relevant processes since governments may sometimes be faulted for consulting primarily with like-minded non-State actors. It was also suggested that governments should consult with stakeholders using a single platform instead of bilateral consultations with individual actors.

In addition, stakeholder consultations should not be limited to the design phase of development cooperation initiatives, they should be part of a continuous process conducted during the entire course of implementation. Permanent consultative mechanisms should ideally be institutionalized in the implementation of such initiatives. It was also pointed out that consultations sometimes fail because civil society organizations are not fully informed and do not have a full understanding of the issues at hand.

It was felt that State institutions sometimes languish when it comes to offering an effective institutional counterbalance to the government by way of checks and balances. Parliamentarians, for example, are often at a disadvantage vis-à-vis the national government in instances when they are not privy to information on quantity, quality, allocation, distribution and results relating to development assistance. Continued provisions for capacity-building of parliaments to carry out oversight of the executive in this area should be part of donor assistance.

In addition to civil society organizations being an integral part of consultations and parliaments performing oversight functions, effective development cooperation is dependent on other well-functioning independent third parties such as auditors general and national audit offices. It is important for all these stakeholders to effectively hold governments accountable for the results delivered.

C. Accountability: answering for performance

The discussion on accountability revolved around the relationship between development partners and the ultimate accountability of governments to their peoples in both donor and partner countries.

The importance of holding the different actors in the development community accountable for progress, or lack thereof, was frequently stressed. It was noted that the nature of that relationship makes a difference in building an effective accountability arrangement. The relationship should be governed in a way that is transparent and honest and, above all, entered into freely. It was emphasized that development partners have to find a way to relate to each other as equals, however, as participants observed when

discussing the issue of evaluation, development partners are rarely subject to equal consequences in the event that they do not meet their formalized responsibilities.

It was asserted that donors are increasingly scrutinized by national parliaments and other institutions to ensure the most effective use of development assistance. The challenge for the donor community is to convey to these constituents the message that, in order to be effective, aid must be predictable, frontloaded and of adequate volume. In this regard, the importance of establishing a framework for mutual accountability that would hold each constituent accountable and would evaluate progress while not subtracting from the accountability of other constituents was particularly emphasized.

It was pointed out that the “grand bargain” of aid is that donors provide the financial resources and that the lives of people in developing countries improve as a result. For the compact to work, increased predictability of results is needed. Measures that separate donors from the use of their funds are therefore likely to decrease rather than increase political support in the respective countries. It was noted that some funding modalities, such as the recently imposed air ticket tax, were not subject to political debate and review in terms of commitment.

In addition to effective political review of development assistance, public perception is an important factor that must be taken into consideration, in particular, in the context of scaling up aid that relies not only on a compact within the donor community, but also between donor governments and their public. Public support may wane if mobilized resources are not spent. One cause for concern was that increased funding would hit an “absorption wall” owing to logistical constraints, for example the lack of training institutions in developing countries, which could result in a backlash of support. Public support may nevertheless be bolstered, broad and effective dissemination of compelling and evidence-based stories about how development aid is accelerating development and improving the lives of people in partner countries.

There are limits as to how far the concept of accountability can be pushed. As an example, it was highlighted that bilateral donors ultimately answer to their taxpayers and not to the public in partner countries. Similarly, in the final analysis governments in partner countries are accountable to their public and not to donors. Ensuring mutual accountability between development partners should therefore be the result of a reciprocal and voluntary relationship. The development community should make concerted efforts to stay clear of a lose-lose scenario, whereby donor countries perceive that they are not getting the expected value for development assistance and partner countries are discontent with how donors are considered to be imposing their views on sovereign States.

4. Key policy messages

The following key policy messages were derived from the discussions held at the Vienna symposium:

- (a) Genuine national ownership means that developing countries lead in partnership with donors. Ownership is not simply agreeing to the terms and conditions of development cooperation established by donors, it is actively taking charge of defining the framework and process for cooperation;

- (b) Participation of non-State actors in the formulation and implementation of national development plans is critical for the credibility, impact and sustainability of the development process. Governments should not limit participation in policy dialogue processes to like-minded stakeholders, but benefit from a broad range of perspectives;
- (c) Development partners need to relate to each other as equals and be expected to live up to agreed frameworks and commitments in respect of development assistance. National stakeholders should increasingly be empowered to hold governments accountable for the impact of aid;
- (d) With regard to development effectiveness, the nature and pattern of economic growth is as important as the rate of growth. Achieving the Millennium Development Goals would have to include adequate aid and investments in productive sectors vis-à-vis the social sectors;
- (e) National development strategies are the principal vehicle for advancing the implementation of the internationally agreed development goals at the country-level. The strategies, which sometimes err on the side of aspirations, should first and foremost be realistic at their outset;
- (f) Ensuring national capacities for designing and implementing aid management strategies is a prerequisite for the leadership of partner countries in the aid partnership. National donor offices should have the required competencies to act as credible counterparts to national governments;
- (g) Donor countries should be observant of meeting aid commitments in a predictable and stable fashion. Predictable and stable funding is of particular importance to fragile States that may nevertheless have the bleakest outlook in terms of conduct and performance;
- (h) Monitoring of aid quality and impact is an area where donors wield a particularly strong influence over partner countries. Monitoring should reflect the fact that governments are ultimately accountable to their citizens. More effective dissemination of the expectations of development assistance is key to enabling the public to play a constructive role in aid monitoring;
- (i) Agreements on donor harmonization are equalled by an increasingly fragmented presence of donors in many countries. Increased cooperation may provide a first step in furthering harmonization, while competition among donors may also prove an option in some cases;
- (j) The classic development cooperation mindset of “North-South” is no longer viable. South-South and triangular cooperation offer viable alternatives in supporting developing countries to build national capacities, including the development of aid policies.

5. Looking forward: South-South and triangular cooperation

As the first preparatory event for the Development Cooperation Forum, the Vienna High-level Symposium brought a number of pertinent development cooperation issues to the fore. In particular the growing importance and influence of cooperation outside the

traditional compact between developed and developing countries received attention. Participants noted that without the inclusion of South-South cooperation the picture of international development cooperation is not complete.

With a host of participants speaking on South-South and triangular cooperation, one important message was that the development community needs to shed the classic approach of looking at development cooperation with a North-South mindset. In addition, it was proposed that the term “emerging donors” should be revisited since several of the countries considered in this category have been providing development assistance for decades.

Several participants voiced the need to reform the aid architecture while focusing on the demands of the least developed countries. It was argued that countries that are playing an increasing role as contributors should also take this opportunity to revisit the aid framework. These “ascending contributors” should use existing North-South experiences to help transform the existing framework into a new paradigm with a reduced focus on aid that is motivated by political or military considerations.

As a major trend in international development cooperation, South-South and triangular cooperation will become the topic of the next High-level Symposium to be held in preparation for the first Development Cooperation Forum in 2008 in New York. The symposium will be organized in cooperation with the Government of Egypt and held in Cairo.

II. High-level Segment: The Launch of the DCF

1. Plenary Session: Setting the stage⁸

In anticipation of the first biennial Development Cooperation Forum in 2008, the official launch included a plenary session followed by two roundtables on: “Promoting greater coherence among development activities of different development partners: the role of national aid coordination and management” and “Review of trends in international development cooperation: South-South and triangular cooperation”. In addition, an informal Stakeholder Forum was convened to discuss the role of the DCF in promoting enhanced oversight of aid commitments and aid effectiveness for the realization of the internationally agreed development goals.

The statements delivered during the plenary session conveyed great expectations for the DCF, in particular with a view to improving the governance, effectiveness and impact of development cooperation for the achievement of the internationally agreed development goals. The Forum was also expected to strengthen the policy coordination role of ECOSOC over the UN development system and to tighten the link between the operational and normative work of the UN system. In addition, properly defining the goals, direction, priorities and modality of the DCF was seen as key to the success of the Forum.

An important role of the DCF, as a universal and inclusive platform, would be to engage all relevant actors in a multi-stakeholder dialogue on development cooperation. This should help ensure development cooperation becoming more coordinated and coherent as well as achieving desired objectives and results. In this process, the Forum should also

clarify and strengthen mutual accountability between development partners. This would require further elaboration on indicators and benchmarks to measure the implementation, effectiveness and results of development cooperation which could be drawn from the existing framework on aid effectiveness.

The DCF would be well-positioned to review the quantity and quality of development assistance, including the aid architecture, the implementation of the aid effectiveness agenda and the comparative advantages of different donors. This should be seen against a backdrop of dysfunctional international development cooperation due to weak coordination among actors and insufficient links with the main beneficiaries of development assistance. While it was also proposed that the Forum should address new trends in international development cooperation such as energy security and climate change, it was also noted that in order for the DCF to have an impact the agenda should be clear, feasible, and reasonably focused.

Issues to be addressed by the DCF should emerge from the available information and data gathered in the course of preparations rather than being predetermined long in advance, unless decided otherwise by ECOSOC. It was observed that the effectiveness of the Forum would depend considerably on the nature and quality of the documentation and data prepared for its consideration. Furthermore, the DCF should follow the principle of gradual progress, consensus and ensuring equal participation of developing countries in the process. Finally, it was emphasized that the preparations for the first DCF in 2008 should be closely coordinated with related events such as the High-level Forum on Aid Effectiveness in Accra in September 2008 and the Financing for Development Follow-up Conference in Doha in December the same year.

2. National Aid Coordination and Management

As a precursor to the debate of the first biennial Development Cooperation Forum in 2008, a number of thematic issues were prominent in the first roundtable discussion. Bearing in mind that development cooperation is only one of many processes which enable developing countries to fulfill their needs and meet their priorities, part of the discussion focused on how nationally-owned development processes may enhance the coherence of development activities at the country level.

National ownership and leadership were considered cornerstones in driving a sustainable development process based on country priorities. In addition to clear institutional frameworks and effective information systems for aid coordination and management, strong government leadership was also seen as a prerequisite for country-led partnerships. It was noted that these components are more likely to be in place when the partnership with stakeholders is well-established.

Ensuring streamlined delivery of development assistance through various aid modalities was seen as an important part of enabling developing countries to take the lead in the national development process. It was noted that the use of basket funding and general budget support increases the predictability, availability and disbursement of external resources, as well as enhancing domestic accountability of the government by parliament, which otherwise is generally not the case with other funding mechanisms. It was also

pointed out that many donors face difficulties in making multiyear commitments due to constraints imposed by parliaments.

Ensuring parliamentary oversight in recipient countries, anchored in a well-functioning budget system, as well as public perception on the part of donors were mentioned as challenges in providing assistance, yet at the same time these were considered instrumental in strengthening national systems and thereby building and maintaining domestic accountability.

The multitude of development actors, often combined with less-than-flexible legislation and policies of donors at headquarter level, was viewed as a daily challenge for developing countries, however it was also recognized that some of the development actors that were exacerbating the fragmented aid architecture, were similarly part of the solution in terms of providing needed support. In addition to calls for a more harmonized approach by donors at the country level, it was proposed that donors should also take advantage of holistic approaches as a way of engaging national expertise through line ministries and other stakeholders in donor countries.

The building of national capacities at all levels for effective management and coordination of development assistance, including monitoring and evaluation, was as a recurring theme, yet attention was drawn to the potential pitfall of prioritizing short-term results over long-term sustainability of national capacities. Decentralization was considered an effective way of building capacities at lower levels thereby enabling the delivery of services closer to people while decreasing the cost of execution.

With regard to countries in transition from relief to development, the international community was not considered to have been vigilant enough in supporting these countries. It was noted that such countries should not be penalized for having limited capacities for national ownership and that the DCF could be conducive in developing instruments to assist the transition.

3. South-South and Triangular Cooperation

The discussions in the second roundtable focused on the growing importance of South-South and triangular cooperation. In what was described as the “second wave of globalization”, the South has emerged as a key player in the world economy, along with the complementarities that this has created among developing countries. Encompassing a wide range of activities such as trade, investment, finance, technical cooperation and technology transfer, South-South cooperation was considered particularly effective in harnessing the experiences of other developing countries and in supporting the development efforts of those countries currently left behind in the world economy.

Despite impressive growth in South-South cooperation, challenges remain with two-thirds of the total trade volume among developing countries concentrated in Asia. The need to diversify this pattern was highlighted, for example, through better linking of existing regional trade agreements. It was also noted that approximately seventy per cent of total trade tariffs paid by developing countries are paid to other developing countries.

The strengthening of various institutional mechanisms under the aegis of the United Nations for supporting South-South Cooperation was mentioned as an opportunity to

improve synergies with the ongoing development activities of the UN. It was proposed that the DCF could seek to improve the understanding of such cooperation and further promote the benefits derived from these activities. The Forum was also considered well-positioned to foster enhanced dialogue between North-South and South-South processes. In addition, it was suggested that the DCF could contribute to the monitoring and follow-up of decisions among developing countries on South-South cooperation.

It was emphasized that South-South development cooperation should not be viewed as a substitute to North-South cooperation considering that traditional development assistance provides an essential source of support for developing countries. In this regard, the DCF was seen a potential venue for reviewing South-South and triangular cooperation flows, in particular considering the scope for improved, comparable and transparent data on these activities. Furthermore, the DCF could take a comprehensive view of all types of development cooperation and contribute to the overall coherence of development efforts.

With regard to triangular cooperation, the Forum was considered a possible platform for identifying good practices and a potential monitoring mechanism with lead countries in each region guided by the respective Regional Commission. The regional dimension was also stressed in respect of building a better functioning framework on regional trade integration. This was accompanied by calls for a successful conclusion of the Doha round and the negotiations on the Global System of Trade Preferences among developing countries.

4. Stakeholder Forum: The Role of the DCF?

In connection with the official launch, discussions also took place at a Stakeholder Forum convened to seek the views of a wide range of development cooperation actors on how the DCF could promote enhanced oversight of aid commitments and aid effectiveness in the pursuit of coherent and effective development cooperation. Among the many suggestions, it was mentioned that the DCF could provide a locus where the review of global instruments with concrete political and financial commitments, such as the 2002 UN Monterrey Consensus, and actionable agendas, such as the 2005 Paris Declaration, would inform international action and stimulate aid effectiveness on a resource, results and mutual accountability platform.

While the potential of the DCF to have an impact on the coherence and effectiveness of development cooperation was recognized, it was also highlighted that failing to realize this opportunity would be detrimental to actors investing time and scarce resources in the process. Building support among Member States for the DCF achieving an outcome that meets the expectation of stakeholders should therefore be assigned high priority in the preparations for the first Forum. In this regard it was proposed that besides focusing on progress in aid effectiveness and commitments, the Forum would also address structural and institutional logjams that hold back development.

The DCF could discuss ways of achieving donor coherence at the country level through enhanced national ownership and locally developed visions for development while also identifying and addressing the principal obstacles to strengthening country-led development cooperation, in particular structural and capacity barriers. The Forum could furthermore help assess whether donors are changing policies and working methods

accordingly and whether these actions enhance mutual accountability, transparency and results.

In terms of scaling-up of aid, the DCF could contribute to improving the transparency on whether commitments and roadmaps are being respected and furthermore help mobilize political support for the international development agenda, including increased aid flows. The importance of showing results was emphasized as a means to ensure political and public support, in particular since perceptions tend to overestimate inputs and underestimate results of the development process. Concern was expressed that development aid was not increasing sufficiently due to reservations over the ability of national capacities to absorb enhanced flows. The DCF could play an important role in assessing the readiness of countries to absorb the planned up-scaling of aid.

It was proposed that the DCF could be instrumental in accounting for the changing aid architecture and the increasing importance of various development actors, including special purpose funds, foundations and developing countries contributing to development activities in other developing countries. In bringing development actors together at the global level, the DCF model could also be replicated at the national level with a similar set of actors. South-South cooperation was mentioned as another area where the DCF could play a catalytic role by promoting policy dialogue as well as exchange of experiences and best practices. Moreover, the development cooperation challenges facing countries in transition from relief to development were highlighted again as warranting special attention by the international community.

Several participants raised the issue of climate change as an emerging development challenge in many developing countries. Notwithstanding the concern that climate change could take away resources from achieving key poverty reduction objectives, it was noted that this issue is taking centre stage in development. The DCF could help address climate change in a way that would not shortchange aid for development, but rather stimulate partnerships at the country-level. Such partnerships could be built around national development strategies and the formulation of aid strategies which should be sufficiently comprehensive to respond to climate change, vulnerability and other sustainable development goals while providing longer-term, predictable resources.

Finally, it was noted that one critical challenge for the DCF will be to measure its success in terms of impact which in part would rest on a thorough understanding of what actions would be feasible and what would be beyond the reach of the Forum. As part of this process, the preparatory process for the 2008 DCF will include a number of regional consultations as well as High-level Symposiums, including one in Egypt by the end of 2007.

5. Key Policy Messages

A number of key policy messages emerged from the official launch of the DCF and related events in respect of the first biennial Forum to be held in July 2008. More specifically, participants expressed the views that the DCF should:

1. Clarify and strengthen mutual accountability mechanisms for all stakeholders involved in development cooperation, including extending the measurement of the implementation, effectiveness and results of development assistance;

2. Promote results achieved in development cooperation in order to ensure *political and public support*, especially since perceptions tend to overestimate inputs and underestimate results of development processes;
3. Contribute to improving transparency on whether commitments and roadmaps for scaling-up of aid are being respected and help increase the predictability, availability and disbursements of external resources;
4. Assess progress in strengthening the normative-operational link in development cooperation through effective mainstreaming of globally agreed principles into the policies and working methods of stakeholders at the country-level;
5. Seek to improve the understanding and further promote the benefits of development cooperation between developing countries, including third-party developed countries, as well as policy dialogue between North-South and South-South processes while recognizing that South-South and triangular cooperation is not a substitute for traditional North-South cooperation;
6. Give consideration to countries in transition from relief to development, in particular due to the scope for developing successful instruments to assist such countries;
7. Become a venue for dialogue on major emerging global challenges having an impact on international development cooperation, including issues such as climate change as it relates to development; and
8. Conduct its work according to an agenda that is clear, feasible and reasonably focused in order to have an impact on the coherence and effectiveness of international development cooperation.

Notes

- 1 The Secretary-General's Panel suggested that ECOSOC "can provide a regular venue for engaging the development community at the highest level, in effect transforming itself into a "development cooperation forum", A/59/565 (2004).
- 2 See A/RES/60/1.
- 3 See A/RES/61/16.
- 4 See www.un.org/ecosoc/newfunct/dcfvienna.shtml.
- 5 For the complete programme, see *ibid*.
- 6 For the list of registered participants, see <http://www.un.org/docs/ecosoc/meetings/2007/dcf2007/index.html>.
- 7 See <http://www.un.org/ecosoc/newfunct/dcfvienna.shtml>.
- 8 For complete statements, please go to: www.un.org/ecosoc/newfunct/dcflaunch.shtml.

Chapter 8

THE HIGH-LEVEL SEGMENT MINISTERIAL ROUNDTABLE BREAKFASTS

Overview

As part of the programme for the High-level Segment of ECOSOC, United Nations agencies sponsored a series of ministerial roundtable breakfasts from 3 to 5 July 2007. These breakfast roundtables brought together key stakeholders from Governments, civil society, including NGOs, academia and foundations, in an informal setting to discuss in more detail some aspects of the overall theme of the Segment.

These roundtable breakfasts covered a wide range of relevant topics – entrepreneurship, productive employment and decent work, sustainable forest management, food, nutrition and agriculture, land policy in Africa, education, women’s participation, business solutions – issues which added depth to the formal discussions in the Council and showed very clearly the multisectoral approach in the battle against poverty and hunger. The following is a synopsis of the contributions contained in this chapter.

Poverty reduction: how entrepreneurship can make it happen analyses the importance of entrepreneurship and private sector development in the fight against poverty. It highlights the success of the EMPRETEC entrepreneurship programme at the national level, and provides business-led enterprise solutions to alleviating poverty.

Overcoming poverty through productive employment and decent work for income generation in LDCs reflects on the problems of labour productivity and widespread underemployment in the LDCs, and provides strategies for promoting productive employment and decent work.

Sustaining pro-poor generation of wealth, food security and peace through sustainable forest management: Global commitments and regional innovations focuses on the key issues and challenges in strengthening forest management. The roundtable calls for greater collaboration and coordination in that area, and reiterates the importance of raising the political and public profile of forest issues worldwide.

Food, nutrition and agriculture: Working together to end hunger discusses existing partnerships, identifies obstacles and challenges, and proposes ways to strengthen efforts to eradicate hunger and poverty. Because many developing countries are unable to realize the full potential of agricultural production, meeting the goal of halving poverty and hunger remains challenging.

Land Policy in Africa: securing rights, enhancing productivity and improving livelihoods, focuses on the important issue of secured access to land. It also looks at the process for developing an African home grown framework for land policies in order to successfully achieve the Millennium Development Goals (MDGs).

Strengthening education's role in poverty eradication: Challenges of quality, access and equity highlights the important link between education and poverty reduction, stresses the initiatives taken by Member States to overcome poverty and reiterates the importance of the 2015 Education For All (EFA) goals.

Women's participation in poverty alleviation and sustained economic growth, including through the initiatives of migrant women addresses the gender dimensions of poverty alleviation and sustained economic growth within the overall debate in the ECOSOC High-level Segment, and the Annual Ministerial Review. Participants in the breakfast roundtable also noted, amongst others, the importance of mainstreaming gender considerations, including reproductive health and family planning concerns, into national development strategies, including migration policies, legislation and programming.

Innovative business solutions for poverty reduction addresses the important role of the private sector in fighting poverty through the implementation of innovative (core) business solutions, including public and private partnerships, in order to make markets more inclusive for the poor as producers and consumers.

Poverty Reduction: How Entrepreneurship can make it Happen¹

By the United Nations Conference on Trade and Development (UNCTAD)
and the Permanent Mission of the United States to the United Nations

A. Issues Paper

Entrepreneurship and the development of the private sector are two ingredients essential to achieving the Millennium Development Goal (MDG) of eradicating extreme poverty. The MDG declaration is resolved “to develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication”. In a 2005 survey of 60,000 individuals living below the poverty line, self-employment or creating a business was considered as the number one prospect for escaping poverty.² Entrepreneurship development programmes can be divided into those focused on creating the enabling business environment and those that train and nurture entrepreneurs.

A pre-condition for any programme fostering entrepreneurship is the existence of sound macroeconomic conditions, enabling business environments and positive investment climates. Rule of law and good governance are often constraints in developing countries. The extent of the problem has been highlighted as new sources of data have shed light on the nature and the extent of these constraints. On average, businesses in developing countries face three times the regulatory burden that businesses in developed countries experience. As such, several governments from developing countries are taking action. The Doing Business Report registered 213 reforms in 112 economies. Last year, two-thirds of the African countries made at least one reform with Tanzania and Ghana registering in the top ten.

It is recognized that benefiting from globalisation requires a complementary set of capacity-building policies to address the supply-side constraints faced by local firms. The recent World Trade Organization taskforce report on the Aid-for-Trade initiative stressed that developing countries’ ability to compete in world markets is undermined by the absence or inadequacy of the basic machinery for trade; including efficient customs, roads, ports, regulatory institutions in export markets and knowledge about market opportunities. Such efforts must be embraced by the private sector.

