

Millennium Development Goal 8

Delivering on the Global Partnership for Achieving the Millennium Development Goals



MDG Gap Task Force
Report 2008



Outline of Presentation

A. Background

B. Analysis and recommendations

- ODA
- Trade
- Debt
- Access to medicines
- Access to technologies

Background

- The MDG Gap Task Force was created by the UN Secretary General to improve the monitoring of MDG 8
- The Task Force tracks whether commitments made on aid, trade, debt and other dimensions of the partnership are being met
- Progress is evaluated on the Targets in MDG 8, but also commitments made since (e.g. Paris Declaration on Aid Effectiveness)
- Over 20 UN agencies are in the Task Force, including the World Bank and IMF, as well as the OECD and WTO
- The Task Force is chaired by Ad Melkert, the Associate Administrator of UNDP; the lead agencies are UNDP and UN/DESA

Main message

The report is a wake-up call. It provides a valuable snapshot of where the global community is on track in fulfilling its commitments, and where we need to strengthen our efforts for the second half of the MDG timetable. The document will be an invaluable tool when world leaders gather for a high-level event in New York on 25th September to identify urgent ways to take actions on the Goals.

Ban Ki-moon
Secretary General
United Nations

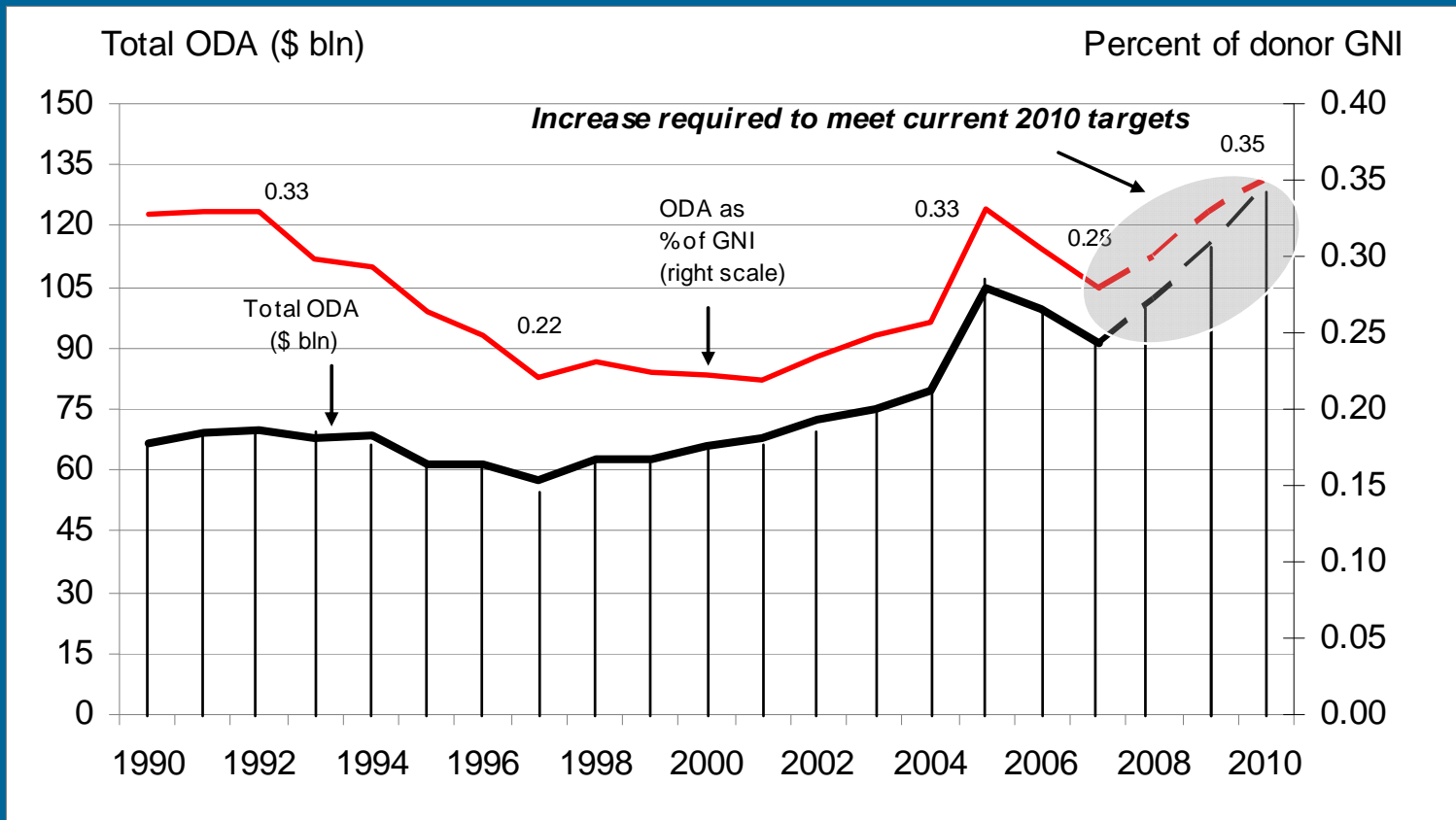
Official Development Assistance

Analysis

- There is a large delivery gap in meeting commitments on ODA – shortfall of \$10bn in 2007 compared with a smooth path to the target
- Aid rose steadily from 1997 to reach a peak of \$107 billion in 2005, boosted by exceptional debt relief that year
- Since then, net ODA (in constant prices) dropped by 4.7% in 2006 and a further 8.4% in 2007
- Total net aid flows from the DAC is only 0.28% of their combined GNI – against the UN target of 0.7%
- The commitment on aid to the LDCs is not being met: DAC average is 0.09% against the target of 0.15 – 0.20 % of GNI
- The commitment on aid to Africa is not being met: Between 2008-10, net ODA to Africa will need to rise by \$7.3bn per year to reach the target
- Slow progress has been made on the Paris targets on aid effectiveness

