SOCIAL WATCH

REPORT 2010

Time for a new deal

AFTER THE FALL

TO FACE THE DRAMATIC SOCIAL AND ENVIRONMENTAL IMPACTS OF THE CURRENT MULTIPLE CRISES, WE NEED A COMPREHENSIVE JUSTICE PROGRAM THAT INCLUDES: CLIMATE **JUSTICE** (RECOGNITION OF THE "CLIMATE DEBT," INVESTMENT IN CLEAN TECHNOLOGIES AND PROMOTION OF A DECENT JOB CREATING GREEN ECONOMY). FINANCIAL, FISCAL AND ECONOMIC **JUSTICE** (THE FINANCIAL SECTOR SHOULD PAY FOR THE CRISIS IT CREATED). SOCIAL AND GENDER **JUSTICE** (ACHIEVE THE MDGS, PROMOTE GENDER EQUALITY, UNIVERSAL BASIC SOCIAL SERVICES AND "DIGNITY FOR ALL") AND... PLAIN OLD **JUSTICE** (JUDGES AND TRIBUNALS) TO DEMAND PEOPLE'S BASIC RIGHTS.

A CITIZENS' GLOBAL PROGRESS REPORT ON POVERTY ERADICATION AND GENDER EQUITY

SOCIAL WATCH REPORT 2010

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After the fall

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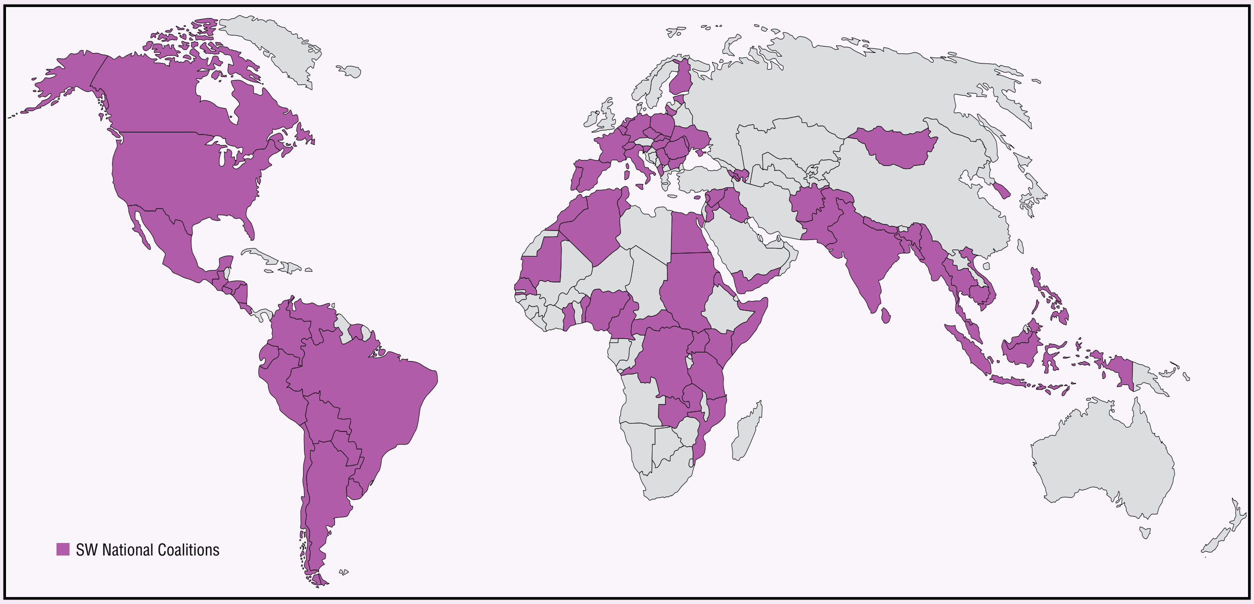

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Women Club; Koboko Civil Society Network; Koka Women Development Programme; Kumi Network of Development Organizations; Kumi Pentecostal Assemblies of God; Kyakulumbye Development Foundation; Kyebando Associates Club; Lira Community Development Association; Literacy and Adult Basic Education; Little Sister of St. Francis; Makindye Multipurpose Youth and Vendors Group-CBO; Malukhu Youth Development Foundation; Masindi District Education Network; Matilong Youth Mixed Farming Organization; Mbarara District Civil Society Organizations Forum; Mengo Child and Family Development Project Ltd; Mpigi Widows Entrepreneurs (MWEA); Mpigi Women Development Trust (MWODET); Ms Uganda; Mt. Rwenzori Initiative for Rural Development; Mukono Multipurpose Youth Organization (MUMYO); Musingi Rural Development Association; Nabinyonyi Development Group; Namutumba District Civil Societies Network; Nangabo Environment Initiative (NEI); National Community of Women Living with HIV/AIDS (Nacwola) Kamuli; National Foundation for Human Rights in Uganda (FHRI); National Union of Disabled Persons in Uganda (NUDIPU); National Women Association for Social & Education Advancement; Ndiima Cares Association (NDICA); Network of Ugandan Researchers and Research Users (NURRU); Ngeye Development Initiative (NDI); Nile Vocational Institute (NVI); Northern Uganda Rural Association; Northern Uganda Vision Association; Ntulume Village Women's Association; Ntungamo District Farmers Association; Ntungamo District Local Government CBO; Ntungamo District NGOs/CBOs Forum; Ntungamo Rural and Urban Development Foundation; Nyabubare United Group; Nyio Development Association; Organization for Rural Development; Osia Integrated Farmers' Cooperative; Palissa Development Initiative; Pallisa District NGOs/CBOs Network; Pamo Volunteers; Participatory Initiative for Real Development (PIRD); Participatory Rural Action for Development; Peace Foundation; Plan International Kampala; Poverty Alert and Community Development Organization (PACDO); Poverty Alleviation Credit Trust; Prayer Palace Christian Centre Kibuye; Protecting Families against HIV/AIDS (PREFA); Rakai Children Trust; Rakai Community Strategy for Development (RUCOSDE); Redeemed Bible Way Church Organization; Riamiriam Moroto Nakapiripiriti Civil Society Network; Ruhama Bee Keeping Group; Rural Initiative for Community Empowerment; Rural Initiatives Development Foundation (RIDF); Rural Productivity for Development Africa; Rushenyi Youth Drama Actors; Rushooka Orphans Education Centre; Rwenzori Agriculture Diversification Promotion Organization; Rwenzori Information Centre (RUCNET); Rwenzori Organization for Children Living Under Difficult Circumstances; Rwenzori Peace Bridge of Reconciliation; Rwoho Bakyara Twimusyane Tukore; Samaritan Partners for Development; Saving and Credit Society; Single Parents Association of Uganda; Small World Counselling Health Education Association; Soroti District Association of NGOs/CBOs Network; Soroti Rural Development Agency; South Eastern Private Sector Promotion Enterprise Limited; Spiritual Assembly of Uganda; St. Francis Tailoring Helper Programme; Sustainable Agriculture Society of Kasese; Sustainable Agriculture Trainers Network; Talent Calls Club; Tecwaa Child and Family Project Bweyale-Masindi; Temele Development Organization (TEMEDO); The Aged Family Uganda; The Forestry College at Nyabyeya; The Modern Campaign against Illiteracy; The Organization for the Emancipation of the Rural Poor; The Uganda Reach the Aged Association; The United Orphans Association; The Youth Organization for Creating Employment; Tirinyi Welfare Circle; Tororo Civil Society Network; Tororo District NGO Forum; Trinita Rural Integrated Community Development Association; Tripartite Training Programme; Triple B Kasese Community; Tukole Women's Group; Tusubira Health and Research Foundation; Twezimbe Rural Development Organization; Uganda Change Agent Association; Uganda Christian Prisoners Aid Foundation; Uganda Church Women Development Centre; Uganda Coalition for Crisis Prevention (UCCP); Uganda Development Initiatives Foundation; Uganda Environmental Education Foundation; Uganda Environmental Protection Forum (UEPF); Uganda Gender Resource Centre; Uganda Human Rights Activists; Uganda Indigenous Women's Club; Uganda Joint Action for Adult Education; Uganda Martyrs Parish; Uganda Media Women's Association; Uganda Mid Land Multipurpose Development Association; Uganda Mid Land Multipurpose Development Foundation; Uganda National Action on Physical Disabilities (UNAPD); Uganda Orphans Rural Development Programme; Uganda Project Implementation and Management Centre (UPIMAC); Uganda Restoration Gospel Churches Organization; Uganda Rural Development and Training Programme; Uganda Rural Self Help Development Promotion (SEDEP); Uganda Support for Children and Women Organization; Uganda Women Foundation Fund; Uganda Women Tree Planting Movement; Uganda Women's Finance and Credit Trust Limited; Uganda Women's Welfare Association; Uganda Women's Effort to Save Orphans; Uganda Young Men's Christian Association; Uganda Youth Anti AIDS Association; UN Association of Uganda; United African Orphanage Foundation; United Humanitarian Development Association; United Orphanage School; Urban Rural Environment Development Programme; Victoria Grass Root Foundation for Development; Voluntary Service Team Mubende; Voluntary Services Overseas; Voluntary Services Trust Team; Volunteer Efforts for Development Concerns; Vredeseilanden Coopibo-Uganda; Wakiso Environment Conservation and Development Initiative; Wera Development Association; Women Alliance and Children Affairs; Women Together for Development; World Learning Inc; World Light Caring Mission Initiative; Youth Alliance in Karamoja (YAK); 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Social Watch: promoting accountability

Social Watch, a network that today has members in over 60 countries around the world, was created in 1995 as a "meeting place for non-governmental organizations concerned with social development and gender discrimination." This network was created to respond to the need to promote the political will required for making the United Nations promises come true. Social Watch, which is continually growing both qualitatively and quantitatively, has published 15 yearly reports on progress and setbacks in the struggle against poverty and for gender equality. These reports have been used as tools for advocacy on a local, regional, and international level.

