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Oxfam Briefing Paper

Our Generation's Choice

'Overcoming poverty is not a gesture of charity. It is an act of justice.'

Nelson Mandela,Trafalgar Square, 3 February 2005

On the eve of the G-20 Meeting of Finance Ministers and Central Bank Governors in Melbourne, the worldwide movement of men, women and children committed to eradicating extreme poverty continues to gain momentum. While their efforts in recent years have secured unprecedented action from world leaders, progress towards the achievement of the Millennium Development Goals continues to lag. Urgent action is now required at the G-20 meeting to get progress back on track.

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Summary

Our generation faces a challenge. It is a challenge that arises from the actions of human beings and can be overcome by the actions of human beings. It is the challenge of extreme poverty in a world of plenty – the kind of poverty which causes the unnecessary deaths of millions of women, men and children every year. It keeps children out of school, entrenches gender inequality, and harms our shared environment.

In the lead up to the G-20 Meeting of Finance Ministers and Central Bank Governors in Melbourne, this paper examines recent efforts to combat global poverty. It considers how effective these efforts have been and analyses some of the criticisms that have been made about them. Crucially, it looks to the future, identifying urgent action required at the G-20 meeting and beyond.

The paper has a particular focus on the Millennium Development Goals (MDGs) – the eight, time-bound goals agreed by the international community in 2000. While the goals have received some criticism, the paper concludes that even the most meritorious criticisms provide no reason to abandon them; rather they provide compelling reasons to build on the goals and improve their effectiveness. Acknowledging accountability challenges, the paper highlights the crucial role which citizens must play in holding their governments to account for the achievement of the goals. The paper also examines the cost of achieving the MDGs and finds that it is eminently affordable. Indeed, the cost of failure would be far-reaching and should not be contemplated.

In recent years, as the global community has become increasingly aware of extreme poverty and its devastating effects, the political will to combat such poverty has grown significantly. A number of international meetings have provided a focus for unprecedented civil society campaigns to pressure world leaders to eradicate poverty. In particular, the G8 Summit at Gleneagles, the 2005 World Summit in New York, and the World Trade Organization (WTO) Conference in Hong Kong each provided a pivotal opportunity for action. The Live8 concerts, the marches, and the now iconic white band worn by millions around the world, symbolised the birth of this movement, rather than its climax.

The worldwide movement of men, women and children committed to eradicating extreme poverty continues to grow and gain momentum. This was demonstrated clearly when, in October 2006, more than 23 million people from all over the world stood in unity to demand further action from world leaders.

These demonstrations of public will have contributed to some important gains – most notably the debt relief deal and aid increase announced at Gleneagles. But ultimately the potential of these three key opportunities to combat poverty in 2005 was only partially fulfilled and the promises that were made may now be dishonoured by complacent leaders. Deeply entrenched structures of power and the self-interest of rich countries have proven formidable obstacles, as illustrated by the recent stalling of the Doha round of trade negotiations.

On the eve of the G-20 meeting in Melbourne, this paper argues that urgent action must be taken by the group to ensure the Millennium Development Goals are achieved. Specifically, the group should:

- extend debt cancellation to countries which require it to meet the Millennium Development Goals and, as a first step, commit to debt cancellation for all countries which are eligible only for concessional loans from the International Development Association of the World Bank;
- agree to abandon the harmful conditions which have applied to previous debt relief initiatives;
- commit to new funding for debt cancellation rather than including this in aid budgets, as has been common practice in recent years;
- commit to increase aid to 0.7 per cent of national income by 2015, at the latest, and provide detailed timetables for achieving this increase;
- support national development strategies designed to achieve the Millennium Development Goals and ensure that long-term, predictable and flexible aid is provided to implement these strategies;
- use the meeting as an opportunity to pressure the United States of America (USA) and European Union (EU) to cut their most harmful agricultural subsidies and give poorer countries better access to their markets as a crucial step to getting the Doha round of trade negotiations back on track; and
- press towards true democratic reform of the World Bank and International Monetary Fund so that poor countries can actively participate in decisions regarding their development.

The paper presents a choice for the G-20 Finance Ministers and a choice for the entire international community. But, most importantly, it presents a choice for each and every one of us as citizens about the kind of world we want to bequeath to our children.

1 The choice

'We have the cash, we have the drugs, we have the science - but do we have the will?' Bono[1]

Our generation faces a challenge. It is an enormous and complex challenge, but it is by no means insurmountable. It is a challenge which cuts to the heart of our humanity and raises uncomfortable questions about our values. It is a challenge which will not fade with the passage of time, but will continue to grow in the face of inaction. It is a challenge which discriminates on the basis of colour, race and gender, affecting certain groups more acutely than others – yet it will ultimately affect us all as it resonates throughout humanity. Most fundamentally, it is a challenge that arises from the actions of human beings and can be overcome by the actions of human beings.

It is the challenge of extreme poverty in a world of plenty; the kind of poverty which causes the unnecessary deaths of millions of women, men and children every year. It keeps children out of school, entrenches gender inequality, and harms our shared environment.

In the next 24 hours:

- 30,000 children will die as a result of poverty;
- 1,400 women will die needlessly in pregnancy or childbirth;
- 100 million children, most of them girls, will not go to school;
- around one billion people will not have access to safe drinking water; and
- 8,000 people will die of HIV/AIDS.

The statistics are compelling and frequently cited by those seeking to mobilise support for combating poverty. But statistics can also be alienating. Although they depict the scale of the problem, they fail to convey human impact. Untold human stories remain hidden behind the staggering numbers. These figures represent the loss of mothers, fathers, brothers, sisters, sons, daughters, friends, and colleagues.

Yet, within a generation, for the first time in history, every child in the world could be in school. Every woman could give birth with the best possible chance that neither she nor her baby would die. Everyone could drink water without risking their lives. Millions of new health workers and teachers could be saving lives and shaping minds.

We know how to get there: political leadership, government action, and public services, supported by long-term flexible aid from rich countries, and the cancellation of debt. We know the market alone cannot do this. Civil society can pick up the pieces, but governments must act. There is no short cut, and no other way.

And the stakes are high. On the line are the lives of millions of women, men and children – each with their own loved ones; each with their own aspirations; each with their own story.

The question is: will we seize the opportunities outlined in this paper? Will we build on the momentum of recent years rather than grow tired and give up? Will we maintain pressure on governments, forcing them to take action and refusing to hear excuses? Will we be relentless in our pursuit of a fairer, more just, and more compassionate world? Will we make poverty history?

The choice is ours.

The Millennium Development Goals – the eight internationally-agreed goals which aim to halve global poverty by 2015 – are eminently affordable. On the other hand, failing to meet the goals will come at a high price. Yet, progress towards the goals is seriously lagging. Our governments are relinquishing their commitment to 'spare no effort'[2] to overcome the injustice of extreme poverty. Unless rapid action is taken we will not achieve the goals.