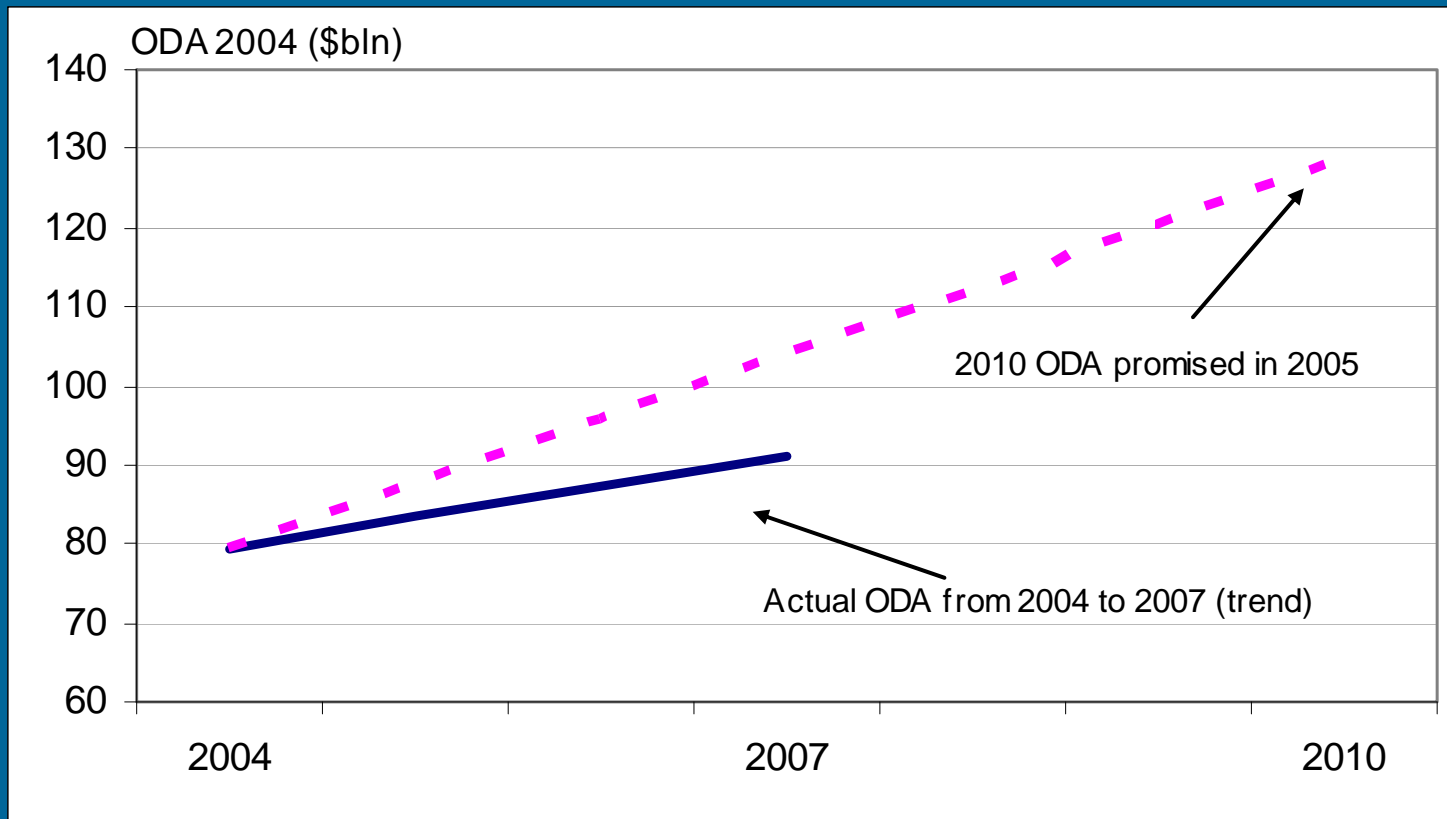
Official Development Assistance

DAC members net ODA: actual and projected – *source, OECD*



Official Development Assistance

Performance against the 2005 Gleneagles commitment – *source, OECD*



Official Development Assistance

Recommendations

- Donors need to increase aid flows by \$18bn per year between 2008 and 2010 to meet their global ODA commitments
- Flows to the LDCs need to increase by nearly \$9bn
- Flows to Africa need to increase by over \$7bn per year
- Donors, including emerging donors and recipient countries, need to accelerate progress on aid effectiveness, including reducing tied aid and increasing aid predictability