From its number 0, published in 1996, to this present issue, the 15th, the *Social Watch Report* has brought to light more than 650 reports from civil society organizations, all of them sharing the aim of reminding governments of their commitments and tracking their implementation, both country by country and at the international level.

The present issue, featuring contributions from 63 national Social Watch coalitions, sustains the flame that brought the network into existence in 1995: the need to generate tools and strategies to rectify the lack of accountability mechanisms and ensure compliance with international commitments related to social policies and development goals.

In the decade Social Watch was created, a series of high-level United Nations conferences, starting with the 'Children's Summit' in 1990 and ending with the Millennium Summit in 2000, redefined the global social agenda. In 1995, the Social Summit (Copenhagen) and the Women's Conference (Beijing) defined, for the first time, the eradication of poverty and gender equality as common universal objectives, setting concrete targets and timelines to achieve the goal vaguely formulated in 1946 in the UN Charter as "dignity for all". To promote the political will needed for those promises to become a reality, the Social Watch network was created as a "meeting place for non-governmental organizations concerned with social development and gender discrimination" (*Social Watch No. 0*, 1996), by a group of civil society organizations.

Thus, the *Social Watch Report* was formulated as a powerful tool for the presentation of internationally available statistical information and for reporting on qualitative aspects of the issues addressed through analyses by social organizations working at a national level. A yearly publication, the Report is devoted to progress and setbacks in the struggle against poverty and for gender equality, two largely overlapping objectives, since the absolute majority of the persons living in poverty are women.

The Social Watch yearly reports, while adding an international dimension to local efforts and campaigns, became the first sustained monitoring initiative on social development and gender equity at a national level, and the first to combine both in one international overview.

The report Nº0, published in 1996, featured contributions from 13 organizations; since then, the network has been steadily rising. Currently, Social Watch has members ("watchers") in over 62 countries around the world, and membership grows each year.

The local, the global and the Report

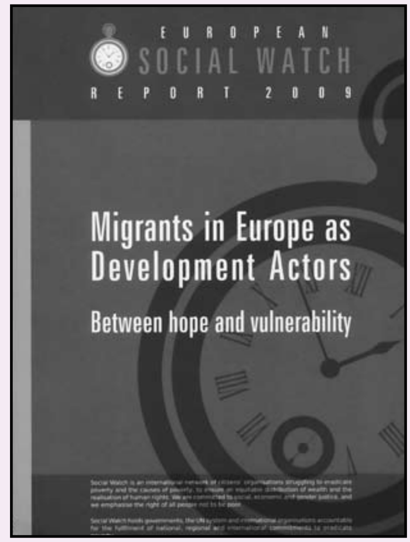
Every year Social Watch chooses to analyze a different subject in depth through its Report, usually focusing on topics under discussion on the international agenda that can be addressed from a local perspective. Experts from diverse origins and disciplines contribute alternative views on the issues through thematic articles. This international perspective is complemented with national and regional reports through which member organizations contribute a local perspective, reporting on the state of affairs in their countries in relation to each year's specific theme.

In addition, Social Watch produces indexes and tables with comparable international information, presenting a macro-perspective of the situation related to certain dimensions of development while also providing national level readings. Social Watch has developed alternative indicators to measure progress or setbacks in gender equity and the meeting of basic human capacities, which are now used as reference

MEMORANDUM OF UNDERSTANDING BETWEEN NATIONAL GROUPS AND THE SOCIAL WATCH NETWORK

1. Coalitions must be based in the country and be active in social development issues in that country (not exclusively as academics or consultants).
2. Their basic commitment to the international network is to provide a national report, with their own conclusions and determination of priorities, to be included in the annual publication.
3. They are expected to use their national report and the global report in lobbying activities at a national level.
4. They must be open to the incorporation of other organizations, work actively to broaden awareness of Social Watch and encourage the participation of other organizations.
5. They are responsible for raising funds for their activities. National coalitions are not dependent for funds on, or financially accountable to, the Secretariat or any other international Social Watch entity.
6. Each coalition determines its own organizational structure.
7. Social Watch membership and the exercise of governmental functions are absolutely incompatible.
8. Cooperation with other national platforms should be encouraged at sub-regional, regional and global levels.
9. In cases of conflicts between members/participating organizations of a coalition on issues related to Social Watch (e.g. nomination of the focal point, contribution to the Social Watch Report, nomination of delegates to the Social Watch Assembly) all parties involved have to demonstrate their willingness to solve the problems at national level. If, in exceptional cases, an agreement cannot be reached, the Coordinating Committee can take the necessary decisions.
10. In order to demonstrate their affiliation to the network all coalitions are encouraged to use the Social Watch logo for national activities directly related to goals and objectives of Social Watch. They are requested to inform the International Secretariat about these activities. In other cases they have to seek permission from the International Secretariat or the Coordinating Committee in advance for other uses of the Social Watch name and logo.

The Memorandum of Understanding was adopted during the 1st General Assembly, Rome, 2000, and it was last updated in October 2009.



Keynote Address by the Hon'ble Vice President of India Shri M. Hamid Ansari at the inauguration of the "Evaluating Committees and Committee System: Changing Contours of Governance and Policy" seminar, organized by the National Social Watch Coalition India in November 2009.

points for both civil society and international institutions. These are: the Gender Equity Index (GEI) and the Basic Capabilities Index (BCI).

Although members use the document for advocacy work in diverse situations, report launches, as well as indexes launches, are key opportunities for dissemination of its contents, taking place both in relevant spaces of international and national debate and decision-making. The report is published by the Secretariat in several languages: Spanish, English, French, Arabic. Some national coalitions also publish their own versions of the report: Spain, Italy, Czech Republic, Germany, Poland, Europe, India and Brazil. Other coalitions publish an array of materials. The Czech and Italian Social Watch coalition, for instance, publish the Gender Equity Index, while Ghana's Social Watch has published a compilation of its national reports and the Beninese Social Watch coalition issues a quarterly, *Social Watch Bénin*. Also, in December 2009 the first *European Social Watch report* was launched: *Migrants in Europe as Development Actors: Between hope and vulnerability*.

Also, Occasional Papers are published, mainly to help build the capacity of member coalitions, regional training workshops have been organized, and position papers have been produced. For example, in 2010 Social Watch published *Beijing and Beyond – Putting Gender Economics at the Forefront – 15 years after the IV World Conference on Women.*[1] This publication was launched on 9 March 2010 at the UN headquarters in New York, during the review of the Committee on the Status of Women marking the 15th anniversary of the adoption of the Beijing Declaration and Platform for Action.

Through its website, blog, and presence in social networking platforms, Social Watch is also utilizing new multimedia and tools to disseminate information on gender, development and human rights issues, generate discussions among fellow civil society practitioners, and conduct outreach to policymakers and journalists. Advocacy, communications and campaigning strategies will complement each other to achieve its goals. At the same time, Social Watch will make efforts to publish the report in additional languages and formats that allow reaching wider audiences.

Additionally, on several occasions, Social Watch spokespersons have addressed the UN General Assembly and other intergovernmental bodies on behalf of the network or wider civil society constituencies. In August 2009, Social Watch established an office in New York to enable a continuous presence at the United Nations and to coordinate advocacy efforts with country missions at the UN, international agencies and other NGO networks. It has been assisting the participation of members in global decision making processes and informing regularly about them to the national coalitions.

A flexible network

As the "meeting place" has grown, several aspects of it have evolved, but the founding ideas and objectives remain. In preparing for their participation in the Copenhagen Social Summit, civil society organizations adopted flexible and ad hoc ways of organizing as a network. No formal governing structure or steering committee was created and no stable coordinating group was established. Non-governmental organizations (NGOs) preferred to inform each other and