Significant increases in aid are desperately needed. But, in the end, what is missing from the equation is determination, not dollars. If we can successfully harness the global determination to overcome poverty, the dollars will follow.

Ultimately, it is up to us to hold our governments accountable and those of us living in democracies have a particular responsibility to do so. We must use all the democratic processes and opportunities available to keep our governments on track. The G-20 meeting this November presents such an opportunity.

Too often, we have allowed the size and the complexity of the challenge to become an excuse for inaction. In reality, the biggest obstacle has been a lack of will. So, while overcoming extreme poverty may well be our generation's challenge, it is – more importantly – our generation's choice.

2 The chance: a moment of opportunity for the G-20

The growing profile of the G-20

The Group of Twenty Finance Ministers and Central Bank Governors (the G-20) was established in 1999 in the wake of the Asian economic crisis. It has a mandate to facilitate:

> '*dialogue on key economic and financial policy issues among systemically significant economies and promote cooperation to achieve stable and sustainable world economic growth that benefits all.*'[3]

The G-20, representing around two-thirds of the world's population and 85 per cent of its gross domestic product, is more geographically and economically diverse than the older and more prestigious Group of Seven (G-7). Significantly, its membership includes a range of emerging economies, such as China, India and Brazil,[4] bringing the world's richest countries together with countries in which extreme poverty persists.

The G-20 meets annually and its agenda is determined by a rotating leadership troika comprising the past, immediate, and elect chairs of the group. Statements and recommendations are determined by consensus and there are no formal votes. The general practice has been for the group to issue a communiqué following each meeting, outlining what it has discussed. It is unusual for country representatives to commit to formal agreements, nevertheless this is not unprecedented. For example, the group agreed to an 'Action Plan on Terrorist Financing' in 2001, whereby all G-20 members committed to ratify and implement international agreements, freeze the assets of terrorists within their jurisdictions and make public the lists of terrorists whose assets are subject to freezing.[5]

There are growing arguments in favour of boosting the profile and status of the G-20 because of its broad and diverse membership, while some have argued that the group is well-placed to eventually replace the G-7.[6] Not surprisingly, member countries which do not belong to the G-7 are among the strong proponents of the G-20's superiority.[7]

To date, combating poverty has not been a focus for the G-20. However, in recent years, the group has acknowledged its responsibility to provide leadership on international development issues. It has made a 'firm commitment to achieving the MDGs through intensified cooperation aimed at overcoming severe challenges' and has expressed its determination to 'carry the momentum forward'.[8]

A timely opportunity

The G-20 will meet in Melbourne on 18 and 19 November 2006. The work program for the meeting lists five key issues for discussion: reform of the World Bank and International Monetary Fund; energy and resource commodities; demographic change; domestic economic policies and principles; and aid effectiveness.

Clearly, a number of these issues are directly relevant to combating poverty – particularly ensuring that aid is used effectively to improve the lives and livelihoods of poor people. Yet, while discussion of these issues is vital, civil society groups have argued that a range of issues are missing from the G-20's agenda – for example, the need to extend debt cancellation to countries which require it to meet the Millennium Development Goals.

Australia – this year's chair – has given little indication that it intends to make combating poverty a central focus despite its strong interest in promoting the G-20 as the premiere forum for shaping global economic policies. In fact, Australian Treasurer, Peter Costello, omitted any reference to development in a recent statement of his priorities for the meeting.[9] This is surprising given the timing of the meeting and the opportunity it presents for Australia to become more centrally involved in international efforts to combat poverty.

Put simply, the Australian Government seems to have failed to grasp the urgency of the moment. But it is not too late to act. The G-20 has the potential to play a decisive role in ensuring the achievement of the Millennium Development Goals but it must act now.

3 The cost

The Millennium Development Goals

In September 2000, at the United Nations Millennium Summit, the largest gathering of world leaders in history committed to a set of eight time-bound goals to combat global poverty. These goals – known as the Millennium Development Goals (MDGs) – are 'the most broadly supported, comprehensive, and specific poverty reduction targets the world has ever established'.[10] They have been characterised as:

> '*a blueprint agreed by all the world's countries and all the world's leading development institutions – a set of simple but powerful objectives that every man and woman in the street, from New York to Nairobi to New Delhi, can easily support and understand.*'[11]

Box 1: the Millennium Development Goals

Goal 1: reduce extreme poverty and hunger by half

Goal 2: achieve universal primary education

Goal 3: promote gender equality and empower women

Goal 4: reduce child mortality by two-thirds for children under five

Goal 5: reduce maternal mortality by three-quarters

Goal 6: halt and reverse the spread of HIV and AIDS, malaria and other major diseases

Goal 7: ensure environmental sustainability

Goal 8: develop a global partnership for development

Already, significant progress has been made towards the achievement of the MDGs. If there is any cause for hope, it is the progress made in the past 15 years in getting young children into school. Almost every region has increased primary school enrolments, particularly Latin America, the Caribbean, and North Africa.[12] Enrolments in sub-Saharan Africa have grown quickly too. Even some of Africa's poorest countries – Eritrea, Guinea, Malawi and Chad – have increased primary enrolments by more than 50 per cent, albeit from a low base.[13]

In addition, the Millennium Project outlines that:

> '*Between 1990 and 2002, average overall incomes increased by approximately 21 per cent. The number of people in extreme poverty declined by an estimated 130 million. Child mortality rates fell from 103 deaths per 1,000 live births a year to 88. Life expectancy rose from 63 years to nearly 65 years. An additional 8 per cent of the developing world's people received access to water. And an additional 15 per cent acquired access to improved sanitation services.*'[14]

Addressing criticisms of the MDGs

Despite progress towards the MDGs, the goals have not been immune to criticism.

Lack of accountability

One of the major criticisms has been that there is a lack of accountability for the achievement of the goals or, more specifically, that 'nobody is individually responsible for doing anything for any one result'.[15] Naturally, there *will* be accountability challenges associated with any long-term, global plan. Heads of state will change during the life of the MDGs; humanitarian emergencies will demand immediate assistance; and creative strategies will be essential if communities are to hold their governments accountable over an extended period of time.

Yet, if we recognise that the accountability challenges associated with the MDGs arise primarily because they represent a long-term, global plan, we must ask ourselves what the alternative is. Not to have a plan at all? Or to focus solely on local or short-term initiatives? This would do little to change the unfair trade rules which help to entrench poverty in many communities. Neither would it address the issue of climate change and its disproportionate impact on the world's poorest communities.