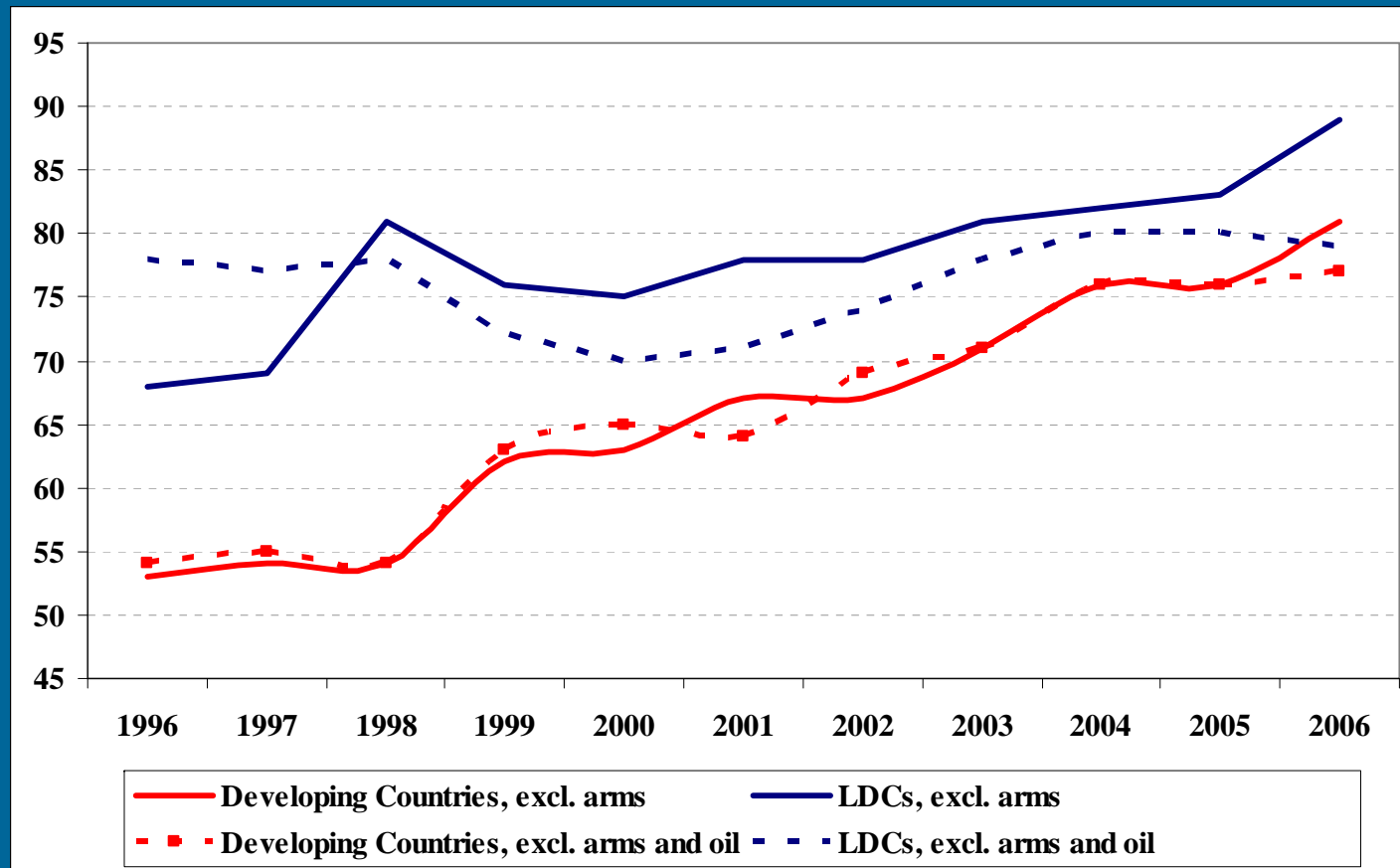
Trade

Analysis

- The failure to conclude a 'development' Round constitutes the largest implementation gap in the area of trade, and arguably within the realm of MDG 8
- Only slow progress has been made on Doha, and of greater significance is the likelihood that the Round will fall short against its original intention of being development-focused
- The increase in duty-free access for the LDCs – currently 79% – falls well short of the target of 97%
- There has only been a mild reduction of tariffs on agriculture exports
- Agricultural subsidies in OECD countries remain high - \$363bn in 2006, almost four times ODA
- Aid for trade has increased in real terms, but fallen as a % of ODA
- LDCs have not managed to increase their share of world trade; and depend increasingly on fewer exports, adding to their vulnerability (fuel and food prices)

