

Statement of  
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I am grateful for the opportunity to share views and perspectives on the Millennium Development Goals and Overseas Development Assistance as part of this hearing in preparation for ECOSOC's meetings with the international finance and trade organizations.

I am here representing InterAction and the New Rules Coalition. InterAction is the largest alliance of US-based international development and humanitarian organizations. Our 160 members operate in every developing country and have decades of experience on the ground working to overcome poverty and injustice. New Rules is a coalition of NGO's trade unions, and academics focused on reform of global financial systems which perpetuate inequity throughout the world.

**Contextual Analysis**

Over the past 20 years, poverty and inequity have steadily increased. A mere 16% of the world's people control over 84% of the world's resources. This picture becomes particularly stark when viewed from the perspective of women and children. Women and children make up 70% of the world's poor; and women, across all sectors, are subject to unequal pay, with women making 75 cents to the male dollar, on average. Even more grim is the picture when examined from a race and ethnic perspective. 70% of the people living in impoverished communities are indigenous peoples, Blacks, and People of Color due in large part to the legacy of slavery and colonization.

**MDGs**

Three years ago, at the Millennium Summit, world leaders agreed on a set of quantifiable goals for addressing underdevelopment, poverty, and inequity. By 2015, the MDGs would put in place a measurable response to poverty, the HIV/AIDS pandemic, gender empowerment, and economic development. The question for us as civil society is whether these goals agreed by 189 states take into account the current context of the lives of those living in impoverished, marginalized communities; and whether the international community will do its part in creating an enabling environment for achievement of the goals.

The international development goals have been accepted by rich and poor nations alike. They represent a shared commitment to improving the lives of all the world's 6 billion inhabitants. This commitment can be expressed as a compact through which developing countries take concrete public actions to reduce poverty and work towards the goals; and the rich countries provide aid and help create an environment in which developing countries have the greatest chance of success. While there has been much attention paid

to what developing nations must do to achieve the MDGs, relatively little attention is being paid to the role of rich countries in efforts that finance the achievement of the goals.

For us as US-based NGOs, the most critical of the goals is GOAL 8 "*Develop a Global Partnership For Development*". Within this goal is a commitment to an open, rule-based trading and financial system, dealing comprehensively with the debt problems of developing countries, access to affordable drugs, and improving market access for developing country goods, increasing ODA to 0.7% GNP and untying ODA so that funds reach intended beneficiaries.

Looking back over the year since Monterrey, while many pledges were made in the context of the conference, much of the rhetoric of partnership has not been translated into reality.

ODA remains a tiny share of donor country budgets. Pledges made by government leaders have not been evidenced in parliamentary budgets. While Monterrey included a commitment to 0.7% GNP directed to aid; the reality is that the 2004 budgets, for many countries is falling far off the mark. The UK remains far less than the 0.35% commitment. The US is perhaps the most egregious case. While President Bush used the Monterrey conference to announce a major new increase in aid through the Millennium Challenge Account, pledging 1.3 Billion of new development dollars to this account in 2004, in fact the budget coming out of the US Senate this past week was for a meager 300 Million. Instead of 1.3 B it is .3 Billion. Lost in the shuffle are not only 1 Billion dollars, but also a commitment to reverse decades of aid declines.

Even more worrisome than the quantity declines is the fact that the MCA targets only a few countries (13-15), which meet conditions favorable to the US. Much of aid now does not go to the poorest countries. With the new mechanism, even less of aid will be directed to least developed countries.

One cannot underscore enough the fact that Aid must be accompanied by coherent policies on trade and investment. What the high-income OECD countries give in aid, they take back in trade restrictions. The countries of the European Union spend over \$300 Billion on subsidies to agricultural production, and the recent Farm Bill passed in the US further contributes to conditions in which 1 out of 7 people in developing countries are facing chronic hunger.

### ***RECOMMENDATIONS:***

#### **1) HONOR PLEDGES!**

Pledges made in the context of Monterrey **MUST** be honored. In addition, Monterrey should be viewed as just the start. The outcome document does not include time-bound commitments nor a clear definition of the responsibilities of donor states in addressing the under-resourced condition of developing states. This is exacerbated by the contradictory demands of international financial institutions for developing countries to control and reduce budgetary spending while making progress to meet the MDGs. More

must be done to provide the resources to finance the achievement of the goals. The international community should set a timetable consistent with the deadline for achieving the MDGs, for meeting the UN target of 0.7% of GNP for ODA.

In addition to this, steps towards aid untying must be advanced. 70 cents out of every dollar of US assistance is still spent here on US goods and services. This tying of aid is a severe impediment to the achievement of the MDGs.

## **2) Real Progress on Debt**

The Monterrey consensus recognizes the importance of debt relief in helping developing countries to achieve the MDGs. However the current criteria for debt sustainability do not include an assessment of a country's ability to achieve the MDGs. The sustainability of foreign sovereign debt should be measured against the ability of indebted countries to achieve the MDGs; debt relief for exceptional cases should not be linked exclusively to HIPC eligibility; and a fair and transparent arbitration process must be established. We also call on the review of impacts of commodity prices on debt sustainability and the developing of mechanisms to ensure that countries whose economies are dependent on commodities are able to finance the meeting of the MDGs in a sustainable way.

## **3) ENGAGE CIVIL SOCIETY**

The MDGs are a useful political framework and a constructive indicator of progress in international development, however they do not and cannot reflect the complexity of the challenges faced by impoverished communities. Many are noting the omission of political participation and related indicators in the goals. Involving civil society, social movements, and trade unions in developing solutions to the problems of poverty and inequity will increase the effectiveness of development and create conditions more suitable for achievement of the goals. Increased awareness of the MDGs, particularly GOAL 8 will provide civil society with the opportunity to hold their governments, even those in the North, more accountable.

We welcome this opportunity today and look forward to future opportunities for engagement.

Thank you.