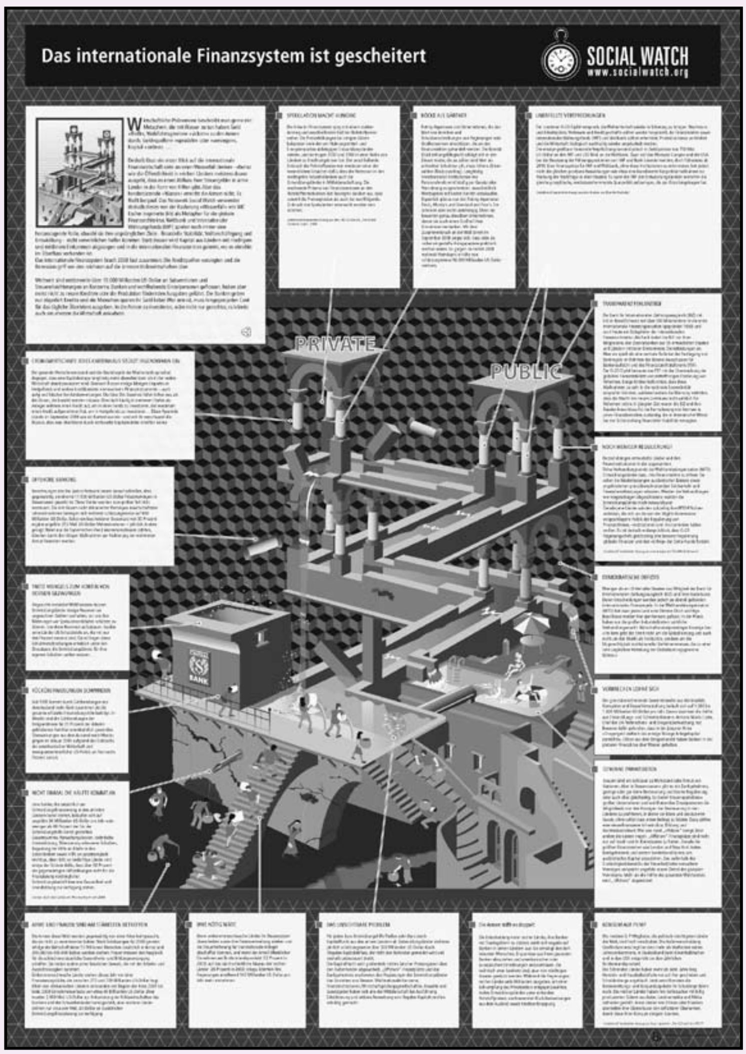
1 Available from: <www.socialwatch.org/node/11571>. The first Occasional Paper by Mirjam Van Reisen, *The Lion's Teeth*, examines the political context in which Social Watch was created. The second, by Ana María Arteaga, *Control Ciudadano desde la base*, analyzes the democratization of international human rights instruments experience in Chile in 1997. The third, a compilation by Patricia Garcé and Roberto Bissio, introduces the experience of monitoring Copenhagen goals through the concrete example of Social Watch. Papers 4 and 5, coordinated by the Social Watch Social Sciences Research Team, address poverty and inequality in Latin America and the links between poverty and human rights. Occasional Papers available from: <www.socialwatch.org/taxonomy/term/459>.

coordinate activities in horizontal open spaces, an approach that some analysts regard as a forerunner of the organizational format later adopted by the World Social Forum. Many of the NGOs that took part in the Social Summit later formed the backbone of Social Watch. As a result, the structure and functioning of the network preserves much of original flexibility and openness.

In addition to national coalitions, the network is structured around three bodies: the General Assembly, the Coordinating Committee and the International Secretariat. In recent years, some regional and sub-regional coordination structures were established as a space for articulation–not as a necessary intermediate body to link the national with the global.

The Social Watch network is not an incorporated entity and it did not start by drafting its governing bylaws. Instead, a short Memorandum of Understanding between national groups and the network (see box) became the basic framework establishing mutual expectations, respecting both the autonomy of national coalitions and democratic horizontal decision-making. A key principle that distinguishes Social Watch from other international civil society networks is that no central body provides funds for its members. These operational principles help avoid the tensions associated with donor/recipient relationships within the network – since there aren't any – and also the loss of energy that could result from lengthy discussions about money, budgeting and reporting, as well as procedural matters. It has also resulted in members' strong sense of tenure over the network.

National coalitions organize the way they want – or can – according to the conditions in each country. The membership of Social Watch coalitions is very diverse, including research institutes or centres, NGOs, grassroots organizations, trade unions, women's groups, rural organizations and others.



General Assembly

The General Assembly is the Social Watch network's highest directive body. Policy discussion and medium- to long-term strategic planning happens in its realm, which serves as a decision-making forum. However, it is also a space for reinforcing the sense of belonging and strengthening the network's identity and unity. It takes place every three years and up to now has been held four times: in Rome 2000, Beirut 2003, Sofia 2006, and Accra 2009.[2] The 2011 Assembly will be held in the Philippines. In addition to setting medium- and long-term priorities and identifying potential alliances in advocacy strategy, the Assembly elects members of the Coordinating Committee to whom coordination and political leadership between assemblies are delegated.

Coordinating Committee

The Coordinating Committee (CC) is the key political body for the 'daily' work of the network, with an organizational structure which requires fluid communications, facilitated principally through an email list, plus biannual face-to-face meetings and regular telephone conferences to discuss specific issues.

As the CC's task is to "ensure the political visibility and participation of the network in relevant spaces and processes,"[3] its composition endeavours to represent a geographical and gender balance, as well as considering the contribution, in terms of experience and capabilities, that members can provide to the whole network. In general, the CC's decisions are adopted by consensus, and every single decision (and discussion) is communicated to the watchers in a timely manner. The constant participation of two Secretariat members as ad hoc members of the CC ensures coordination between the two bodies, the function of the Secretariat being to support and implement the strategic decisions made.

International Secretariat

The Secretariat is the main executive body of Social Watch. The first external evaluation of the network (1995-2000) noted that, "Of the various roles in the Social Watch network, that of the Secretariat has changed the most" (Hessini and Nayar, 2000). Originally the Secretariat's function was limited to responsibility for the production of the Report, but due to the network's growth it has subsequently incorporated a series of new functions, including research, capacity building, campaigning, promotion of the network and its representation in international forums.

Promoting accountability

The Accra Assembly, held in October 2009, endorsed the concept of "mutual accountability" among members and among the different bodies of the network (secretariat, CC, members). Social Watch believes that the key action to achieve poverty eradication, gender equality and social justice happen primarily at local and national level and, therefore, its international activities and structures should be accountable and at the service of national and local constituencies, and not the other way around.

Social Watch will achieve its objectives through a comprehensive strategy of advocacy, awareness-building, monitoring, organizational development and networking. Social Watch promotes people-centred sustainable development. Peace is a precondition for the realization of human and women's rights and the eradication of poverty. But also poverty and lack of respect for human rights are at the root of many armed conflicts. Therefore the devastating impact of conflict and post-conflict situations on people is of particular concern for Social Watch.

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2 Final reports, working papers and other materials from these four Assemblies available from: <www.socialwatch.org>.

3 The document describing the nature and mandate of the Coordinating Committee was agreed at the 2nd General Assembly, Beirut 2003. Available from: <www.socialwatch.org/node/9388>.

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Dear Leader,

We know You are a most busy person and this letter may arrive to your hands when You are preparing to go to New York to attend the United Nations summit that will review the minimum goals on social development that You and Your Colleagues promised back in 2000 to achieve by 2015.

Yet, even knowing how busy You are, dear Leader, we dare ask You to go on reading, first because it is good for compassionate rules like Yourself to stop every now and then to hear the voiced of the ruled, and second because it might help You avoid the temptation to claim a victory that is not there.

Remember when one of Your Colleagues claimed "Mission Accomplished" eight years ago? And then the war he claimed had been won went on and on and the guy who had dared to say he was wrong won the next election by a landslide? Yes, of course nobody is putting a similar "Goals Met!" sign at your back when You will address the General Assembly, but many spin doctors want you to add your voice to the "glass half full" theory and You will be tempted to argue that an extra final effort will suffice to achieve in the next five years the task of eradicating poverty that has not really started during the last ten.

This report will help You think twice. The public and the press have a good memory, Your Excellency, and to make matters even more difficult, everybody can now read on the internet the Millennium Declaration, where ten years ago 189 World Leaders like yourself committed to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected" and set 2015 as the target for reducing that proportion to half.

As your advisers may have warned You, in 2008 one of your ministers signed into the Accra Action Agenda stating that "1.4 billion people – most of them women and girls – still live in extreme poverty" and the World Bank, which is the source of those estimates (and of the delusionary idea that poverty can be described by income alone, when we all know it is complex and multidimensional) well that same World Bank has estimated in January this year that "64 million more people may be living in extreme poverty by the end of 2010 due to the crisis." It will defy your mathematical abilities to try to explain to the press how on earth 1.5 billion people currently living in extreme poverty can be shown as being on track to reducing "over a billion" to half.

In fact, the issue is not even whether or not the world is going to meet the targets five years from now. The MDGs were never intended as planning targets, but they are still political commitments, made by leaders like You to define priorities. They are valuable because they can be used as benchmarks in evaluating progress. And many evaluations show that progress in social indicators has actually slowed down since the year 2000 instead of speeding up!

Not that we doubt your abilities to address and convince the public, of course. Without that gift, You wouldn't have been popularly elected. (If You haven't been popularly elected, please correct us and we will apologize publicly for our mistake.) But even for a speaker as eloquent as Yourself, it will be difficult to argue that "no effort was spared" when the world military expenditures last year were 15 times larger than the total aid received by developing countries and 49 per cent larger than in 2000 when Your Colleagues promised "to establish a just and lasting peace all over the world."

On top of preventing You from concurring in those blatant mistakes, the reading of this 15th annual Social Watch report will help You stay in tune with the concerns and the mood of your citizens. This report is, in fact, the result of a bottom-up process. It is not an opinion commissioned from consultants but the conclusions of hundreds of organizations and movements that are active year-round on social development issues. Their objective in contributing to this effort is, precisely, to draw the attention of leaders like You to the issues that concern them and to help You meet your promises and design more equitable, gender-sensitive and pro-poor policies.