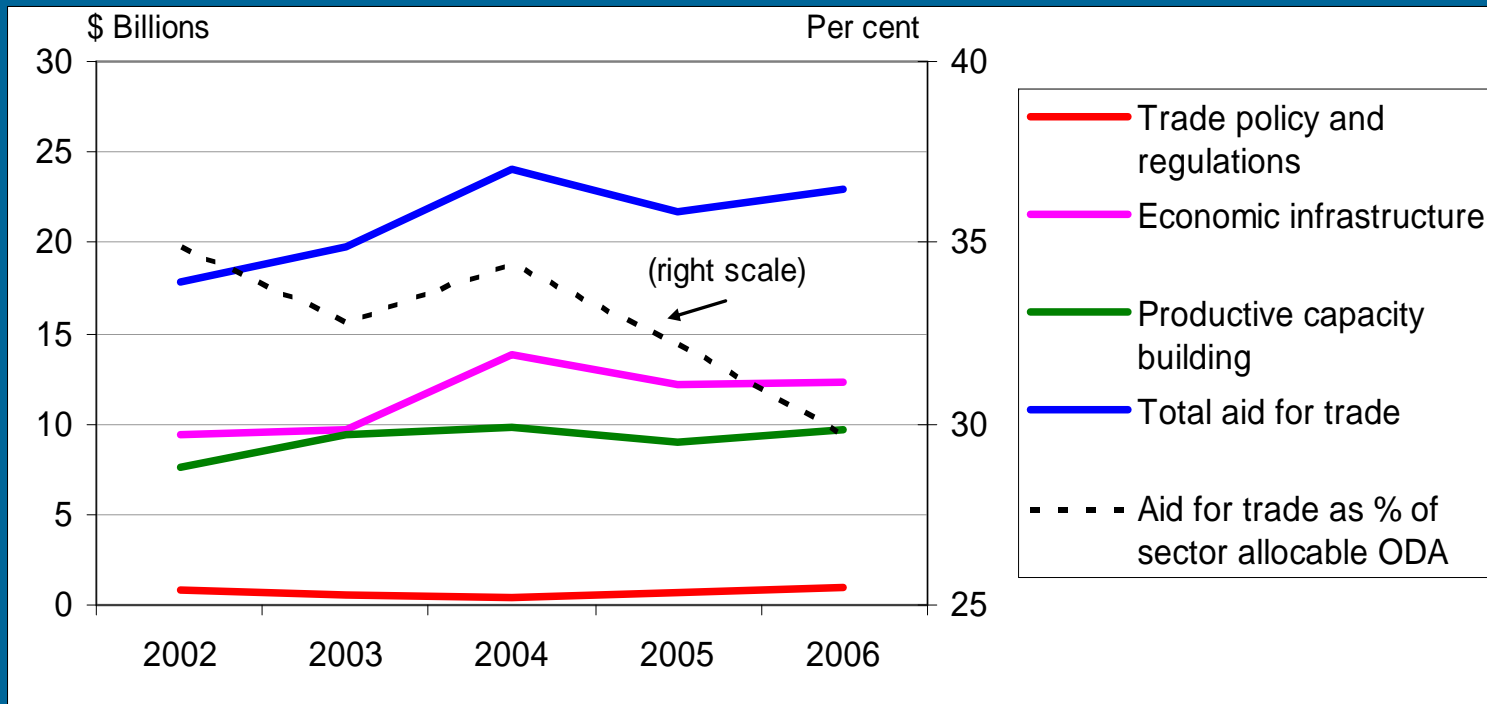
Trade

Merchandise goods admitted free of duties – *source, ITC, UNCTAD, WTO*



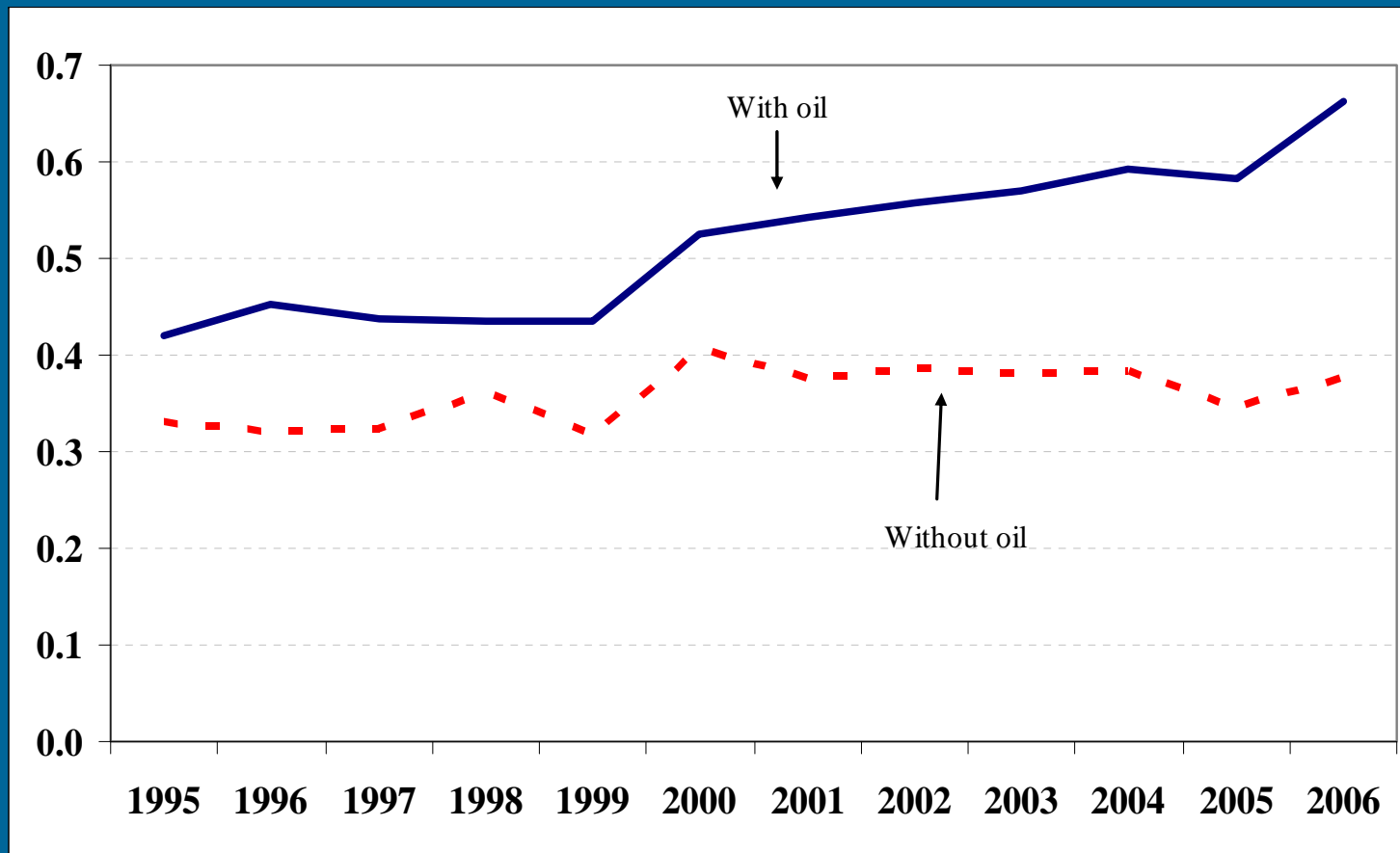
Trade

Aid for Trade – *source, OECD*



Trade

LDC share in world exports – *source, UNCTAD*



Trade

Recommendations

- Redouble efforts to conclude the Doha Round, and refocus on the 'development' aspects
- Ensure that prospective bilateral and regional economic partnerships provide genuine market access for exports of developing countries, and that they act as 'stepping stones' towards multilateral agreements rather than substitutes
- Prioritize trade and its links to development and poverty reduction in national development strategies
- Substantially reduce the tariffs and tariff escalation imposed by developed countries on agricultural products, textiles and clothing from developing countries
- Accelerate the reduction of domestic and export subsidies on agricultural in developed countries and address other barriers to developing country exports and agricultural productivity growth
- Urgently assess needs for Aid for Trade, and ensure that resources are committed to meet those needs; operationalize the EIF for LDCs

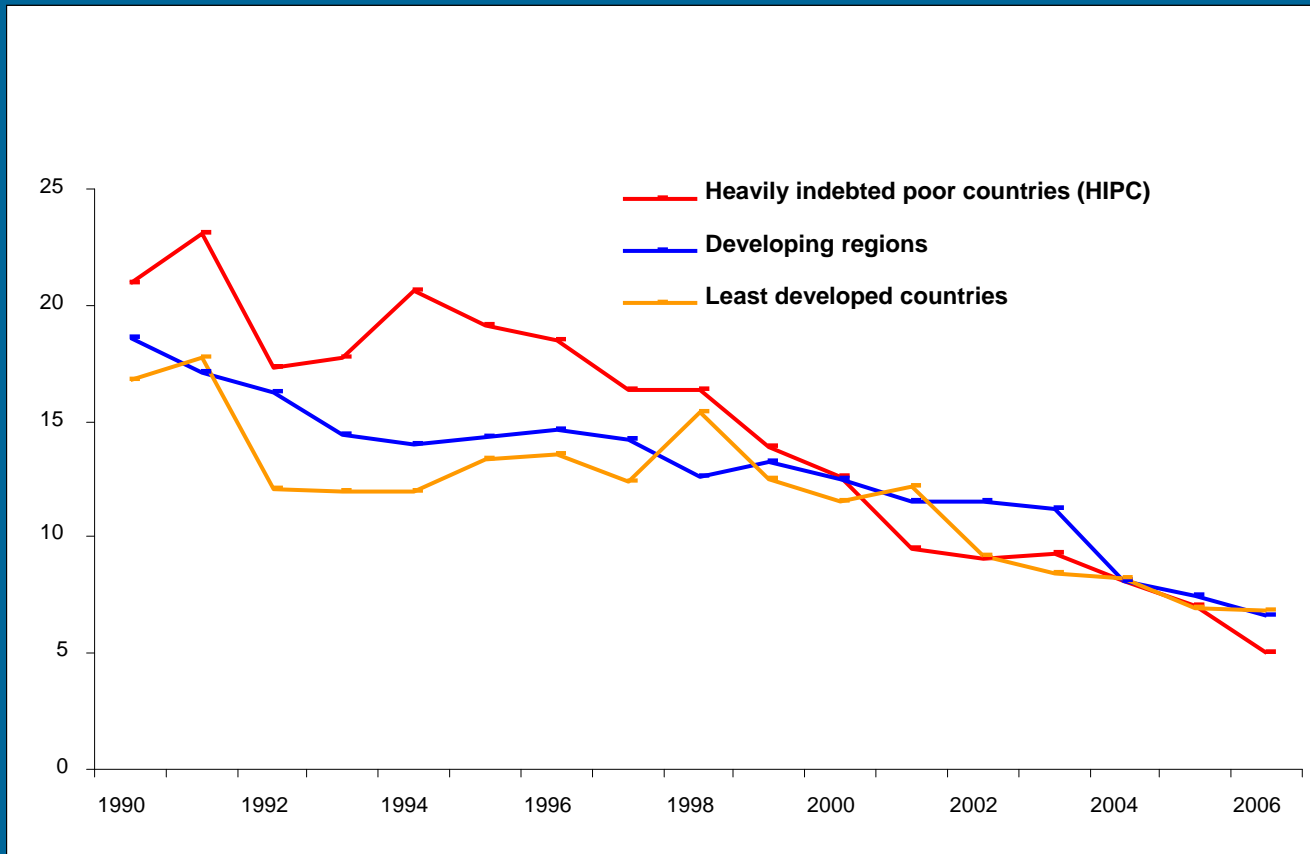
Debt

Analysis

- Important progress has been made – 21 of the 43 HIPCs have reached completion point, and the ratio of debt service to exports is expected to have fallen to 3% in 2007
- But 10 countries are still between decision point and completion point, and eight others who are potentially eligible have yet to join
- Additional efforts are required to ensure sustainability, in both HIPCs and non-HIPCs
- 21 HIPCs (including 14 that are post-completion point) are considered to be at moderate-to-high risk of falling back into debt distress
- In 2006, 52 developing countries spent more on debt service than on public health. 10 spent more on debt service than on education
- Some creditors have not participated in HIPC; and litigation by vulture funds has undermined debt relief