Despite the many challenges associated with co-ordinating international action, it is clear that extreme poverty can only be eradicated through a sustained and concerted effort on the part of all members of the international community. The MDGs are based on the recognition that extreme poverty is a global issue with global causes and global implications. It is precisely for this reason that combating poverty requires a global strategy. This strategy must, of course, be applied locally and long-term plans must be broken down into short-term initiatives. This is already being done by many countries, as outlined in their Poverty Reduction Strategy Papers. For example, Bangladesh has embarked on a number of initiatives aimed at meeting the MDGs, including a five-year school lunch program to encourage school attendance, combat hunger and improve nutrition.[16]

Despite the criticisms, the MDGs have succeeded in eliciting a greater level of accountability than previously existed. Some developed countries have incorporated the MDGs into their aid programs, reporting progress against them annually,[17] while developing countries are incorporating them into their poverty reduction strategies.[18] In addition, governments and other agencies are increasingly exploring strategies to provide opportunities for people living in poverty to hold donors and governments to account.[19] Moreover, the process of compiling the United Nations' annual report on the MDGs has highlighted the need for improved data collection and reporting – demonstrating the intractable link between accountability and accurate monitoring processes.

While the goals may not expressly confer any responsibility for their achievement, they were agreed to by world leaders, acting on behalf of their nations. As such, it is national governments which have the responsibility to ensure the goals are achieved. It is for this reason that the goals have been interpreted as country goals – indeed, 'this is the spirit in which they are pursued the world over'.[20]

If national leaders are responsible for achieving the MDGs, citizens need to hold them accountable. Of course, strong democratic processes are essential to such accountability and, for this reason, countries lacking such processes present a particular challenge. Yet, the millions of citizens around the world who live in democracies have the power, the opportunity and the responsibility to ensure their representatives pursue the MDGs relentlessly. This is already occurring in some countries. For example, Oxfam has successfully supported citizen groups in Uganda to hold their governments accountable for the appropriate expenditure of debt relief. Local citizens established 'Poverty Monitoring Committees' to help ensure debt relief was paid into local schools and health clinics.

Recognising the vital role which civil society must play if the MDGs are to be achieved, the United Nations has established and funded the Millennium Campaign with the objective of informing, inspiring and encouraging people's involvement and action for the realisation of the MDGs, and supporting citizens' efforts to hold their government to account.[21]

Limited scope of MDGs

Perhaps the most compelling criticism of the MDGs is that they do not go far enough. The objective of goal one is not to 'make poverty history' but to halve the number of people living in extreme poverty and suffering from hunger. In addition, many of the MDGs represent setbacks on earlier international commitments – for example, the gender equality MDG is a setback on commitments made by governments at the UN Conference on Women in Beijing.[22] Perhaps the limited scope of the MDGs reflects the manifest lack of consultation with civil society during the development of the goals.[23]

Accepting that the MDGs do not go far enough provides a compelling reason to ensure they are achieved on time, so that further work can continue. Conversely, if we acknowledge they are simply the first step towards eradicating extreme poverty, failing to achieve them will be unforgivable.

It is therefore clear that the two most meritorious criticisms considered here provide no reason to discard the MDGs – rather they provide grounds for building on and improving the effectiveness of the MDGs.

The cost of meeting the MDGs

Various estimates have been made regarding the cost of meeting individual MDGs and their associated targets. For example, it is estimated that halving the number of people without access to clean water – which is part of goal seven – would cost $4 billion a year for ten years, which is comparable to a month's spending on bottled mineral water in Europe and the USA.[24] Oxfam has calculated that meeting the targets on health, education, and water and sanitation would require an extra $47 billion a year, which can be compared with global military spending of $1 trillion a year, or the $40 billion spent on pet food each year.[25]

The most comprehensive analysis of the likely cost of meeting the MDGs was conducted by the Millennium Project and published last year.[26] Researchers found that the total cost of meeting the MDG financing gap for every low-income country would be $73 billion this year, rising to $135 billion in 2015.[27] In addition, middle-income countries will require around $10 billion to meet the MDGs.[28] However, during this time, a number of countries will graduate from the need for aid to achieve the MDGs. On top of direct investment in the goals, there will be additional costs associated with 'capacity-building expenditures of bilateral and multilateral agencies, outlays for science and technology, enhanced debt relief, and other areas'.[29]

On this basis, it is estimated that the total cost of meeting the MDGs in all countries will be around $121 billion in 2006, rising to $189 billion in 2015.[30] This estimate assumes that the poorest countries will require 100 per cent cancellation of their debts to achieve the MDGs. It also includes funding for regional co-operation and infrastructure, global research, implementing international environmental agreements and financing international organisations, such as the United Nations.

The Millennium Project estimates that the amount of official development assistance required to meet the MDGs is around $135 billion this year, rising to $195 billion in 2015.[31] This equates to 0.54 per cent of donors' GNI by 2015. However, these estimates exclude aid which is not directly targeted at meeting the MDGs – for example, infrastructure and governance initiatives – therefore donor countries will need to commit to reaching 0.7 per cent of GNI by 2015 if the MDGs are to be achieved.[32]

While this cost is 'utterly affordable',[33] a number of rich countries are seriously lagging on their aid commitments and have not provided timetables to meet the 0.7 per cent target. Achieving the MDGs will require donor countries to meet this target.

Making aid effective

Investing in essential services

All the money in the world will not be enough to achieve the MDGs if it is not spent effectively – aid must be properly targeted.

Oxfam has found through experience and research that developing country governments must take responsibility for providing essential services such as health care, education, water and sanitation in order to achieve the MDGs. While civil society organisations and private companies can make important contributions, they must be properly regulated and incorporated into strong public systems, and not seen as substitutes for them. Only governments can reach the scale necessary to provide universal access to services that are free or heavily subsidised for poor people and geared to the needs of all citizens.

When governments invest in essential services, progress is made against the MDGs; when they fail to do so, progress lags and, in some cases, can be undone. For example, in one district of Nigeria the numbers of women dying in childbirth doubled after fees for maternal health services were introduced.[34]

By contrast, in Sri Lanka where more than one-third of the population lives below the poverty line, maternal mortality rates are among the lowest in the world. When a Sri Lankan woman gives birth, there is a

96 per cent chance she will be attended by a qualified midwife. If she or her family need medical treatment, it is available free of charge from a public clinic within walking distance of her home, which is staffed by a qualified nurse. Her children can go to primary school for free, and education for girls is free up to university level. This has resulted in a literacy rate of 88 per cent among adult women and an increase in the average age of marriage.[35] Other success stories include Uganda, which has doubled the number of children in school, and Brazil, which has halved AIDS deaths and decreased the hospitalisation rate by 75 per cent.

