



LOBBY FOR THE UNITED NATIONS 2007-08

Background information and suggested questions for MPs

THE UN MILLENNIUM DEVELOPMENT GOALS

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What are the UN Millennium Development Goals?

The Millennium Development Goals (MDGs) are a set of eight time-bound, global targets for eradicating poverty and for lending greater cohesion to international development policy. The MDGs – which aim to reduce hunger, inequality and disease, combat illiteracy as well as child and maternal mortality, and promote environmental sustainability – also underpin future advances in peace and security and human rights.

The MDGs were formally agreed by world leaders at the UN Millennium Summit in 2000. The deadline for reaching the Goals is 2015. July 2007 marked the halfway point to this target date. At the midpoint, where do we stand?

The obstacles to achieving the Goals

Progress towards the targets is mixed: there have been notable successes in East Asia, Northern Africa and Latin America, but conditions in sub-Saharan Africa have in some cases stagnated or even regressed.

One of the primary reasons why many African countries have not been able to dig themselves out of these 'poverty traps' is that they are effectively prevented from participating meaningfully in the international economic system. The bias of the international trade regime, the lack of resources and the burden of debt together form a major barrier.

- Developing country exports to rich country markets face trade barriers four times greater than those encountered by other rich countries, costing \$100 billion a year (twice as much as developing countries receive in aid). Low income countries currently account for 3 per cent of world trade. If Africa, South and East Asia and Latin America each increased their share of world exports by 1 per cent, 128 million people would be lifted out of poverty.
- Donor countries, including the UK, have pledged to increase development aid to 0.7 per cent of Gross National Income (GNI) by 2015. However, in 2005, aid totalled only 0.33 per cent of donors' combined national income. Much of this aid is tied to having to buy services from the donor country.
- In 2005, the total debt of the world's 56 poorest countries was \$412 billion. The interest and principal repayments on this debt exceeded \$100 million a day. Servicing these debts absorbs funds which should be directed to building up public services and trade infrastructure.

Enshrined in the eighth Millennium Development Goal – that calling for a global partnership for development – is a commitment, by both donor and recipient countries, to do their part to achieve the MDGs. Donor countries must deliver economic justice, but recipient countries too have a vital obligation to fulfil: they must take steps to root out corruption and ensure that national strategies and public spending are responsible and geared towards sustainable development.

Debt, aid and trade – what the government needs to do

Debt

- At Gleneagles in 2005, the G8 launched the Multilateral Debt Relief Initiative (MDRI) to reduce the debts of highly indebted countries and free up additional resources to help them meet the MDGs. Under the MDRI, the International Development Association, the International Monetary Fund (IMF) and the African Development Fund provide 100 per cent debt relief to eligible debts of countries that have completed the Heavily Indebted Poor Countries (HIPC) initiative process. HIPC is a major international scheme which grants debt relief to countries which have shown progress in

implementing IMF-approved economic programmes, which often entail privatisation, public services spending cuts and trade liberalisation.

- By April 2007, 22 of the 40 HIPC countries had met all HIPC conditions and been granted debt relief. Eight countries had reached the first stage ('decision point') and received debt relief on a provisional basis. Ten have received commitments of some debt relief and could be granted further debt relief under the MDRI. Relief under HIPC and the MDRI is expected to reduce by 90 per cent the debt stocks of the countries that have reached the HIPC decision point.
- But studies have shown that 107 countries need debt cancellation (including 54 countries needing total cancellation) in order to guarantee an 'ethical' poverty line of \$3 a day for each person, together with the provision of basic services.
- The UK should use its influence through international organisations such as the World Bank, IMF, Paris Club and G8 to press for multilateral debt relief for all countries which need it. The UK should also continue to dissuade the World Bank and IMF from attaching conditions to debt relief and should withhold funding until progress is made, in the meantime passing on funds to poor countries by other means.

Aid

- Denmark, Luxembourg, the Netherlands, Norway and Sweden are the only donor countries to have reached or exceeded the UN target of 0.7 per cent of GNI for development aid.
- In 2005, donors pledged to double aid to Africa by 2010; however, between 2006 and 2006, aid to sub-Saharan Africa increased by only 2 per cent.
- The UK should increase its overseas development aid budget to 0.7 per cent of GNI now, rather than wait until 2013 (the target date the government has set).

Trade

- At the 2005 UN World Summit, rich countries stated that 97 per cent of imports from developing countries would be permitted tariff- and quota-free access to their markets. This would still allow tariffs and quotas to persist in sectors of crucial importance to developing countries, such as clothing and agriculture. The EU's trade policies on imports from poor countries are the most restrictive in the developed world.
- The UK must work within the EU to ensure free market access for all exports from developing countries.
- IMF and World Bank loan conditions require poor countries to open their markets to rich countries, which subsidise agricultural over-production by over \$1 billion a day and encourage export dumping in poor country markets. This drives down prices for developing country exports and destroys the prospects for smallholder agriculture.
- The UK must work within the EU to reform the subsidies permitted under the Common Agricultural Policy and must resist the premature opening of developing countries' markets to rich countries' exports.
- The Doha development round of trade talks has stalled in part because rich country governments refused to open up their markets to agricultural imports, or to curb domestic and export farming subsidies, while poor countries were expected to cut their own farm tariffs. The EU's new external trade plans contain an emphasis on regional and bilateral free trade deals and liberalisation in developing countries.
- The UK must use its influence to reform the EU's trade policy in order to offer the concessions necessary to revive the Doha development round of trade talks.

Ask your MP:

- How is the government working to bring about tariff- and quota-free access to rich country markets for developing country imports?
- How is the government working within the EU to reform the Common Agricultural Policy in order to prevent the subsidising of agricultural over-production and export dumping in poor countries?
- How is the government working within the EU to emphasise the benefits of multilateral trade agreements over the regional and bilateral free trade deals contained within the EU's new external trade plans?
- Will the government speed up its timetable for increasing its overseas development aid to 0.7 per cent of GNI so that this target is reached before 2013?
- How will the government use its influence in international bodies to ensure that overseas development aid is not tied to the adoption of specific economic policies by poor countries?
- Will the government use its influence in international organisations to push for debt relief for all countries which need it in order to achieve the MDGs and guarantee an 'ethical' poverty line of \$3 a day for each person, together with the provision of basic services?