What are the best practices in successful entrepreneurship programmes? Many national and donor-driven entrepreneurship programmes recognize the importance of developing and strengthening entrepreneurs in developing countries. The most effective programmes are part of a holistic and coherent policy framework, which take into account the complementary roles of the government, private sector and donor community.

Entrepreneurship programmes: Some examples

One of the pioneering programmes of the United Nations system in developing entrepreneurship is the EMPRETEC programme, a programme that instils behavioural change into a select group of promising entrepreneurs. The programme started in 1988 in

partnership with UNDP. Under the leadership of UNCTAD and its public and private partners and donors (among others, the Governments of Italy, Germany and the Netherlands), the EMPRETEC programme has trained over 120,000 entrepreneurs in 27 developing countries, with more than 600 local certified trainers. UNDP also has experience in the Enterprise Africa initiative that has been carried out in collaboration with EMPRETEC.

EMPRETEC provides a one-stop-shop for information and business training. By stimulating public-private sector partnerships and developing an institution with a forward looking advisory board, EMPRETEC centres play a major role in connecting entrepreneurs with institutions. Wherever implemented, the training workshops create lifelong bonds that are essential for future business growth, forming a critical mass of successful, committed entrepreneurs who then become the driving force of the project.

In Uganda, women business owners such as Nina Karugaba have been able to expand their business through rapid sales growth. In just three years, Nina Interiors has been able to increase her revenue by approximately 28 fold. Nina came to Enterprise Uganda for business development services and has increased the amount of tax revenue it provides the Government from \$30,000 annually to \$850,000 annually, after only three years of training, and mentoring, at a combined cost borne by her firm of \$12,000.

In Brazil, SEBRAE, the local institution that hosts the programme, recently conducted an evaluation that confirmed that two-out-of-three women who attended the EMPRETEC training became entrepreneurs. The overall reduction of unemployment was 61 percent. Out of 12 students with no income, more than half became entrepreneurs.

The Fundación Empresarial para la Acción Social (FUNDEMÁS) that implements the EMPRETEC Centre in El Salvador has obtained the ISO 9001:2000 certification for its system of Quality Management. Pablo Durán, Pan Santa Eduvigis, a trainee in El Salvador said, "My professional life is divided into two: before and after EMPRETEC. After two years, I am sending my first container to export my products to Thailand."

Wherever implemented, the programme also stimulates the most dynamic entrepreneurs to take the lead in the creation of business associations, and to become active in the empowerment of new entrepreneurs. As a matter of fact, many entrepreneurs associated with the centre are available to serve as trainers and resource persons for lectures organized by EMPRETEC, both nationally and internationally. In 2006, the African EMPRETEC representatives launched their regional networking initiative, the EMPRETEC Africa Forum, to reinvigorate the EMPRETEC programme in Africa. Zimbabwe, Ethiopia and Uganda are taking the lead and will strategize with colleagues from the continent on the best ways to mobilize resources, establish effective means of communications, devise marketing strategies, ensure the consolidation of existing programmes and create new country programmes in Africa with the support of UNCTAD.

In order to better integrate such a critical mass of dynamic entrepreneurs into the global economy, UNCTAD has recently developed a Business Linkages Programme. The programme is aimed at establishing competitive networks of local suppliers and integrating local small and medium enterprises (SMEs) into selected global value chains.

The Programme is based on the development of public-private partnerships among transnational corporations (TNCs), domestic suppliers and governments. In this context, EMPRETEC centres prove to be very useful, acting as the focal point for promoting the business linkage concept and for coordinating and/or implementing the entire project.

Similarly, the United Nations Development Programme (UNDP) facilitates business-led enterprise solutions to alleviate poverty, in congruence with the MDGs. Among the recent initiatives, the Growing Sustainable Business (GSB) initiative engages the private sector in innovative partnerships grounded in market-based incentives. Looking beyond social investments and philanthropy, the GSB mechanism is a service offered to companies that seek to develop commercially viable business projects within their core business or value chain with a view to increase profitability and/or engage in new markets.

USAID has concentrated its development efforts on assisting to strengthen enterprise level competitiveness as a means to reduce poverty. The program has been so successful that in 2006, USAID exceeded their target level of assistance by 42%, providing over \$4.8 billion in loans to small and medium enterprises in developing countries. This includes providing assistance to SME horticultural businesses to help meet regulatory and market-driven standards and attract foreign direct investment. For example, over the past seven years, Blue Skies, a fruit processing business in Ghana, built a strong buyer-supplier relationship with small scale farmers of Sugar Loaf Pineapple. USAID helped the farmers that supply Blue Skies to obtain organic and food safety certification, enabling them to fetch premium prices in Europe for their processed fruit.

The German development assistance approach is to develop more growth and employment through qualified human resources for competitive enterprises. It offers on-the-job training as well as innovative teaching and learning methodologies. In Guinea, GTZ, since 1996 has given technical upgrading courses to more than 6,000 persons, and many of them now take part in trade fairs and export. UNIDO and ITC, with a focus on export-led poverty reduction, have developed a set of well-tested intervention tools for SME development and supply chain management.

The Way Forward

- *Integrating national strategies.* Linking building productive capacity to the Growth and Poverty Reduction Strategies (GPRS). This strategy has been adopted by the Government of Ghana. Its implementation is governed by a memorandum of understanding between the government and 12 donor countries, with a pooling of dedicated resources. This is a best practice for reconciling donor and recipient objectives.
- *Aid for Trade.* Building productive capacities and enhancing market access are two sides of the same coin and must work in parallel in order to be effective in terms of development. The Aid for Trade initiative should integrate the investment component and embrace policies promoting technology transfer, entrepreneurship, enterprise development and the consolidation of productive chains.
- *UN Response.* UNCTAD, UNIDO and ITC have a complementary role in building productive capacities and delivering technical assistance to developing countries.

Under the One UN response, these agencies working with UNDP should seek better coordination and enhanced partnership in the area of entrepreneurship development.

- *Millennium Funds.* The initiatives by the United States and Spain to set up special trust funds should be emulated by other countries. These funds should also be an instrument to coordinate entrepreneurship programmes.
- *Engaging the private sector.* Make corporate responsibility part of a corporation's business model. Work closely with transnational corporations to commit them to the development of local suppliers.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by H.E. Ambassador Richard Terrell Miller, U.S. Representative to the UN Economic and Social Council and Dr. Supachai Panitchpakdi, Secretary General of the United Nations Conference on Trade and Development (UNCTAD).

1. Entrepreneurship development

Participants emphasized the close link between entrepreneurship development, self-employment and poverty reduction, and the need to integrate developing countries into the global trading system through building their productive capacities and entrepreneurship. In particular, it was noted that African countries urgently need to nurture and develop entrepreneurs able to take advantage of opportunities created by globalisation. Thus, representatives of governments, civil societies and international organisations should all do their part in encouraging entrepreneurship development in Africa.

In the global economy, most developed nations are realising the growth potential of cultivating entrepreneurs by focusing on examining economic policies that stimulate entrepreneurship, which has resulted in increased productivity and employment. For example, in the United States, several initiatives to instill the entrepreneurial drive in young people have contributed to a significant economic transformation of the US economy, which is now driven from bottom-up by small innovations and enterprising start-ups. Similarly, in the United Kingdom, various initiatives have been taken to instill entrepreneurship culture in young people, involving numerous stakeholders such as parents, teachers, policy-makers, employers, transnational corporations (TNCs), media and young people themselves. For example, a cultural change campaign called "Enterprise Week", which inspired young people to turn their ideas into reality, and a year-round campaign of "Make Your Mark" that encouraged individuality and creativity, were organized.

Participants at the roundtable also noted that in developing countries the role of public policy in supporting entrepreneurship development and an entrepreneurship society has become crucial. Entrepreneurial thinking should be alive in big business, government and university education. A new national policy should be created where more risks are internalised in the life of individuals and large corporations. More attention should be paid to instilling entrepreneurial behaviour and innovation, particularly in young people. Universities are ideal places for young people to explore their entrepreneurial potential.

Developing countries universities should be engaged in activities that would have young people explore their potential and ideas, including in making them happen. One such initiative is the “Entrepreneurship Week”, which can reach out to many individuals who embrace innovation, imagination and creativity in discovering better ways of doing things. Some other possible initiatives and efforts to support entrepreneurship include rewarding risk-taking, encouraging existing entrepreneurs to be mentors, nurturing the creation of an "angel investors" network, fostering informal networks and experimenting to find the unique blend of programmes and initiatives.

2. The success of the EMPRETEC programme

Participants also noted the success of the EMPRETEC programme in “changing people’s lives” and the opportunity to take stock from this experience. The programme has been an integral part of UNCTAD's work on investment for more than 20 years and has proven to be successful. It addresses entrepreneurship development from the ground up, trains entrepreneurship trainers, establishes networks, helps generate business ideas including how to start a business, and helps support entrepreneurs' efforts to find financial assistance. In several African countries, the EMPRETEC programme has been successful in training entrepreneurs, generating employment and instilling an entrepreneurship mind set. Africa has been grappling to reduce poverty and the EMPRETEC programme has proven an effective tool to help reduce poverty, create employment and lasting economic empowerment in the region. The support provided by various donors and partners that have contributed to the success of EMPRETEC was acknowledged. However, the major challenge was how to meet the increasing number of requests to install the EMPRETEC programme in more developing countries, especially in Africa.

Overcoming Poverty through Productive Employment and Decent Work for Income Generation in Least Developed Countries³

By the International Labour Organization (ILO) and the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS)⁴

The Least Developed Countries (LDCs) are vulnerable to sharp swings in economic growth; most have suffered serious setbacks in the last twenty five years. As a result, and despite an increase in growth since 2000, average per capita income rose by just \$6 – from \$343 to \$349 – over the 25 years between 1980 and 2004.

Investment in physical and human capital lags well behind what is needed to accelerate growth to the level where these countries can approach the level of development of the stronger developing countries. Domestic savings and investment are weak. Official Development Assistance accounted in 2004 for some \$24.9 billion of the \$26.6 billion of net financial inflows to LDCs. Foreign direct investment (FDI) is increasing but 85 per cent is going to only 10 of the 50 LDCs. Furthermore, LDCs only received 1-2 per cent of global and 2-6 per cent of developing country inward FDI between 1986-2004. In 2000, one in five of LDCs' workers with tertiary education was working in an industrialized country.

Slow pace of structural change holds back poverty reduction

The share of agriculture in the gross domestic product (GDP) of LDCs is declining slowly (from 37 per cent in 1980-1983 to 33 per cent in 2000–2003), while agriculture employs around 70 per cent of the labour force. Both industrial and service activities are expanding, from 23 per cent to 26 per cent of GDP and from 39 per cent to 42 per cent of GDP respectively. But much of the increase in industrial value added is concentrated in a few LDCs, and the activities that are expanding most in these countries are mining industries, the exploitation of crude oil and the generation of hydroelectric power, rather than the manufacturing sector. Moreover, the types of services which are expanding most are low value-added and survivalist petty trade and commercial services.

This very slow pace of structural change results in slow productivity growth. On average, in 2002–2003 it took five workers in the LDCs to produce what one worker produces in other developing countries, and 94 LDC workers to produce what one worker produces in developed countries. Worse still, the productivity gap is widening. Labour productivity in the LDCs as a group in 2000-2003 was just 12 per cent higher than in 1980-83, while it increased by 55 per cent on average in other developing countries. Significantly, non-agricultural value added per non-agricultural worker actually declined by 9 per cent between 1980-83 and 2000-03. Furthermore, non-agricultural labour productivity

declined by four-fifths in the LDCs for which data are available, which points to a widespread problem in productively absorbing labour outside agriculture.

The labour force is an important productive resource in LDCs, and a key challenge that they face in developing their productive capacities is to ensure that it is more fully and productively employed. In almost all the LDCs, there is an imbalance between the rapid rate of growth of the labour force – 29 per cent between 1996 and 2004 – and the rate of capital accumulation. Technological progress is also generally slow. As a result, most workers have to earn their living using their raw labour, with rudimentary tools and equipment, little education and training, and poor infrastructure. Labour productivity is low and there is widespread underemployment. This is the basic cause of persistent mass poverty in the LDCs. In 2006, 86 per cent of working women and men lived in families with a per capita income of less than \$2 a day – a rate virtually unchanged from a decade earlier.

Labour market trends in LDCs

LDC farmers also have to compete with more efficient farmers elsewhere in the world. Given the huge gaps in agricultural land per person working in agriculture between the LDCs, other developing countries and developed countries, and widening productivity gaps, this is a daunting prospect.

The number of people seeking work outside agriculture is increasing, but labour productivity outside agriculture is declining. In most LDCs, the most likely explanation is that employment opportunities in formal economy enterprises are not expanding fast enough to absorb the growing non-agricultural labour force, and as a consequence employment in informal economy enterprises as a share of non-agricultural employment is increasing while labour productivity within informal economy enterprises is on average lower than labour productivity within formal economy enterprises.

Most employment within informal economy enterprises consists in very small survivalist activities with low entry requirements in terms of capital and professional qualifications. The scale of operation is small; capital equipment is rudimentary and skills are basic; and often the enterprise is run by the person who started it, sometimes with unpaid family members who share their earnings. Often the work involves petty services of various kinds, buying and reselling tiny quantities of goods, usually catering to the poorer sections of the population. For most LDCs, employment in informal economy enterprises constitutes 70-80 per cent of non-agricultural employment. In output terms, the informal economy contributes 40–50 per cent of non-agricultural GDP.

Productive employment and decent work: key to poverty reduction and harnessing the potential of globalization

If growth and development are to accelerate and lead to a faster pace of poverty reduction and hunger, a major effort is needed to generate productive employment and decent work.

Pursuing such a strategy will require improved collaboration between international development actors in support of national development strategies together with a major improvement in the quantity and quality of international development assistance,

continued reductions in debt burdens and a favourable outcome to international trade negotiations.

At its recent African Regional Meeting (April 2007), the ILO adopted a Decent Work Agenda in Africa 2007–15, committing the agency’s national tripartite constituencies and the ILO itself to a series of ambitious targets for the development of integrated Decent Work Country Programmes (DWCPs) and to increased collaboration with partner agencies to accelerate progress towards the agreed international development goals, including the Millennium Development Goals (MDGs). The Regional Meeting endorsed the mechanism of ILO DWCPs for the development and implementation of integrated national strategies for poverty reduction and sustainable development. It further welcomed the policy portfolio set out in the Decent Work Agenda in Africa 2007–15 as the compilation of the policy approaches and tools needed to build DWCPs. The DWCPs must be developed with the full involvement of the ILO’s constituents. They are the ILO’s specific contribution to the multilateral partnerships to implement agreed international development goals, including the MDGs, as well as to national growth and poverty reduction strategies and United Nations Development Assistance Frameworks (UNDAFs).

The approach agreed by the ILO’s African constituents, the majority of which come from LDCs, offers a framework for developing interagency cooperation to realize the objectives of the 2001 Brussels Declaration and Programme of Action for the Least Developed Countries. It integrates the decent work approach into policies and programmes for the achievement of the MDGs, making full use of the Toolkit for Mainstreaming Employment and Decent Work recently endorsed by the Secretary-General’s Chief Executives Board. Some of the main features of a Decent Work Agenda for LDCs calling for improved policy coherence across the multilateral system would hence include the following:

- Mainstreaming assessments of the impact on the generation and maintenance of decent work opportunities into poverty-reducing development strategies, and adopting national targets for the creation of sufficient decent jobs to absorb new labour market entrants and reduce by half the number of working poor.
- Integrated strategies for sustainable enterprise development and the generation of decent work opportunities, with a special focus on assisting women entrepreneurs.
- National policies and programmes to respond to the rapid and large rise in the numbers of young jobseekers, to ensure that sufficient decent work opportunities are available to bring a fall in the numbers of young unemployed workers and the working poor.
- National policies and strategies for education and training for all to facilitate (re)integration into the labour market and the provision of free universal primary education, and (re)training opportunities for the working poor, especially young people and women.
- Reconstruction and recovery programmes should incorporate local economic development and employment-intensive investment.

- Coherent national social security strategies, including for the introduction or extension of a basic social security package that includes essential health care, maternity protection, child support for school-age children, disability protection and a minimum pension.
- National action plans for the elimination of the worst forms of child labour and all forms of forced labour.
- Legislation and policies to promote equality of opportunity and treatment in respect of employment and occupation.
- Strategies to formalize the informal economy and extend protection to informal economy workers. Such strategies should integrate, among other things, policies for the increased registration of informal businesses, skills development, improved and safer working conditions, the extension of social protection coverage and the encouragement of freely chosen associations of informal economy workers and employers.
- Modernization of labour legislation in accordance with fundamental principles and rights at work and other relevant ILO standards, and the promotion of social dialogue between governments, employers organizations and trade unions.
- The establishment of participatory mechanisms for the development and implementation of poverty reduction strategies including representative civil society organizations including ILO constituents.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by Mr. Juan Somavia, Director General of the ILO, Mr. Assane Diop, Executive Director, Social Protection Sector, ILO, and Mr. Rashid Amjad, Director for Policy Planning, Employment sector, ILO.

1. Productive employment and decent work: Policy implementation

The participants discussed the need for employment and decent work to reduce poverty in least developed countries. They stressed the importance of incorporating employment and decent work through policy at different levels - policy coherence across agencies, macro policy, trade policy, policy for least developed countries, sub regional policy, and country policy.

The urgency for generating employment stemmed from a number of factors:

- For the least developed countries, the growing bulge of the working age population needed to be supplied with jobs;
- For many Asian countries, high investment risks and the high costs of doing business on the one hand, and low returns based on low productivity on the other hand, led to a slack labour market plagued with underemployment.
- The delinking of trade and employment with trade being regarded as an end in itself.

It was noted that:

- Growth could not really be jobless, but was certainly job weak, with rising employment in the informal economy, in low quality jobs.
- The Washington consensus had failed in its assumption that growth would necessarily deliver adequate employment. Growth required investment, and the interests of financial investment could differ from productive investment.
- The Washington consensus on structural reforms and crises made labour the only adjustment factor. This was socially unjust and economically inefficient. As a result, capital was now far better protected than labour which needed a good regulatory protective framework.

2. Productive employment and decent work: Eradication of poverty

The discussion focused on the role of ECOSOC in poverty reduction. It was noted that dealing with the issue through such a large political platform could be unwieldy, but it could play a very important advocacy role for pro poor growth, and provide domestic agents with critical institutional links and networks to broaden the coalition for development. The ILO's Decent Work Country Programs were highlighted as very good prototypes for development planning, with their combination of analysis, and policy recommendations, based on tripartite dialogue.

In discussing policy options, participants focused on the problem of access, for example, access to markets, both global and domestic. Here, the WTO could play a major role in reducing subsidies in high income countries. But it was acknowledged that better market access did not necessarily resolve all the problems of the poor, as the case of Mexico demonstrated. Another major constraint for the poor was in their lack of access to basic social services, including access to health facilities, medicine, pensions for the aged, housing and transport. A third major constraint for the poor was their lack of access to education, training, and skills.

3. Productive employment and decent work: Sectoral implementation

The discussion focused on sectoral issues, especially in agriculture. Forty per cent of the 3 billion global labour force was in agriculture. Technical change and rising productivity in agriculture however created a large labour rural surplus, which tended to migrate to urban areas. Urban jobs in manufacturing however were not meeting this increased rural exodus, and migrants tended to fall into the sector of last resort, services, most in informal self employment.

A number of policy solutions to slack labour markets in both rural and urban areas were suggested:

- The rural non farm sector needs to be developed, so that all the rural surplus labour does not migrate to urban areas, to pressure both urban labour markets and urban infrastructure and social services.
- Public investment in infrastructure is necessary to increase investment, productivity and value added in rural and urban sectors.
- Basic social security is an important safety net for the vulnerable in the labour market.

Sustaining Pro-Poor Generation of Wealth, Food Security and Peace through Sustainable Forest Management: Global Commitments and Regional Innovations⁵

By the United Nations Forum on Forests (UNFF) and the Office of the Special Adviser on Africa (OSAA)

A. Issues Paper

An estimated 1.6 billion people depend on, live in or around forests and use forest resources for fuel, food, medicine and income; of these, 70 million are Indigenous Peoples living in remote areas that depend completely on forest resources for their livelihoods. While most rural development policy traditionally looks to agriculture as the basis for food security and poverty alleviation in rural areas, it is forests that provide basic components of sustainable agriculture in terms of soil conservation and water supply, and are most often used by the rural poor as a ‘safety net’ in times of economic hardship as well as a part of income generation. Poor forest management and lack of clear tenure can also lead to and sustain conflicts. More than 580 million people live in areas where agricultural lands and forested lands are intertwined, constituting more than double the population of people living in purely agricultural landscapes, and 1.2 billion people use trees on farms to generate food and income. Yet the majority of Poverty Reduction Strategies do not explicitly consider forests as a potential resource for poverty alleviation.

This is particularly true for the African region. Africa is home to some of the world’s last great expanses of tropical forests and the largest areas of savannah. The primary driver of deforestation in this region continues to be poverty based as trees are cut for fuelwood. Conflicts have also played a significant role in the over-exploitation of this natural resource. At the same time, successful reforms of forest and tree tenure laws in some countries are spurring resurgence of reforestation and sustainable management efforts.

I. United Nations supports Sustainable Forest Management

The seventh session of the United Nations Forum on Forests, held from 16 to 27 April 2007, resulted in a landmark international agreement on sustainable management of the world’s forests. The Forum acted on growing global recognition on the role of forests in stabilizing climate change, protecting biodiversity and in ensuring the livelihoods of people who depend on them. The new global instrument on all types of forests will significantly advance efforts to galvanize international cooperation and support for a new people-centered forest policy agenda, with actions for increased pro-poor, pro-nature and pro-growth actions that link trees and forests to the achievement of the internationally agreed development goals. This agreement includes four shared global objectives on forests to advance sustainable forest management, curb deforestation and enhance the contribution of forests to the achievement of international development goals.

II. Using forests to ensure food security and stability

Forests provide multiple ecosystem benefits that form the basis for rural livelihoods in many countries. In almost all of the least developed countries (LDCs), especially in Africa, the majority of the population relies on wild game and fish products for 20% of protein intake, much of which comes from forest ecosystems. Wild fruits and vegetables are also an important source of vitamins and minerals and are used mostly by the poorest sectors. Fuel-wood is the main source of energy for a majority of the rural population in most developing countries. Forest ecosystems also help provide clean water that is less likely to bear disease. In many cases, poor management and unsustainable use of forest resources put these benefits under threat.

The use of forests for their economic benefits is of enormous importance to economic and social stability. Unfortunately forests have also been misused to maintain and expand conflicts. Conflict over tenure has proven to be a serious problem in many countries, including in the African region. Policies that ensure sustainable forest management, including wildlife management, as well as clear tenure and access to forest resources are essential for maintaining the capacity of forests to continue to provide a subsistence base to poor and marginalized rural populations and provide food security over the medium- to long term.

III. Using forests to alleviate poverty

There are a number of strategies that could be used to increase the contribution of forest resources to raising people out of poverty.