Sadly, there is still an enormous way to go if developing countries are to ensure universal access to quality essential services. Children still have to pay to go to school in 89 of the 103 developing countries, meaning that many poor children are forced to drop out of education. Most of them are girls. The public services that do exist are kept afloat by a skeleton staff of poorly paid, overworked, and undervalued teachers and health workers. Teachers' salaries in the least developed countries have halved since 1970. Oxfam estimates that to provide basic health care and education for all, the world needs 4.25 million more health workers and 1.9 million more trained teachers.

Faced with failing government services, many have looked to the private sector for answers. Sometimes this has worked. Countries such as South Korea and Chile have achieved impressive welfare gains with high levels of private investment in service delivery. But often these services are prone to high inequalities and high costs, frequently excluding the poorest and most vulnerable communities. For example, when China phased out free public health care in favour of profit-making hospitals and health insurance, household health costs rose forty-fold and progress on tackling infant mortality slowed. Services that were once free are now paid for through health insurance, which covers only one in five people in rural China.[36]

Rather than helping developing countries provide essential services to their populations, rich countries and international institutions such as the World Bank have often exacerbated the situation. Because donor aid is the equivalent to half the national budget in some of the poorest countries, donors can wield enormous influence over developing country governments. Too often they have used this influence to push private sector solutions to public service failures. A recent study of 20 countries receiving World Bank and IMF loans found that privatisation was a condition of 18 of those loans.[37]

What poor country governments *need* is aid that is well co-ordinated, predictable, and channelled through public systems and national budgets. What poor countries typically *get* is insufficient, unpredictable aid, disbursed through a jumble of different projects that directly compete with public services for staff and scarce resources. As much as 70 per cent of aid for education globally is spent on technical assistance, much of it to highly paid Western consultants. A study of technical assistance in Mozambique found that rich countries were spending $350 million per year on technical experts, while the entire wage bill for the public sector was just $74 million.[38]

In addition, rich countries are aggravating skills shortages in developing countries by recruiting thousands of their workers. For example, of the 489 nursing students who graduated from the Ghana Medical School between 1986 and 1995, 61 per cent have left the country, with more than half going to the UK and one-third to the USA.[39]

If developing countries are going to make significant progress in the provision of essential services, they need to make sustained investments in health care, education, water and sanitation. They must particularly focus on preventative reproductive health policies and actively combat the HIV and AIDS pandemic. Fees for basic education and health care must be abolished. However, developing country governments will only be able to do this if rich countries meet their commitment to contribute 0.7 per cent of their income to aid. This aid must be long-term and predictable, and supported by debt cancellation for those countries that need it. Rich countries must also reduce their active recruitment of professionals from poor countries.

Investing in women

Another priority is to ensure that aid is working effectively to meet the needs of women and promote their wellbeing. Proven strategies include working with women's movements, changing laws to combat discrimination and protect women's rights and promoting women leaders and workers.

In Brazil, for example, women's organisations working within and outside government ensured that the 1988 Constitution reflected the importance of women's reproductive health.[40] In South Africa, where the constitution was rewritten to promote women's rights, one in two public servants is a woman and women account for one-third of the National Assembly, up from three per cent during the apartheid era.[41]

Promoting women leaders can help to put women's concerns on the political agenda. For example, in India, local councils which have a majority of women tend to spend more on public water facilities and latrines for low-caste groups.[42] Promoting women as workers can increase women's use of essential services. For example, in Botswana, Mauritius, Sri Lanka, Costa Rica and Cuba, the high proportion of female teachers and health workers has been instrumental in encouraging women and girls to use the services.

Fighting corruption

Corruption has the biggest impact on the poorest people. For example, in Romania the poorest third of families pay 11 per cent of their income in bribes, while the richest third pay just two per cent.[43]

Corruption needs to be fought on a number of levels - firstly, at the level of society as a whole. In countries where the rule of law exists and there is an ethos of trust and strong accountability mechanisms, there will be far less corruption. Public education can play an important role in this respect. In Uganda, Oxfam has supported the anti-corruption coalition which has sought to draw attention to the harmful effects of corruption through public campaigning.

Corruption also needs to be tackled at the political level. If the problem is to be successfully addressed, it has to become politically impossible for leaders or elites to abuse public resources for their own private gain. In many countries, multi-party democracy and the emergence of civil society and a free press are proving to be instrumental in the fight against corruption. Scandals uncovered recently by the press in Costa Rica and Kenya, for example, have led to the prosecution of senior officials.

Government and business leaders must signal their intolerance of corruption and their commitment to accountability, and civil society must hold these leaders to account. In Georgia, for example, Oxfam supports the Georgian Young Economists organisation to analyse the government budget and publish its findings. Donor governments are also funding initiatives aimed at building demand-led governance.[44]

Trade justice

Rich countries need to make serious progress towards trade justice if the MDGs are to be achieved. In particular, urgent action is required from the EU and the USA. Irrespective of when Doha round talks restart, these countries must end export subsidies and all trade-distorting subsidies that lead to dumping, especially on cotton. Moreover, they must not contest the development mandate of the Doha negotiations.

Least-developed countries should be given 100 per cent duty-free, quota-free access to rich country markets. This must also include reforming the 'rules of origin' and overly burdensome health and safety requirements which allow rich countries to exclude poor country exports. Rich countries must also agree to a meaningful aid-for-trade package made up of new money and with no strings attached.

Debt cancellation

Debt cancellation is urgently required for all countries which need it to achieve the MDGs. This means widening the list of eligible countries and abolishing the harmful conditions that eligible countries have to comply with to benefit from debt cancellation (see box two). The deal agreed to at the 2005 G8 Summit at Gleneagles signaled important progress but was insufficient. Many poor countries with massive debts, such as Sri Lanka, Kenya, and Viet Nam, were left out of the deal. While there is a need for careful analysis of which countries require debt relief to meet the MDGs, initial research by Oxfam and others suggests that more than 60 countries will need 100 per cent of their multilateral debts cancelled, at an annual cost of $10 billion.[45]

Box 2: the World Bank and IMF – reneging on debt relief

The Multilateral Debt Relief Initiative (MDRI) – a centrepiece of the G8 deal which grants debt cancellation to the world's poorest countries – retains the harmful conditions which have marred previous debt relief packages. Although no new conditions were included in this initiative, qualifying countries still have to complete the Highly Indebted Poor Countries (HIPC) process, which involves complying with harmful World Bank and IMF policy conditions and budget ceilings. Moreover, the finance for this debt cancellation, although additional to the World Bank and IMF, will be taken from rich countries' aid budgets and spread among all the poorest countries. Although it was announced as a $40 billion deal, the actual savings for Africa will be around $1 billion a year, leaving it to carry the weight of more than $200 billion in debt.[46]

Meeting the MDGs has been identified as a benchmark for immediate debt relief because governments all over the world have agreed the goals represent an achievable ambition. Ultimately, however, poor countries' debts need to be cancelled so that they can achieve their human development goals, in the broadest sense, and protect the rights of their citizens.