Each of the national Social Watch coalitions that contributed to this report decided on their own priorities and themes and each one raised its own funds and defined its own ways to consult with the grassroots to gather evidence and validate their findings. They did not shy away from criticizing You and Your Government, the policies in place, the powerful elites in your country or the governance systems whenever they felt it was necessary. We hope You agree with us that the voicing of critical views helps strengthen democratic processes. But even when the reports find that much can (and needs to) improve under Your Leadership, we also know that other 191 leaders share the responsibility with You and thus, on average, only 0.5% of the blame corresponds to You personally.

Collectively, though, when You and Your Colleagues come together in the General Assembly of the United Nations, You will have all the responsibility for your deeds as well as for your inaction, as there is no other world governance mechanism with a higher authority. Yes, we know that some specialized agencies and organizations are in charge of finances or trade and those bodies have their own decision-making processes, but who sits in their respective assemblies if not ministers that You choose and command?

We know your attention span is short and You have multiple demands and little time to spare. You may argue that, yes, poverty is a priority for You and equal rights for women is a cause that You and Your Spouse are committed to, whatever your respective genders might be. In fact we have never found any leader taking the opposite view and defending poverty, slavery or the denial of education to girls. But there are other urgencies requiring Your Time and even if You have read this letter so far You may feel tempted not to read the entire report and perhaps some adviser might summarize its summary in a few bullet points for You. It might spare You that effort to just go on reading a few more lines. The final message emerging from this report is simple: as everybody understands that promises made need to be kept and that it is fair that You are reminded of them, citizens everywhere adhere to the "polluters pay" principle. Those that created the problem should pay for the cleanup and the damage they caused. And that is valid for oil spills, for climate change and for the financial crisis.

If basic principles of justice are applied, the resources and the political will could be found to create the "more peaceful, prosperous and just world" that all of You Leaders promised to us a decade ago. We may even be tolerant with Your Shameful Delay in that task, same as we expect You to be tolerant with some of the impatient and maybe disrespectful wordings included in this report. As You may understand, after a decade of not seeing words matched with actions, some among us expect You to "kick some ass," if You pardon the expression. Actually, that is precisely what we expect You to do. The sooner, the better. We promise to applaud loudly. ■

Yours respectfully,

Roberto Bissio
on behalf of Social Watch

PS: If You need any assistance in finding out precisely where to kick, please go on reading this report.

After the fall: a New Deal is imperative

Roberto Bissio
Social Watch International Secretariat

The good news is that the *People First* strategy works. *People First* was the title of the 2009 annual report of Social Watch and its main message. We argued, based on evidence from around the world, that the ethical imperative of investing in people living in poverty, women in particular, was also the best economic strategy to combat the global economic crisis after the collapse of Wall Street at the end of 2008.

One year after, this is exactly what happened in places as far apart as China and Brazil, two developing countries severely affected by the crisis that took fast and decisive measures to stimulate local consumption by helping its poorest people. According to the Brazilian Social Watch coalition "recovery was achieved on the strengths of domestic demand, fed by policies to raise the minimum wage; social policies, of which *Bolsa Família* (Family Grant) is the most important; credit expansion policies led by public banks; and, to a lesser extent, fiscal policies under the umbrella known as Program for Growth Acceleration. Lower income groups were also the target of policies that have been expanding the number of people receiving cash benefits (equal to a one-month minimum wage), such as (…) people with disabilities, poor people over 65 years old, and extended retirement benefits to rural workers (even in the cases where no previous contributions were made)."

Less than USD 7 billion invested in *Bolsa Família* were not only a success for the reduction of extreme poverty, but also "provided important support for domestic demand, particularly for non-durable consumption goods. Since poor families tend to consume all of their income, these grants (built) a floor under any possible reduction of consumption in the country. Expenditures based on *Bolsa Família* (…) become somebody else's income, which will also be spent, giving additional stimulus to other activities. The decentralized nature of the program allows these stimuli to be directed at local activities, magnifying the impact on employment and on additional consumption."

The bad news is that around the world most countries directed trillions of dollars to the other end of the economic chain, via tax cuts to the rich or subsidies to banks and big corporations and then those plans, which did not really help to reduce unemployment, were stopped or reduced as soon as the financial sector became profitable again.

This is the case, for example, in Canada, where the local Social Watch coalition reports that "deficit reduction is being used as a cover to further reduce social spending. While stock markets, corporate profits and GDP rebound from the massive global financial meltdown, it is expected that full recovery for the privileged will be accompanied by further backsliding in equality and development levels at home and abroad."

Even more devastating effects of the crisis are reported by some developing countries. In Indonesia, for example, the national Social Watch reports that "the global financial crisis has placed an additional burden on top of problems as a large foreign debt, corruption and a lack of consistency between macroeconomic policy on the one hand, and concrete actions to reduce poverty on the other. The severest effects of the crisis have been felt by workers, since companies lay off their employees as a first option to save their assets."

According to the estimates by the World Bank and the International Labour Organization, the number of people around the world losing their jobs or falling below the extreme poverty line is counted by the tens or even hundreds of millions. In many countries, Slovakia among them, the national Social Watch reports observe a tendency by politicians to promote "xenophobia, intolerance and discrimination against minorities" as a way to govern with double digit unemployment figures.

Unkept promises

A decade ago, at the Millennium Summit, over 100 heads of State or Government signed this pledge: "We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected." The eight Millennium Development Goals or MDGs, extracted out of the Millennium Declaration set time-bound targets, the first of which were to reduce by half, between 1990 and 2015, the proportion of people living in extreme poverty and who suffer from hunger. The MDGs collectively summarized the most urgent collective tasks of the international community, created benchmarks and agreed standards against which governments and international organizations can be made accountable and inspired unprecedented global mobilizations, such as the "make poverty history" campaign of 2005 with billions of people around the world watching the simultaneous "Live 8" concerts.

Speaking to the heads of State in September 2005, when the MDGs were reviewed, five years after the Millennium Summit, Leonor Briones, from Social Watch-Philippines, said on behalf of civil society organizations: "The Millennium Development Goals will not be reached by 2015, [if] the environment continues to be devastated, and global issues on trade, debt and official development assistance remain unresolved."

Goal 8 of the MDGs called explicitly for the establishment of *global partnerships* around trade, aid, debt cancellation and technology transfer in order to enable developing countries to achieve the other seven goals on poverty and hunger, health, education, gender equality and environmental sustainability.

Some progress has been made towards this goal in terms of cancelling the bilateral and multilateral external debts of some of the poorest countries, Nigeria and Iraq, but this is far from enough. On trade, there are no positive moves. A *development round* of trade negotiations started in Doha in September 2001. Its development component is insignificant and even so it is still far from being concluded. Technology transfer has been made even more expensive by the strict enforcement of intellectual property rules. Foreign aid has not increased at all. It was 0.44% cent of the income of the donor countries in 1992 and 0.43% in 2008.

The non-compliance of developed countries with their commitments under Goal 8 is certainly not unrelated to the lackluster progress on the other Goals. Mr. Ban Ki-moon, the Secretary-General of the United Nations acknowledges this "failure to deliver on the necessary finance, services, technical support and partnerships" and adds that it was "aggravated by the global food and economic crises as well as the failure of various development policies and programs." Thus "improvements in the lives of the poor have been unacceptably slow to achieve, while some hard won gains are being eroded."[1] The uneven distribution of resources within developing countries is another major obstacle. During the first years of the 21st century, many developing countries experienced high levels of economic growth, but poverty reduction and job creation lagged behind.

Sakiko Fukuda-Parr, former editor of the UNDP's Human Development Report argues that the MDGs "were political commitments, made by world leaders, that define priorities in a normative framework and that can be used as benchmarks in evaluating progress. In this framework the appropriate question is whether more is being done to live up to that commitment, resulting in faster progress." The research she conducted while studying the evolution of each of the indicators over time, instead of looking at the targets being met, shows that "for example, while access to safe water is touted as an MDG success, only a third of the countries improved at a faster rate after the year 2000." In summary, "in most indicators and in most countries, progress has not accelerated" in the last decade, when compared with the previous one.[2]

1 "Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015," General Assembly document A/64/665, United Nations 2010.

2 Sakiko Fukuda-Parr and Joshua Greenstein, "How should MDG implementation be measured: Faster progress or meeting targets?" International Policy Centre for Inclusive Growth–UNDP, Working Paper number 63 May, 2010.

The same conclusion is reached by a UNDP study of development trends in the last four decades, as reflected in the Human Development Index (HDI) since 1970: "We find that 110 of the 111 countries show progress in their HDI levels over a 35-year period. HDI growth is fastest for low-HDI and middle-HDI countries in the pre-1990 period."[3]

Not surprisingly, this is the same conclusion of Social Watch's own analysis of the Basic Capabilities Index, which combines some key MDG indicators (see the figures in this same report): While the key social indicators still show progress, its improvement decelerates after 2000.

And those findings are consistent with the reports from the grassroots. In Nigeria, for example, the local watchers observe that "civil society organizations have pointed out that practically all projects focused on achieving the Millennium Development Goals (MDGs) are lagging behind."

The official positive spin on the MDG assessments relies mainly on the World Bank figures for Goal 1. Defining and measuring poverty by income alone, the World Bank comes to the conclusion that the number of people living under extreme poverty line of USD 1.25 a day decreased from 1.9 billion in 1981 to 1.4 billion in 2005, when the last international survey was conducted.[4]

Brazil, Vietnam and particularly China account for most of that reduction. In fact, in China alone, the number of people under that line decreased from 835.1 million in 1981 to 207.7 million in 2005. A reduction of 627 million in China, while in the same period the world reduction was 500 million, means that outside China, poverty increased in that period by more than 127 million people.