Industrial scale commercial forestry has the potential for resource development and exploitation. Proper policies and incentives have proven to enable truly sustainable utilization of forests as a renewable resource while providing consistent and rewarding employment with benefits that far exceed the risks associated with small scale enterprise and the informal economy. Increased use of sustainable forest management practices that include the institutionalization of fair and equitable labor standards (such as those provided by the ILO conventions) can provide the employment required to help lift communities out of poverty.

Small and medium forest enterprises are estimated to contribute about \$130 billion of value added per year, constitute more than 50% of forest-related employment per year and comprise about 80-90% of forestry enterprises in many countries. Most such enterprises face a wide range of challenges including: insecure tenure and access to forest resources; lack of managerial capacity and ability to meet the requirements of the formal economy; inadequate market information, design capability and technology; low bargaining power; and lack of assets to lure investment and capital or offset risks. Associations of such enterprises have been shown to help overcome some of these challenges and should be supported in addition to policy changes that ensure an enabling environment and equitable market access.

Community based forest management is gaining increasing credence as an approach to both ensuring livelihoods and increasing incomes. Yet the way in which such schemes are designed can have a significant impact on their ability to deliver pro-poor results. In some regions, high levels of tenure rights and autonomy make for a very valuable

enterprise and user groups are found to specifically target the poorest in their communities. In some regions, such schemes seem to reduce incomes because of reduced or eliminated payment for previously compensated services provided by the community while requiring permits for access to resources.

Non-timber forest products play an important role in filling income and subsistence gaps for the rural poor and in some cases can serve as a foundation for poverty alleviation. A combination of conditions is required to use non-timber forest products to alleviate poverty including: an enabling environment which ensures access and tenure, equitable market access, sustainable use as well as household capacity for both product development and marketing.

IV. Regional Policy Innovations

Regional level cooperation and collaboration is being increasingly recognized as an important way of addressing policy needs and supporting countries' efforts in improving forest management. Such partnerships as the New Partnership for Africa's Development (NEPAD), the Congo Basin Forest Partnership and the Asia Forest Partnership show that an informal approach to dialogue can be particularly productive. Other more formal policy processes such as the Central African Forestry Commission (COMIFAC), the Ministerial Conference for the Protection of the Environment (MCPFE) in Europe and the Amazon Cooperation Treaty Organization (ACTO) also play an important role in facilitating dialogue and ensuring implementation of national commitments. The regional Forest Law Enforcement and Governance (FLEG) processes have also played an important role in raising awareness of governance issues and promoting regional level cooperation and action. The increased involvement of civil society in sustainable forest management is also of growing importance in many regions as decentralization allows for greater participation by local communities.

Inter-change of successful experiences of regional-level cooperation could provide greater stimulus and support for improved forest management at all levels. It is hoped that the discussion to take place at the Ministerial Breakfast will further explore the challenges to sustainable forest management and the advantages of using regional processes to further the goal of sustaining pro-poor growth, food security and peace, particularly in Africa.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by Mr. Pekka Patosaari, Director of the United Nations Forum on Forests (UNFF), DESA, and Mr. Patrick Hayford, Director, Office of the Special Advisor on Africa.

1. Sustainable forest management and regional cooperation

The recent adoption by UNFF of a landmark international instrument on sustainable forest management was underlined during the discussion. The implementation of the instrument galvanizes international cooperation on a number of priority areas, including reversing the loss of forest cover worldwide and enhancing forest-based economic, social and environmental benefits.

The role of regional cooperation and collaboration in supporting national efforts in areas ranging from environmental management to climate change was also stressed. The regional processes such as the African Union (AU), New Partnership for Africa's Development (NEPAD), and Central African Forestry Commission (COMIFAC) are playing an important role in facilitating dialogue at the regional level.

2. Forests restoration- challenges and actions

A number of country representatives expressed deep concern about the problem of *deforestation*. One country (Bolivia) cited conversion of forestland to cattle pasture as one of the primary drivers of deforestation in Bolivia, and mentioned that measures were being taken to reverse this trend. Another Member State (India) noted that population pressure was the key driver of deforestation in his country. The critical role of community level engagement and the need for an ecosystem management approach at the local level were highlighted.

One participant (Portugal) discussed the problem of *forest fires* caused by unusually hot temperatures and strong winds. It was noted that recovery of forested land requires a long-term perspective, and there is a need for greater links between the forest policy dialogue and climate change debate. Portugal called for activities by the UN to inform the public on the importance of forests.

It was underlined (Denmark) that increased international attention on *climate change* had re-energized the debate on forest-related issues. The active engagement by the United Nations Forum on Forests in the climate change debate should serve to revitalize discussions at the Forum, and the greater participation by African countries could help to bring the "triple bottom line" on the benefits of reforestation into the equation.

The need to implement measures to combat the *illegal exploitation (logging)* of forest was stressed by one of the participant (Japan). The International Tropical Timber Organisation (ITTO) has undertaken important work in this area.

It was further noted that both problems and solutions to forest-related issues should be addressed at the *grassroots level*, and there is a need to reposition forests in *mainstream media and the public eye*, to *galvanize political and public support* for forest protection and reforestation. The community development and learning aspects of *social forestry* and the *social benefits* of urban forests (trees outside of forests) were discussed, as well as the utilization of existing *technologies* such as satellite imagery for a better monitoring of the global forest cover and reforestation activities.

Food, Nutrition and Agriculture: Working Together to End Hunger⁶

By the Food and Agriculture Organization of the United Nations (FAO), International Fund for Agricultural Development (IFAD), and the World Food Programme (WFP)

A. Issues Paper

854 million people around the world are chronically hungry, the great majority of which - 96 percent - live in developing countries, 75 percent live in rural areas, 60 percent are women, and almost 18 percent are children under the age of five. The highest number of chronically hungry people is in Asia (64 percent), the highest rate of under nutrition is in Africa (33 percent).

Progress in cutting hunger and malnutrition was impressive in many parts of the world during the 1960s, 1970s, and 1980s but has significantly slowed down in recent years. During the 1990s, developing countries reduced the number of undernourished people by only 9 million, representing a mere 1 percent of the total of undernourished people.

Currently, the number of chronically hungry people worldwide is actually growing by an average of 4 million per year due to economic crises, the spread of HIV/AIDS, population growth, and conflict and natural disasters (mainly drought and floods). More than two billion people worldwide (one in three) suffer from micronutrient deficiencies. Nearly 3 million preschool children in developing countries are blind because of vitamin A deficits. Iron-deficiency anemia results in one out of four maternal deaths in the developing world. Iodine deficiency is the world's leading cause of mental retardation; more than 2 billion children suffer from lowered IQ and retardation due to iodine deficiency.

Extreme poverty and hunger are closely interlinked. Poor people do not possess the means to access and/or produce the food necessary for an active and healthy life and are more vulnerable to destitution following extreme events. At the same time, hunger can also be an important cause of poverty through its impact on health, disease and mortality. Hunger imposes human and economic costs on individuals and societies by adversely affecting the health and productivity of populations. The “hunger – low productivity – extreme poverty” nexus acts as a trap which is difficult for people to escape. FAO has noted that “the prevalence of chronic under nutrition is a relevant and valid measure of endemic poverty and is a better indicator than estimates of per capita income.”⁷

The negative impact of hunger and under nutrition is well-documented. Less well-appreciated are the strategies and policies that are being put in place to address these problems. Both targeted food security and nutritional policy and program interventions and long-term initiatives to enhance agricultural productivity and promote rural development are necessary to reduce hunger faster and permanently. These interventions are essential to reducing hunger and poverty and are the focus of this paper.

Hunger reduction is a prerequisite for fast development and poverty reduction

Investment in hunger reduction is too often seen as “welfare” whereas, in practice, it is an investment with a potential for generating high economic rates of return. Hunger reduction is not only critical for reducing poverty but also for meeting the international goals related to health, child and maternal mortality, education and literacy. The relationship between hunger and poverty points to the need to put in place mechanisms (policies and programs) which enhance peoples’ access to food and nutrition, especially for the neediest among them, thus allowing poor people to take advantage of development opportunities.

Food security and nutrition in poverty reduction and growth strategies

Sustained progress in cutting hunger requires that food security and nutrition be accorded high priority in national poverty reduction and growth strategies. Inspired partly by MDG1 that seeks to halve hunger and partly by regional and national commitments to reduce hunger, several governments are taking bold steps to integrate food security and nutrition objectives and milestones into their growth and poverty reduction strategies and plans. NEPAD’s Comprehensive African Agricultural Development Program (CAADP) is an excellent illustration of this trend, particularly as national governments embrace the principles spelled out within each of its four pillars. Some organizations are incorporating nutrition indicators related to MDG1 into the monitoring and evaluation systems of development activities. For example, IFAD is using child under nutrition as an “anchor indicator of impact” for all the programs it supports.

Combating micronutrient deficiencies

Micronutrient deficiencies affect 2-3 billion people worldwide. Food-based solutions to micronutrient deficiencies require a combination of increasing the intake of foods naturally rich in micronutrients, both of plant and animal origin, and increasing the micronutrient content of foods through fortification and biofortification. As a logical follow-up to successful development and promotion of ready-to-use therapeutic foods (“RUTFs”), various NGOs and UN agencies are exploring options for developing additional foods for community-based treatment of severe acute malnutrition.

The essential package: Linking education, health, and nutrition

In recognition of the importance of a comprehensive approach to promoting health and nutrition at the school level, UN agencies developed the Essential Package (EP) as a framework of complementary interventions to improve children’s education, nutrition and health. The EP consists of basic education, food for education, systematic deworming, micronutrient supplementation, sanitation and separate latrines for girls and boys, construction of clean potable water system, kitchen and fuel-efficient stove construction, school gardens with well defined objectives, HIV/AIDS prevention education, malaria prevention measures, health and hygiene education and psychosocial support. The EP has become a standard component of child nutrition enhancement strategies across the globe.

Women are the key to improving household food security and nutritional well-being

Women are largely responsible for making food available for the household either by producing or purchasing it. Women often spend the lion's share of their income on food for the family. Increases in incomes and overall improvements in women's lives have an immediate positive impact on the well being of household members and particularly the nutritional status of children. Promoting women's on or off-farm productive activities can make a direct contribution to household food supply. It is critical, however, that programs take women's multiple responsibilities and time constraints into account and understand differences in coping strategies between men and women within a household.

Food and nutrition support in HIV/AIDS treatment, management, and prevention

Several UN agencies and a range of global, regional, and national partners are working to ensure that food and nutritional support related to HIV/AIDS are integrated into national-level planning and programming, including national AIDS strategies, policies and budgets. Over the past 5 years NGOs and several UN agencies have worked to expand access to food and nutritional support for food insecure people living with HIV/AIDS and their families through prevention of mother-to-child transmission, home-based care, tuberculosis, and anti-retroviral programs in 36 countries reaching approximately 800,000 people. The reach of these programs continues to expand.

These initiatives are merely illustrative of the numerous partnerships being built to address the causes and consequences of hunger across the globe. Yet, much more that needs to be done. A central challenge that cuts across all of these efforts relates to the need to intensify and expand capacity strengthening efforts at the national level. This includes improved capacity for policy and program design and implementation. It also includes mechanisms and resources for multi-sectoral policy and program development and implementation. The examples provided above demonstrate that filling these gaps typically requires context-specific interventions at policy, institutional, organizational, and individual levels based on strong partnerships among national bodies and international agencies.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by H.E. Mr. Victor Bernando, Vice-Minister of Planning and Development of Mozambique and Mr. Lennart Båge, President of International Fund for Agricultural Development (IFAD).

1. Food security and hunger reduction: The joint work of WFP, IFAD and FAO

In many instances, people suffer from hunger not only as a result of insufficient food supplies, but lack of access and purchasing power. It was noted that the three Rome – based agencies work together with different but complementary mandates, and utilize a twin track approach in their collaboration. The twin-track approach combines efforts to meet the immediate needs of poor people with long term investments in rural development and the building of stronger agricultural systems. For example, WFP has a focus on feeding hungry people and meeting their special needs, while IFAD and FAO focus more on fostering economic growth and increasing long-term agricultural productivity. Some notable areas of collaboration include the International Alliance

against Hunger, the Food Security Theme Groups and the Hunger Mapping System. Yet, despite growing collaboration and coordination among development actors, many countries, especially in Africa, are not on target to achieve the MDGs by 2015, in particular MDG 1.

2. National efforts to cut extreme poverty and hunger

The importance of national leadership in the fight against hunger and extreme poverty was addressed. It is a key element for reaching national and international development targets. In Mozambique malnutrition rates are high, aggravated by HIV-AIDS, and affect in particular women and young children. Some 67% of the population lives in rural areas where food insecurity is widespread and families routinely spend close to 50% of their expenditures on food. Recognizing the challenge, Mozambique included the right to adequate food as an important element in national policy discussions, and fighting hunger figures prominently in the Government's recently approved PRSP. In seeking to improve agricultural production, the Government had identified a number of challenges such as infrastructure and the high value of labour intensive crops. The Government has placed importance on putting people at the center of development and ensuring their participation in formulating policies that affect them.

In the ensuing discussion, views were expressed on the importance of developing comprehensive strategies for fighting hunger and malnutrition, and assisting governments to formulate national development policies. The problem of persistent and chronic hunger needs to be brought back into the debate on poverty reduction, and consideration should be given possibly to having a resolution on this issue considered at the United Nations General Assembly. With the number of chronically hungry people worldwide actually growing by an average of 4 million per year, hunger needs to receive a greater share of resources and attention than it is currently receiving.

In order to address hunger effectively, many speakers pointed to the importance of paying attention to health, nutrition, education (skills training), water and sanitation, food fortification, food quality as well as food quantity in governmental policies. Practical examples were given of working with government and partners, buying food locally to build capacity, and using donor grants to build national capacities and produce micronutrient-fortified blended food and biscuits. Also, investments in education through school feeding are critical to national development.

3. Addressing Hunger: Problems and strategies

General views were expressed about the link between hunger and human rights, especially the important role of women and their access to land and credit. A view was expressed about involving the Special Rapporteur on the Right to Food in discussions such as this.

It was suggested that the Rome-based agencies highlight issues related to hunger, malnutrition, agricultural and rural development more frequently in Geneva to ensure that *proper attention is being paid to those issues in discussions related to trade and agriculture, human rights, including the right to food, and funding priorities*. In speaking about the important link between trade and agriculture, it is necessary to be aware of the huge gaps in productivity between North and South because of the scale and type of

assets at their respective disposal. Agriculture needs to be given priority on the agenda of governments, and at least 10% of ODA should go to this sector. Governments should link their ODA strategy to the MDGs. Consideration should be given to providing subsidies to farmers in the developing world so as to reduce the number of people leaving rural areas for city slums.

The importance of *partnerships* was stressed, and the need to have clear policies and to identify who will lead and coordinate such partnerships. While noting the partnership among the UN agencies, it was pointed out that good use should be made of other existing mechanisms such as the Standing Committee on Nutrition, and the establishment of partnerships with others to ensure success.

Other issues raised in the discussion included whether it was necessary to define more precisely who is hungry; the call for an examination of the *role of transnational corporations* and the need for more *binding regulations for issues such as control of food, and displacement of people from land*; the *impact of climate change on agriculture* and the consequences for the next generation; and a proposal for *mandatory supplementation of food and micronutrients to address malnutrition*.

Land Policy in Africa: Securing Rights, enhancing Productivity and improving Livelihoods⁸

By the International Land Coalition (ILC) and the Economic Commission for Africa (ECA)

A. Issues Paper

The importance of land in Africa is multifaceted and central to the three pillars of the Millennium Development Goals (MDGs): development, human rights and security. For the majority of rural Africans, land is the main source of livelihood. Land rights are critical to sustainable urban development and human settlement, and secure land rights and good land governance to ensure the participation of all citizens, particularly the poor, women and other disadvantaged groups. Sound policies and effective land administration are necessary to addressing Africa's twin land-related challenges of (a) facilitating investment and generation of economic opportunities, and (b) guaranteeing secure land access to the rural and urban poor as a basis for improved livelihoods and food security. In order to meet these challenges, however, African governments and other stakeholders must address several critical issues:

- *State Sovereignty over land.* As a result of colonial land laws, large amounts of land were transferred to foreign settlers and companies, and the rights of African communities were not widely recognized. Post-colonial land laws also gave African Governments power to appropriate land that was previously held under customary tenure regimes, often with dire consequences. There is need to re-examine and address the state's role in land ownership and administration in the context of land policy reforms.
- *Duality of property systems.* African governments are now beginning to recognize customary management systems, which exist alongside statutory systems, but more must be done to resolve tenure disputes rooted in multiple layers of legislation, and support customary systems strained by demographic pressure, land scarcity, urbanization and conflicts.
- *Inequality in land distribution.* Under both colonial governments and post-colonial governments, states have expropriated land held under customary management with little or no compensation or reparations. While attempts are being made to redress inequitable land distribution, e.g., in Kenya, Zimbabwe, Mozambique, South Africa and others, more effective strategies are needed for successful and timely outcomes.
- *Land tenure insecurity.* In both customary and statutory systems, there is a need to increase the degree of tenure security to facilitate investment and ensure sustainable land use, with a view to facilitating a structural transformation of African economics that would lead to secure livelihoods, poverty reduction and economic growth.
- *Management of Africa's common property resources.* There is a need to identify principles and mechanisms to strengthen sustainable management of the commons,

particularly for the benefit of the poor who rely on them for their daily livelihood. Forests, wetlands, fisheries, rangelands, wildlife, biodiversity colonies and ritual grounds are among the land-based resources that may be managed as common property.

- *Gender biases.* In most parts of Africa, gender relations are informed by a patriarchal orientation and the subjugation of women's rights, including rights to land, and status. In this respect, women face discrimination in both customary and statutory systems of land tenure. Reforms are needed to strengthen women's property and inheritance rights.
- *Impact of HIV/AIDS.* The impact of HIV/AIDS is most dire for vulnerable groups including widows, divorced women, youth and orphaned children. There is a need for legislation to support families affected by HIV/AIDS to maintain access to their land, particularly when the principle land owner dies and/or adult labor is lost to the disease. Frameworks for HIV/AIDS mitigation are also needed in support of land administration, as the epidemic continues to affect the labor force.
- *Urbanization.* With the growth of cities and towns – urbanization is expected to increase from 38 to 55 percent in 2030 – comes increasing pressure and rising land values in urban and peri-urban areas. Rights to land and housing for the poor must be ensured, while facilitating the needed investments for sustainable urban development.
- *Conflict management.* Struggles over the control of land, and the power it yields, are often the source of disputes, and subject to manipulations, which fuel broader conflicts. Land policy and administrative reforms could address this by increasing tenure security, clarifying boundaries, resolving overlapping claims, and providing mechanisms for dispute resolution.

Many African countries are addressing these challenges in the context of policy, legislative and administrative reforms. Existing efforts in this regard reflect regional-specific needs. In Southern Africa, many countries have drafted land laws and instituted programs to address past racial inequalities in land distribution, though implementation has been slow thus far; incorporating the impact of HIV/AIDS also remains a challenge. The establishment of the SADC Land Reform Technical Support Facility is one step toward better knowledge management for land policy and administrative reforms. In Eastern Africa, many countries are addressing dualistic land tenure regimes and management of the commons, through policy processes. Similarly, many West African countries are addressing tenure security in the context of most land held under customary regimes. Tenure security for migrants and legitimacy of locally negotiated arrangements for land access are also important issues, and national and regional networks and intergovernmental institutions are active in facilitating knowledge sharing. In Central Africa there is a need to address forest land management and dualistic tenure systems; pastoralist tenure and conflict are main concerns in the Horn of Africa, with the need to develop policies and develop responsive institutions. In Northern Africa, land reforms have assisted peasant farmers, landless workers and pastoral nomads, and in combination with other strategies have helped many North African countries meet goals related to food security and poverty reduction.

In view of the varied stages and successes in policy and administrative reforms, exchange of information and lessons, access to technical expertise and reviews of on-going processes are important, in order to catalyze reforms across the continent. It is in this light that the African Union (AU), Economic Commission for Africa (ECA) and the African Development Bank (AfDB) embarked on an African-led initiative aimed at developing a framework and guidelines for land policy and land reforms for Africa. Through this initiative, benchmarks and indicators of land policy and land reforms are being developed, to allow for monitoring and evaluating policy development and implementation processes and their outcomes.

The process of developing the framework, guidelines and indicators has included continental and regional consultations, involving key stakeholders such as Regional Economic Communities, Member States, civil society, farmers and producers' organizations, the private sector, African centers of excellence, other research and academia, and development partners. Regional assessments and consultations are documenting processes and initiatives on the ground and enriching the skeleton framework and guidelines that was generated from the earlier consultations; a focused stakeholders' meeting on developing benchmarks and indicators has also taken place. It is envisaged that the framework, guidelines, benchmarks and indicators, with clear modalities for implementation, will be endorsed by Africa's highest level of governance at the Summit of African Heads of States and Governments in July 2008.

Much work remains ahead, but it is clear that progress is being made through the AU-ECA-AfDB initiative, particularly in advocacy, capacity-building, and coordination in support of land related-issues on the continent. The initiative has already had success in supporting regional and national land policy processes, including providing expertise for evaluating the draft national land policy in Kenya, and sharing information and expertise with the East African Community (EAC) and the South African Development Corporation (SADC) in support of land related initiatives. ECA and ILC, as members of a UN coordination team on land issues (which also includes FAO, IFAD, UNHABITAT and UNDP) is helping to build synergies and coordination on land issues in Africa, with a view to enhancing partners' collective engagement and outcomes on the continent which will add value to the AU-ECA-AfDB pan- African initiative.

B. Summary of Discussions

The Ministerial roundtable breakfast was chaired by Mr. Abdoulie Janneh, Executive Secretary of ECA. Member state delegates as well as representatives of civil society and the private sector attended the meeting.

In his introductory remarks, the chairman emphasized that the land issue is central in making progress in the agricultural sector in the region. He also reaffirmed the African-led initiative aimed at developing a framework and guidelines for land policy and land reforms for Africa common platform that the AU, ECA and AfDB embarked on, and called for development partners to join forces to push for this initiative. The decline in productivity because of fragmented lands, overuse of land and lack of financial capacity were also emphasized as critical issues. Another issue of note are current government policies which tend to favour commercialization of agriculture which tends to limit land to a political elite in a way that pushes poor rural producers to migrate to the cities which

worsens their situation. The issue of resource use conflict was also recognized as another critical issue, which needs to be addressed by encouraging national governments to pay particular attention to pastoral land access.

The following key messages were underlined during the discussions:

- The importance of land in addressing hunger. It was stressed that in many developing countries the average farm size is decreasing, food security is not ensured and the general situation is worsening in many countries (Malawi, Rwanda). The need for adequate policies to address those issues was therefore highlighted.
- The importance of the trade perspective and its linkage with the issues of hunger and poverty.
- The need for more data (number of landless; proportion of land per family, etc) for planning and decision-making was particularly emphasized.
- The need to address the human rights perspective particularly for vulnerable groups such as women and youth. It was pointed out that women's access to land is very limited (only 1% of the land is owned by women) and most of them are divorced from decision-making.
- The importance of job creation and the possibility to use the ILO meeting on promoting rural employment for poverty reduction as an opportunity to raise the issue of land access.
- The need for agrarian reforms. They should be country specific and take into account long term objectives (land reform can determine how urban development will look like).
- The need for stronger rural development policies to provide livelihood and generate income.
- The need for a very strong political will.
- Use the AU/AfDB/ECA initiative as a basis for land policy and improved agricultural production for an African home grown perspective on land policy and land reform.
- The need to distinguish between ownership of and access to land. Ownership could solve the equity problem and encourage the movement from subsistence production levels to marketable lands. The discussants stressed that most people access land through the customary way. Land belongs generally to governments and people only have the right of use which is in most cases not available to poor farmers.
- The need to consider land leasing as an alternative.
- The need to empower civil society through consultations to encourage government to pursue pro-poor land policies and encourage economic use of land.
- The need to specifically target pastorals in the new land policy formulation.
- The importance of making land available to rural communities using existing traditional institutions (chief of village, etc) for equitable distribution of land.