A recent study, which adopted a rights-based approach to debt cancellation, identified a need for more extensive debt relief than that required to meet the MDGs.[47] The study argued that 'if a government can only meet its debt service payments by taxing poorer citizens so that they cannot pay for enough food or shelter and by failing to provide basic health and education, this violates human rights'.[48]

MDG-based debt relief therefore represents only a minimum standard and an interim measure.

With this in mind, the World Bank and IMF need to immediately conduct an MDG-based analysis of the debt sustainability of each poor country, and recommend debt cancellation accordingly. Rich countries and the international financial institutions must agree to provide cancellation of all bilateral, multilateral and commercial debts owed by the poorest countries where such cancellation is required to meet the MDGs. This cancellation should not be financed out of existing aid budgets but from new contributions.

There is also an immediate need to end harmful economic policy conditionality associated with the HIPC initiative. The G8 declaration that countries must be able to decide, plan and sequence their economic policies to fit with their own development strategies must become a reality.

The cost of failure

> *'Let us be clear about the costs of missing this opportunity: millions of lives that could have been saved will be lost; many freedoms that could have been secured will be denied; and we shall inhabit a more dangerous and unstable world.'*
>
> United Nations Secretary-General Kofi Annan[49]

Having concluded that the world can afford to achieve the MDGs, the pivotal question is: what will it cost *not* to achieve the goals?

Loss of lives and denial of rights

Failure will cost the lives, wellbeing, livelihoods and education of millions of women, men and children.

The projections are staggering. For example, missing the MDG target on sanitation will cost 10 million children's lives.[50] Yet, achieving this goal will require the utmost determination, since one in three people in the world has no access to a toilet or latrine.[51] Similarly, the international target to halve the proportion of people who have no clean drinking water is far off-track and, in total, will fail 210 million people.[52] On current progress, Africa will not meet the goal until the year 2105. More than one billion people still live without clean water[53] and water-related diseases cause three million deaths a year.[54]

Entrenched gender inequality

Much of the cost of missing the MDGs will be borne by women. More women than men are likely to die from AIDS if goal six, which aims to reverse the spread of HIV and AIDS, is not achieved. Similarly, more girls than boys will not be in school if goal two, which aims to achieve universal primary schooling, is missed. Tragically, this has already been demonstrated by the failure to achieve the first MDG deadline – eliminating gender disparity in primary and secondary education by 2005, which is part of goal three.

Issues of gender inequality and poverty are mutually reinforcing – not only will women be disproportionately affected by a failure to achieve the MDGs, but combating gender inequality will need to be a central focus if the goals are to be achieved. Evidence shows that babies born to mothers without formal education are at least twice as likely to suffer from malnutrition, or die before the age of five, than those babies born to mothers who completed primary school.[55] Even one or two years of schooling for mothers cuts child deaths by 15 per cent,[56] and women's education does more to reduce malnutrition than anything else, including increased food availability.[57] It is one of the most effective ways to fight the spread of HIV.[58]

There is little doubt that failing to achieve the MDGs will further entrench gender inequality and the cost will be a less equitable world.

Increased risk of conflict

Missing the MDGs will also come at the cost of a less secure world. Extreme poverty can increase the risk of conflict in a range of ways. The Millennium Project explains this well:

> *'Poor countries are more likely to have weak governments, making it easier for would-be rebels to grab land and vital resources. Resource scarcity can provoke population migrations that result in conflicts between social groups, as in Darfur, Sudan, in the wake of diminishing rainfall. Without productive alternatives, young people may turn to violence for material gain, or feel a sense of hopelessness, despair, and rage. Poor farmers who lack basic infrastructure and access to agricultural markets may turn in desperation to narcotics production and trade, such as growing poppy in Afghanistan or coca in the Andes. Many slums are controlled by gangs of drug traffickers and traders, who create vicious circles of insecurity and poverty. The lack of economically viable options other than criminal activity creates the seedbed of instability and increases the potential for violence.'*[59]

The message is clear – while there are multiple reasons for combating poverty, including justice and humanitarian concerns, there is also a compelling need to overcome poverty because this will help to promote international peace and security.

Financial cost

Finally, failing to achieve the MDGs will come at a financial cost. This is because well-targeted initiatives to combat poverty can ultimately save money. For example, Brazil spends $395 million a year on a program to provide drugs which improve the health and extend the lives of those living with HIV and AIDS, but this has saved more than $2 billion in public health costs since the epidemic started.[60]

Similarly, it has been argued that meeting the MDG targets on water and sanitation could result in savings. For every $1 invested, another $3–$4 is saved on health spending or through increased productivity.[61] Conversely, failing to provide water and sanitation will cost developing countries $84 billion per year in lost lives, low worker productivity, higher health-care costs, and lost education opportunities.[62]

Ironically, while rich countries continue to languish in their self-interest, giving the impression that the costs of eradicating poverty are simply too high, the reality is that global wealth could actually be increased through the achievement of the MDGs.

In summary, it is clear that the cost of not achieving the MDGs is far greater than the eminently affordable cost of achieving them. In fact, the cost of failure is so far-reaching that it is simply not an option. Unless urgent action is taken to ensure the goals are achieved, millions of women, men and children will pay with their lives. Moreover, we will face a more insecure and inequitable world.

4 The context: 2005's broken promises

The G-20 meeting in Melbourne occurs at a significant time, following on from some pivotal international meetings held during 2005 and preceding the half-way mark for the achievement of the MDGs. There is much unfinished business and many of the promises previously made by world leaders have been broken. It is important to view the G-20 meeting in this context. The group not only has the opportunity to build on the gains achieved in 2005, but also to lead the way in addressing vital areas of unfinished business.

The G8 Summit at Gleneagles

In 2005, 36 million people from more than 70 countries united together under the Global Call to Action against Poverty, demanding action from world leaders to combat poverty. A focal point for the campaign was the G8 Summit held at Gleneagles in July of that year. A quarter of a million people marched across Edinburgh demanding that the G8 take action, while across the world more than two billion people tuned in to watch the Live8 concerts. They demanded that leaders deliver debt cancellation, more and better aid, and trade justice. They set a new goal for this generation – to make poverty history.

The G8 made a number of commitments regarding aid, trade and debt relief. Specifically, it agreed to: cancel debts owed by up to 40 of the world's poorest countries to the World Bank, IMF and African Development Bank; increase aid to poor countries by $50 billion by 2010, with half of this going to Africa; increase humanitarian aid and support for peacekeeping and arms control; and call for a world trade deal which favours poor nations.

Ultimately, there are four points to make regarding The Gleneagles deal. First, it included some significant advances which are already having an impact. The debt cancellation deal surpassed all previous efforts to provide debt relief to developing countries and the aid increase was significant. Progress will be made on the MDGs because of these commitments and evidence shows that the deal has already impacted millions of lives.