In fact, according to the 2010 progress report by the Secretary-General of the United Nations, the number of people under the $1 a day poverty line "went up by 92 million in sub-Saharan Africa and by 8 million in West Asia during the period 1990 to 2005." Further, "the poverty situation is more serious when other dimensions of poverty, acknowledged at the 1995 World Summit for Social Development, such as deprivation, social exclusion and lack of participation, are also considered."[5] And those figures refer to 2005, when an international survey on household incomes was conducted that allowed the establishment of the PPP (Parity Purchasing Power of the different national currencies, used to adjust the poverty line).

Since 2005, according to the World Bank, the food crisis and the global financial crisis have sent at least another 100 million people under the poverty line. From a grassroots perspective, this is summarized by the Senegalese Social Watch report in a few dramatic words: "Poverty is spreading, and is also becoming feminized and is mostly rural."

More aid is needed, but is nowhere to be found

Many Social Watch national coalitions in poverty stricken countries come to the conclusion that the only way to achieve the internationally agreed goals by 2015 is through more aid from the international community.

This is the case reported by Social Watch-Benin, where the government resources are constrained by external and internal debt and foreign direct investment is not flowing in at the required volume, and pays no taxes when it does, leaving the country at the mercy of foreign donors to pay for badly needed basic social services. And similarly in Tanzania, where the local report finds that "the efforts of the Government to improve the lives of Tanzanians have been in vain, primarily due to the lack of commitment on strategies both at the national and international levels: ODA disbursement is often late and does not go with the Tanzanian national budget process."

In the Occupied Palestinian Territory (OPT) the inflow of aid has created what the national Social Watch report calls "apparent improvement" in the West Bank economy, but the overall picture remains "fragile", particularly in the Gaza Strip where the continued Israeli siege and blockade undermine prospects for development, perpetuating a deepening humanitarian crisis. Since 2007, when the blockade of Gaza was imposed, extreme poverty has tripled in Gaza, which is probably the most aid-dependent area in the world, with over 80% of the population relying on food aid.

Afghanistan, another conflict-affected country, is the second top aid recipient (after Iraq), but still the local social-watchers conclude that "more and better aid is imperative," since conditionalities associated with development assistance and the practice of tying aid to only buying from the donor country or hiring donor's nationals as consultants erodes the usefulness of the grants. Much more money is spent in the war in Afghanistan than in helping people and since "nearly all the major donors are also belligerents; there is no space to talk about humanitarianism."

Meanwhile in Somalia, also torn by warring factions, the reluctance of donors to deal with either regional armed groups or the national authorities has created a situation where "resources from piracy are almost as significant as those coming from the European Commission." In Somalia's gender-biased society, war and poverty hit women the hardest and hard working civil society organizations like those that report through Social Watch struggle against desperation to preserve community links as a basis for any future reconstructions efforts.

Peace is a pre-condition, but it is not enough. In Lebanon, the national Social Watch report observes that "since 1992 the post-war financial architecture has combined expansionary reconstruction policies with restrictive monetarist ones, leaving narrow fiscal spaces for socio-economic development." The main conclusion is that, in order to respond to the priorities of reducing poverty and discrimination, "development should be rights-based."

The case of Guatemala shows that, in the opinion of the local watchers, if structural problems of inequality of wealth and income distribution are not addressed, it is "difficult to develop an effective fight against hunger, which continues to represent a systematic violation of human rights in the country. Thus, the impact of development aid has been slight, particularly as regards the poverty reduction strategy, the peace program and the fulfilment of the Millennium Development Goals (MDGs)."

In Cameroon the "watchers" have joined other civil society organizations in demanding for the management of international aid to become more efficient, by improving coordination, involving citizens and taking gender into account. And similarly in Morocco, while ODA is "scant," it faces major implementation problems by the lack of concerted efforts between the Government and civil society organizations, particularly in the priority area of education.

A major "acceleration" in the progress towards the MDGs, as requested by international organizations, seems very unlikely, considering that in spite of all evidence of its being badly needed, development assistance has not increased substantially in the last decade and is likely to be reduced as a consequence of the crisis. Thus, in Germany, while Chancellor Angela Merkel insists that "we are, and remain, committed to achieving the Millennium Development Goals for Africa" as a "moral responsibility," her Development Minister, Dirk Niebel, comments that "there would be no way we could achieve an ODA ratio of 0.51% in just one year" as committed by the EU. Germany's ODA contributions in 2009 were USD 2 billion less than in 2008.

Development Assistance also went down in Poland, even when it was already very low, as well as in Spain, reversing a recent trend to increase it. Due to the financial crisis, the promise of Portugal to maintain its level of aid is judged as "questionable"

3 George Gray Molina and Mark Purser, "Human Development Trends since 1970: A Social Convergence Story, "Human Development Research Paper 2010/02, UNDP, , 2010.

4 Martin Ravallion, and Shaohua Chen, "The developing world is poorer than we thought but no less successful in the fight against poverty," World Bank, 2008; see also UN, Millennium Development Goals Reports, 2009, 2010.

5 *Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015*, Report of the Secretary-General, February 2010].

by the local watchers. Bulgaria is also falling short on meeting the targets or ensuring the quality of its assistance. Much worse is the situation in Italy, where in spite of its G8 presidency last year, the Government is "dismantling" its development cooperation. Some countries like Malta, which showed positive figures, are shown by the local watchers as engaged in creative accounting, by adding to the reported ODA resources spent locally to support migrants and refugees. Other countries, such as Slovenia have "neither a strategy for development cooperation nor a system to evaluate aid efficiency." And, on top of this, the commitments "will be difficult to uphold in the current situation, with national budget cuts in almost every sector."

Finland seems to be one of the few exceptions, since the new Development Policy Program has introduced a remarkable shift. Yet, the Finnish watchers still report it lacks a "focus on social development and social rights" plus the danger that keeping percentage commitments might still result in a decrease of the absolute numbers, due to the shrinking economy. The best reported results in this regard are those of Switzerland, where after much public campaigning the Government has finally presented in June 2010 a proposal to increase Swiss ODA.

South-South cooperation is the source of many hopes in this context, where emerging economies are seen as new alternative markets and also new sources of aid. Yet, Social Watch India notes that in its behavior as donor India "attaches the same conditions to its external aid that it refuses to accept as a recipient country, typically linking assistance to the purchase of Indian goods and services."

Since foreign aid can at best complement the national efforts to achieve basic dignity for all, as requested by the MDGs and the human rights obligations of all countries, where are the resources going to come from? Many developing countries want to attract Foreign Direct Investments (FDI) to help meet their development objectives.

Yet, in times of crisis FDI tends to behave, like ODA, in a pro-cyclical way. This is the case in Serbia, where the local social-watchers report that "the flow of Foreign Direct Investments has slowed as a consequence of the global financial crisis, making the economy more fragile and unstable. Anti-crisis measures are based on taking out new loans from the international financial institutions and cutting public expenditure on education, health care and pensions–all of which risk pushing even more people into poverty."

Foreign investment is a double-edged sword

The watchers in Zambia have found that FDI "has played an increasingly important role in the country's economy, rehabilitating the copper industry and boosting production and exports of non-traditional products and services. However, this investment has not been used effectively to promote development and reduce poverty. Instead, it is contributing to an erosion of people's rights, including development rights, the right to food, education, a clean environment and women's participation in political decision-making."

Similarly in Nigeria, the impact of foreign investment "is not yet being felt by the poor. Legislation favouring FDI should be accompanied by mechanisms that guarantee transparency. Despite the Government's allocation of financial and other resources to combat poverty, the sad fact is that poverty has continued to grow at a fast pace over the last 15 years."

In Bolivia, "Foreign Direct Investments does not generate better conditions (…) since this system takes more money out of (the country) than it generates in domestic economy."

In Uganda, the Government hopes to attract investor and at the same time increase citizen participation and control over public affairs by integrating Information and Communication Technologies (ICT) into their development management as well as into a variety of areas of social life. The local NGOs report through Social Watch that "if the Government wants to bring about a real improvement of living conditions, its effort should be consistent with poverty reduction strategies and investments in human development."

In many places, instead of being complementary, the same policies that should make the country attractive to foreign investors make it vulnerable to foreign shocks and destroy the social fabric. "The Government's belief that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent," conclude the watchers in Croatia, where recession in 2009 nullified several years of social improvements.

The watchers in Hungary reach a similar conclusion: "Despite the fact that it was the first country in Eastern Europe to adopt International Monetary Fund prescriptions in 1982 and that it was more highly developed than its neighbours when it embraced a market economy, Hungary is now the weakest economy in the region" and "wavers between potential social upheaval – if a change of direction is not made – and the total collapse of a very vulnerable economy. The phantom of right-wing extremism lurks in the background, fed by popular discontent."

In India, the national Social Watch coalition observes that "FDI is also adding to the 'jobless growth' phenomenon" and "even though FDI inflows have increased over the years, its ability to deliver genuine (and inclusive) financing for development remains in doubt. In order to make sure it benefits the country as a whole, including domestic businesses and local communities, the country's economic structures must facilitate the creation of the enabling environment needed to promote greater FDI spillover effects, both to domestic business and to local communities."