- The need for local market competitiveness for land to enable producers go beyond subsistence production levels
- The need for an alliance of partners to initiate action at local and national levels
- The need to develop new approaches.
- The need to specifically address the issue of communal lands.

The roundtable concluded by a number of recommendations calling on other international development partners to support the ILC initiative, pointing to the fact that African leaders should move from the colonial past in terms of land policies and commit to land reform.

Strengthening Education's Role in Poverty Eradication: Challenges of Quality, Access and Equity⁹

By the United Nations Educational, Scientific and Cultural Organization
(UNESCO)

A. Issues Paper

Poverty reduction is the first of the Millennium Development Goals (MDGs) and the overarching framework for current international development efforts. Enabling poor populations to escape the degradation, indignity and deprivation of poverty is one of the central responsibilities of the UN system and the international community. Education is an essential factor in fighting poverty and, at the halfway point towards the target dates both of the MDGs and the Education for All (EFA) goals, it is crucial to explore and reinforce these links once again.

The education/poverty nexus

Poverty has many dimensions, and the impact of education is also multi-faceted. In today's world, it is clear that factors of instability and conflict, poor governance, gender inequality, poor health, food insecurity and high population growth as well as low levels of knowledge and skills all contribute to a cycle of deprivation, leaving the poor with few resources and many barriers to overcome. The odds are stacked against the poor, but education can play a key role in changing the situation.

Economic and educational deprivation go hand in hand. Of the 28 countries with a low EFA Development Index (EDI), 20 of them are also in the category of low human development. The converse is also true – the distribution of high human development correlates with high levels of educational opportunity and performance. At least 77 million children have no access to schooling, and 38% of these come from the poorest fifth of the population. Multiple factors combine to deprive the poor of education; for example, children are left out of school owing not only to poverty, but also to disabilities and because they live in remote areas or speak a language different from that taught in class; sometimes, it is simply because they are girls.

There can be no sustained reduction in poverty levels without economic growth. Links with education are obvious – greater skills, both cognitive and technical, broader knowledge and understanding of the world, and a higher level of formal qualifications all make possible a more productive workforce and the development of high-value processes and services. Nevertheless, economic growth depends also on many factors beyond education.

Education has multi-faceted effects which make it an indispensable means of fighting poverty. In many contexts, formal employment is scarce, and only a small proportion of those obtaining school qualifications will enter formal work. Many more opportunities exist for local initiative and small-scale enterprise based, for example, on raised

agricultural productivity or the launch of businesses or services. It is here that the broad benefits of education have an effect.

A basic high quality education gives learners not only essential tools of knowledge, skills and competencies but also intangible benefits such as self-confidence, the capacity to take the initiative and the belief that things can change for the better. These intangible benefits are not incidental or additional – they are central to what a quality education should achieve; they enable learners to use to the full the substantive knowledge and technical skills they receive through education.

These multiple connections are the reason why the EFA agenda is so crucial – quality learning, relevant curricula, conducive learning environments, and competent and committed teachers. Without these elements, schooling for children – as well as learning opportunities for adults – will not achieve the kinds of learning outcomes leading to poverty reduction. A quality education also responds to concerns beyond poverty reduction – it is indeed the fulfillment of the basic human right to an education, leads to the development of every human being’s potential, and gives people the chance to participate actively in society as informed citizens. Quality education impacts also on cultural development and identity and on intercultural relations – benefits which also serve to underpin equitable, relevant and harmonious economic development.

EFA addresses the need for basic education. Recent research has shown that this must include some years of secondary schooling. Only then will the knowledge and skills acquired be usable for economic purposes leading to poverty reduction. The oft-cited example of the development of Ghana and the Republic of Korea over the past 50 years continues to be instructive in this regard. While both countries had almost the same level of GNP per capita in 1957, today Korea’s GNP is almost ten times that of Ghana. At the same time, the proportion of students reaching Grade 5 in Korea is 98.1%, while in Ghana it is 63.3%, and the average years of schooling in Korea are almost double those of Ghana (16.2 years and 8.5 years respectively). While the reasons for this differential development have been abundantly analysed elsewhere, the point is that increasing economic development and increasing levels of education go hand in hand, each reinforcing the other. Thus education, while it is only one variable in both poverty reduction and economic growth, is an essential element.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by H.E. Professor George Saitoti, Minister of Education, Kenya, and Mr. Koïchiro Matsuura, Director-General of the United Nations Educational, Scientific and Cultural Organization (UNESCO). The discussion covered a wide range of issues:

1. Education at the societal level

Although 90% of school-aged children are now enrolled in primary school, the remaining 10% corresponds to 77 million children not enrolled; *all* of whom are poor. The correlation between education and poverty is clear. Education contributes to poverty reduction both on individual and societal levels. On an individual level, education enables one to make healthy life choices, especially with regard to issues such as HIV&AIDS, fertility and gender equality. On a societal level, education encourages a strong labor

force, equality and greater civic participation. Much progress has been made in the area of education policy, with future recommendations including: abolition of school fees, language instruction in the mother tongue, ‘second chance’ programs for out-of-school or drop-out children, gender equity programs and education quality initiatives. The following challenges still remain:

- A lack of attention is being given to the gender parity goal, which has not yet been achieved. Adult literacy and early childhood care and education are often ignored, and little progress has been made toward improving this.
- Governments are not emphasizing education in their national agendas, and increasing attention is being given to infrastructure for economic development, sometimes at the expense of education.
- Tremendous pressure is being put on the need for secondary education, although resources are lacking in this area.

2. Education financing

Globally, the share of aid for basic education has declined, although the amount has increased. And at the national level, education as a share of GNP is decreasing in many countries. Increased resources for, and spending on, education is essential for the achievement of EFA goals and universal primary education (UPE). In this context, more aid, more national investment and targeted spending for populations that need it most should be encouraged. It was noted that in order to intensify the impact of education on improving lives, national governments’ resources must be distributed effectively between primary, secondary and tertiary education; and more focus must be given to promoting quality and gender equality.

3. Quality of education

Although net enrolment and the demand for education are rising, quality is suffering in many instances. Classrooms are overcrowded with students of all ages; teachers are under trained and overwhelmed; textbooks and materials are in short supply; curricula content are out of date; dropout rates are high; and learning outcomes are poor. The inputs for improving quality are abstract, and the results are difficult to monitor. It is thus necessary for governments and the international community to develop indicators for investing in, and monitoring quality, that address both content and manner in which students are learning.

4. Teachers

There remains a severe shortage of qualified teachers worldwide, notably in countries with rapidly increasing enrolment rates. Policy suggestions to address teacher challenges include: developing shorter or school-based qualification programs; dedicating resources to salaries and quality of work environment so teachers don’t retire/quit; and encouraging policy makers to make long-term investments in teachers through improving the quality of aid to education.

5. Recommendations

The global community recognizes the important link between economic development and education. Although progress is being made to achieve the EFA goals and the MDGs, and in order to accelerate progress, curricula should be strengthened, and new resources must be mobilized for education; secondary education must be equipped to absorb increased demand without severe loss of quality; private sector participation must be strengthened; renewed attention must be paid to unmet gender equality goals; children from sub-national, marginalized groups should be brought into the educational system; renewed attention must be given to adult literacy and higher education; and education reform must be integrated with other social services

Women’s Participation in Poverty Alleviation and sustained Economic Growth, including through the Initiatives of Migrant Women¹⁰

By the International Organization for Migration (IOM), United Nations Population Fund (UNFPA), and the Office of the Special Adviser on Gender Issues (OSAGI)

A. Issues Paper

Progress has been made in recognizing the cross-cutting nature of gender issues and their relevance to development effectiveness and poverty reduction. There is now a shared understanding that development policies and actions that fail to address disparities between men and women will have limited effectiveness and serious cost implications. Gender inequality tends to lower the productivity of labor and the efficiency of labor allocation in households and the economy, intensifying the unequal distribution of resources.

There has also been a growing understanding that without women’s full participation, progress in development will remain elusive. Poverty reduction requires conditions in which women and men can contribute to and benefit from economic growth on an equal basis. However, women continue to face discrimination in all regions. This results in women’s interests and concerns not being adequately represented and taken into account in policy and programme formulation and resource distribution. One of the fundamental reasons women are subject to discrimination is that they do not have a voice in decision-making at home or in society, even when the matters are directly related to themselves including with regard to their own reproductive health. As migrants, women face double discrimination and in some cases, their services are exploited in unpaid domestic work. Migrant women are exposed to a much higher risk of violence and abuse such as human trafficking, sexual violence and sexually transmitted infections, including HIV. Yet they have little or no access to medical or legal services. As a consequence, their abilities to contribute to development both to their host and home countries are adversely affected.

While the understanding of the nexus between gender equality and development has increased and important commitments have been made, much more remains to be done. The outcome document of the twenty-third special session of the General Assembly entitled “Women 2000: gender equality, development and peace for the twenty-first century,” recognized that gender inequalities and disparities in economic power-sharing, unequal distribution of unremunerated work between women and men, lack of technological and financial support for women’s entrepreneurship, and unequal access to, and control over, capital, particularly land and credit and access to labour markets, as well as stereotypical attitudes and harmful traditional and customary practices, had constrained women’s economic empowerment and exacerbated poverty among women. Furthermore, fundamental economic restructuring experienced by the countries with

economies in transition had led to lack of resources for poverty-eradication programmes aimed at empowerment of women.

The 2007 Economic and Social Survey of Asia and the Pacific, prepared by the United Nations Economic and Social Commission for Asia and the Pacific, showed how gender discrimination, including through restrictions and barriers to women's access to work, asset ownership and resources, education, health services and decision-making, has widespread ramifications and carries huge economic and social costs. The report, for example, found that the region is losing \$42-\$47 billion per year because of restrictions on women's access to employment opportunities and another \$16-\$30 billion per year because of gender gaps in education. Those are just the economic costs – added to them are social and personal costs. A report by the United Nations Economic Commission for Africa argues that lack of women's educational opportunities in sub-Saharan Africa appears to be related to lower economic growth through its relation to higher fertility rates, lower savings rates, and lower productivity of the entire workforce. In Eastern Europe, during the transition process, a gender bias in cuts in employment and social protection accelerated. This resulted in increased unemployment and a gender pay gap of 55 per cent.

Today, the link between poverty and a woman's reproductive health and rights has also been established and iterated. Inadequate attention to these needs lead to poor sexual and reproductive health - a leading cause of death and disability in the developing world. It limits life expectancy, hinders educational attainment, and diminishes personal capability and productivity - making it difficult to escape poverty let alone contribute to economic growth. In sub-Saharan Africa, reproductive illnesses are a major threat to the health of women, many of whom are in the early years of their working lives. Adequate funding for reproductive health and rights can affect the economy and the economic well-being of the women. Family planning allows women to delay childbearing which gives them more time to complete their education and participate in the economic workforce. HIV/AIDS is contributing to the poverty and disempowerment of women, particularly in the regions hardest hit such as sub-Saharan Africa where 57 per cent of adults living with HIV are women. Women and girls also pay a high price in lost opportunities when undertaking unpaid care for family members or others with HIV or AIDS-related illnesses which prevents them from investing their time in other activities that generate income, improve education or impart skills.

Female migrants, who constitute nearly half of the approximately 200 million migrants worldwide, are one group whose initiatives should be enhanced and supported to help alleviate poverty. As more and more women are migrating as independent actors or as heads of households, they are becoming important agents for change. Empowered female role models encourage subsequent generations in areas key to development such as health and education, family welfare, and local environment. It is crucial for both receiving and sending countries to facilitate the creation of channels for women leaders in diasporas, and subsequent generations, to be partners in development planning and programming and to actively support migrant women in diaspora communities to engage in development efforts through their skills, knowledge and experience. Addressing migrant women's concerns should come in the form of policy oriented studies, capacity to collect gender specific data related to migration statistics, ensuring access to reproductive health

information and services which include responses to gender-based violence, pregnancy related care, prevention and treatment of sexually transmitted diseases – including HIV/AIDS. As a further background document, the joint Conference paper of the Global Migration Group (GMG)¹¹ for the Global Forum on International Migration and Development, as an attempt to define the cross-cutting issue of gender and migration, will be made available.

B. Summary of Discussions

The Ministerial roundtable breakfast was co-chaired by Ms. Rachel Mayanja, Special Advisor on Gender Issues and the Advancement of Women, Office of the Special Adviser on Gender Issues (OSAGI), Ms. Mari Simonen, Deputy Executive Director, United Nations Population Fund (UNFPA), and Ms. Ndioro Ndiaye, Deputy Director-General, International Organization for Migration (IOM).

1. Gender equality and development

The participants discussed how gender equality and women's empowerment were essential to global poverty eradication. It was widely acknowledged that the Millennium Development Goals would not be achieved without serious and urgent attention to the rights and status of women. Participants stressed that women's health, including sexual and reproductive health, was key for their role in poverty eradication and that migrant women and women in post-conflict situations were particularly vulnerable and deserved special attention. The notion that partnerships in supporting gender equality should be vigorously pursued in order to increase women's potential and heighten visibility of women's contributions to poverty eradication was fully endorsed.

It was stressed that gender equality had been insufficiently reflected in the Secretary-Generals' report and in the debate in ECOSOC on the theme of the high-level segment on "Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development." The importance of including a gender perspective and specific references to the roles of women in poverty alleviation in the consideration of all issues on the agenda was emphasized. Examples included, inter-alia, decent work for all (and women in particular), and impact of trade policies on women in agriculture.

2. Migrant women's working conditions

It was noted that women confront new challenges as migrants. Three elements were stressed:

a) *The need to improve data collection*: Participants agreed that the absence of sex-disaggregated data limited the understanding and appropriate assessment of women's roles in poverty alleviation. Therefore, data on migration issues, such as statistics on labour migration and irregular migration, and other issues, such as the brain drain, should be systematically disaggregated by sex.

b) *The role of remittances and the specificity of women remitting patterns, including their role of sustaining family members left behind in societies recovering from conflicts*: Participants acknowledged the crucial role migrant women played in poverty alleviation by remitting a part of their income to the country of origin. Although remittance flows played a vital role in fulfilling the migrant's household basic needs such as food, housing,

health, education, more actions should be undertaken by national authorities and international organizations to enhance the investment of remittances in sustainable income-generating activities. Participants stressed the need for women's economic independence and an adequate representation at all levels of public life, as well as reasonable balance in terms of productive, reproductive, care-taking roles. Men's support and involvement in these activities is essential.

c) The importance of reinforcing the human resources base in both host and home countries by organizing and leveraging the resources of the diaspora communities: Participants noted the important role of migrant women's associations and organizations in mobilizing the diaspora, facilitating integration and in maintaining links with the country of origin.

3. Next steps

Participants agreed to bring the following key areas of interest to the attention of their governments, multilateral and civil society organizations. These points were also brought to the attention of ECOSOC, and presented during the Global Forum on Migration and Development which was held in July 2007, in Brussels:

- Governments, international organizations and civil society organizations should systematically incorporate the gender dimension into their poverty eradication strategies.
- The next round of national presentations of Annual Ministerial Reviews of the implementation of the internationally agreed development goals should bring more examples of gender mainstreaming in national development plans and demonstrate progress made in achieving those MDGs that are directly linked to women's health and education and their multi-faceted roles in supporting development and poverty eradication in particular.
- Gender issues and perspectives should be more consistently and systematically addressed in the reports prepared for the substantive session of ECOSOC. Data on poverty eradication, for instance, including data presented in ECOSOC documents, should be disaggregated by sex.
- The impact of remittances on poverty alleviation and the specific contribution made by women in this respect should be enhanced by government actions, in particular, to support migrant women's entrepreneurial activities, including through appropriate credit mechanisms, and consequently documented.
- Women migrant's health and reproductive health, in particular, is of primary importance. Issue of access of migrant women to such services, including women in an undocumented status, is of particular concern.

Innovative Business Solutions for Poverty Reduction¹²

By the United Nations Development Programme (UNDP)

A. Issues Paper

Introduction

Even as globalization gains momentum, market barriers fall, and goods, capital information and people move more freely across borders, there is growing evidence that the 2.7 billion people living on less than \$2 a day are being left behind and failing to benefit from the growth and wealth creation associated with integrating and growing markets. But solutions—through innovations—are at hand.

Markets provide myriad benefits to those who have access to them. They can be an engine of over-all economic growth as well as of individual human development and economic empowerment. Together with the public sector, which provides key public goods and services, they can be a powerful force of socio-economic change.

UNDP is leading the Growing Inclusive Market (GIM) and the Growing Sustainable Business (GSB) initiatives, two complimentary multi-stakeholder initiatives that broadly focus on expanding inclusive markets by focusing on pro-poor market facilitation.

UNDP and Private Sector

The *Growing Inclusive Markets* initiative is a United Nations-led, multi-stakeholder initiative that aims to raise awareness and provoke action on how business and governments can create opportunities for the poor, spur innovation to fight poverty, and find economic gain as well. The initiative will inform policy decisions as well as identify market opportunities. The main products of *Growing Inclusive Markets* -- knowledge, analytical tools and a cache of innovations -- are envisioned as valuable means of removing constraints to inclusive growth, which are the barriers that keep the poor outside the circle of progress. It is expected to reveal exciting opportunities for a broad audience through a major report to be published in the first quarter of 2008.

The *Growing Sustainable Business* initiative (GSB) encourages, facilitates and supports the development and implementation of commercially viable projects that demonstrate both a business and development case. This includes business models that expand market access for products and services produced by the poor and also reduces barriers for products and services that meet the basic needs of the poor. In Tanzania, for example, GSB facilitated a partnership with Unilever. The project identified the market prospects for Allanblackia (AB) nuts (wild grown) as a substitute for palm oil. GSB helped farmers to successfully establish the value chain and commercialize the product, thereby increasing their household income.

B. Summary of Discussions

The Ministerial roundtable breakfast was chaired by H.E. Dr. Romulo Neri, Secretary of Socio-Economic Planning and Director-General of the National Economic and

Development Authority of the Philippines. The breakfast was well attended by Government representatives and members of the private sector.

Mr. Christian Thommessen, Director of the UNDP Private Sector Division provided the introductory presentation about the work UNDP is undertaking with the private sector. Several years ago, UNDP instigated a partnership with the private sector towards the achievement of the Millennium Development Goals. The main vision of UNDP's strategy in this area is based on the vision of creating opportunities for the poor to participate meaningfully in markets as consumers and as producers. At the moment UNDP is in charge of two innovative initiatives: the Growing Inclusive Market (GIM) and the Growing Sustainable Business (GSB).

UNDP recognizes that the International Financial Institutions and several of the bilateral donors are the main players in the field. As a smaller institutional partner on these issues, UNDP will assess which areas will become focus areas given its comparative advantage and which areas should be covered by other UN agencies and other actors. The development of a United Nations-wide private sector strategy to further promote complementarities and strengths by the United Nations system in working with the private sector is an important component of the overall vision and strategy.

UNDP was complimented by the breakfast participants for the work it is undertaking with the private sector, and especially its pragmatic approach. However, UNDP was also encouraged to continue identifying its value added in comparison to other UN agencies that are operating with the private sector.

Several concrete examples of innovative business solutions for poverty reduction were shared by participants from Madagascar, India, Rwanda, and Brazil. The examples covered innovative solutions to buy from the poor as well as to sell to the poor. In relation to the concept of 'selling to the poor' cautionary remarks were made. It is not yet proven that selling to the poor is in their interest and that it therefore has a demonstrated positive impact on development. A challenging question remains on how to increase the income of the poor.

It was suggested that UNDP could play an important role in disseminating experiences and examples of programmes and initiatives that have together proven to be able to bring profit and benefits to the poor. Through its wide network of country offices around the world, UNDP is uniquely experienced to share the knowledge and replicate in other countries.

Notes

- 1 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 3 July 2007
- 2 Naryan and others in World Bank (2005). World Development Report.
- 3 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 3 July 2007
- 4 Figures taken from the Least Developed Countries Report 2006 (UNCTAD), http://www.unctad.org/en/docs/ldc2006p2ch7_en.pdf
- 5 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 4 July 2007
- 6 Ibid.
- 7 FAO Chronic Undernutrition among Children: An Indicator of Poverty 2003.
- 8 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 4 July 2007
- 9 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 5 July 2007
- 10 Ibid.
- 11 ILO, IOM, UNCTAD, UNDP, UNDESA, UNFPA, UNHCHR, UNHCR, UNODC and The World Bank
- 12 Ministerial Roundtable Breakfast organized during the 2007 ECOSOC High-level Segment, 5 July 2007

Chapter 9

CONTRIBUTION OF NON-GOVERNMENTAL ORGANIZATIONS

Overview

The participation and contribution of non-governmental organizations (NGOs) in consultative status with the Economic and Social Council (ECOSOC) to its various meetings are facilitated by the NGO Section, Office for ECOSOC Support and Coordination in the Department of Economic and Social Affairs (DESA). Coordination of NGO participation is undertaken through the outreach activities of the Section's *United Nations Informal Regional Network* (UN-NGO-IRENE).

It is now widely recognized that civil society organizations (CSOs) have an important role to play in implementing the internationally agreed development goals, including the Millennium Development Goals (MDGs). As has been the practice in past years, the NGO Section through the UN-NGO-IRENE, continued to mobilize NGOs and facilitated their participation and contribution to the 2007 High-Level Segment (HLS) and the first Annual Ministerial Review (AMR).

Preparatory meetings by the NGO Section emphasized the new features of ECOSOC and introduced NGOs to improved modalities for participation in a strengthened Council. Other activities included multi-stakeholder briefings and advisory missions by the Section to coordinate NGOs' contribution to the HLS and their participation in the ministerial roundtables and side events held from 2 July to 5 July 2007 in Geneva.

Organized as a side event to the AMR, the *AMR Innovation Fair* provided a common space for all stakeholders to showcase exhibits, share examples of best practices, and form partnerships aimed at achieving the MDGs. Global participation of NGOs in the AMR Innovation Fair in Geneva was made possible through initiatives of the NGO Section which organized similar national/regional efforts in India, China, Brazil and Morocco to mobilize civil society. Additionally, the Civil Society Development Forum in Geneva, 28-30 June 2007, brought together six hundred NGOs just before the start of the HLS.