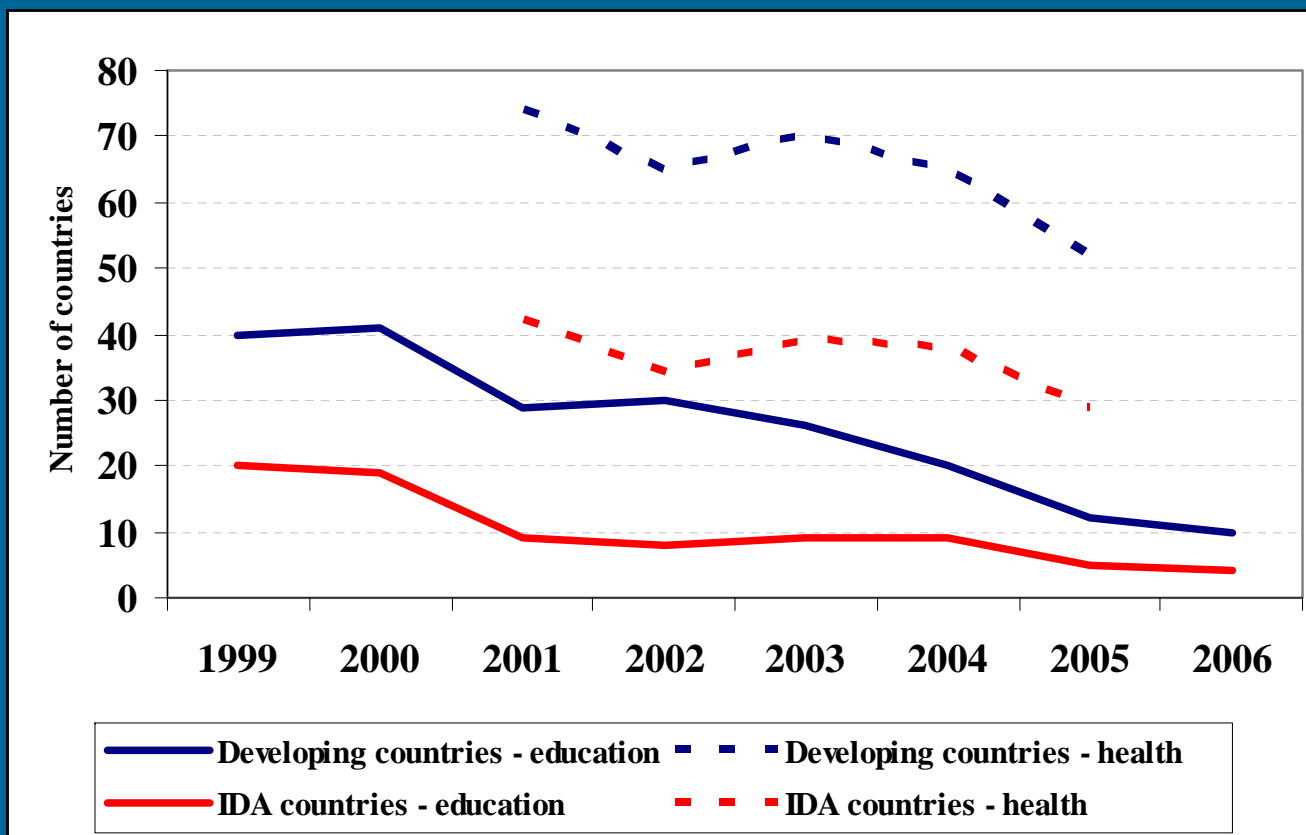
Debt

Debt service payments as a % of export revenues – *source, World Bank*



Debt

Number of developing countries with public debt service payments exceeding public spending on education and health – *source, World Bank*



Debt

Recommendations

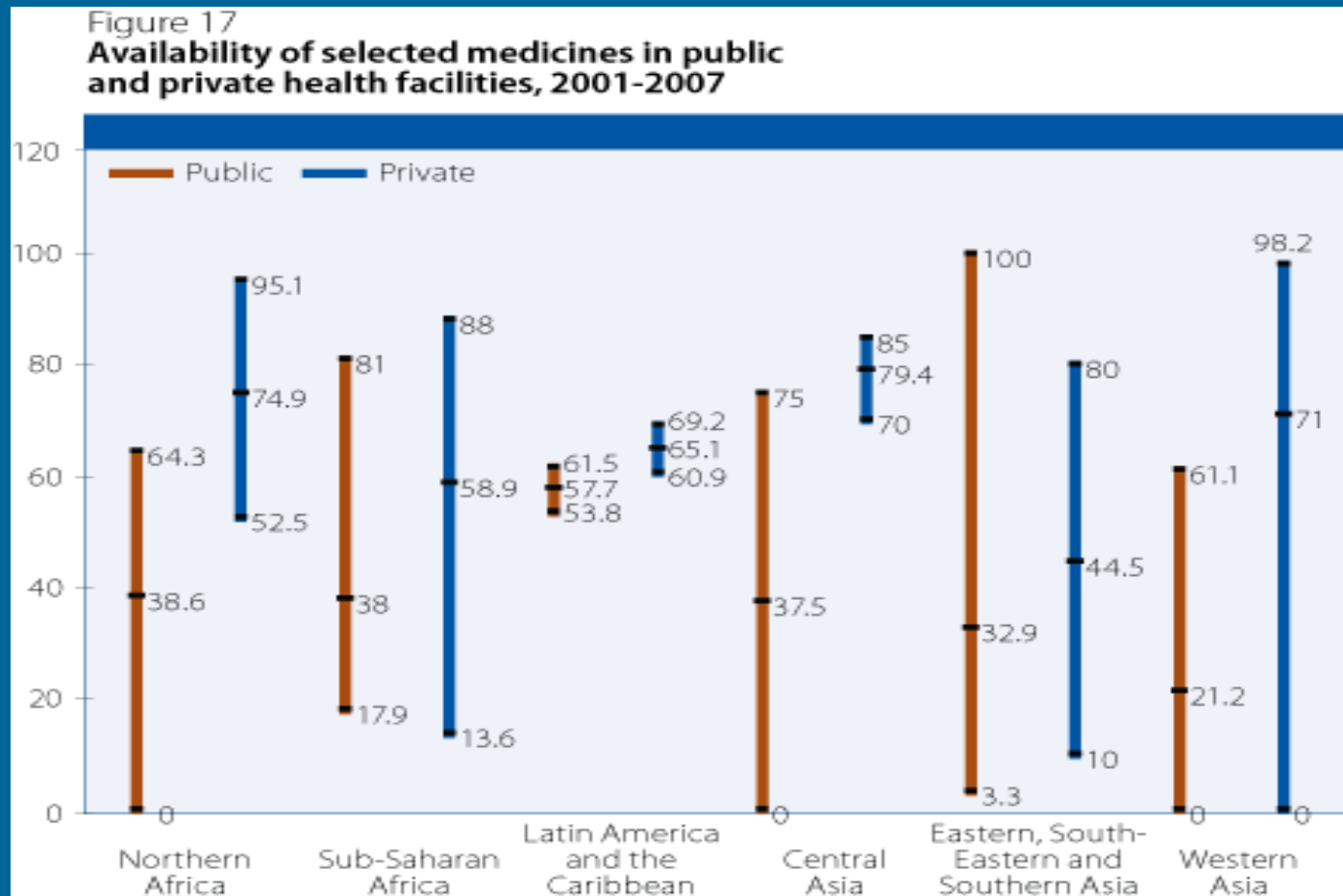
- Mobilize additional donor resources to facilitate debt relief in some HIPCs that have not yet reached completion point
- Encourage non-Paris Club official bilateral and private creditors to provide relief on HIPC-comparable terms on eligible outstanding debt
- Continue to review and refine the currently employed Debt Sustainability Framework
- Establish an orderly sovereign debt restructuring process that would also be applicable to indebted non-HIPCs