Mother Nature, another victim

The environment has been a victim of the crisis as much as the social sector. In Germany, according to World Wildlife Fund, only six out of the 32 stimulus measures had a positive impact on the environment, and just 13% of them can be considered sustainable. In Bahrein, the country's rapid development that will allow it to meet most of the MDG targets "has been reached at the cost of the environment" according to the local social-watchers. "Biodiversity loss is on the rise. Green palm trees, for example, have been replaced by concrete complexes" and the claiming of land for urban development "from the sea at the expense of bays, lagoons and beaches (…) has caused the destruction of natural habitats and the extinction of many marine species."

In Thailand also, the local Social Watch coalition is concerned about the high environmental cost of policies striving for industrialization at any cost. Even worse is the case of Bangladesh, "a minuscule polluter (but) an enormous victim of global warming" and of the financial crisis. Both of them originate in the richest countries and affect the most the people that live in poverty and had no blame or part in creating them.

Taxation and representation

Sometimes the strategies to deal with the crisis attempt to "export the problem" and obtain short term benefits making others pay. In the Czech Republic, the watchers' report that society is "riddled with corruption" and "deeply affected by inequality, discrimination, racism and segregation." At the same time, "exports of weapons are on the rise in contradiction of the official foreign policy goals of supporting human rights and development and assisting with humanitarian aid." In Finland, civil society groups find that official development assistance is frequently supporting Finnish investments abroad, which often have "negative impacts on human development" in the poor parts of the world.

At the receiving end of those wrong aid and financial policies, a country like Ghana is found by the local Social Watch report to be dependent "on foreign aid and international financial institutions over the last three decades or more." The result has been "mass unemployment, huge balance of payments deficits and low manufacturing and agricultural output." While the 1992 constitution "provides the legal basis and specific policies to enhance the welfare and protection of women and children, (…) the Government's minimal investment in education, health, water resources and rural development shows the low priority it places on these goals." The likelihood of achieving the MDGs by 2015 is deemed as "remote."

Based on similar experiences, including having suffered deep financial crises recently, the watchers in Argentina have concluded that "development is not possible without economic autonomy and domestically mobilized resources, such as taxes. The successive political and economic crises that have shaken the country demonstrate that when the development model prioritized the financial sector over the productive sector the result was dismal for the vast majority of the population. It is imperative for the State to regain control of the economy, make it less dependent on foreign capital, and implement a fairer tax system and finance production as well as consumption."

The issue of taxes comes up again and again in the reports from the national Social Watch coalitions. The main reason for lack of progress in Peru, in spite of marked growth in the economy "and an increased public sector budget" is that "the State has not undertaken a much-needed reform of the tax system, organized a universal social security system financed from taxes nor made budget allocations to tackle issues related to gender or the environment."

In neighbouring Chile, "the present (tax) system is clearly regressive in that it is based primarily on indirect taxes, especially the value added tax (VAT), whereby the burden is spread indiscriminately across the population as a whole. If the Government is to be able to finance a national development policy it will have to implement tax reform geared to retaining the big copper enterprises' excessive profits." However, the new Government's strategy "is to facilitate conditions for the expansion of capital and investment in natural resource exploitation," including "tax incentives for private mining enterprises in an already regressive taxation system."

Also in Kenya, the main demand from the local watchers is for the Government to implement a fiscal policy that stabilizes the economy while altering "the amount and structure of taxes and expenditures," as well as the distribution of wealth. At the same time, development financing should be tied to democratic reforms. The process should challenge the centralizing logic of power, emerging from a public discussion mediated by values of equity and dignity." The Kenyan watchers have subsequently played a major role in observing the transparency and fairness of the constitutional referendum in 2010.

On the positive side, after electing a reform-oriented government in Paraguay, the local watchers find that "thanks to increased income from taxation and plans for development assistance, there are now more resources to meet the needs of the people, invest in infrastructure and still comply with debt commitments." In those favourable circumstances, focusing on the extreme poor is not enough and "in addition to working towards the MDGs, the Government should also revise the existing development model in order to bring about a fairer distribution of wealth in the country and provide better protection for vulnerable population sectors."

To make it possible for other governments to collect their own taxes, under heavy international pressure the Swiss Government has made some compromises and the legendary bank secrecy has begun to totter. Yet the Swiss watchers report that information exchange in tax matters has hardly changed vis-à-vis developing countries. Also, while the country "champions maximum openness of borders for trade in goods and services, it insulates itself against immigration from non-European countries." Nevertheless, a positive development has been the drafting by the Federal Cabinet of "a law on freezing and repatriating stolen assets."

The high reliance on extractive industries, even when taxed or nationalized, also makes countries vulnerable. In Venezuela the national Social Watch report observes that high oil prices on the international market allowed for an improvement in the MDG indicators from 2004 to 2008. Today, the global financial crisis and increased social unrest caused by weakening social programs have put this progress at risk."

Yemen is also seen as "over-dependent on exporting petroleum" and as a consequence "the rest of its productive system is very weak and in consequence the economy is unable even to adequately feed its own people. The country will have to diversify its agricultural production, overcome its environmental problems – above all the exhaustion of its fresh water reserves – protect its products in the home market and become more competitive. At the political level it will have to implement stronger gender policies to enable women to really integrate into society", conclude the Yemeni watchers.

Crisis means opportunities

Gender equality is such an important factor in reaching social development that the watchers in several countries devote their reports entirely to this issue. In Armenia, the Government is recognized for having made plans and set up bodies to promote gender equality. However, "these have not had the expected results due to the lack of financial resources, which has led to inadequate implementation." In Iraq, the national Social Watch report introduces the concept of "gender justice", which "means far more than courtroom justice for crimes against women and girls; it encompasses equitable treatment and participation of women in the negotiation of peace agreements, the planning and implementation of peace operations, the creation and administration of the new Government (including agencies and institutions focused on the needs of women and girls), the provision of the full range of educational opportunities, participation in the revival and growth of the economy, and the fostering of a culture that enhances the talents, capabilities and well-being of women and girls."

The everyday reality in Iraq is far from that goal. "The fragile political situation and weak rule of law have transformed Iraqi society into an unsafe environment for development and stability. Iraqi women face difficult conditions (…). Every day women and girls are forced into marriages, murdered for the sake of 'honour,' coerced into committing suicide, beaten, raped, trafficked into sex work and restricted in their autonomy and mobility."

But even in such a dire situation there is room for optimism: "Crises can break down social barriers and traditional patriarchal patterns, providing windows of opportunity for the construction of a more just and equitable society where women's rights are protected and gender equality becomes the norm in institutional and social frameworks. Such opportunities must be seized not only to promote social rehabilitation but also to encourage and support new institutional structures, legislation and its enforcement for the protection of political, economic, social and cultural rights."

A change of scenario is also taking place in Nicaragua with a demographic shift in which for the first time in history the dependent child population is shrinking fast while the weight of people in working age is rapidly increasing. Watchers in the country have noted that this "demographic bonus" offers a "historic opportunity" to develop the country in the next 20 years" provided that the government applies "suitable public policies to ensure that young people can enter the labour market and that they can do so with good levels of education, training and health." If the Government does not invest in education now it will be too late.

The watchers in Cyprus are also among those contributing optimistic visions and experiences. "The island has passed all the stages that most developing countries are currently facing: colonial rule, the struggle for independence, internal conflicts, external invasion and refugees. In this historical course, the empowerment of society through the provision of free access to public goods and services for those who suffer has been central to the path to recovery." In Cyprus the new National Strategic Plan for 2011-2015 challenges the current status quo in development trends. Its two primary areas of focus are education and partnerships between public institutions and civil society organizations. The local Social Watch report sees a clear opportunity to "lead the way in the shift in development trends away from market-centred policies towards social justice, human rights and equality."

Inequities are mentioned in many country reports, precisely, as a major obstacle for achieving social development goals. In Colombia, for example the watchers observe that even when "the country enjoyed considerable economic growth up to 2008" this "did not translate into any improvement in the social situation": unemployment has increased, wealth has become even more concentrated in few hands, and "the fact that international aid is administered through the central Government is an obstacle to alternative projects being undertaken."

In Uruguay, in spite of the crisis "the country's economy continued to grow and its poverty and indigence rates improved considerably thanks to social policies, which in the more prosperous years had been given priority over macroeconomic objectives." Nevertheless, the watchers find problems still to be tackled, "such as high poverty and indigence rates among people of African descent and the fact that more and more heads of households at the very poorest level are women. To remedy these situations, combating inequities of gender and/or race should be an integral part of economic policy."

In Suriname, where economic targets have been pursued without consideration to equity issues, the local watchers report "adverse development effects" of economic growth "by widening inequalities in an already vulnerable society." "With over 60% of the population living below the poverty line, the country faces many social problems including in housing, access to health, education and gender equality. Finding a balance between ethnic group interests and those of the nation at large is a pre-requisite for sustainable growth and development."

Inequalities can be based on ethnicity, gender or geography. In the case of Mexico, the watchers report that "the official line is that (the country) is solidly on track to reach the MDGs by 2015." However "while there has been progress in health and education and a reduction in extreme poverty" in national averages, "serious inequalities across different regions" persist. While Mexico City has development indicators comparable with some countries in Europe, there are states in the south of the country with figures similar to those of the least developed parts of the world.

In addition, in Egypt the national Social Watch report insists that economic growth alone is not enough. "The country's failure to ensure that increased economic growth is reflected in the living standards of its citizens represents the main challenge that the Government will have to face in the next five years in order to realize the MDGs by 2015."