The *Civil Society Development Forum 2007* (28-30 June) was organized by the Conference of NGOs in Consultative Relationship with the United Nations (CONGO) in cooperation with the NGO Section of DESA, UN Millennium Campaign (UNMC) and other networks, and with the support of the Swiss Agency for Development and Cooperation (DEZA/SDC) and the Canton de Geneva. The 3-day Forum focused its discussions on the theme of the 2007 AMR: "*Strengthening efforts to eradicate poverty and hunger, through a global partnership for development*", and elaborated a set of specific recommendations that were presented for debate at the High-Level Segment of ECOSOC¹ (2-5 July 2007). The final statement titled, 'A Platform for Development: Countdown to 2015' is attached.

The 2007 AMR Innovation Fair, held during High-level Segment of ECOSOC, attracted the participation of 29 NGOs, each of whom presented specific innovative products and projects to showcase in the field of poverty eradication and hunger. These organizations were: *Action Aid, Association Droit à l'Énergie SOS Futur, Foundation for Subjective Experience and Research, Institute of International Social Development, International Ontopsychology Association, International Eurasia Press Fund, Ius Primi Viri, Legiao da Boa Vontade, The Mulchand and Parpati Thadhani Foundation, Mumbai Educational Trust, Osservatorio Per La Comunicazione Culturale E Audiovisiva Nel Mediterraneo E Nel Mondo, Peace Boat, Rotary International, Sulabh International Social Service Organization, The International Network of Street Papers, Korean Foundation for World Aid, The Social Promotion of Culture Foundation, Vikas Samiti, Women's Federation for World Peace, World Sports Alliance, Zenab for Women in Development, Women's World Summit Foundation, CIBJO (World Jewellery Confederation), Mohammed V Foundation for Solidarity, ATD Fourth World, China NGO Network for International Exchanges and Droit à l'énergie.*

The innovative approaches/tools/projects that were showcased by these organizations focused on various thematic areas, including: increasing incomes and making the markets work for the poor, ensuring access to infrastructure for the poor, building skills, business linkages and employment opportunities for the poor, increasing the agricultural productivity of food-insecure farmers, improving nutrition for the chronically hungry and vulnerable, reducing vulnerability of the acutely hungry through productive safety nets, and restoring and conserving natural resources essential for food security. The Secretary-General of the United Nations, Mr. Ban Ki-moon, visited the civil society pavilion and took the opportunity to meet the participating NGOs. A visit of the Secretary-General's visit and the success stories presented by the NGOs can be viewed at <http://amrifblogspot.com>.

An *informal policy dialogue* held during the launch of the Development Cooperation Forum (DCF) titled, "The role of civil society, legislative bodies and other stakeholders in promoting improved aid quality, including monitoring and reporting on results", included the participation of NGOs and academia. Other participants included representatives from developing and developed countries, including bilateral development agencies, UN system organizations, World Bank, IMF, OECD, regional development banks and the private sector.

Civil Society Development Forum 2007

“A Platform for Development: Countdown to 2015”

Geneva, 28-30 June 2007

Centre International de Conférences Genève (CICG)

"Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies"

"Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development"

Final Statement

Introduction

1. We, nearly 600 participants of the Civil Society Development Forum 2007, representing some 300 non-governmental organizations (NGOs)/civil society organizations (CSOs) from 75 countries of all regions of the world [including more than 150 participants from Africa, Asia and Latin America], gathered in Geneva, Switzerland, from 28 to 30 June 2007 to debate on the Forum's overall theme "A Platform for Development: Countdown to 2015". We met at a time when we reached the mid-point for achieving the Millennium Development Goals (MDGs) adopted by the UN General Assembly in 2000. The Forum had been convened by the Conference of NGOs in Consultative Relationship with the United Nations (CONGO), in close cooperation with the UN Millennium Campaign and other networks such as ActionAid International, Civicus and the Global Call to Action against Poverty. The Forum was supported by the Swiss Agency for Development and Cooperation, and the Republic and Canton of Geneva, whose contributions greatly helped to make it happen.

2. The Forum was opened by the President of CONGO and the Director of the UN Millennium Campaign, and addressed by the Director-General of the UN Office at Geneva and the President of the UN Economic and Social Council (ECOSOC). It was closed by recently elected President of the Human Rights Council and the recently appointed Under-Secretary-General of the UN Department of Economic and Social Affairs (DESA).

3. A central objective of the Forum consisted in providing a venue for an in-depth discussion of the themes of ECOSOC's Substantive Session and its Annual Ministerial Review (which took place immediately following the Forum), i.e. "Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies" and "Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development". Moreover, in light of the ongoing efforts by governments and civil society aiming at strengthening ECOSOC, the participants also discussed the need and potential for civil society's engagement in this

process of UN reform. They explored ways to enhance their participation in the shaping and decision-making processes intended to give the development agenda new dynamics.

4. The outcome of the Forum, as summarized in this Final Statement, together with its Recommendations on each of the themes and its Resolutions contained in the Annex, will be the subject of thorough interactive discussions with governments participating in the High-Level Segment of ECOSOC's Substantive Session. We request these governments to carefully review this outcome of the Forum and to ensure that it is part and parcel of the process of formulating the conclusions and recommendations of that Segment.

5. We all came from countries with different cultures and different levels of social and economic development. Some of our countries are confronted with internal conflicts or external threats, while others enjoy peace and socio-economic stability. Some of our countries have been classified by the United Nations as "least developed countries", while others are more economically advanced. Yet, despite the manifold differences between us, the Forum provided us with the opportunity to discuss our common concerns and aspirations, to forge partnerships and build up solidarity across regions and continents, and to promote the goals of peace, human rights, justice, and equitable and sustainable development.

6. The Forum concluded that a "new narrative" – a new approach – is needed, that recognizes the emerging convergence of growth and development strategies with human rights norms, including gender equality and equity standards and "climate justice". This new narrative is to engage all stakeholders – governments, the private sector, CSOs and the people – in a constructive dialogue that leads to the renewal of previous commitments, and seeks to revitalize the synergy required at all levels of compliance and implementation of the MDGs. It needs to be multidimensional in order to eradicate poverty and hunger, realize the right to food, achieve full and productive employment and decent work, and attain economic security.

Strengthening the development agenda through UN reform and civil society's critical and constructive engagement in that process

7. We urge governments and the UN System to put an end to the *democracy deficit* of international organizations and to abide by their own principles of good governance. As a case in point, the memberships of the governing bodies of the Bretton Woods institutions and of the Security Council do not equitably represent the peoples of today's world but, yet, affect the daily lives of billions of people. Governments, the UN System and the Bretton Woods organizations also need to close the *coherence deficit* of development strategies, which is the result of too much fragmented, sector-focused decision-making in international fora. The current approach actually breeds a system of mass incoherence as it does not adequately aim at a holistic implementation of such strategies at the country level. The focusing at major international conferences on tangible – albeit often minimal – objectives helps specify praiseworthy commitments at the global level. Implementation, however, is seriously affected by a *compliance deficit* as commitments are frequently not honoured. Developing countries have had to face for the last 35 years one of the most resounding compliance deficits, i.e. the *de facto* non-adherence to the principle of allocating 0.7 percent of gross national income for foreign assistance. Will the world's poor face a similar betrayal of their efforts to meet the MDGs? We, the representatives of

civil society, will persevere in critically assessing the performance of governments, the UN System and the Bretton Woods institutions in closing the above deficits.

8. We request that UN reform also leads to a new approach, by the UN and its member governments, in safeguarding the *rights of indigenous people*, and that their needs be adequately addressed in UN programmes. The declaration of these rights must be adopted without further ado. We need to move away from the traditional regional division of the world and redefine these regions by respecting indigenous population patterns.

UN reform: civil society's voice

9. We urge that civil society, having become the “conscience of the world”, *be recognized as a full partner*, with a wide knowledge base ranging from grassroots levels to academia and able to deliver appropriate expertise for the UN reform process. We are prepared to work as loyal partners with the UN System, and – where appropriate – with the private sector, in the design and conduct of UN reform. Equally, we are fully equipped to assist in the collaborative monitoring of the implementation of UN declarations, including the MDGs, for example through multi-stakeholder mechanisms. Some of the most essential components of UN reform thinking, such as the setting-up of the MDGs or the instruments for dealing with climate change, were originally launched by civil society and not by the UN System or governments.

10. We are aware that “UN reform” does not imply that all intergovernmental agencies should right now undergo a process of restructuring and transformation. The agencies we feel are in most urgent need of reform are the *Bretton Woods institutions*. Their decisions have a fundamental impact on the well-being of most of the world's poor. We also consider that the actual results of the measures taken during recent years to strengthen *ECOSOC* require careful and thorough assessment.

11. We as civil society enjoy a significant comparative advantage as we are able to build effective bridges between the voices of reform and development *at local and international levels*. We are thus ideally placed to convey the positions found at the grassroots level to the international/multilateral level and thus to help instil pragmatism into UN reform.

12. We emphasize that the effectiveness of development efforts in developing countries, including those being implemented as part of UN reforms, depends on the integration of civil society. It is *civil society* that *helps uphold the rule of law* and calls for the respect of human rights, including those of the Optional Protocol to the Covenant of on Economic, Social and Cultural Rights. Dialogue solely between governments is a dialogue within a vacuum. To be effective, it requires the participation of civil society.

13. We stress that the search for maximum effectiveness in the UN reform process necessitates an inclusive participation, hence the *full partnership with the civil society of the South*. In view of its lack of resources, mechanisms need to be established that provide CSOs of the South with a stable and predictable resource base to fulfil that partnership role.

14. In the context of financial resources available for development purposes, we express our outrage over the size and growth of *military expenditures*, which dwarf resources

available for productive investment in developing countries in general and indirectly draw vital resources from financial pools accessible by civil society.

15. We as *members of civil society need to demonstrate leadership* and stand out as an example for UN and Bretton Woods partners – that are to implement urgent reform processes – by ensuring that the civil society of the South is on an equal footing with that of the North. Our community of civil society organizations will have to demonstrate that it is capable of making its communication network more comprehensive (including through the application of new technologies), and achieving greater coordination and coherence between organizations. In that context, we equally have to ensure – similar to the UN System agencies – that the many civil society actors cover the widespread range of issues of concern, and do so with a cross-sectoral approach. These objectives are particularly important at a time when the issues to be handled at regional and global levels are increasing in numbers and scope, and call for more well-informed NGOs to deal with them. We also want to set an example towards our partners in striving for greater transparency and accountability.

Eradication of poverty and hunger

16. We urge governments, the UN System and the Bretton Woods institutions to put an end to the *daily massacre of some 30,000 people dying of famine-related causes* at a time when the world is capable of feeding twice as many people as its current number of inhabitants and its income and trade flows are growing rapidly. International trade flows of food to the South are however largely the result of inordinate subsidies of agricultural production in the North, thus provoking a flooding of the food markets of the South at artificially low prices, the ruin of local farmers and the destruction of the local agricultural sector. Large agricultural corporations of the North need to be prevented from establishing monopolistic structures in the South, in the markets of water and agricultural inputs such as seeds and fertilizer. Their actions tend to contribute to the impoverishment of rural societies and the growth of slums in the large cities of the South.

17. We request that the *right to food* be recognized as a universal human right by all UN member states. This approach would facilitate the global reporting on their performance, including their adherence to the principles of accountability, non-discrimination, transparency of action and empowerment of the poor, as well as their efforts towards attaining the MDGs. At the current rate of progress in meeting the goal to halve the incidence of hunger in sub-Saharan Africa, it is likely that that MDG will be reached within 100 years but not by 2015.

Discussions and Recommendations of Workshops

(1) Consideration should be given to a regulation of the trade of essential food items, taking into account climatic and geographic criteria. It should not be exposed to international competition which could cause serious harm in economic and ecological terms. Essential food should not be seen as a mere commodity but an element to meet the most basic need of all.

(2) If this regulatory approach were to be followed, the three UN agencies dealing with food and agricultural issues (FAO, WFP and IFAD) should envisage a reorganization to form the World Food Authority. Its mandate should consist in administering, developing and regulating world food and agricultural policies including agricultural trade. WTO's mandate should thus no longer include food trade matters.

Pro-poor growth

18. We feel that the concept of growth is essential for poverty reduction in poor countries. We need to emphasize however that *actions undertaken in the name of growth have to be specifically targeted to benefit the poor*. Countries pursuing policies of “overgrowth” need to decelerate their growth paths with a view to ensuring that poor countries do not suffer damages and their environment is not harmed. Growth strategies, with essential investments by a competitive private sector and corrective investments by the public sector, need to help diminish inequities in wealth and income both between the North and the South and within their own regions, and – in so doing – reflect the people's majority positions. With these concepts in mind, we urge that the structures and assistance strategies of the UN agencies and the Bretton Woods institutions undergo the necessary reform. These entities should give overarching priority to the combination of macro-economic and social policies designed to ensure a genuine participation of the poor – and their communities – in the growth process.

19. We consider it important that pro-poor macro-economic policies be conducive to creating and preserving an environment of peace and stability. Such policies should also aim at achieving the MDGs by 2015, protecting the land and property rights of the poor and the indigenous people, keeping inflation under control and avoiding debt crises. They should also help reverse the outflow of funds from the South to the North, which tends to cancel out the inflow of investment and assistance funds from the North. We feel that, as a general rule, growth strategies and policies need to be systematically assessed to ensure that they *respect* – and keep respecting – *people's rights*, including gender equity and “climate justice”.

20. Specifically, with regard to the grotesque inequality in the accumulation of wealth in our world, we are aware that a significant portion of that wealth has not been created through the accumulation of genuine tangible assets but speculative investments and transactions, for example through the explosive growth in currency trading. We urge that these *speculative financial movements be taxed* through mechanisms such as a currency transaction tax and that, for this purpose, the solidarity of more like-minded governments be sought. The funds thus generated could be used for universal HIV/AIDS treatment, the wiping-out of malaria and other development goals. We as civil society community should ensure that we are adequately represented and participate as full partners at the UN-led conference on financing for development in 2008 in Doha. We should also make sure that that conference not be doomed to failure before even having begun.

Discussions and Recommendations of Workshops

(1) Growth-oriented policies need to aim at combined private and public sector investments. They should emphasize people-centred development and take into account

environmental parameters. The poor should be enabled to participate fully in the growth process and benefit from its opportunities.

(2) Social policies, especially in the sectors of health and water supply, need to adhere to human rights standards. Generally speaking, the rights-based approach towards pro-poor growth should encompass the right to decent work, and the poor and indigenous peoples' land and property rights.

(3) Many developing countries suffer from inequitable trade flows caused by distorting subsidies and the economic liberalization policies of WTO and the Bretton Woods institutions. Developing countries should focus more on their own interests and, if deemed necessary, raise protective trade barriers over predetermined time-spans.

(4) The pursuit of these strategies requires strong support by a reformed UN and Bretton Woods System that allows both governments and civil society to adequately influence global decision-making processes.

(5) The solidarity of international civil society is vital in addressing distribution inequalities of global wealth and reducing extreme poverty.

MDGs – Countdown to 2015

21. We note that, at the midpoint of the time-span specified in the Millennium Declaration for achieving the MDGs, overall results have been slow and uneven, with East Asia, Latin America and particularly sub-Saharan Africa lagging behind. These areas are thus in serious danger of not attaining many of the MDGs at all. We should not be blinded in our analysis of the currently available data by the outstanding success of large economies such as China and India, especially at a time when aggregate figures indicate that the income gap between high- and low-income economies is actually widening. We must pay special attention, during the remaining time-span, to *delays and disparities within regions and countries*, and also identify factors that impede progress at the community level, especially in indigenous and other minority communities.

22. We feel that, in the context of attaining the MDGs, the focus has tended, so far, to be almost exclusively on the performance of developing countries – while the objectives of the Millennium Declaration are to be applied to all countries, irrespective of their income status. More systematic and adequately publicized *focus on the developed countries' requirement to meet the MDGs* as well is needed at this point, especially as opinion polls in the North reveal widespread ignorance of these fundamental objectives. Such advocacy for the MDGs would also raise the public's awareness of the need for improved accountability of the private and public sectors and governments of such countries, and that of the United Nations System and the Bretton Woods institutions. We are convinced that a multi-stakeholder approach would give this long overdue MDG focus added legitimacy and objectivity.

23. We noted that discussions on the further financial requirements for attaining the MDGs led to the conclusion that there has been an astonishing lack of monitoring of the *recommendations of the Monterrey Consensus*. We need to reaffirm, at this juncture, that this debate should not be limited to a review of official development assistance, but

should also cover the quality of aid and its administration, as well as global governance issues.

24. Looking towards the future, we strongly emphasize that there ought to be the necessary political will, on the part of the *G-8 countries and others, to honour past commitments* with regard to the size, quality and conditionality of aid. Moreover, the Bretton Woods institutions need to take further concrete action on debt cancellation to significantly reduce the debt burden of low-income countries, which was often contracted by past dictatorial regimes, and thus to free their scarce resources for investments in productive public services, including social protection and safety nets. We should also take a fresh look at examples of private sector participation in joint investments with UN agencies in the delivery of social services.

25. We have to emphasize that, as an overarching theme, ultimately the MDGs cannot be attained without concerted efforts, at national, regional and global levels, to achieve *good governance*, including transparency of actions and eradication of corruption through well trained, equipped and respected institutional mechanisms.

26. With regard to the new functions of ECOSOC, we have noted that these were intended to strengthen its capability to integrate, coordinate and review the implementation of the UN development agenda. To this end, *ECOSOC* is to hold *annual ministerial-level reviews* of progress towards agreed development goals, particularly the MDGs. They were to be based on peer reviews of progress reports prepared with the assistance of UN agencies and in consultation with civil society. We expect that this process, which is still not properly in place, will achieve progress in a genuine participation of civil society, and demonstrate transparency and accountability. The lack of an integrated policy approach for delivering the inputs for meeting the MDGs is exacerbated by the absence of appropriate monitoring mechanisms, such as the deployment of rapporteurs, at the local level.

27. We have to be aware that, in the end, the *MDGs are minimalist goals*. They are an entry point to hold governments of developed and developing countries accountable for the inputs and achievements of their economic, social and human development policies. Civil society has demonstrated that it is an advocate capable of showing what steps have to be taken. However, at this crucial stage – with the high risk of not attaining the MDGs at the global level, *civil society needs to demonstrate even stronger leadership in MDG issues* and, at the same time, a determination to deepen its organizations' knowledge base.

Notes

- 1 The outcome of the Civil Society Development Forum 2007 was presented at the High Level Segment by a coalition of five NGOs representing each of the regions. Four other NGOs took the floor. The organizations represented were: CONGO, Action Aid, E 21/ Group ICT for Development, Third World Network, World Scout Movement, Zenab for Women in Development, ATD Quart Monde, Legiao da Boa Vontade, Droit a l'Energie and United Nations Association of China. The webcast of the NGO statements is available at: <http://www.un.org/webcast/ecosoc/archive.asp?go=070704>

Annex 1

REPORT OF THE SECRETARY-GENERAL*

Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development

Summary

Globally, absolute poverty continues to decline. By 2015, all major regions except sub-Saharan Africa are expected to reduce the proportion of people living in extreme poverty to less than half the 1990 rate. There has also been global progress in other dimensions of poverty, such as access to education and health care. Nevertheless, the rate of improvement is insufficient to achieve the goals in the areas established in the United Nations Millennium Declaration. Meanwhile, the global physical environment continues to deteriorate, with increasing evidence that climate change is reaching a “tipping point”, with potentially devastating consequences for the world’s poor.

In achieving the above-mentioned results, developing countries have been supported by a strengthened global partnership. Official development assistance and debt relief to developing countries have increased, but net financial flows have been negative. Official development assistance has not risen to the level of the commitments made by the developed countries, and the promise held out by the possibility of a development-oriented set of trade negotiations has so far failed to materialize.

The policies and actions embodied in the United Nations development agenda have contributed to the achievement of the desired results, but not yet on the scale required. Attention has to be focused on strengthening and accelerating implementation of the United Nations development agenda. Developing countries need to sustain momentum by elaborating and implementing, as called for in the 2005 World Summit Outcome, national development strategies that will accelerate progress. Development partners need to ensure that they implement their commitments to increase official development assistance in a predictable fashion; they should also accelerate progress towards a development-friendly outcome to the trade negotiations of the Doha Round.

I. Introduction

Poverty and hunger, an overarching theme of the global summits and conferences, have social, cultural, political, environmental and other dimensions. Correspondingly, efforts to eradicate poverty and hunger will require progress in an array of interlinked areas, which include social integration, employment and decent work, environmental sustainability and demographic issues. The wide-ranging effort that is necessary to eradicate poverty in its many dimensions is synthesized in the United Nations

* See the document E/2007/71

development agenda and the internationally agreed development goals, particularly the Millennium Development Goals, and other outcomes that emanated from the conferences and summits.

The first annual ministerial review, to be conducted pursuant to General Assembly resolutions 60/1 and 61/16, will provide an opportunity for all stakeholders to assess progress in overall implementation and to examine the results that have been achieved in implementing the United Nations development agenda. The objective should be to ascertain whether the agreements and commitments that constitute the development agenda are being honoured and whether the outcomes to date are commensurate with the aspirations embodied in the outcomes of United Nations conferences and summits.

To that end, the present report provides a broad overview of progress. In many instances, it is difficult to provide a global measure of the implementation of agreed policies and measures. However, a number of concrete goals and targets have been adopted, most notably the Millennium Development Goals, providing benchmarks for measuring some of the results. In particular, data now becoming available make it possible to examine changes in development performance and prospects since the General Assembly, by its resolution 55/2, adopted the United Nations Millennium Declaration. While the first ministerial review will follow a broad approach, subsequent reviews should focus on selected aspects of the United Nations development agenda.

The present report should be considered in conjunction with the report of the Secretary-General entitled “Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies” (E/2007/68) and the *Millennium Development Goals Report 2007*¹ and its statistical annex.

A. Progress and key challenges in eradicating poverty and hunger and achieving related internationally agreed development goals: strengthening economic growth and reducing poverty and hunger in developing countries

In most developing countries, economic growth, a necessary if not sufficient condition for reducing poverty, has strengthened since 2001, averaging over 6 per cent during the period 2004-2006 (see table 1). During that period, over 98 per cent of the population of the developing world lived in countries where per capita income increased, and two thirds lived in countries where per capita income increased by more than 3 per cent. Moreover, growth has been strongest in many of the countries that are home to most of the world’s poorest peoples. China and India have achieved high growth, and the least developed countries as a group have been growing faster than the average of other developing countries. Success in converting such global improvements in economic growth into meaningful poverty reduction requires the adoption of pro-poor economic policies, as well as measures to address the non-income dimensions of poverty, at all levels. For a consideration of pro-poor economic policies, see the relevant report (E/2007/68).

Table 1
Selected indicators of progress in developing countries, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Economic growth							
Growth of output (percentage per year)	5.6	2.7	3.9	5.2	6.9	6.5	6.9
Poverty (millions)							
Population living on less than \$1 per day (millions)	1 120 ^a		1 067	—	986	—	—
Proportion of population (percentage)	22.3 ^a	—	20.4	—	18.4	—	—
Working poor (\$1 per day) (millions)	570	568	560	545	528	515	503
Employment (millions)							
Employment — female	787	800	816	834	847	862	878
Employment — male	1 255	1 276	1 299	1 325	1 347	1 371	1 394
Education (percentage)							
Primary gross enrolment rate — female	78.9	79.5	79.2	81.3	83.7	—	—
Primary gross enrolment rate — male	85.5	85.6	85.4	85.6	87.9	—	—

Sources: World Economic Situation and Prospects 2007 (United Nations publication, Sales No. E.07.II.C.2); World Bank, Global Monitoring Report 2007 (Washington, D.C., 2007); Millennium Development Goals database (see <http://mdgs.un.org>).
^a 1999.