For example, debt cancellation in Zambia will reduce the country's debt from $7 billion to $500 million, releasing vital resources for reducing poverty. This was reflected in Zambia's budget for 2006, which included substantial increases in funding for health and education. On 31 March 2006, President Levy Mwanawasa announced that, from that day on, all Zambians would have access to free basic health care. In addition, new funding is going towards HIV and AIDS programs, the recruitment of doctors and nurses and the purchase of medical equipment and medicines. Similarly, extra spending on education will enable the recruitment of more than 4,500 teachers and the construction and rehabilitation of schools.

This is just the beginning. The G8 and African Union claim that, if the pledges made at Gleneagles were to be fully implemented, they could double the size of Africa's economy and trade by 2015; lift tens of millions of people out of poverty every year; save millions of lives a year; get all children into primary school; deliver free basic health care and primary education for all; and provide as close as possible to universal access to treatment for AIDS by 2010.[63]

The second point to make regarding the G8 deal is that, even so, it fell well short of what is required globally, and even within Africa, to successfully overcome poverty. In the light of undisputed need and unprecedented expectation, neither the necessary sense of urgency nor the historic potential of Gleneagles was fully grasped by leaders at the summit.

The increase in aid will fail to bring the aid levels of some G8 countries up to the international target of 0.7 per cent of GNI agreed to in the 1970s. More importantly, the increase will come too late and fall far short of UN and World Bank estimates of what is needed to meet the MDGs.

While the communiqué contained the strongest words to date on education, health and HIV and AIDS, it was far weaker on making specific financial commitments. The highlight was a commitment to achieve near-universal HIV and AIDS treatment by 2010. On the other hand, the discussions on trade were disappointing. The G8 failed to substantially move forwards on creating a more just world trade system, and in some cases moved backwards on existing commitments.

Furthermore, the G8 failed to make significant progress towards an international Arms Trade Treaty. While the majority of G8 members were in favour of endorsing a treaty, the USA and Russia were opposed. There was some progress made on small arms and light weapons with G8 leaders recognising the importance of developing common principles over export controls. Nevertheless, it was disappointing that the G8 communiqué contained no substantial new initiatives and did not commit governments to do anything to achieve these laudable aims.[64]

The third point regarding the G8 deal is that, tragically, some commitments made at Gleneagles have already been dishonoured. Some rich countries as well as the World Bank and IMF have made a number of attempts to water down the debt deal. For example, the original agreement was to count all debts owed up to the end of 2004 to the IMF, World Bank, and African Development Fund. However, to save money, the World Bank deal now only covers debts up to the end of 2003 – a stroke of the pen costing poor countries $5 billion in debts that will now not be cancelled.

The fourth and final point to make about the G8 deal is that, despite the enormous power the G8 yields, it was, at the time of the Gleneagles summit, a small group of eight men.[65] Indeed, the G8 has been criticised on the basis of its concentrated geographical representation, including its exclusion of developing countries, and there are persuasive arguments in favour of replacing the G8 with a more representative decision-making body. Similar arguments apply to the G7 Finance Ministers summit, which has been described as 'Euro-centric' and criticised for 'significantly under-represent[ing] several key players in the modern global economy, a potentially fatal handicap when it comes to tackling some of the most pressing challenges now facing policymakers'.[66] For this reason, a more representative group is necessary, such as the G-20 which includes a number of emerging economies such as India, Brazil and Indonesia – although the lack of women leaders remains stark.

In summary, the G8 deal was a positive and important step forward but it did not go far enough. Moreover, aspects of the deal have already been dishonoured. Perhaps it is now time to target larger and more representative decision-making bodies as vigorously as the G8 has been targeted in the past. While this group of eight powerful leaders has the opportunity and the responsibility to make unprecedented inroads in the fight against global poverty, there are hundreds of other countries which share that responsibility and should be held equally accountable.

The World Summit 2005

The World Summit, held in September 2005, had originally been intended to review progress towards the MDGs and commit governments to further action. In this respect, it was a monumental disappointment. World leaders appeared nonchalant about the lack of significant progress on aid, trade and debt relief, and the summit was described as 'bleak and depressing'.[67]

Among the reasons for this lack of progress – and even some setbacks – was the heated debate over Security Council reform, which provided a significant distraction in the months leading up to the summit. The overwhelming self-interest of rich countries was also a contributing factor – yet again.

Bizarrely, for a summit that was intended to review progress against the MDGs, the USA attempted to remove any reference to the MDGs from the summit outcome resolution and publicly complained that the section on development was too long.[68] Furthermore, there was a refusal to commit to the international aid target of 0.7 per cent of GNI. In the end, while leaders did recommit to the achievement of the MDGs, the summit outcome document failed to make any real review of progress. There was no sense of urgency and no acknowledgement that progress towards the goals was seriously lagging.

The section on aid funding represented a step back from the Monterrey Consensus of 2002. While the document commended those countries which had pledged to increase aid to 0.7 per cent of GNI, it simply urged others to increase aid in line with their commitments. This particular wording enabled reluctant rich countries to avoid committing to the 0.7 per cent target, putting the financing required to meet the MDGs in jeopardy.

The outcome document was also disappointing on other fronts. The section on trade, for example, was weaker than the Doha trade agreement of 2001. It endorsed trade liberalisation and made no mention of the elimination of subsidies, or the power of poor countries to decide the pace and scale of opening their markets. Additionally, the text included no new controls on small arms and light weapons or any commitment to increasing resources for humanitarian crises.

Amidst the disappointments, there were some important gains. Most notable among these was the endorsement of a collective 'responsibility to protect' civilians from genocide, crimes against humanity and ethnic cleansing. This requires governments to take timely and decisive action to protect civilians where the government concerned fails to do so.

The outcome document also endorsed a number of the targets agreed at Gleneagles, including universal HIV treatment by 2010. In committing to universal HIV treatment and ending user fees in health, the United Nations General Assembly not only signed up to these targets set by the G8 but effectively gave them the same status as the MDGs.

The document also endorsed the G8's Multilateral Debt Relief Initiative – the $40 billion debt cancellation deal for the world's most heavily indebted poor countries. In a positive reference to debt relief for middle-income countries, the document acknowledged the need to 'consider additional measures'. It expressed support for the Education for All Fast Track Initiative and recognised the need to end impunity for violence against women and guarantee rights to labour protections, property ownership and reproductive health services.

The Doha round of trade talks

> *'If you receive subsidies, the price at which you sell your cotton does not matter. Those of us who do not receive any kind of support cannot sell our cotton, no matter what its quality.'*
>
> Francois Traore, Burkino Faso, West Africa

The issues

Trade has the potential to significantly reduce poverty, particularly among those who depend on agriculture for a living. Of the 1.2 billion people who live on $1 or less a day, most are farm workers and rural poor who are struggling to send their children to school, or to buy medicines and enough food. But trade's potential is not being realised because rich countries are rigging international trade rules in their own national interest.