No progress without democracy

In El Salvador, which elected its first leftwing government last year, the local Social Watch coalition reports a strong commitment to achieving the MDGs. "President Funes pledged to tackle poverty and unemployment by means of a global economic recovery plan which includes measures to stabilize the economy, invest in infrastructure projects, including the expansion of electricity to rural areas, and compensate workers and their families for the loss of jobs. Among the most groundbreaking measures was the extension of the Social Security system to cover domestic workers, of which some 90% are women."

While the Farabundo Marti National Liberation Front coming to power in El Salvador raises so many hopes, in Eritrea, the country has been led for almost 20 years by a Government that evolved from a liberation movement but whose right to rule has not been confirmed in free and fair elections. As a result, according to the report from watchers in exile, "political repression has never been as glaring as during the first decade of the new millennium. The Government is continuously frustrating the economic and developmental aspirations of the people" and "in the face of new sanctions imposed by the UN Security Council in December 2009, economic recovery and social development will continue to be unreachable goals."

Democratic and accountable institutions are also seen as a necessary precondition by the watchers in Burma. "The 2008 Constitution and the general elections scheduled for 2010 will only perpetuate military rule and stagnation. Transparent, fair and accountable institutions are necessary for development, which cannot coexist with rampant human rights abuses, corruption and political oppression." Before any attempt at tackling poverty is even possible, they argue, "the United Nations Security Council should establish a Commission of Inquiry to investigate crimes in the country" and strong legal and judicial institutions have to be put in place.

Such a process has started in the Central African Republic, where "thanks to political pacification", "a process to reactivate the economy and improve health services, security and governance is under way." This has been very slow, according to the local Social Watch report, "and the fact that the starting point is so critically low means it will be impossible to achieve the Millennium Development Goals (MDGs) within the stipulated time frames." Yet the very fact that there is movement and political space for civil society to critically monitor and report on the process is in itself a source of hope.

The ability to monitor and report is seen as indispensable by the watchers in Malaysia. "The Malaysian Plan reports paint a rosy picture, highlighting achievements but not acknowledging failures, there continues to be concerns as to the accuracy of Government statistics and assessments." Given the minimal monitoring and accountability over allocation, both from the Federal and state coffers "it remains to be seen whether the Government's development agenda, particularly for vulnerable groups, will be carried out as planned."

Writing from a country going through a tumultuous social and political transition, the Social Watch national platform in Nepal summarizes the common view of the whole network when it states that "the responsibility for overall development" lies primarily "in the hands of the citizenry" and there is no way in which the multiple problems, ranging from climate change to the impact of the crisis, from gender inequities to corruption, migration and peace building can be handled one by one in isolation. A "new development program" is needed at all levels.

A program of justice

"If the poor were a bank, they would have been rescued," is the sarcastic comment that many people make when the additional money needed to achieve the MDGs (estimated at around USD 100 billion a year) is compared with the trillions of dollars disbursed in the last two years in the richest countries to rescue failed banks and try to reverse the effects of the financial crisis.

In practice, though, the less privileged in rich and poor countries alike not only suffer the direct consequences of the crisis in the form of loss of jobs, savings and even their households, but are also required to pay for the rescue and stimulus packages through higher taxes and reduced salaries and social benefits.

In this context, to call for "more of the same" is not the answer. More aid money and better trade terms for developing countries are an ethical imperative now even more than before. But, to face the dramatic social and environmental impacts of the current multiple crises, we need to move beyond a "business as usual" approach and start working towards a comprehensive justice program:

- Climate justice (recognition of the "climate debt", investment in clean technologies and promotion of a decent job creating green economy).
- Financial, fiscal and economic justice (the financial sector should pay for the crisis they created, through a financial transaction tax or similar mechanism, speculation needs to be regulated, tax heavens and the 'race to the bottom' in tax policies ended or reverted, developing countries allowed defensive control of capital flows and policy space).
- Social and gender justice (achieving the MDGs, promoting gender equality, universal basic social services and "dignity for all") and…
- Plain old justice (judges and tribunals) to demand the basic social rights.

In times of unprecedented crisis, courage to be bold and innovative is required from leaders.

The notion that the polluter should pay for the cleanup of the mess created by his or her irresponsible behavior is not just based on justice and common sense but is also a political demand that the leaders cannot ignore. Similarly, the citizens from around the world support the notion that the costs of the financial crisis should be paid by the financial agents that were "too big to fail" but did so anyhow. It is unfair and politically unviable to expect citizens to carry alone the burden of this failure, in form of higher taxes and lower salaries and the deterioration of social security, education and health services.

Over the last 20 years, a tiny amount of people (only 10 million) who represent less than half of 1% of humanity, have taken at least USD 1 million each from their respective governments, and placed it in the offshore shadow economy. This amount of over USD10 trillion of undeclared and untaxed money is not a buried treasure hidden in some cove, but is actively flowing through the electronic networks, speculating against national currencies, creating instability in legitimate global trade and inflating financial "bubbles" that in turn create, for example, price distortions in agricultural commodities that lead to the food crisis.

Reclaiming control over those wild financial forces of enormous destructive potential over all economies is a subject of international collaboration. The United Nations is the legitimate body to negotiate and make decisions around international tax collaboration; the establishment of a Financial Transaction Tax and earmarking of a substantial proportion of the resources it generates to development; effectively curbing illicit financial flows, including those derived from tax evading "transfer pricing"; and last but not least, the establishment of fair debt workout mechanisms for sovereign debts and an affirmation of the legitimacy of debt standstills and moratoria for developing countries burdened by a crisis they did not create.

Ten years ago the Millennium Declaration promised "a more peaceful, prosperous and just world." Social Watch is committed to helping citizens around the world to hold their governments accountable to that promise and we expect the leaders of the world to formulate the action plan to make it happen. ■

THEMATIC REPORTS

The economic crisis: time for a new social deal

More and more people are realizing that the global financial crisis is merely a symptom of a more systemic problem – a crisis of the "real economy" – that those responsible refuse to acknowledge. The capitalist system cannot be reformed or tinkered with through inadequate social security measures that leave the core of its societal logic intact. Only a complete transformation of society organized around a new logic can lead to a world in which meeting human needs, not corporate profits, is the priority.

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The dynamism and aggregate wealth that the capitalist system has been able to produce in the last 200 years have come at a steep price. With remarkable resilience, this system has weathered many internal and external challenges, but there have been significant costs both for human stakeholders and increasingly for the natural environment.

As its historic fortunes decline, both capitalism's victims and beneficiaries face the elusive prospect of addressing the decline in productivity, lack of equity, widespread poverty and worsening of its distributive inefficiency. As more and more people recognize, the global financial crisis today is merely a symptom of a more systemic problem. There is a crisis of the "real economy" – a crisis of capitalism that is suffering not just from ephemeral ailments but from a terminal illness.[1]

In the past, capitalism survived by repeatedly purging itself of debt and endemic social democratic deficit by off-loading the costs of the necessary strategic adjustments onto the weak and the poor. The crisis would end only after a massive devaluation or destruction of capital, accompanied by large-scale unemployment and a fall in wages. The rate of profit would then be restored with a renewed if not greater prospect for higher growth rates.

Capitalism thus destroys the social fabric by ratcheting up unemployment, destroying neighbourhoods and provoking social tensions and violence. The result is growing inequality, severe unemployment and unacceptable poverty levels for the majority of humanity. This time around the generic characteristics are nearly the same, but the effects of the damage seem to resist any remedial measures. It can be seen that:

- Social and humanitarian needs keep escalating as the resources needed to deal with them steadily decrease or, in many cases, simply evaporate. The situation of Greece in 2010 is an example.
- Social cohesion is under a level of stress not seen for decades mainly due to the fact that less privileged groups are competing for scarcer services while more and more families are becoming 'newly' vulnerable and therefore in need of external support from non-traditional sources.
- Gains made across regions during the last decade are in jeopardy of being completely lost not only in the least developed economies but also in developed ones.
- Growth is merely artificial if it is fuelled by unemployment.

The systemic framework of the crisis

Neo-liberal policies pursued by corporate sector-driven interests have caused this crisis. However, it is not completely accurate to argue that neo-liberalism means a deregulation of markets; it is rather closet regulation of the market in the interests of the owners of capital, as the issue of patents makes transparent. From time immemorial, "intellectual property" was unregulated; the men and women who invented the wheel and agriculture made no money out of these inventions, despite the fact that all subsequent generations have made use of them. It is only under capitalism that corporations rush to patent not only their own but also other people's inventions and discoveries so that, for example, pharmaceutical companies can make obscene profits by selling life-saving drugs at prices that condemn most patients who need them to death. Thus when regulation or lack of it is being discussed, it is important to be conscious of the fact that either way will work in favour of the hegemonic interests in a given political economy. What may pass as under-regulation will, on closer examination, constitute regulation on the sly and in the interest of the ruling section of society.

Neo-liberalism has usually ensured that regulations protecting the economically disadvantaged in particular and the public in general are "abolished." This is why from the 1980s to date an orgy of deregulation has been orchestrated in most of the advanced capitalist economies, spreading swiftly under all regimes influenced by the IMF and the World Bank. To prepare the way for neo-liberalism to extend its roots in the world economy through the Washington Consensus, the Glass-Steagall Act was repealed in 1999. This had been passed in 1933 amid the collapse of the banking system to segregate commercial banking (taking deposits and lending) from the much more risky business of investment banking (underwriting and selling stocks and bonds) and helped to halt the run on banks. After deregulation the subsequent and vigorous pursuit of a "securitization revolution" helped consolidate the elite warriors of the capitalist global economy – the Wall Street tricksters.