Access to affordable essential drugs

Analysis

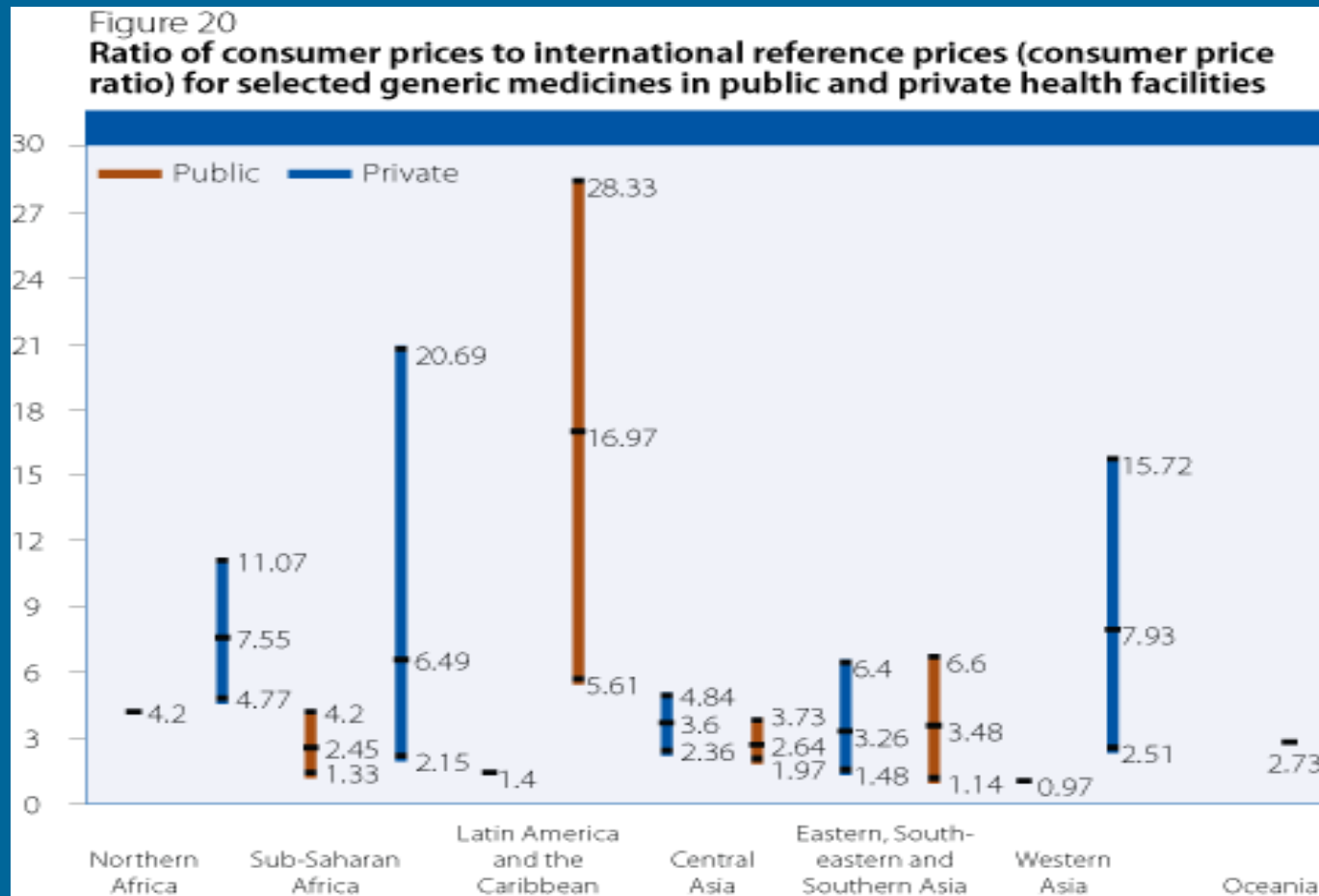
- Access to essential medicines has improved, but is still far from adequate in both the public and private sectors
- There is also a wide variation in prices, much beyond international reference prices, which renders essential medicines unaffordable to poor people
- In the public sector, the availability of medicines meets only one-third of needs, and the average price is roughly 250% of the reference price
- In the private sector, two-thirds of needs are met through availability, but the average price is 650% of the reference price
- Part of the difficulty in assessing progress relates to the lack of a clear quantitative target