If Africa, East Asia, South Asia, and Latin America each increased their share of world exports by one per cent, the resulting gains in income could lift 128 million people out of poverty. Yet, when developing countries export to rich-country markets, they face tariff barriers that are four times higher than those encountered by rich countries. Those barriers cost them $100 billion a year – twice as much as they receive in aid.

Rich countries spend $1 billion every day on subsidies to benefit their own farmers. The resulting surpluses are dumped on world markets, undermining the livelihoods of millions of smallholder farmers in poor countries. It is estimated that, as a result of dumping by rich countries, cotton farmers in sub-Saharan Africa lost $305 million in 2001,[69] while in 2004, Mozambique alone lost $38 million in potential sugar sales to the EU.[70]

In September 2001, in Doha, Qatar, the world embarked on a round of negotiations to reform the WTO's global trade rules. Rich countries declared it a 'development round' that would provide fairer rules to lift millions of people out of poverty. Five years on, negotiations have been suspended after the stubborn self-interest of rich countries created a deadlock.

If trade is going to work for global development, rich countries – such as the USA and EU states – will need to cut their most harmful agricultural subsidies and give developing countries better access to their markets. Instead, they have demanded that developing countries open their markets in a way that could damage their development. Poorer countries have been expected to cut farm tariffs too steeply, despite the impact that this would have on millions of subsistence farmers, food security and policies to fight rural poverty. In negotiations to open up industrial markets, they were asked to slash their tariffs by twice as much as rich countries.

Hong Kong 2005

The most recent WTO Ministerial Conference was held in Hong Kong in December 2005. Like the World Summit a few months earlier, the WTO Conference represented another opportunity squandered. Oxfam analysis[71] shows that, if the proposals on agriculture were to be accepted, both the EU and the USA could actually increase their trade-distorting spending, despite having announced cuts of 70 per cent and 54 per cent respectively. An offer to end export subsidies by 2013 was welcome, but these only account for 3.6 per cent of EU spending on agriculture.

The US proposal on agricultural market access has serious implications for food security and livelihoods because it denies developing countries the right to defend essential products on which poor farmers depend. On the other hand, the EU offer would exempt many products exported by developing countries from tariff cuts, thereby significantly diluting market-access gains.

Although the Hong Kong meeting reaffirmed the right of poor countries to protect certain products of vital importance to food security or livelihoods, additional special measures will be needed to prevent increases in rural poverty. This special treatment could be extended with only minor reductions in other countries' gains from the Doha round.

Developing countries at the WTO are also being asked to sign up to a deal on Non-Agricultural Market Access that defies the lessons of history. In return for minimal progress on agriculture, they are under pressure to dramatically and permanently open their industrial markets to foreign competition. The vast weight of historical evidence suggests that countries must be able to raise and lower tariffs according to changing circumstances if they are to promote growth and industrialisation successfully. Yet the current negotiations at the WTO aim to eliminate this flexibility.

When negotiations on services were launched in 1994, it was with the promise that developing countries would be allowed the flexibility to take into account their levels of development and national policy objectives. Negotiations were to be carried out on a request-offer basis, and countries would only have to participate when they felt ready. Yet, over the last year, increasing pressure has been placed on developing countries to agree to open their markets. Before making offers, countries need to assess the potential costs and benefits of liberalisation, but so far the negotiations have not provided space for this.

The WTO Services texts go some way to allaying concerns regarding developing countries' rights to regulate and provide universal service in significant areas like telecommunications, sanitation, and education. However, in practice the system can be inflexible.

A minimal development package was presented to developing countries in Hong Kong. This included commitments on aid-for-trade, DFQF (duty-free and quota-free) market access for the poorest countries, and a permanent amendment to the TRIPS (trade-related aspects of intellectual property rights) agreement. Efforts to provide trade-related assistance to poor countries are welcome, but what has been agreed so far does not constitute a sufficiently attractive package to make up for the concessions and damage being done in other areas.

There is an urgent need for fairer trade rules that more evenly benefit developing countries. However, what has been offered in the Doha round to date looks very unlikely to deliver this, and could actually make things worse. One study suggests that the poorest countries would lose the most, with sub-Saharan Africa facing losses of more than $300 million in all the most likely outcomes.[72] This is in contrast to the dramatic gains predicted by the World Bank,[73]and would be a bitterly ironic end to the so-called 'development round'.[74]

What needs to be done

A recent meeting of the Cairns Group[75] failed to revive the Doha round following the indefinite suspension of talks in June 2006. The group urged WTO members to re-engage in negotiations no later than November,[76] making it clear that modest reforms in domestic support and market access would be 'insufficient to conclude a deal on agriculture'.[77]

The Doha round is definitely worth saving. There is still a strong development case for a multilateral system – even one as flawed as that of the WTO. Within such a system, developing countries can work together and stand less chance of being bullied to agree to unfair trade deals. For this reason, countries should resist the temptation to try to get what they want via a series of bilateral trade agreements. Apart from introducing more complication and incoherence into trade relations, these deals usually involve developing countries losing more than they gain because of their weak negotiating position.

If the multilateral talks are to be resurrected, trade negotiators need a complete change of mindset. The USA and EU should only come back to the table once they have done their homework and have a clear commitment to end the dumping of their agricultural surpluses.

Meanwhile, they should at the very least respect current rules on subsidies - or if they continue to break them, accept that they will face litigation in the WTO court. However minor, such gains would at least give the world's poorest countries something to show for five grinding years in the negotiating chamber.

5 The challenge: what the G-20 should do

While there have been some important breakthroughs in recent years, we have not yet succeeded in turning the tide against global poverty. Deeply entrenched structures of power and the self-interest of rich countries have proven formidable obstacles. The recent stalling of the Doha round of trade negotiations illustrates just how formidable these obstacles can be. Corruption in developed and developing countries can also thwart efforts to combat poverty. Clearly, much work remains.

Although the task is large, it is eminently achievable. The accomplishments of recent years have already improved the lives of millions. Most importantly, it has become clear that the actions of concerned individuals across the world can achieve unprecedented results.

And now, concerned individuals are again joining together to elicit action from their leaders. This time, their focus is on the G-20 meeting of economic leaders in Melbourne. If we are to achieve the Millennium Development Goals, it is imperative that every meeting of world leaders from now until 2015 makes rapid and significant progress in combating poverty. The G-20 meeting is no exception. It must act and it must act now. Next year will be too late. Instead, next year's meeting in South Africa should be used to build on the substantial progress made at this year's meeting.

So, what should the G-20 do at its meeting in Melbourne?