In 2004, the number of people in developing countries living on less than \$1 a day fell below one billion from 1.25 billion in 1990, causing the proportion of such extremely poor people in those countries to decline from 31.6 per cent to 18.4 per cent over the same period. Within the total, China and other parts of Eastern Asia have demonstrated that it is possible to reduce substantially the number of extremely poor people relatively quickly (see table 2). Elsewhere, the numbers of extremely poor have mostly increased or remained roughly constant, but the rate of poverty has begun to decline. All major regions except sub-Saharan Africa are now expected to reach the target of halving the proportion of the population living in extreme poverty between 1990 and 2015.

Table 2
Extreme poverty in developing countries by region, 1999-2004

	Number (millions)			Proportion of population (percentage)		
	1999	2002	2004	1999	2002	2004
Eastern Asia	277	227	169	15.5	12.3	9.1
Eastern Europe and Central Asia	18	6	4	3.8	1.3	0.9
Latin America and the Caribbean	49	48	47	9.7	9.1	8.6
Middle East and North Africa	6	5	4	2.1	1.7	1.5
South Asia	475	485	462	35.8	34.7	32
Sub-Saharan Africa	296	296	298	45.8	42.6	41.1
Total	1 120	1 067	986	22.3	20.4	18.4

Sources: World Bank, Global Monitoring Report 2007 (Washington, D.C., 2007).

In most regions, the rate of population growth has slowed, but continued rapid population growth is aggravating the problem of reducing poverty in sub-Saharan Africa. In the future, the changing age structure will have more of an impact on poverty and hunger than the growth of the population. Sub-Saharan Africa, however, will continue to experience rapid population growth in all age groups and will have to address a wider range of challenges.

1. Confronting rural poverty

In most developing countries, the majority of poor people live in rural areas and derive their livelihoods, directly or indirectly, from agriculture. Reducing overall levels of poverty and hunger necessarily requires action in rural areas. The share of agriculture in gross domestic product (GDP) is decreasing in many developing countries, and the proportion of the population deriving a major part of its income from agriculture is also falling, but not commensurately. The development of the agriculture sector is key to reducing overall poverty.

Poverty reduction in developing countries has been closely correlated with government expenditure on agriculture and rural development. In Asia, rapid progress in reducing poverty and hunger has been associated with high and increasing levels of government expenditure on agriculture; in central sub-Saharan Africa, the low level of public expenditures for agriculture declined further in the 1990s, despite the continued high dependence on agriculture. Even today, many poverty reduction strategies and national development plans do not address rural poverty adequately, contributing to continuing disinvestment in agriculture and rural development. Raising agricultural productivity and rural incomes is crucially dependent on assured irrigation, seeds, fertilizer, agricultural services, electricity and rural roads. However, expenditures on physical infrastructure

need to be balanced with those on education, health and sanitation. In addition, rural employment opportunities need to be created to accommodate those who leave the agricultural sector or do not have permanent employment in the sector.

In most countries with large numbers of people living in poverty, both domestic public resources and official development assistance (ODA) for agriculture and rural development need to be increased. Measures should be targeted so that resources, assets (including access to land and secure rights of tenure), services, knowledge and information reach the poorest, including women. Actions to improve the productivity of smallholder agriculture are essential but have to be complemented by measures to encourage the development of the non-agricultural sector, particularly small and medium-sized enterprises. The international community should assist in providing improved technologies to farmers by undertaking training in best practices, introducing alternative crops and making available the best technologies at minimal cost. Those activities should be implemented with the full involvement of the poor themselves.

1. Tackling urban poverty

The majority of people migrating to cities are joining the ranks of the urban poor and contributing to the proliferation and expansion of slums. The number of people living in slums and informal settlements is projected to reach 1.4 billion by 2020. In many developing countries, health conditions and malnutrition in urban areas, are often comparable to, or worse than, those in rural areas, while drug abuse, alcoholism, crime and environmental degradation are often consequences of the massive movements of people to urban areas.

The combination of political commitment, long-term policies and devotion of substantial public expenditures has resulted in the improvement of slums and the prevention of their formation in some countries and in visible progress towards the goal of reducing the global number of slum-dwellers by 100 million by 2010. In other cases, Governments are often unaware of the scope of urban poverty and slum formation. Urban matters are often not addressed by the central Government but are tackled in a piecemeal fashion, with separate sectoral approaches to poverty reduction, health and nutrition, water and sanitation, and education and training by municipal, provincial and regional authorities. Integrated strategies for reducing urban poverty, including upgrading and preventing slums, need to be incorporated into overall national development strategies and into global and country assistance strategies and development frameworks.

One characteristic of the changing age structure is that the population over 65 years of age is expected to increase by more than a quarter in all regions between 2007 and 2015 (see table 3). However, many of those individuals are unlikely to have prepared for their senior years, most developing countries do not have public pension systems that can provide adequate financial support and most other support programmes (for example, health care) tend to focus on improving the well-being of, and opportunities for, poor people of working age. There is therefore likely to be an expanding group of elderly poor who will have to rely on family support structures. That, in turn, may contribute to a perpetuation of the intergenerational transmission of poverty. In formulating anti-poverty policies and programmes, Governments should give greater attention to the increasing

number of older people. They should examine both the potential of this age group to contribute to development goals and the need for social protection for the poor among them. The year 2007 also marks the fifth anniversary of the Second World Assembly on Ageing held in Madrid from 8-12 April 2002. There is a need to give special attention to the issues regarding ageing populations all over the world.

Table 3
Population on developing countries by age group and region, 2007 and 2015
(Millions)

	0-14 years		15-64 years		Over 65 years	
	2007	2015	2007	2015	2007	2015
Northern Africa	48	51	102	117	8	10
Sub-Saharan Africa	348	403	434	537	25	31
Latin America and the Caribbean	166	165	369	414	37	49
Eastern Asia	290	270	1 008	1 059	113	144
Southern Asia	535	543	1 025	1 200	78	99
South-Eastern Asia	163	162	377	426	32	40
Western Asia	68	72	128	153	9	11
Oceania	4	4	6	7	0.3	0.4

Source: United Nations, *World Population Prospects: The 2006 Revision* (available from <http://esa.un.org/unpp>).

2. Reducing hunger and malnutrition

Earlier progress in reducing hunger and improving nutrition stalled around 1990, and there remain more than 850 million people, almost two thirds of whom are in Asia, who are chronically hungry. Three quarters of the hungry live in rural areas, 60 per cent are women and almost one fifth are under five years of age, underlining the need for development efforts to give special attention to those segments of the population. The world's failure to feed such a large proportion of its population adequately is unacceptable, by any standard, when the means to solve the problem are at hand.

Particularly in crisis situations, hunger may be the result of the non-availability of food. In many cases, however, the problem is often poverty and the inability of the poor to buy enough food. Moreover, subsidized food sometimes fails to reach the neediest owing to inefficiencies in public distribution systems. However, declines in income poverty are not always accompanied by reductions in hunger and improvements in nutrition. The preceding factors the complexity of reducing hunger and malnutrition and the need for programmes specifically oriented to addressing those problems. Reducing malnutrition requires not only improved distribution of food, but also such measures as education of the poor regarding nutrition and access to nutrition-related technologies. Governments should prioritize actions and allocate resources to eliminate hunger and malnutrition in all

countries. Long-term investments in agriculture and rural development, such as those indicated above, as well as measures to increase immediate access of malnourished people to food (such as transfers, food-for-work, school feeding programmes and other food security provisions) are required.

B. Addressing inequality

Economic inequality has increased around the world in recent decades. At the extremes, the gap between the world's richest and poorest individuals, in terms of either income or assets, is great and growing. Inequality is also pervasive in such areas as health, education and social protection. Even though democracy has spread, political inequality persists, with segments of society lacking a voice in processes that have a direct impact upon their welfare. Gender continues to be a source of inequality in all the preceding areas. Inequality is also fostered by other forms of discrimination.

The links between economic inequality and poverty reduction are varied. Most experience, particularly that of fast-growing Asian countries, suggests that a low level of inequality contributes to higher economic growth and a reduction in poverty. In terms of the magnitude of the impact on poverty, any given growth rate will produce a larger reduction in absolute poverty if a country has a low initial level of income inequality.

Another connection between growth and inequality is political in nature. A transfer from the wealthy, politically more powerful to the poor is likely to be more acceptable if those who are wealthy continue to gain in absolute, if not in relative, terms. Faster economic growth therefore gives political leaders more room to manoeuvre in making transfers from the wealthy to the poor.

Several of the measures to reduce inequality are identical to those required to reduce poverty and are covered specifically below. Addressing the non-income aspects of poverty is likely to have wider benefits. The experience of Asia suggests that it was not only the low level of economic inequality but also early success in achieving a high degree of social equality that contributed to the region's developmental success.

A first step towards reducing inequalities in outcomes is to reduce inequalities in opportunities and access to resources. Providing universal education, health care and social protection will reduce social inequalities. Ensuring education and health care for all is probably the single most important opportunity that can be provided to the poor. In addition to future income equality, education can have a beneficial impact on social integration. Social integration can also be advanced by increasing the voice of the poor through promoting democracy, decentralizing decision-making and fostering participatory processes.

Income inequality can be reduced by ensuring that all who seek it have the opportunity to find remunerative employment (see below). For those who are unable to find employment, reductions in income inequality and poverty can be achieved through public sector transfers to the poorer segments of the population, financed by resources mobilized from the richer segments. The transfers can take the form of cash payments (for example, unemployment compensation, family benefits, retirement benefits and the like), subsidies or distributions in kind (such as the forms of food aid mentioned above). A number of

developing countries have demonstrated that, even with constraints on public resources, it is possible to find ways of implementing systems of transfer payments.

C. Generating employment and decent work for all

Favourable recent global economic trends have not been fully reflected in commensurate growth in employment. Global unemployment reached a record of 195.2 million in 2006, although the rate of unemployment was unchanged from the previous year at 6.3 per cent. For the first time ever, the share of global employment in the service sector (40.0 per cent) rose above that in agriculture (38.7 per cent). Looking ahead, the population aged 15-64 years is expected to increase by 175 million in South Asia by 2015, by 100 million in South-East and Eastern Asia and sub-Saharan Africa, and by 50 million in Latin America. That change will result in a major surge in those seeking employment in developing countries.

Employment opportunities in recent years have tended to favour skilled workers over the unskilled so that the poor, with their limited training, have benefited least. Nevertheless, some progress has been made as, among the employed, the number of those earning less than \$1 per day fell by over 10 per cent between 2000 and 2006 (see table 1). Most of these workers moved into the group of those earning less than \$2 a day, whose number rose from 768 million in 2000 to 846 million in 2006.

The large and rapid growth in the working-age population in developing countries and the large number of existing unemployed and working poor underline the need for Governments in all regions to mainstream full and productive employment and decent work into national development strategies as a major development goal. The international community should contribute to achieving that goal by creating a global economic environment, including through trade negotiations, that promotes to employment generation in developing countries.

Young people are estimated to account for 44 per cent of the world's unemployed. Many young people, especially those living in poverty in developing countries, have difficulty in finding work as a result of inadequate education and skills, a mismatch between their skills and the demands of labour markets or the absence of information about job opportunities. National action plans for youth employment, such as those implemented by countries in the Youth Employment Network, can help create new opportunities for young women and men. Governments should provide both formal and non-formal education for young people so they can acquire skills that enhance their employability and strengthen their entrepreneurial and innovative skills. Job creation and job placement should be undertaken for those without formal education.

The ministerial declaration adopted by the Economic and Social Council in 2006 redefined the challenge of productive employment and decent work for all as a key element of poverty reduction strategies and strategies to achieve the international development agenda. As a follow-up to the Declaration, the agencies and organizations of the United Nations system have initiated new activities or reinforced employment goals and integrated them into their existing programmes, including the endorsement of the International Labour Organization toolkit. The process of integration should also help in

ensuring that poverty reduction strategy papers give due importance to the goal of generating productive employment and decent work for all.

D. Achieving gender equality and empowering women

While it is difficult to provide a global measure of overall progress towards gender equality and the empowerment of women, incremental progress is being made in many areas. Although violence against women and girls persists,² women are acquiring more political influence, including at the most senior national levels; women's opportunities to participate in the paid labour force have expanded, although there are large variations in female labour force participation rates; and several countries have introduced legislation and institutional reforms to expand women's access to and control over land and other productive resources, including the right to inheritance and ownership. Progress is also being made towards gender equality in education, laying an indispensable foundation for greater gender equality and empowerment of women of the next generation. Nevertheless, the world failed in its goal to achieve global gender equality in primary school enrolment by 2005 (see table 1). Among children of primary school age in developing countries, boys and girls have almost equal access to education in much of Latin America, and in East and South-East Asia. In other regions, the gender gap has narrowed considerably since 2000, but disparities in favour of boys persist, particularly in Oceania, Western Asia, South Asia and sub-Saharan Africa.

Despite progress, gender equality and the full empowerment of women remain indispensable but unachieved goals. Gender equality is also a vital part of global and national efforts to reduce poverty, not only of women themselves, but also of their families, particularly their children. All national development strategies should embrace the goals of gender equality and the empowerment of women and identify actions to strengthen the present trends towards gender equality. In particular, ensuring equal access to education and training at all levels for women and girls is essential for the empowerment of women and for the reduction of poverty and hunger.

E. Advancing education and literacy

Since 2000, progress towards the goals for primary education has accelerated. Primary school enrolment and completion rates have risen more rapidly than ever before, with the improvement in the net enrolment ratio in developing countries from 2000 to 2004 being greater than in the whole of the 1990s. With some regions and countries at or close to full enrolment, the advance has been greatest in the countries with the lowest net enrolment ratios. In the least developed countries, the net enrolment ratio rose from 52 per cent in 1991 to 60 per cent in 2000 and to 69 per cent in 2004; in sub-Saharan Africa, more than 10 countries have raised their net enrolment ratios by more than 15 percentage points since 2000.

Notwithstanding those achievements, there remain countries in sub-Saharan Africa where fewer than one out of two children is enrolled in primary education; many other countries in the region are also a long way from achieving universal primary enrolment. Sub-Saharan Africa faces the dual challenge of raising the enrolment ratio of a school-age population that is itself growing (see table 3). With limited resources of its own, sub-

Saharan Africa will be unable to meet these needs without substantial external support. The preceding concerns underline the need to ensure that the existing commitments with regard to additional external resources for sub-Saharan Africa are honoured and sustained over the longer term. Governments and development partners should strengthen their efforts to achieve global universal primary school enrolment. Where that has been achieved, attention can be focused on raising the coverage of secondary and tertiary education and on improving the quality of education at all levels. Greater attention should be given, from the earliest level, to education in science and technology.

F. Improving health

The number of people newly infected with HIV remains about 4 million per year, with the result that the number of people with HIV infection continues to increase. Young people accounted for 40 per cent of new infections in 2006; 48 per cent of people living with HIV are women.

The number of patients in developing countries with access to antiretroviral HIV/AIDS treatment has multiplied in recent years. However, the number in need of therapy has been rising at a faster pace than treatment services, and the number of people dying from AIDS has continued to increase. More encouragingly, existing programmes are showing results. In a number of sub-Saharan African countries, the proportion of young people having sex before age 15 fell, HIV prevalence among young people declined and condom use increased in 2006. In addition, some progress has been made in the development of new technologies for prevention. Critically, additional financial resources are being made available to fight the pandemic. Developing countries and their array of development partners in this area should spare no effort to achieve the goal of universal access to HIV prevention programmes, treatment, care and support by 2010 called for by the General Assembly in the 2005 World Summit Outcome.

The tuberculosis incidence rate has stabilized or begun to fall in all regions, and the global tuberculosis epidemic may be on the verge of decline, meaning that the Millennium Development Goal target for this disease may be met. Despite the reduced incidence rate, population growth has meant that the number of new cases rose slightly in 2005 to an estimated 9 million, of which 7.4 million were in Asia and sub-Saharan Africa. A total of 1.6 million people died of the disease in 2005, including 195,000 patients infected with HIV. Building on the success in halting the spread of the disease, developing countries and their development partners should strive to reduce the incidence of tuberculosis by half by 2015, as called for by the Stop TB Partnership.

Increased attention and funding have facilitated a significant expansion of key interventions for malaria control in recent years. Some countries have expanded insecticide-treated net coverage, but only a few African countries came close to the target of 60 per cent coverage for 2005 set at the African Summit on Roll Back Malaria in 2000; a revised target of 80 per cent has been set for 2010. Household survey data suggest that insecticide-treated net coverage for children under age five in rural areas, where the burden of malaria is often highest, was about 40 per cent of that in urban areas. As a result, malaria continues to kill vast numbers of children.

International funding for malaria control has risen more than 10-fold over the past decade, but still falls short of the estimated \$3 billion needed in the highest burden countries. The lack of funding to apply proven solutions to an underlying development problem typifies the challenge faced with respect to a number of the internationally agreed development goals, but particularly with respect to the Millennium Development Goals pertaining to education and health. A strengthened commitment from all is required to reduce the large number of deaths from malaria and the pervasive negative impact of the disease on development. Special attention should be given to rural areas.

Child mortality has declined in many developing countries, partially as a result of various vaccination programmes. For example, deaths due to measles in children under five years of age are estimated to have fallen by some 60 per cent since 1999 owing to higher coverage of measles immunization. Nevertheless, child mortality has increased in some countries. HIV/AIDS has been a contributing factor in many countries; in others, conflict has been the leading cause of increasing child mortality in the recent past.

Overall, the goal of reducing the level of child mortality by half is unlikely to be reached in many developing countries. Further progress in reducing child mortality is possible through continued efforts to increase vaccinations and through more widespread application of a number of other actions, such as oral rehydration therapy, insecticide-treated nets and various antibiotics. In most cases, the primary impediment to the application of those solutions is inadequate resources.

The rate of maternal mortality remains largely unchanged and unacceptably high in many lower-income countries. One reason for this is that the most effective remedial interventions, notably prenatal care and a skilled attendant at birth, require not only financial resources but also skilled human resources. There is, therefore, a need for extensive training programmes for medical and paramedical personnel.

Recent results in health and education demonstrate that some of the quick impact initiatives called for by the General Assembly in the 2005 World Summit Outcome can produce immediately measurable results. However, those initiatives should not be seen as an alternative, but rather as a complement, to the investment in human and physical capital and to the structural reforms required to guarantee universal access to social services. Countries and their development partners need to strengthen efforts to build universal basic education and health care systems.

G. The multiple dimensions of development

The focus on specific dimensions of development, as expressed in the Millennium Development Goals, should not detract from the fact that development is a multifaceted and wide-ranging process in which the different elements are interlinked and mutually reinforcing. Successful development therefore requires the integration of the economic and social dimensions, but it also calls for a consideration of environmental sustainability and the political and human rights dimensions. Within that broader perspective, efforts to achieve development goals should also focus on social development issues.

Such mutual interdependencies have to be given consideration in the implementation of national development strategies. Most of the internationally agreed goals and targets in

the areas of gender equality, education and health are not only objectives in their own right but are also part of the effort to reduce poverty, both directly and indirectly. In some regions, the recent improvements in some of these aspects of human development partially offset the lack of progress in reducing income poverty. In addition to the immediate benefits of those improvements, providing such opportunities and access is an investment that should offer the prospect of further reductions in income poverty in the future since raising the human capital of the poor will increase the possibility of halting the intergenerational transmission of poverty. For that reason, achieving universal primary health-care coverage and universal primary education have to be absolute, rather than relative, goals.

Development is also not a purely national phenomenon. Such international factors as globalization and global institutional arrangements have a clear though differentiated impact on national development prospects. The development agenda therefore has to embrace systemic issues of global economic governance. All the above forces interact and collectively shape the development possibilities and outcomes for individual societies. Their dimensions or facets require as much, if not more, attention than that given to national factors if the development agenda is to be realized.

H. Achieving environmental sustainability

Even though the international community has adopted several agreements regarding environmental protection over the past 15 years, degradation of the environment continues in a variety of ways. Desertification is continuing, exacerbated by extreme weather events. The world's area under forests declined by about 7.3 million hectares per year during the period 2000-2005. The planet is encountering an unprecedented loss of biodiversity. The number of overexploited, depleted and recovering fisheries stocks appears to have stabilized since the 1990s, but there is little room to withstand additional fishing or other pressures. While the degradation is largely due to the unsustainable consumption and production patterns of the developed countries, the burden is borne mostly by the poor.

National action plans to reduce environmental degradation should be integrated into national development strategies. Not only for environmental reasons, but also as part of the fight against poverty and the pursuit of sustainable development over the longer term, Governments should reinforce their national and international efforts for the management, conservation and sustainable development of forests; strictly implement the international fisheries agreements; adhere to their commitments under the Convention on Biological Diversity;³ and continue to increase environmentally protected areas.

Climate change (global warming) is currently regarded as the dominant environmental threat and as a sustainable development challenge. In a series of three reports issued in 2007, the International Panel on Climate Change concluded that global warming was occurring faster than previously thought and that human activity was primarily responsible. The Panel also concluded that, if present patterns of production and consumption continued unchanged, temperatures would rise to levels at which irreversible adverse consequences for the environment were likely to occur by the end of

the century, but that the costs of actions to mitigate that trend were likely to be lower than the costs of managing its adverse effects.

The Panel has pointed out that the developed countries both historically and at the present time bear most of the responsibility for the deteriorating situation, but that the negative consequences are likely to be greatest for the poorest countries and people, who have the least responsibility for contributing to the phenomenon. Poor countries and poor people are heavily exposed to the rising sea levels that are forecast and are disproportionately dependent on agriculture and other climate dependent activities. At the same time, they lack the resources either to prepare for climate change or to deal with its effects. There is an urgent need to reinvigorate and make more inclusive, the multilateral process on climate change so that negotiations under the United Nations Framework Convention on Climate Change⁴ lead to urgent, effective and time-bound action by the international community. At the same time, actions for mitigation and adaptation should be accelerated and should constitute the fundamental components of the long-term strategy to combat climate change.

I. Promoting democracy and good governance

Most developing countries have continued to make efforts to improve domestic governance, but the overall extent and results of those efforts are difficult to quantify. Democracy has become far more widespread in developing countries, and more attention is being given to human rights and the rule of law. In many cases, civil society and the public at large have been given a greater role in determining development priorities, not only through parliamentary processes but also through community participation in decision-making at the local level. In almost all developing countries, the public sector has been reformed in order to improve efficiency and effectiveness and reduce corruption. Independent external and social audits have made public sector expenditures more transparent. In some cases, improvements in governance are being reinforced by intercountry arrangements, such as the African Peer Review Mechanism. Many developing countries have ratified the United Nations Convention against Corruption.⁵ Governments in developing countries should sustain their efforts to improve governance in all respects.