Access to affordable essential drugs



Source: World Health Organization

Access to affordable essential drugs



Source: World Health Organization

Access to affordable essential drugs

Recommendations

- Eliminate national taxes and duties on essential medicines
- Update each country's national policy on medicines and list of essential medicines
- Adopt generic substitution policies for essential medicines
- Ensure transparent and reduced mark-ups
- Increase availability of medicines in the public sector
- Carry out routine monitoring of medicine prices and availability
- Encourage differential pricing by pharmaceutical companies to reduce prices of essential medicines in developing countries where generic equivalents are not available
- Increase promotion of generic medicines and remove barriers to uptake
- Increase funding for R&D in areas relevant to developing countries including children's dosage forms and most neglected diseases

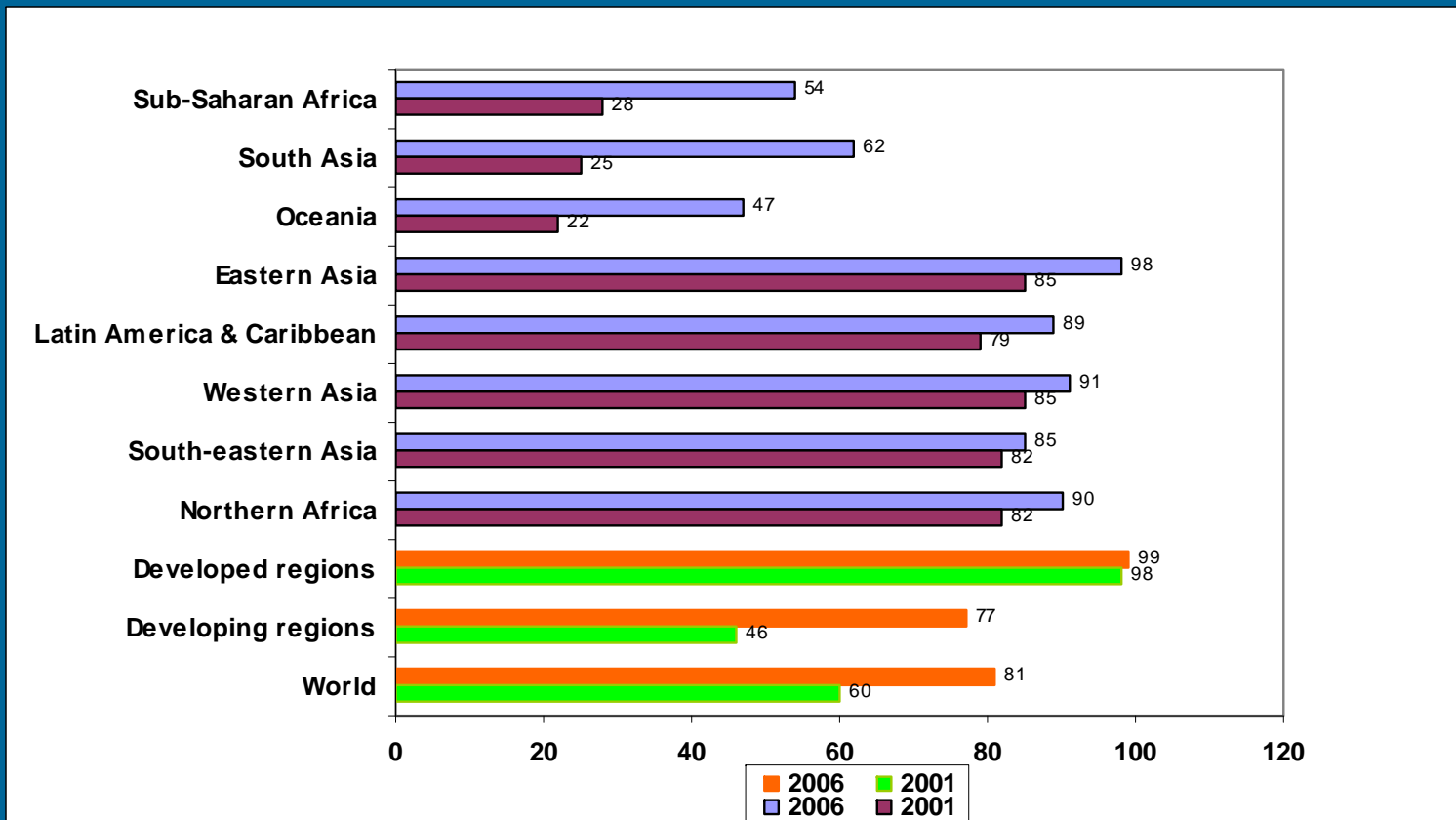
Access to new technologies

Analysis

- While there has been a significant expansion in developing countries of mobile telephony and computers, the digital divide in access to modern technologies is widening between developed and developing countries
- There are large deficits in complementary infrastructure, such as for electricity
- The food crisis and the challenges of climate change require more flexible approaches to technology transfer for agriculture, improved access to medicines, and clean energy
- The lack of numerical targets, and methodology to assess the contribution of the private sector, make it difficult to quantify exact implementation gaps