First, it should commit to broader debt cancellation to build on the Multilateral Debt Relief Initiative agreed at the 2005 G8 Summit. Debt cancellation should be granted to all countries which require it to meet the MDGs. As an initial step, the group should analyse debt sustainability to identify which countries fit this description. The group could commission researchers to report back prior to its 2007 meeting in South Africa. In the meantime, G-20 members should immediately commit to pay their share of debt relief for all countries which are eligible only for concessional loans from the International Development Association of the World Bank, as the United Kingdom has done.

Second, in extending debt cancellation, the G-20 should put an end to harmful economic conditions associated with the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative. Specifically, the group should agree to restrict conditions to requirements for financial accountability and poverty-reduction goals, agreed through open and transparent processes in which ordinary individuals, community groups and parliaments have an active say.

Third, debt cancellation should not be financed from existing aid budgets. Accordingly, G-20 members should commit to end double-counting this money and instead make new contributions for extended debt cancellation.

Fourth, members of the group should formally commit, or in many cases recommit, to reach the international target of allocating 0.7 per cent of their GNI to overseas development assistance by 2015 at the latest. As part of this commitment, each member should provide and adhere to a timetable for reaching 0.7 per cent GNI, in the same way that EU members have done.[78]

Fifth, G-20 countries should commit to support national development strategies designed to achieve the MDGs in line with commitments made at the 2005 World Summit. Further, the G-20 should make every effort to ensure long-term, predictable and flexible aid is provided to countries which need it to achieve the MDGs. This will be crucial to ensure universally accessible, quality essential services and the achievement of the MDGs

Sixth, given the unique membership of the G-20, it provides an excellent forum for informal discussions aimed at getting the Doha development round of trade negotiations back on track. Given the presence of the USA and EU states at the G-20 meeting, emerging and middle economies should seize the opportunity to push for an end to the intransigence of pivotal rich countries.

Finally, the G-20 should use the meeting to address the fundamental inequalities in the structure and operation of the World Bank and IMF. Reform of these institutions is a key agenda item for the Melbourne meeting and a central focus for G-20 generally. While progress towards greater institutional democracy seems likely, there are indications that the changes will not go far enough and will favour more economically powerful developing countries. This means emerging economies may need to put aside their own self-interest to advocate for true democratic reform, so that poorer countries are also given a voice.

The G-20 needs to act on each of these issues as a matter of priority. It needs to act because of the urgency of the moment; because people are dying every day as a consequence of inaction. It needs to act because citizens are demanding such action. It needs to act because the world simply cannot afford not to achieve the MDGs.

It is now up to the G-20 to seize this opportunity to do something great. As more than 23 million people from all over the world said in unity just last month:

> *'What is needed is the political will to achieve and exceed these goals…*
>
> *To the leaders of the wealthy countries: Be great. Fight to keep your promises – debt cancellation, more and better aid, and trade rules that help fight poverty. You know what needs to be done. Do it.*
>
> *We also stand before the leaders of poorer countries to say: Be great. Make it your first responsibility to save the lives of your poorest citizens. We ask you to achieve real transparency and accountability in how money is spent, to tackle inequality, to root out corruption. You know what needs to be done. Do it.*
>
> *…We want justice now. No more excuses. We will not stand for them.'*[79]

Notes

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63 Chair’s Summary, Gleneagles Summit, 8 July 2005. www.g8.gov.uk/servlet/Front?pagename=OpenMarket/Xcelerate/ShowPage&c=Page&cid=1119518698846 (last accessed October 2006).

64 Despite the G8’s lack of progress in garnering support for an Arms Trade Treaty, 139 states recently voted in favour of a proposal to develop such a treaty at the meeting of the United Nations General Assembly’s First Committee on Thursday 26 October 2006. From now on, a UN process will unfold that could result in the establishment of a global Arms Trade Treaty, possibly by 2010.

65 Including the President of the European Commission. The subsequent election of Angela Merkel as the Federal Chancellor of Germany means there is now one woman leader within the G8.

66 Mark Thirwell and Malcolm Cook (2006) op cit.

67 Christian Aid (2006) 'Poor left behind as world leaders posture, says Christian Aid', 15 September 2006, www.christianaid.org.uk/news/media/pressrel/050915p.htm. See also Clare Short (2005) ‘Depression and Mistrust Prevail at the UN’, *The Independent*, 15 September 2005. www.commondreams.org/views05/0915-25.htm

68 Colum Lynch (2005) 'US Wants Changes in UN Agreement', *Washington Post*, 25 August 2005. www.washingtonpost.com/wp-dyn/content/article/2005/08/24/AR2005082402321_pf.html

69 Oxfam calculations based on International Cotton Advisory Council (ICAC) figures in 'Cotton: World Statistics', September 2003.

70 Oxfam calculations using data from Mozambique’s National Institute of Sugar, 'Balance for the Sugar Sector', 2003. The sugar regime has now been reformed, but poor countries will still lose out because of a failure to implement the reforms gradually or to provide adequate compensation. For more detail see Oxfam and WWF (2005) 'Critique of the EC’s Action Plan for ACP countries affected by EU sugar reform'.

71 See Annexe 1 of Oxfam International (2006), 'A Recipe for Disaster: Will the Doha Round fail to deliver for development?' April 2006, www.oxfam.org/en/files/bp87_recipefordisaster_060427/download

72 Polaski, Sandra (2006) 'Winners and Losers: the Impact of the Doha Round on Developing Countries,' table, p 34; Carnegie Endowment for International Peace; www.carnegieendowment.org/trade.

73 In 2003 the World Bank predicted global gains of $832bn from trade liberalisation, with the majority – $532bn – going to the developing world. More recently, they have downgraded expectations, predicting global gains of $287bn, with only $90bn going to developing countries. See Timothy Wise and Kevin P Gallagher (2005) 'Doha Round’s Development Impacts: Shrinking Gains and Real Costs', RIS Policy Brief No. 19.

74 The results of economic modelling can vary widely, depending on the factors included and the assumptions made. All models make a number of

simplifying assumptions and tend to miss out dynamic effects. For this reason, any figures generated by such models should be treated with caution. This is recognised by almost all serious economists. However, at the very least, the Carnegie study shows that the gains predicted by the World Bank, and often cited by developed country negotiators, are far from guaranteed.

75 A coalition of 18 agricultural exporting countries accounting for over 25 per cent of the world's agricultural exports.

76 Cairns Group, Communique, 20th Anniversary Ministerial Meeting, Cairns, Australia, 22 September 2006.

77 Ibid.

78 See http://ec.europa.eu/comm/development/body/communications/docs/MDGs_depliant_002.pdf#zoom=125 (last accessed in October 2006).

79 Stand Up pledge, see www.standagainstpoverty.org/files/Pledge_Long.doc (last accessed October 2006).

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