During the period since the adoption of the United Nations Millennium Declaration, a shift has begun in the overall aid relationship, from a system of donor conditionality to one of recipient ownership. However, many developing countries lack the capacity at the national and local levels to fulfil their “ownership” in an effective manner; in addition to a lack of the human resources required, one difficulty is a lack of data to identify needs, to formulate strategies and to assess progress. Building the capacity to assume full and effective ownership of national development strategies, including improving statistical capabilities, should itself be reflected in those strategies. Development partners should assist developing countries in the above-mentioned tasks.

It is increasingly accepted that, to make policies, programmes and actions for the eradication of poverty effective, they have to be designed and implemented with the active involvement of the poor and of civil society more generally. Public consultations and participatory budgeting in some countries have led to some progress in this respect,

but more needs to be done in most countries. To this end, Governments should develop participatory processes that involve the poor in decisions regarding the delivery of public services.

J. Monitoring progress towards the achievement of the Millennium Development Goals

Collecting the information necessary to measure international progress towards the Millennium Development Goals has highlighted the lack of adequate data in many developing countries. There is an urgent need to improve national statistical systems in many developing countries. To that end, a group of international organizations and national statistical offices adopted the Marrakesh Action Plan for Statistics in 2004. Developing and developed countries, as well as the international agencies concerned, should ensure that the Action Plan is fully implemented.

At the 2005 World Summit, world leaders made a commitment to achieving, inter alia, the following four additional targets in addition to those included in the United Nations Millennium Declaration:

- a. Achieve full and productive employment and decent work for all, including women and young people;
- b. Achieve, by 2015, universal access to reproductive health;
- c. Achieve by 2010, universal access to access to treatment for HIV/AIDS for all those who need it;
- d. Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.

As foreseen in the most recent report of the Secretary-General on the work of the Organization,⁶ the revised Millennium Development Goals framework, incorporating the new targets and corresponding indicators, will be presented to the General Assembly at its sixty-second session. The new indicators and related implications will be reviewed by the Statistical Commission at its thirty-ninth session in 2008.

II. Strengthening the global partnership for development

The Monterrey Consensus of the International Conference on Financing for Development⁷ identified the critical role in development of increased official development assistance, debt relief, enabling trading conditions, technology transfer and improved global governance.

A. Official development assistance

In 2006, official development assistance from countries members of the Development Assistance Committee of the Organization for Economic Cooperation and Development fell to \$103.9 billion, a decline of 5.1 per cent, at constant prices and exchange rates, compared to 2005 (see table 4). As a share of developed countries' gross national income (GNI), ODA rose to 0.30 per cent in 2006, compared to 0.22 per cent in 2000. A substantial increase in ODA in 2005 was primarily due to debt forgiveness (mostly for

Iraq and Nigeria, with all Iraq's debt to the United States of America being forgiven within the year) and post-tsunami humanitarian assistance.

Table 4
Indicators of the global partnership, 2000-2006

	2000	2001	2002	2003	2004	2005	2006
Financial flows							
(billions of dollars)							
<i>Net official development assistance from Development Assistance Committee member countries to all developing countries</i>							
Bilateral development projects, programmes and technical cooperation	32.1	31.1	33.4	38.4	44.8	52.2	48.9
Humanitarian aid	2.2	1.9	2.8	4.4	5.2	7.2	7.8
Net debt relief grants	1.8	2.1	4.6	7.0	4.3	22.7	19.2
Contributions to multilateral organizations	17.7	17.3	17.5	19.3	25.1	24.6	28.1
Total official development assistance (current prices)	53.7	52.4	58.3	69.1	79.4	106.8	103.9
Memo item: Total Official Development Assistance (2005 prices)	68.0	69.4	74.1	77.0	81.1	106.8	101.3
Net grants by non-governmental organizations	6.9	7.3	8.8	10.2	11.3	14.7	—
<i>Other flows</i>							
Net financial flows from multilateral development banks	9.2	9.1	1.2	0.7	3.0	4.4	—
Expenditures on operational activities of the United Nations system	6.8	7.4	7.6	10.0	10.3	12.6	—
Foreign direct investment	165.9	169.1	155.7	158.6	216.8	280.8	325.0
Private sector loans and portfolio investment	20.5	-6.6	12.1	113.7	194.9	270.5	318.0
Workers' remittances	85.6	96.5	113.4	142.1	160.4	188.0	200.0
Net transfer of financial resources	-178.2	-151.9	-202.7	-295.6	-346.8	-525.0	-658.0
Debt service as a proportion of exports							
(percentage)							
Heavily indebted poor countries (HIPCs)	12.6	9.4	8.9	8.6	7.2	6.0	—
Developing countries excluding HIPCs	12.6	11.5	11.5	11.1	8.1	7.4	—
Real primary commodity prices							
(2000=100)							
Minerals	100	91	88	92	119	147	226
Agricultural products	100	102	101	96	93	102	121
Crude petroleum	100	84	88	102	131	184	223

	2000	2001	2002	2003	2004	2005	2006
Tariff barriers of developed countries							
(percentage)							
Proportion of non-oil, non-arms imports admitted duty free to developed countries	65	64	68	70	75	75	—
<i>Developed countries' average tariffs on imports from developing countries</i>							
Agricultural goods	9.4	9.3	9.5	9.4	9.2	8.9	—
Textiles	6.6	6.6	6	5.8	5.2	5.3	—
Clothing	10.8	11.3	10.7	10.4	9.2	8.9	—

Sources: Development database on aid from DAC members, in *International Development Statistics Online Databases on Aid and Other Resource Flows: DAC Online* (Paris, Organization for Economic Cooperation and Development, n.d.). Available from <http://www.oecd.org/dac/stats/idsonline>; World Bank, *World Development Indicators 2007* (Washington, D.C., 2007); A/62/74-E/2007/54; World Bank, *Global Monitoring Report 2007: Confronting the Challenges of Gender Equality and Fragile States* (Washington, D.C., 2007); United Nations Conference on Trade and Development, *Commodity Price Bulletin* (monthly, various issues); Millennium Development Goals Indicators database (available from <http://mdgs.un.org/unsd/mdg>).

Prior to the 2005 World Summit, 15 members of the European Union made a commitment to increase official development assistance to 0.7 per cent of their gross national income by 2015, and the members of the Group of Eight pledged to double this ODA to Africa by 2015. The announcements of concrete timetables marked a qualitative improvement and should have provided some degree of predictability to total aid flows, although less so for individual recipient countries. Nevertheless, despite the positive trend since 2002, the current and projected levels of ODA for the period 2006-2010 still fall far short of the targets. It is now estimated that \$150 billion is needed to reach the Millennium Development Goals by 2015, and ODA remains significantly below the 0.7 per cent target. Donors have to substantially increase aid, other than debt relief, in order to achieve the target ODA levels. Indeed, donors have to keep increasing aid significantly on a sustained basis. This means that for most Development Assistance Committee member countries, ODA will need to rise at a rate above that of total government expenditure, year after year.

Since the United Nations Millennium Declaration, only one country has joined those whose ODA is at least 0.7 per cent of GNI, making the total five (Denmark, Luxembourg, the Netherlands, Norway and Sweden) out of the 21 Development Assistance Committee member countries. Excluding debt relief, the flow of ODA to sub-Saharan Africa was largely unchanged in 2006, suggesting that donors who pledged to double aid to Africa by 2010 will have to accelerate the pace in order to honour their commitments. For the least developed countries, ODA was only about 0.08 per cent of

the developed countries' GNI in 2005, roughly half the target. Seven donors met the 0.20 per cent target, and a further two met the 0.15 per cent target for the least developed countries.

Achievement of the targets that were announced by individual countries in 2005 for their ODA in 2010 and 2015 already appears to be under threat. Current estimates by the Organization for Economic Cooperation and Development of ODA flows for the immediate future (based on statements by individual donor countries) suggest that substantial "end-loading" will be required to meet several of the targets. Such discontinuities in the flow of aid, even if they are increases, impose a burden on development efforts in recipient countries. Following promising beginnings, donors need to revive the spirit of the United Nations Millennium Declaration by achieving their announced national targets for ODA in a continuous, predictable and assured manner. Each donor could consider announcing a trajectory of proposed annual ODA allocations for each recipient country that would result in the donor's total ODA reaching its 2010 and 2015 aid commitments. Recognizing the special role of multilateral assistance, countries should endeavour to increase their contributions to United Nations funds and programmes and to the other operational activities of the United Nations system, including the fifteenth replenishment of the International Development Association.

Qualitatively, international cooperation for development has become more heavily oriented towards the poorest countries and peoples, in part reflected in the fact that ODA to the least developed countries more than doubled between 2000 and 2005. Within their aid programmes, the international financial institutions have focused more keenly on poverty reduction, and a number of donor Governments have made similar adjustments. However, a substantial proportion of the world's poor live in middle-income countries. The global effort against poverty can succeed only if the attention to the poorest does not detract from meeting the poverty challenges in the other developing countries, especially in the middle-income developing countries.

The question of aid effectiveness needs to remain at the centre. Since maintaining taxpayer support in developed countries is critical, managing development aid in a way that delivers real results is a key condition for sustaining the momentum of aid volume increases. The Monterrey Consensus asserted that effective partnerships among donors and recipients are based on the recognition of national leadership and ownership of development plans and, within that framework, sound policies and good governance at all levels are necessary to ensure ODA effectiveness. The 2005 Paris Declaration on Aid Effectiveness: Ownership, Harmonization, Alignment, Results and Mutual Accountability was a milestone in setting out a set of principles and launching a process to achieve this mandate.

B. External debt

Some progress has been made in reducing the external debt burden of the developing countries, particularly for the poorest, owing to the implementation of the enhanced Heavily Indebted Poor Countries Initiative (HIPC) and the introduction of the Multilateral Debt Relief Initiative in 2005 (see table 4). One issue of concern is the return of rising debt ratios of countries after having reached the Initiative's completion point.

According to a World Bank evaluation of the HIPC Initiative,⁸ 11 out of 13 countries for which the required data are available have experienced deteriorated debt positions since reaching the completion point. Eight of those countries have debt ratios exceeding the HIPC thresholds of sustainability. Many developing countries, especially middle-income developing countries that have not had access to debt cancellation initiatives, continue to have unsustainable debt burdens. All creditors should continue easing the burden of external debt of countries where it is unsustainable. At the same time, it is necessary to ensure that developing countries are able to borrow to meet their financing needs for sustained economic growth and development. In arranging such borrowing, all developing countries and creditors should take actions to ensure that developing countries' external debt does not become unsustainable in the future.

C. Net transfer of resources

The net outward transfer of financial resources from developing countries has more than tripled since 2000 and exceeded \$650 billion in 2006. The negative transfer is now universal among developing regions, with sub-Saharan Africa experiencing an outflow for the first time in 2006. Part of this outflow continues to reflect payments on external debt and other foreign-held assets by some countries, but the larger part now takes the form of an accumulation of foreign exchange reserves by a number of countries. Initially, the phenomenon was primarily a feature of the East Asian economies, but oil-exporting developing countries now account for a large part of the net transfer. For many of the countries with a negative net transfer, foreign exchange reserve holdings may now be deemed excessive by prudential standards and could be put to more productive use within the economy concerned. Reducing the negative net transfer effectively requires international cooperation to scale down the present current account imbalances.

D. Innovative sources of finance

Some innovative sources of development finance have moved from concepts to implementation. The International Finance Facility for Immunization became operational in 2006, and several countries, including a number of developing countries, have introduced an air ticket levy to mobilize resources for development. Financial flows from those sources are negligible in relation to ODA and should not be viewed as a replacement for it, either conceptually or in quantitative terms. Nevertheless, innovative financing is a useful supplement to traditional official financing, and some proposals have now demonstrated their feasibility. Development partners and, where appropriate, developing countries should continue to identify, explore and adopt innovative financing arrangements, including participating, if they do not already, in those that have become operational.

E. Private financial flows

In addition to increased official financing, the Monterrey Consensus recognized the potential role of private financial flows to developing countries. In the current conjuncture of high global liquidity, private flows in a variety of forms have expanded

more rapidly than official flows. Such private flows are highly procyclical and have increased the riskiness of the growth process in developing countries.

1. Foreign direct investment

Private sector capital flows to developing countries have risen sharply since 2000. Within those flows, foreign direct investment has partially replaced official lending for investment purposes, roughly doubling between 2000 and 2006 to some \$360 billion annually. However, a substantial proportion of foreign direct investment (FDI) is associated with mergers and acquisitions and so does not necessarily involve additional investment or capacity expansion in the country. Moreover, the bulk of FDI flows still go to a narrow group of countries with robust and steady growth. Those countries have well-designed national investment policies, some of which strengthen related domestic capital formation. Developing countries themselves, notably China and India, have become sources of FDI and have undertaken investments in other developing countries that previously were not major recipients: outflows of FDI from developing countries are estimated to have risen to some \$120 billion in 2006.

The increasing global demand for minerals has prompted a second form of diversification, namely a recent resurgence of FDI in extractive industries. Identifying and implementing policies to ensure that those industries generate permanent improvements in domestic productivity and income remains a key challenge. There has also been growth in FDI in infrastructure in some developing countries. However, drastic reductions in public investments in infrastructure have not been compensated by private flows, and there is a need to revive public investment in such projects. Developing countries should continue to adopt policies that ensure that inflows of FDI support clear development goals and provide the maximum potential benefits, while minimizing such negative effects as the crowding out of domestic firms and the abuse of market power.

2. Migrants' remittances

There has been a notable ballooning of migrants' remittances to developing countries to some \$200 billion in 2006 (see table 4).⁹ Receipts of such flows are geographically concentrated in countries that have many migrant workers in other countries. Remittances are a complement to but not a substitute for ODA since they perform a different function. Workers' remittances frequently flow directly to poor people and can serve either as a supplement to current income or as a source of family investment in housing, education and health. In a majority of cases, these flows and their uses manifest the survival strategies of impoverished and displaced families and are not easily channelled towards the priorities of national development, such as investment in productive enterprises, employment and infrastructure. Both developed and developing countries, in cooperation with financial intermediaries, should continue their efforts to facilitate the flow of workers' remittances. The flows can contribute to the development of the recipient country, including the alleviation of poverty, if those countries can develop adequate vehicles for investment and capital accumulation so that these earnings are not totally devoted to consumption.

3. Transfers through non-governmental organizations

Grants from private foundations and non-governmental organizations in developed countries have also grown in recent years, but official data suggest that they amount only to about \$15 billion. However, underreporting may mean that actual flows are somewhat larger. The funding contributed by non-governmental organizations and special-purpose funds is testimony to the commitment to the reduction of global poverty of the public at large in developed countries. Philanthropic foundations based on personal wealth have become a measurable and catalytic force in development cooperation.

4. Public-private partnerships

In addition to, or sometimes as a part of, FDI, there is a growing array of partnerships between private corporations and other development partners in developing countries. Some of them, particularly joint ventures with the public sector in such areas as transport, infrastructure, communications and energy, are commercial ventures. In other cases, firms are engaging in partnerships and similar undertakings purely as a matter of philanthropy and corporate social responsibility. In yet other instances, corporations are combining commercial and philanthropic activities by selling products and providing services that respond to unmet social, economic or environmental needs.

The preceding activities should not be allowed to excuse Governments from their own responsibilities to respond to the needs of their populations, particularly since some of the activities may be driven primarily by private sector interests rather than the public good. Multi-stakeholder partnerships raise questions of transparency and accountability. The accountability of individual participants must be complemented with mechanisms for collective accountability. All participants in public-private partnerships should ensure that their activities conform fully with the principle of national ownership of development strategies and that there is effective accountability and transparency in their implementation.

F. International trade

A major disappointment since the adoption of the United Nations Millennium Declaration has been the acute lack of progress under the World Trade Organization's Doha Round of trade negotiations launched in 2003. Nevertheless, the average tariffs imposed by developed countries on imports from developing countries, including on items of special interest to developing countries have declined somewhat (see table 4).

The Doha Round remains a critical missing element of the global partnership for development. The present opportunity to remedy that shortcoming should not be lost. At the same time, in their efforts to reach agreement, Governments should not lose sight of the initial and overriding objective of the negotiations, namely to make the international trading system and global trading arrangements more conducive to development in all developing countries.

Since the launching of the trade negotiations, it has become increasingly apparent that many developing countries will be unable to seize the opportunities offered by the new trading arrangements without external assistance in building additional infrastructure and

developing the capacity to supply export markets. Increased “aid-for-trade” has become recognized as an indispensable complement to the Doha Round negotiations. Funding under aid-for-trade programmes should be provided in addition to all other ODA and should be directed towards the adjustment costs and investment requirements of pro-development participation in the global economy. The programmes should be consistent with the overall development strategy of the recipient country and should not be the basis for new conditionality or further restrictions on domestic policy.

G. Science and technology

There continues to be extraordinary technical progress globally, but owing to the commercial forces nurturing such advances only a small portion of it benefits the world’s poor. Developing countries should therefore build capacities and capabilities in science and technology to meet their development needs, particularly the needs of the poor. Most developing countries do not have such capacities so that the immediate challenges are accessing, acquiring, adapting, using and improving technologies already available elsewhere. Success depends largely on overcoming formal and commercial barriers to protect intellectual property, including developing a properly balanced intellectual property system.

In a few instances, market forces have been sufficient to introduce new technologies that benefit the poor. For example, the rapid but limited adoption of information and communications technology in developing countries has had little public sector intervention beyond providing a legal framework. By the beginning of 2008, there will be more than 3 billion mobile phones and 1 billion fixed line telephones around the world, and it is likely that the goal established by the World Summit on the Information Society — that half the world’s inhabitants should have access to information and communications technologies — will be met. Access to the Internet has also spread rapidly in developing countries, but its future is more constrained than that for mobile phones owing to the need for investment in broadband networks. In many cases, the firms providing these services are from developing countries. Relative progress has been most rapid in some of the poorest countries where the use of mobile phones has enabled countries to circumvent the need to invest in fixed telephone lines.

In many instances, intellectual property practices and legal instruments restrict the transfer of technology to developing countries. There was an improvement in the international legal framework for the transfer of technology to developing countries in 2003 when agreement was reached in the World Trade Organization on how to apply the Agreement on Trade-Related Aspects of Intellectual Property Rights to issues related to public health. It enabled developing countries with inadequate capacity for the production of pharmaceuticals to acquire generic versions of products that were patented in developed countries, including some pertaining to HIV/AIDS. However, the requirement for national licensing under TRIPs has curtailed the ability of countries to export their generic drugs to Africa, where inexpensive drugs are badly needed. As a result, the agreement has had limited impact and the benefits extolled at that time have generally remained elusive. It will remain necessary for national and international intellectual property regimes, including TRIPs, to be kept under review so that they fully take into

account the needs of the poor, as well as the broader issues of development and the challenges posed by climate change.

There remains vast untapped potential to use science and technology to tackle the various dimensions of poverty. Developed countries should increase incentives to the private sector, including through public-private partnerships, to provide technology to developing countries, particularly technologies that can contribute to reducing poverty and hunger. Innovative forms of public support for research and development on technologies that would address poverty and hunger need to be expanded and broadened. Arrangements for the protection of intellectual property, including the TRIPs Agreement, should take into account the developmental needs of developing countries and be applied flexibly with regard to technologies that can contribute to reducing poverty, hunger and disease.

H. Voice and participation of developing countries in global governance

The effectiveness and legitimacy of the present global decision-making institutions depends on their agenda and decisions adequately reflecting the needs and issues of the majority of countries affected by their operations. The International Monetary Fund and the World Bank have taken some steps but they need to adopt concrete measures to improve the voice and representation of developing countries. More representative participation by developing countries in global institutions would result in better recognition of their specific needs and in a fairer, more widely accepted, universal and legitimate system of global governance. That, in turn, would contribute to a more stable financial system with welfare-enhancing effects for all.

III. Conclusion

The United Nations Millennium Declaration reflected an unprecedented degree of commitment to implementing the consensus on development policies and practices that has emerged from United Nations conferences and summits. Since then, a broad spectrum of participants and initiatives has been increasingly translating those agreements into action. The outcome of those efforts is becoming apparent in many developing countries and in many dimensions of development. Overall, the broad strategy, embodied in the United Nations Millennium Declaration, the Monterrey Consensus, the Plan of Implementation of the World Summit on Sustainable Development¹⁰ and the 2005 World Summit Outcome, is working. Many of the initiatives and actions highlighted at United Nations global conferences and elsewhere are yielding positive results.

The preceding accomplishments suggest there is cause for a degree of self-congratulation and an element of optimism. However, there is no room for complacency since past accomplishments have fallen short of what could have been achieved, what needed to be achieved and what the international community committed itself to achieving. Many internationally agreed development goals, including the Millennium Development Goals, are being only partially met; many long-standing and stubborn challenges remain and are becoming more apparent; and some new pressures are emerging. All actors must recognize and accept that, despite their achievements, they themselves have not fully met all their earlier commitments.

Having demonstrated its efficacy, the present course of action must be not only maintained but accelerated. The focus must remain on implementation; having proven their effectiveness, successful policies and programmes, as well as pilot and quick impact projects and other initiatives that have been limited in scope, need to be expanded wherever and whenever appropriate. All actors should seize the opportunity to build on their successes because hard-won progress can often be fragile and readily lost, particularly in poorer countries. Governments in particular, both individually and collectively, need to take advantage of the present propitious global economic environment to consolidate and sustain recent improvements by actively renewing their commitment to the wide range of interrelated activities that will enable the internationally agreed development goals to be achieved. As a manifestation of that spirit, each participant is invited to mark the inaugural annual ministerial review by making at least one specific commitment that will contribute in some direct and concrete way to the reduction of poverty and hunger.

Annual ministerial reviews provide a platform for the Economic and Social Council to monitor and catalyse the realization of the United Nations development agenda, by strengthening accountability at all levels. The reviews need to be supported by closer interaction with activities at the regional and national levels. Member States should therefore consider establishing, in addition to national voluntary presentations, regional ministerial reviews, as building blocks of a broader process leading to future annual ministerial reviews.

Notes

- 1 United Nations publication, forthcoming.
- 2 See A/61/122/Add.1 and Corr.1.
- 3 United Nations, *Treaty Series*, vol. 1760, No. 30619.
- 4 *Ibid.*, vol. 1771, No. 30822.
- 5 General Assembly resolution 58/4, annex.
- 6 Official Records of the General Assembly, Sixty-first session, Supplement No. 1 and corrigendum (A/61/1 and Corr.1).
- 7 *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.
- 8 World Bank, Independent Evaluation Group, "Debt relief for the poorest: an evaluation update of the HIPC Initiative" (Washington, D.C., 2006).
- 9 Data are incomplete and some of the recorded increase is attributable to improved data collection.
- 10 *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.

