



# END POVERTY 2015 *Make it happen*

MILLENNIUM DEVELOPMENT GOALS

High-level Event on the Millennium Development Goals, United Nations Headquarters, New York, 25 September 2008

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**Until 4 September, 11 a.m. NY time**

**PRESS RELEASE**

**Report of the MDG Gap Task Force**

## **UN report: Significant progress in debt relief for poorest countries but trade and aid still major barriers to achieving anti-poverty goals**

*Improved access to medicine and technology, but more needs to be done*

(UNITED NATIONS, NEW YORK, 4 September) As world leaders prepare to review gains in global development in New York later this month, a new UN report finds significant progress in providing debt relief to the world's poorest countries, but not in fulfilling trade and development aid commitments. Donors will need to increase their development assistance by \$18 billion a year between now and 2010 if they are to meet their previously agreed pledges.

The report, *Delivering on the Global Partnership for Achieving the Millennium Development Goals*, was prepared by the MDG Gap Task Force, created by UN Secretary-General BAN Ki-moon to track international commitments on aid, trade and debt, and to follow progress on access to essential medicines and technology.

"The year 2008 should mark a turning point in progress towards the Millennium Development Goals," said Secretary-General BAN Ki-moon. "This 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. This document will be an invaluable tool when world leaders gather for a high-level event in New York on 25 September to identify urgent ways to take action on the Goals."

### **Aid and trade—critical gaps in international follow-through**

Though donor countries have stepped up official development assistance (ODA) since 2000, aid flows have actually declined in recent years – by 4.7 per cent in 2006 and a further 8.4 per cent in 2007. At the 2005 Group of Eight Summit in Gleneagles, donor countries promised to increase the total flow of ODA by \$50 billion per year by 2010, but delivery is already falling short. Increasing existing flows by \$18 billion per year between 2008 and 2010 would meet the agreed target and bring total aid to an estimated share of 0.35 per cent of gross national income of the OECD countries – still only halfway to the United Nations target of 0.7 per cent.

The breakdown of the Doha development round of trade negotiations in July was a major setback for developing countries seeking to benefit from expanding global trade opportunities in order to reduce poverty. The Doha round was launched in 2001 with the broad purpose of fulfilling the Millennium Declaration objective of establishing an "open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system."

According to the report, only 79 per cent of exports from least developed countries are given duty-free access to the markets of developed countries, well short of the target set in 2005 of 97 per cent. Agricultural subsidies were another major Doha stumbling block: there has only been a mild reduction of tariffs on agriculture exports, while agricultural subsidies in OECD countries remain high - \$363 billion in 2006, almost four times the level of ODA that year.

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## Some signs of progress

Debt relief has been or will be provided to 33 out of 41 eligible countries, cancelling more than 90 per cent of their external debt. Further action is needed, however, to ensure debt relief in the remaining eight countries, and also in supporting others to improve debt management to avoid relapsing into debt distress. In 2006, 52 developing countries spent more on debt service than on public health. Ten spent more on debt service than on education.

The practice of “tying” aid (so that recipients are required to purchase goods and services from donor countries) has been greatly reduced since 2001, the report finds. But many criteria for aid quality, especially predictability and consistency with the development objectives of developing countries, require further improvement.

## Access to medicines, technology

Access to medicines to combat HIV/AIDS, malaria and tuberculosis has improved. However, the availability of affordable essential medicines is still far from adequate in both the public and private sectors, and wide variations in pricing mean that essential medicines are often unavailable to the poor. The report found that in the public sector, available medicines only meet one third of needs, and on average cost 250 per cent more than the international reference price. In the private sector, two thirds are available, but cost on average about 650 per cent more than the international reference price.

Developing countries have unprecedented access to new information and communication technologies, with over 77 per cent of the population able to receive a mobile cellular telephone signal, up from 46 per cent in 2001, and from 28 per cent in sub-Saharan Africa to 54 per cent in the same period. But the digital divide between developed and developing countries continues to widen for technologies that drive modern information sharing (such as broadband internet connection). This is not helped by the reality that more than 30 per cent of people in the developing world are still living without electricity.

## Key partnership role of developing countries

The Task Force notes that many developing nations need to better integrate trade and competitiveness into their development strategies, so they can better take advantage of trade opportunities. Many also need to eliminate taxes and duties on essential medicines and allow access to generic substitutes at lower prices.

Non-traditional official development assistance (from governments of countries outside the OECD’s Development Assistance Committee) has risen dramatically, to five per cent of traditional aid (or \$5 billion) by 2006, and is likely to reach 10 per cent by 2015. The Task Force notes that opaque reporting procedures by some non-traditional donors suggest that the aid totals are likely even higher. But lack of clarity in reporting also gives rise to transparency concerns regarding the content and effectiveness of such aid.

Overall, the report points to the need for wide-ranging action on MDG 8, which focuses on the global partnership to support the other seven Goals, set out in the Millennium Declaration, if the anti-poverty targets are to be achieved.

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