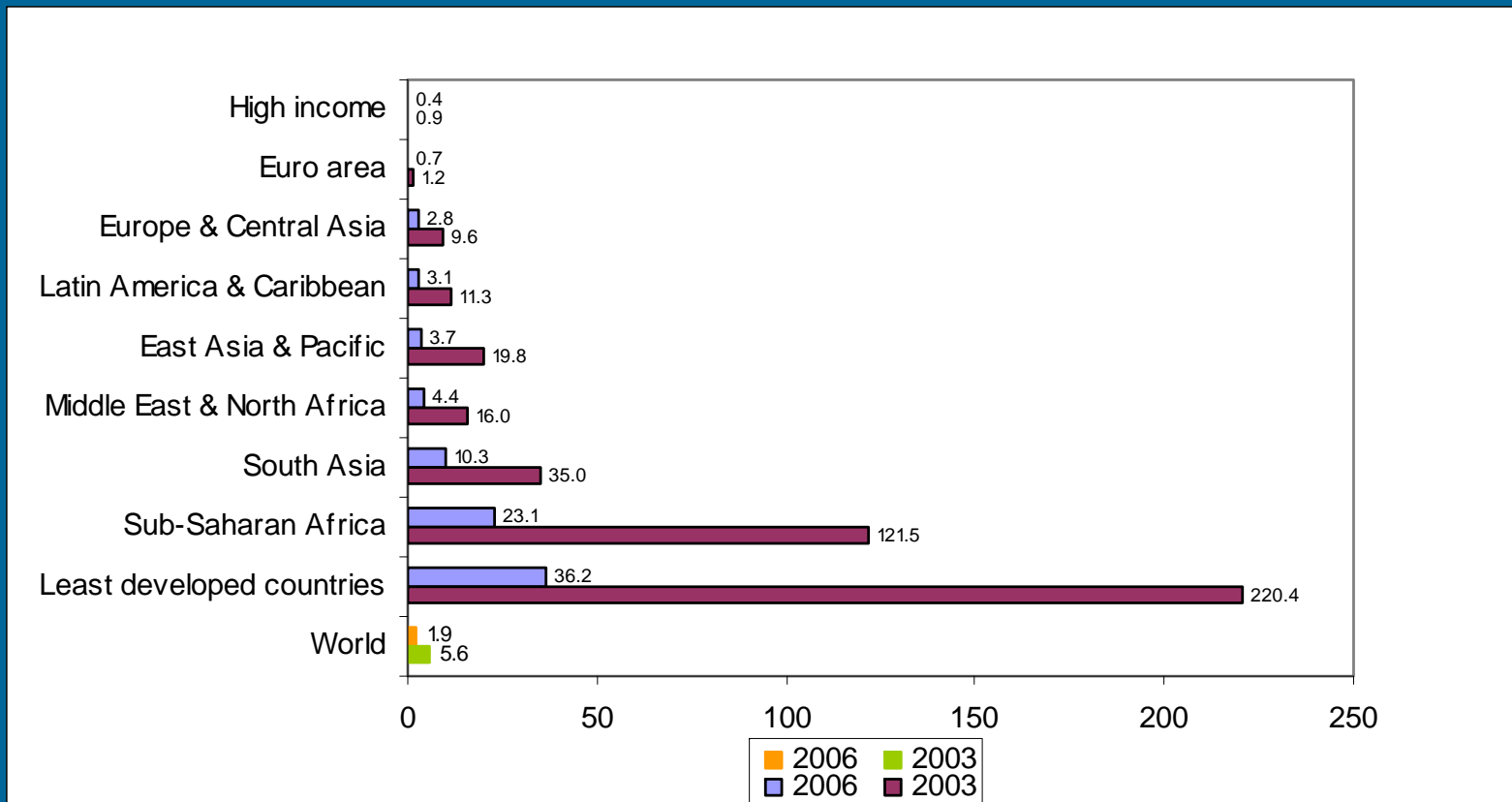
Access to new technologies

Population covered by a mobile cellular signal (%) – *source, ITU*



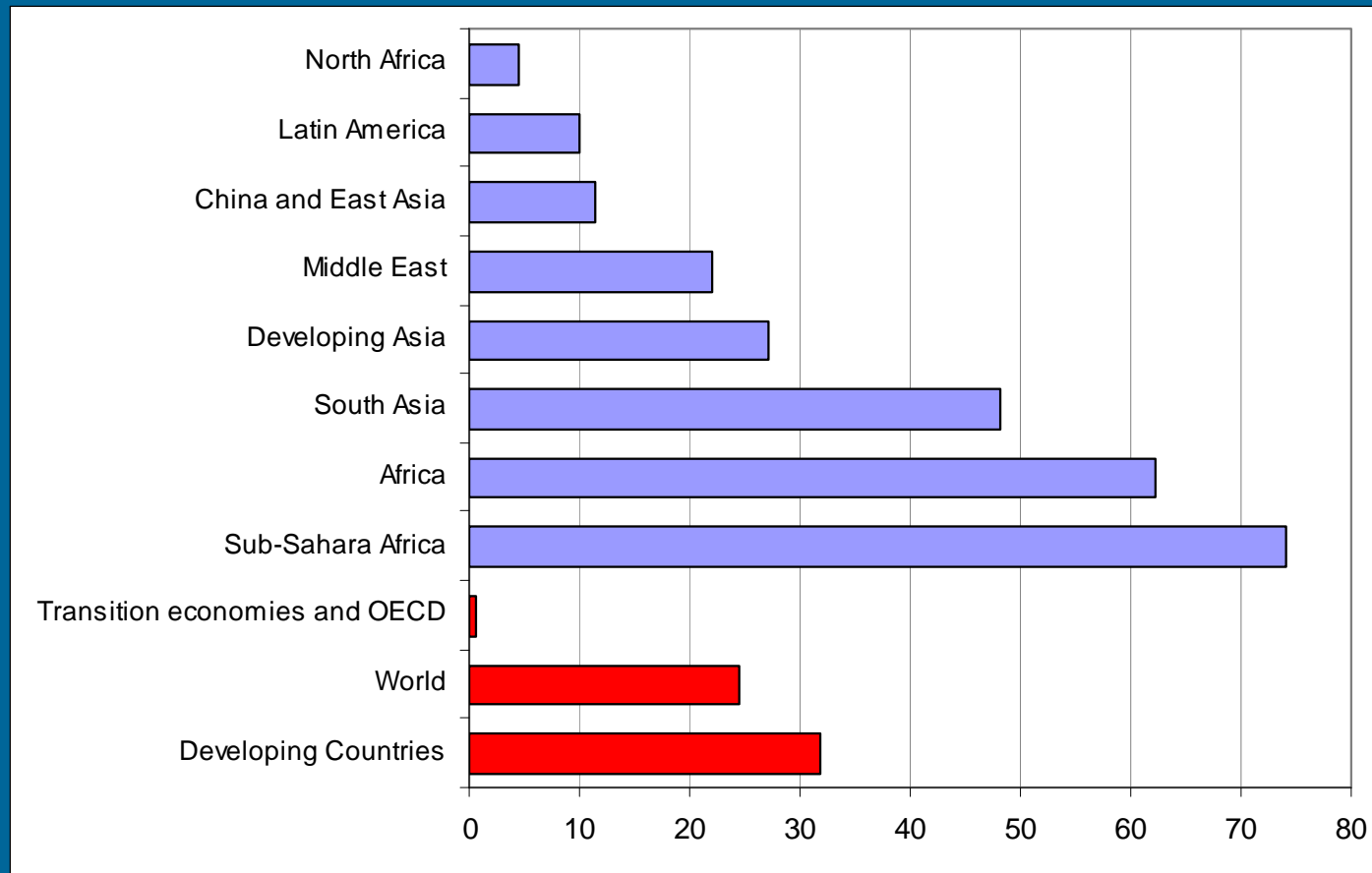
Access to new technologies

Monthly price of internet usage (% of monthly GNI pc) – *source, DESA, ITU*



Access to new technologies

Ratio of population without electricity, 2005 – source, DESA, based on WB



Access to technologies

Recommendations

- Align national ICT strategies with broader development strategies
- Introduce more flexibility to TRIPS to speed the diffusion of technology
- Increase efforts to expand both basic infrastructure and ICT facilitating infrastructure, especially in LICs
- Create the incentives for the private sector to develop technologies relevant to people in LICs, including those addressing issues of climate change adaptation and renewable energy
- Encourage differential pricing to reduce the cost of key technologies