Annex 2

MINISTERIAL DECLARATION***Strengthening efforts to eradicate poverty and hunger,
including through the global partnership for development**

“We, the Ministers and Heads of Delegations participating in the high-level segment of the substantive session of 2007 of the Economic and Social Council, held at Geneva from 2 to 5 July 2007,

“Having considered the theme of the annual ministerial review, ‘Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development’, the report of the Secretary-General on the subject¹ and the contributions made leading up to and during the high-level segment,

“Having also considered the theme ‘Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macroeconomic policies’, the report of the Secretary-General on the subject² and the contributions made during the high-level segment,

“Reaffirming the internationally agreed development goals, including the Millennium Development Goals,

“Recalling the outcomes of the major United Nations conferences and summits in the economic, social and related fields, including the development goals and objectives contained therein, and recognizing the vital role played by these conferences and summits in shaping a broad development vision and in identifying commonly agreed objectives, which have contributed to improving human life in different parts of the world,

“Reaffirming that development is a central goal in and of itself and that sustainable development in its economic, social and environmental aspects constitutes a key element of the overarching framework of United Nations activities,

“Recognizing that development, peace and security and human rights are interlinked and mutually reinforcing,

“Reaffirming that gender equality and the promotion and protection of the full enjoyment of all human rights and fundamental freedoms for all are essential to eradicate poverty and hunger,

“Reiterating that eradicating poverty is the greatest global challenge facing the world today and that it is an indispensable requirement for sustainable development, in particular for developing countries,

* See the document A/62/3

“Recognizing that while globally extreme poverty is declining at a notable rate, progress has been uneven, and that at the same time the number of people living in extreme poverty continues to increase in some countries, particularly in the least developed countries and in sub-Saharan Africa,

“Remaining concerned that many countries in Africa are currently not on track to achieve any of the goals of the United Nations Millennium Declaration by 2015³ and in this regard emphasizing that concerted efforts and continued support are required to fulfil the commitments to address the special needs of Africa,

“Recognizing that empowerment of the poor is essential for the effective eradication of poverty and hunger,

“Recognizing also that rural areas of developing countries continue to be home to the vast majority of the world’s poor people, whose livelihoods depend to a large extent on agriculture,

“Reaffirming the commitments to the global partnership for development as set out in the Millennium Declaration, the Monterrey Consensus⁴ and the Johannesburg Plan of Implementation,⁵

“Have adopted the following declaration:

1. “We welcome the strengthening of the Economic and Social Council, the holding of the first annual ministerial review, including the voluntary national presentations made by Bangladesh, Barbados, Cambodia, Cape Verde, Ethiopia and Ghana, and the launch of the Development Cooperation Forum.

2. “We invite all countries to consider making voluntary national presentations at future annual ministerial reviews.

3. “We also welcome the holding of the Civil Society Development Forum at Geneva from 28 to 30 June 2007.

4. “We reiterate our resolve to strengthen our efforts to eradicate the scourges of poverty and hunger and to make that goal the central priority of national development strategies and international development cooperation.

5. “We recognize that sustained economic growth is essential for eradicating poverty and hunger, in particular in developing countries. We commit ourselves to promoting sustained economic growth in developing countries and recognize that national efforts in this regard should be complemented by an international enabling environment.

6. “We reiterate that the eradication of poverty, hunger and malnutrition, particularly as they affect children, is crucial for the achievement of the Millennium Development Goals and that rural and agricultural development should be an integral part of national and international development policies. In this regard, we call for increased productive investment in rural and agricultural development to achieve food security and for enhanced support for agricultural development and trade capacity-building in the agricultural sector in developing countries.

7. “We emphasize that, inter alia, increasing access, through national action and international support, to safe drinking water, basic sanitation, energy, universal education, health care and social protection will reduce both inequality and poverty.

8. “We reiterate the importance of taking measures at all levels to strengthen the development of non-agricultural sectors, in particular medium-sized, small and microenterprises.

9. “We also reiterate our strong support for fair globalization and the need to translate growth into reduction of poverty and in this regard resolve to make the goals of full and productive employment and decent work for all, including for women and young people, a central objective of relevant national and international policies as well as national development strategies, including poverty reduction strategies, as part of efforts to achieve the Millennium Development Goals.

10. “We call for promotion and facilitation of, as appropriate, access to and the development, transfer and diffusion of technologies, including new and advanced environmentally sound technologies and corresponding know-how, to developing countries.

11. “We call on all countries to adopt strategies for reducing urban poverty, call on the United Nations system and other relevant organizations to support developing countries in this regard and invite the international financial institutions to support those efforts, as appropriate.

12. “We reaffirm our commitment to prioritize actions and allocate resources to eliminate hunger and malnutrition in all countries and agree to undertake measures to provide malnourished people with increased access to food.

13. “We reiterate that all countries should promote gender equality and empowerment of women and, as called for, inter alia, in the Beijing Declaration and Platform for Action⁶ and the outcome of the twenty-third special session of the General Assembly,⁷ identify and accelerate actions towards that end.

14. “We recognize that microfinance, including microcredit, can make an important contribution to poverty eradication and the empowerment of the poor, including through programmes that could facilitate productive self-employment, promote gender equality and reduce the social and economic vulnerability of the poor. We encourage all countries to facilitate the expansion of microfinance, including microcredit, in order to service the large unmet demand among poor people for financial services.

15. “We resolve to intensify our efforts towards the goal of universal access to HIV prevention programmes, treatment, care and support by 2010, enhanced access to affordable medicines, reduction of the incidence of tuberculosis by half by 2015 and reduction of the large number of deaths from malaria and other infectious diseases, including through increased resources; and in this regard we welcome the commitment by the Group of Eight to increase funding to fight HIV/AIDS, malaria and tuberculosis, including the strengthening of health systems, to 60 billion dollars in the coming years. We also resolve to continue efforts to reduce child mortality, improve maternal health

and strengthen health-care systems to help us meet the needs of our populations in all spheres of health, including sexual and reproductive health.

16. “We emphasize the critical role of both formal and informal education in the achievement of poverty eradication and other development goals as envisaged in the Millennium Declaration, in particular basic education and training for eradicating illiteracy, and strive for expanded secondary and higher education as well as vocational and technical training, especially for girls and women, the creation of human resources and infrastructure capabilities and the empowerment of those living in poverty.

17. “We reaffirm our commitment to achieve the goal of sustainable development including through the implementation of Agenda 21⁸ and the Johannesburg Plan of Implementation. To that end, we commit ourselves to undertaking concrete actions and measures at all levels and to enhancing international cooperation, taking into account the Rio principles.⁹ These efforts will also promote the integration of the three components of sustainable development — economic development, social development and environmental protection — as interdependent and mutually reinforcing pillars. Poverty eradication, changing unsustainable patterns of production and consumption and protecting and managing the natural resource base of economic and social development are overarching objectives of and essential requirements for sustainable development.

18. “We recognize the negative impact of environmental degradation and climate change on sustainable development in all countries, especially developing countries, in particular the least developed countries, small island developing States and African countries.

19. “We recall the provisions of the United Nations Framework Convention on Climate Change,¹⁰ including the acknowledgement that the global nature of climate change calls for the widest possible cooperation by all countries and their participation in an effective and appropriate international response, in accordance with their common but differentiated responsibilities and respective capabilities and their social and economic conditions.

20. “We reaffirm that responses to climate change should be coordinated with social and economic development in an integrated manner, with a view to avoiding adverse impact on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty.

21. “We look forward to measures to address climate change within the United Nations Framework Convention on Climate Change and to the thirteenth session of the Conference of the Parties to the United Nations Convention on Climate Change and the third session of the Meeting of the Parties to the Kyoto Protocol, to be held in Bali, Indonesia, in December 2007. We also look forward to the Secretary-General’s high-level event on climate change, which is to take place in New York on 24 September 2007.

22. “We reiterate the need to fully implement the global partnership for development and to enhance the momentum generated by the 2005 World Summit in order to operationalize and implement, at all levels, the commitments in the outcomes of

the major United Nations conferences and summits, including the 2005 World Summit, in the economic, social and related fields and stress that all countries should promote policies coherent and consistent with those commitments, including those systemic in nature.

23. “We reaffirm our commitment to sound policies, good governance at all levels and the rule of law, and to mobilizing domestic resources, attracting international flows, promoting international trade as an engine for development, increasing international financial and technical cooperation for development, sustainable debt financing and external debt relief and enhancing the coherence and consistency of the international monetary, financial and trading systems.

24. “We also reaffirm that each country must take primary responsibility for its own development and that the role of national policies and development strategies cannot be overemphasized in the achievement of sustainable development. We also recognize that national efforts should be complemented by supportive global programmes, measures and policies aimed at expanding the development opportunities of developing countries, while taking into account national conditions and ensuring respect for national ownership, strategies and sovereignty.

25. “We reiterate that in our common pursuit of growth, poverty eradication and sustainable development, a critical challenge is to ensure the necessary internal conditions for mobilizing domestic savings, both public and private, sustaining adequate levels of productive investment and increasing human capacity. A crucial task is to enhance the efficacy, coherence and consistency of macroeconomic policies. An enabling domestic environment is vital for mobilizing domestic resources, increasing productivity, reducing capital flight, encouraging the private sector and attracting and making effective use of international investment and assistance. Efforts to create such an environment should be supported by the international community.

26. “We acknowledge efforts by developed countries to increase resources for development, including commitments by some developed countries to increase official development assistance. We note with concern, however, the overall decline in official development assistance in 2006 and call for the fulfilment of all official development assistance commitments, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national income for official development assistance by 2015 and to reach at least 0.5 per cent of gross national income for official development assistance by 2010, as well as the target of 0.15 per cent to 0.20 per cent for the least developed countries, and urge those developed countries that have not yet done so to make concrete efforts in this regard in accordance with their commitments.

27. “We welcome the efforts by some developed countries, which are on target to meet the commitments made in terms of increased official development assistance.

28. “We also welcome recent efforts and initiatives to enhance the quality of aid and to increase its impact, including the Paris Declaration on Aid Effectiveness, and resolve to take concrete, effective and timely action in implementing all agreed commitments on aid effectiveness, with clear monitoring and deadlines, including through further aligning assistance with countries’ strategies, building institutional

capacities, reducing transaction costs and eliminating bureaucratic procedures, making progress on untying aid, enhancing the absorptive capacity and financial management of recipient countries and strengthening the focus on development results.

29. “We resolve to ensure that existing commitments of additional external resources for sub-Saharan Africa are fully implemented in order to promote achievement of the Millennium Development Goals in that region.

30. “We call for the full, timely and effective achievement of the goals and targets of the Brussels Programme of Action,¹¹ the Almaty Programme of Action,¹² the Barbados Programme of Action¹³ and the Mauritius Strategy¹⁴ to address the special needs of the least developed countries, landlocked developing countries and small island developing States.

31. “We emphasize the need to support the smooth transition strategy for countries graduating from the list of least developed countries, in accordance with the smooth transition strategy¹⁵ for countries graduating from the list of least developed countries.

32. “We reaffirm the commitments made in the Doha Ministerial Declaration,¹⁶ the Hong Kong Ministerial Declaration¹⁷ and the decision of the General Council of the World Trade Organization of 1 August 2004¹⁸ to meaningfully integrate the developing and the least developed countries into the multilateral trading system and call for the successful and timely completion of the Doha Round of trade negotiations, with the full realization of the development dimensions of the Doha Work Programme.¹⁶

33. “We call for the early conclusion and successful development-oriented outcome of the Doha Round of trade negotiations, adhering fully to the agreed mandate in the Doha Ministerial Declaration, within the framework adopted by the General Council of the World Trade Organization in its decision of 1 August 2004, and the Hong Kong Ministerial Declaration.

34. “We call upon all countries to promote good governance, which is essential for sustainable development, and reaffirm that sound economic policies, solid democratic institutions responsive to the needs of the people and improved infrastructure are the basis for sustained economic growth, poverty eradication and employment creation and that freedom, peace and security, domestic stability, respect for human rights, including the right to development, the rule of law, gender equality, market-oriented policies and an overall commitment to just and democratic societies, are also essential and mutually reinforcing.

35. “We resolve to pursue good governance and sound macroeconomic policies at all levels and to support developing countries in their efforts to put in place the policies and investments to drive sustained economic growth, promote small and medium-sized enterprises and employment generation and stimulate the private sector.

36. “We reaffirm that good governance at the international level is fundamental for achieving sustainable development, that in order to ensure a dynamic and enabling international economic environment it is important to promote global economic governance through addressing the international finance, trade, technology and

investment patterns that have an impact on the development prospects of developing countries and that, to that end, the international community should take all necessary and appropriate measures, including ensuring support for structural and macroeconomic reform, a comprehensive solution to the external debt problem and increasing the market access of developing countries.

37. “We also reaffirm the commitment to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting, stress, to that end, the importance of continuing efforts to reform the international financial architecture, noting that enhancing the voice and participation of developing countries and countries with economies in transition in the Bretton Woods institutions remains a continuous concern, and call in this regard for further and effective progress.

38. “We call for measures at all levels to promote pro-poor growth in a sustained manner and underline in this regard the need for equitable microeconomic policies.

39. “We recognize that poverty and inequality are a concern for all countries regardless of their level of development. We also recognize that middle-income countries still face significant areas of poverty and that efforts to address those challenges should be supported.

40. “We acknowledge the vital role the private sector can play in promoting economic growth and eradicating poverty and hunger by generating new investments, employment and financing for development.

41. “We recognize the role that public-private partnerships can play in our efforts to eradicate poverty and hunger, the need to ensure that their activities conform fully with the principle of national ownership of development strategies and the need for effective accountability and transparency in their implementation.

42. “We acknowledge the critical role of the public sector in promoting sustained economic growth and the eradication of poverty and hunger.

43. “We renew our commitment to continuing to discuss innovative mechanisms for financing for development. We acknowledge the progress made in this area and invite countries to consider contributing in this regard.

44. “We recognize, in this regard, the value of developing innovative sources of financing from various sources on public, private, domestic and external bases in order to increase and supplement traditional sources of financing.

45. “We request the Economic and Social Council to consider reviewing its existing mechanisms and, where needed, to take appropriate action to ensure effective review and implementation of the outcomes of the major United Nations conferences and summits in the economic, social and related fields.

46. “We look forward to our continuing engagement, within the renewed and strengthened Economic and Social Council, to advancing the achievement of the

internationally agreed development goals, including the Millennium Development Goals.”

Notes

- 1 E/2007/71.
- 2 E/2007/68.
- 3 See General Assembly resolution 55/2.
- 4 *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication Sales No. E.02.II.A.7), chap. I, resolution 1, annex.
- 5 *Report of the World Summit on Sustainable Development, Johannesburg, South Africa, 26 August-4 September 2002* (United Nations publication, Sales No. E.03.II.A.1 and corrigendum), chap. I, resolution 2, annex.
- 6 *Report of the Fourth World Conference on Women, Beijing, 4-15 September 1995* (United Nations publication, Sales No. E.96.IV.13), chap. I, resolution 1, annexes I and II.
- 7 General Assembly resolution S-23/2, annex, and resolution S-23/3, annex.
- 8 *Report of the United Nations Conference on Environment and Development, Rio de Janeiro, 3-14 June 1992*, vol. I, Resolutions Adopted by the Conference (United Nations publication, Sales No. E.93.I.8 and corrigendum), resolution 1, annex II.
- 9 *Ibid.*, annex I.
- 10 United Nations, Treaty Series, vol. 1771, No. 30822.
- 11 A/CONF.191/13, chap. II.
- 12 *Report of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty, Kazakhstan, 28 and 29 August 2003* (A/CONF.202/3), annex I.
- 13 *Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, Barbados, 25 April-6 May 1994* (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.
- 14 *Report of the International Meeting to Review the Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States, Port Louis, Mauritius, 10-14 January 2005* (United Nations publication, Sales No. E.05.II.A.4 and corrigendum), chap. I, resolution 1, annex II.
- 15 General Assembly resolution 59/209.
- 16 A/C.2/56/7, annex.
- 17 World Trade Organization document WT/MIN(05)/BEC.
- 18 See World Trade Organization document WT/L/579.

Annex 3

SUMMARY OF THE PLENARY DEBATE, INFORMAL PANELS AND MINISTERIAL DECLARATION

Thematic Debate: Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macro-economic policies

During the general debate on the theme “Strengthening efforts at all levels to promote pro-poor sustained economic growth, including through equitable macro-economic policies”, there was a widely-shared understanding that the link between economic growth and poverty reduction was complex and there was a need for further study, including their relation with equity. There was also a generally shared view that there is a need for broad-based macroeconomic policies, which should be formulated in the framework of a national development strategy. It was acknowledged that some national policies could have spillover effects on other countries, and external conditions, in their turn, would affect national economies. This calls for more active coordination of macroeconomic policies at the international level and increased international cooperation in promoting a favourable external economic environment. In the more integrated global economy, it was recognized that there was a need to increase the voice and participation of developing countries in international economic decision making so as to better reflect the realities and needs of developing countries in those decisions. It was acknowledged that international regimes that had developed without much participation of developing countries need to be reviewed and reassessed.

During the panel discussions on related themes, several key messages emerged, including the following: the need for a new paradigm which recognizes that poverty, growth and inequality should be tackled together; countries should be afforded sufficient policy space to pursue their own set of policies; countries need to take advantage of markets and private capital, but the market alone will not be able to deliver the desired level of poverty reduction; macroeconomic policies need to give greater attention to social outcomes; domestic efforts to promote good governance need to be complemented by support from the international community; and, environmental issues need to be brought into the equation.

With regard to the coordination of macroeconomic policies at global and regional levels, there was consensus that while national efforts are central for economic growth to eradicate poverty, external conditions have a direct bearing on policy effectiveness. It was recognized that several actors are at play, such as the International Monetary Fund (IMF) and the Group of Eight (G-8), but the closer economic integration and changing global economic circumstances may require a strengthened IMF and an expanded framework that would go beyond the G-8. In addition, the view was expressed that the regional nature of many of the financial crises has led to renewed interest for the potential role of regional macroeconomic policy coordination and regional financial cooperation.

Annual Ministerial Review: Strengthening efforts to eradicate poverty and hunger including through the global partnership for development

In reviewing the implementation of efforts to eradicate poverty and hunger, including through the global partnership for development, many speakers noted the general progress in poverty eradication, but pointed out that the progress was uneven and in some parts of the world, in particular in the least developed countries and in sub-Saharan Africa, progress had been limited. A number of countries also reaffirmed that the primary responsibility for development lies with countries themselves and reported their efforts in formulating national development strategies through a participatory process. At the same time, many countries called for the international community to honor its commitments to help achieve the MDGs and the internationally agreed development goals (IADGs).

Many speakers underlined the importance of global partnership for achieving the IADGs and the MDGs and that recipient and donor countries alike, should work together. Speakers from developed countries stressed their commitment to support developing countries' efforts, including through the reduction of trade barriers and increases in ODA in a coherent way as underlined in the Monterrey Consensus. More specifically, some of the representatives from these countries expressed their full commitment to reach the target for ODA of 0.7% of GNI or even higher by 2015, or increase their ODA.

Some speakers raised the issue of predictability of development assistance, noting the unevenness of aid flows. It was further pointed out by many that increases in assistance were mainly in the form of debt relief and that net ODA had in fact declined. Many developing countries, therefore, called for new and additional resources and for the creation of specific benchmarks and targets for MDG 8 (global partnership for development). In addition, they also highlighted the importance of transfer of technology and called for a fuller analysis on the constraints imposed by trade-related intellectual property rights (TRIPS) and other technology restraining regimes. A number of speakers emphasized that the successful completion of the Doha Round of trade negotiations was essential, while some expressed doubts on the benefits to developing countries even if the Round was concluded successfully. Many speakers highlighted the role of the Paris Declaration on aid harmonization and aid effectiveness.

Some speakers stated that systemic issues of global governance required greater attention and called for concrete measures for the improvement of voice and representation of developing countries in international financial institutions. It was further stated that the required reform of the IMF should ensure financial sustainability and access to financial assets.

Many speakers recognized the importance of socio-economic factors in eradicating poverty, including addressing equity. In this regard, some speakers highlighted the importance of a fair distribution of income, others pointed to the importance of investing in infrastructure, while others stressed the need for further empowerment of women, youth and the elderly. Many speakers underlined the importance of good governance and the fight against corruption and the importance of peace and political stability in providing the space to implement their policies.

Many speakers pointed to the adverse effects of climate change posed a threat to development strategies and urged countries to work on the post-Kyoto multilateral regime. They also called for immediate global action on climate change as well as related concerns, such as land degradation, desertification and agricultural productivity. Some speakers stressed the importance of the agricultural sector and the negative impact that its neglect could have on the efforts to eradicate poverty, including through its impact on environment. Many speakers also emphasized the importance of rural development while others addressed the problem of rapid urbanization and its debilitating effects on development.

A number of speakers underlined the importance of productive employment and decent work for all as essential for the success of efforts towards eradicating poverty. Strategies in this area should aim at promoting job creation and growth in those sectors where poverty is much more visible. A number of speakers noted that new innovative sources of finance, such as microfinance, would be crucial to supporting poverty eradication efforts. This is especially vital for setting up small and medium enterprises by people from rural areas and for women.

Many speakers stressed the role of education and for improved health systems for developing countries in strengthening the efforts towards eradicating poverty. It was recognized that comprehensive HIV/AIDS prevention programmes, treatment, care and support were of paramount importance for eradication of poverty. Some countries underlined the equal urgency to fight other infectious diseases, such as malaria and tuberculosis. Other speakers also pointed to the issue of ageing and its impacts on poverty eradication efforts. A number of speakers also noted that middle-income countries needed further support, pointing out that these countries account for around 40 per cent of people living on two dollars a day. With their higher capacity, these countries have also decided to aim for goals beyond MDGs.

The informal dialogues during the AMR sought to deepen the discussions held at the informal preparatory event for the High-level Segment. The first roundtable dialogue on “making poverty eradication happen” stressed the importance ensuring that the partnership between the donor and recipient countries is based on mutual accountability and provide the recipient with an enabling environment for the implementation of these nationally owned strategies, backed by sufficient financial and technical assistance. National capacity development should empower national stakeholders (Government, the private sector and civil society, including NGOs) to develop poverty and hunger reduction strategies that are responsive to peoples’ needs. There was general agreement that the private sector could play a powerful role in poverty reduction through philanthropic and community investment programmes, by mitigating and monitoring any negative impacts and externalities arising from corporate activities and through providing opportunities for decent work.

Given the special needs of Africa, one roundtable dialogue was devoted to discussing the potential for a home-grown Green Revolution in Africa. The consensus was that the Green Revolution has considerable potential to foster economic growth and development in the region. Yet, there are significant challenges that need to be overcome in order to accelerate transformation of the agricultural sector. A comprehensive package of

solutions is required that includes ownership by Governments, leadership by Governments in forging strategic partnerships, focusing on agriculture as an engine of economic growth, increased resources for the agricultural sector and rural development, and the need for investments from both national and donor sources.

Ministerial Declaration

The Ministerial Declaration, adopted on 10 July 2007, reaffirmed the commitment of the Member States of the Council to prioritize actions and allocate resources to eliminate hunger and malnutrition in all countries and to undertake measures to increase access of malnourished people to food. The Declaration underlined the key actions needed to make progress on the reduction of poverty and hunger, ranging from empowerment of women, promotion of micro-finance, to promoting improvement of health, including enhancing fight against HIV/AIDS and other major diseases, reducing child mortality and improving maternal health. The Declaration reaffirmed the responsibility of all countries to support the achievement of MDG 1 but also recognized the need for global programmes to support the efforts of developing countries. The Declaration also recognized the value of developing innovative sources of financing from various sources on public, private, domestic and external bases in order to increase and supplement traditional sources of financing. The Declaration further requested that ECOSOC consider reviewing its existing mechanisms and, where needed, take appropriate action to ensure effective review and implementation of the outcomes of the major United Nations conferences and summits in the economic, social and related fields.