The system rests on the unplanned interaction of thousands of multinational corporations and of major governments of the global North. It is more or less like a traffic system without lane markings, road signs, traffic lights, speed restrictions or even a clear code stating that everyone has to drive on the same side of the road. No doubt this will make it very difficult to prevent the crash in the financial sector from generalizing into something much more serious in the next few months or years. The sooner we acknowledge the fact that only a minority benefits from capitalism, the sooner we can create a democratic solution for the majority. If the cause of this unending misery is systemic, the solution must be systemic as well.

Shock transmitters

The processes of international economic integration are increasingly leaving peripheral states – and poor states in particular – with diminishing authority to regulate conditions defining the relationships between capital and labour, the operational mechanisms and conditions of access to internal markets, and the quantum of budgetary allocation for equitable social development. Given that states still remain the legitimate framework for systems of formal political participation, there is a looming danger of a legitimacy vacuum opening up as these processes extend their sway into all manner of illegitimate jurisdictions.

For many countries and societies in the South, accelerated integration into the global economy has been accompanied by growing inequality and marginalization. Local and national institutional frameworks and instruments of social policy have been undermined and rendered ineffective when dealing with the effects of neo-liberal globalization. Supranational entities such as the IMF, the World Bank and the World Trade Organization (WTO) shape not only global social distribution, regulation and provision but also national and local social policy dispensations, bringing about the disempowerment of large sections of society.[2]

1 For more on this issue see F William Engdahl, "Financial Tsunami: The End of the World as We Knew It," Global Research, 30 September 2008; Henryk Grossmann, *The Law of Accumulation and Breakdown of the Capitalist System*, tr. Jairus Banaji (London: Pluto Press, 1992); Rudolph Hilferding, *Finance Capital – A Study of the Latest Phase of Capitalist Development*, tr. Morris Watnick and Sam Gordon (London: Routledge and Kegan Paul, 1981).

2 Bob Deacon with Michelle Hulse and Paul Stubbs, *Global Social Policy: International Organizations and the Future of Welfare* (London: Sage, 1997).

Unfortunately not many countries of the South have developed the necessary steady hands required for hitting the reset button in order to either reclaim the policy space for protecting the vulnerable in their societies or cut the transmission channels that have brought the effects of the crisis to the homes and workplaces of the vulnerable. At the macroeconomic level, developing countries have mainly been affected by the crisis through the following transmission mechanisms:

- Unregulated financial markets.
- International trade, unevenly tilted in favour of the powerful industrial economies of the North.
- Unregulated capital flows into more attractive lairs of capital accumulation.
- Bad government budgeting.
- Counter-productive aid.
- Corruption.

Mechanisms for social protection that could obviate the malign influence of the above fall into a number of categories and corresponding instruments of intervention. First, at the protection level, measures such as social assistance, through public and private transfers, disability benefits, pension schemes and social services could provide immediate relief to the most vulnerable in each society. For instance, the World Bank estimates that remittances to Kenya reduced the number of people living in absolute poverty by 8.5%.[3] Yet Kenya experienced a drastic fall in international remittances of over 10% in the second half of 2008.

Second, at the prevention level, mechanisms such as social insurance, social transfers and saving clubs could help forestall damage to traditional coping strategies and mechanisms. Third, at the promotion level, a wide variety of economic opportunities could be made accessible through instruments such as easy and sustainable access to credit, school-fees waiver, school feeding programs, public work programs and agricultural starter assistance packages. This would, of course, promote resilience through increased livelihood diversification and general social security.

Finally, at the social transformation level, different types of underlying vulnerabilities could be addressed using social protection mechanisms[4] ranging from the promotion of minority rights to the establishment of appropriate social funds for anti-discrimination policies. Again, this would facilitate the desirable transformation of social relations that would lead to a drastic reduction of social exclusion, which has become a cause of intermittent conflicts.

Social protection challenges

Many sections of society have been affected by the current crisis, albeit in different ways and depending on their geographic location, socio-economic position and primary source of securing a livelihood. Countries with strong social movements and with a notable tradition of processing social demands on behalf of the vulnerable (such as Indonesia, the Philippines and a handful in Latin America) have built on ongoing reform dynamics with remarkable successes.

In Indonesia, for instance, the Government found it prudent to establish a Crisis Monitoring and Response Unit as a first step for a concerted effort to deal with the effects of the financial crisis. It further engaged in a drastic budget revision in order to accommodate additional elements of a fiscal stimulus strategy that pursued three major objectives: increasing and/or maintaining the public's purchasing power; stimulating trade and promoting entrepreneurship; and accelerating job creation and fostering the growth of small-scale businesses. Due to favourable initial conditions and timely policy responses, the Indonesian economy has so far weathered the storm with growth rates remaining at comparatively high levels and continuing positive trends with regards to poverty reduction. The majority of African countries, on the other hand, has weak social movements and can point to few tangible measures aimed at alleviating the plight of the poor.

There is no doubt that one of the most severe problems caused by the economic crisis is the protracted unemployment that seems to be here to stay. The pace of economic recovery usually lags far behind Gross Domestic Product (GDP) growth. However, there is a promising intervention that can combine job creation with enhancing livelihood options. If designed with the needs of the most vulnerable in mind, such a social protection policy should be both pro-development and pro-gender. This will require putting in place a social security policy framework and instruments that will promote equitable social development if there is to be any possibility of achieving the Millennium Development Goals (MDGs).

Social protection can play an integral role in mitigating the debilitating impact of poverty, particularly in a crisis such as the current one. To that extent it is an important counter-cyclical policy. However, the social protection responses to the ongoing neoliberal capitalist crisis have been not only minimal but also chaotic, to say the least. Admittedly different countries have opted for a wide range of social protection measures and some have made good their determination to meet their pre-crisis commitments. Kenya and Uganda fall into this category among developing countries. Others, such as Ghana, have gone out of their way to exceed their pre-crisis coverage range even at the risk of widening an already almost unsustainable fiscal deficit. However, a large number of countries have put social protection measures on hold and chosen instead to focus on addressing macroeconomic stabilization challenges. Nigeria, for instance, has opted for fiscal stimulus regimes while, at the same time, regulating an ever widening-deficit. This could only be possible through a judicious reduction in social sector spending that would otherwise trigger off micro-economic tremors.

In addition to economic pressures, some countries are also being dealt severe blows to their human development and socio-economic stability due to the constricting domestic policy spaces required for decisive action. While advanced and emerging economies have some room to manoeuvre, many developing economies find themselves under the double bind of government and current account deficits. Consequently, their policy and fiscal space has shrunk. At a time when targeted, counter-cyclical policies should be put in place and government spending on the social sector should be expanding, they are forced to take the opposite path.

All countries must have the ability to introduce counter-cyclical policies, with international help, in order to reverse the trends of insufficient demand and growing unemployment. It is imperative that special lending facilities are made available under favourable conditions for this purpose. Recent IMF and World Bank documents seem to recognize and appreciate the lessons learned from previous crises and structural adjustment policies; yet the claim is heard again that "prudent" macroeconomic policies must remain in place. Thus the first question tends to be whether developing countries can "afford" the budgetary allocation needed to promote social security for men and women alike.

A new social deal is required

There is a strong urge for more efficient allocation, rationalization and spending of social protection resources. At present, relevant efforts remain fragmented and ill-targeted in terms both of programming and of strategic objectives and modalities of implementation. Large scale and long-term budgetary expenditure and reliable donor support will be needed for social protection schemes to reach and

3 Kenya –Country Progress Report, World Bank, 2008.

4 For more on this issue, see: Andy Norton, Team Conway and Mick Foster, "Social Protection Concepts and Approaches: Implications for Policy and Practice in International Development," *Working paper 143,* Overseas Development Institute, London, 2001; Stephen Devereux, *Social Protection and the Global Crisis* (Brighton: IDS, 2009); Charles Knox, "Response to 'Social Protection and Global Crisis'," 14 May 2009, available from: <www.wahenga.net/sites/default/files/Response_to_Social_protection_and_the_global_crisis.pdf>; Anna McCord, "Global Financial Crisis: Poverty and Social Protection, Evidence for 10 Country Case Studies," *An ODI Briefing Paper,* London, August 2009.

benefit those impoverished by the crisis. There are several systemic challenges, which may touch on the need to mainstream social security into the clamour for social democratic reforms. This will call for a comprehensive readjustment of economic systems, allowing for:

- Stabilization of employment.
- Stability between private and public sectors.
- Expanded coverage of basic social insurance systems involving both private and public sectors.
- New labour relations that seek to reinstate a proper power balance between capital and labour.
- Equity in access and distribution of resources for social development.

Social protection can no longer remain isolated and disjointed from a society's struggle for democratic renovation. The demand for its realization must be woven into the democratic wirings of a nation's political economy and its democratic potential. Such political economy requires a New Deal that is solidly grounded on a new social-democratic contract that goes beyond Franklin D Roosevelt's dream of saving capitalism from the depression of 1929. It is clear that he was not elected on a New Deal program and he had no intention of implementing policies associated with the New Deal when he first took office. He was persuaded to enact these policies by the looming pressure and threat of mass unrest following the telltale signs of a crisis foretold many times by critics of the system. It was obviously a question of granting reforms and concessions from above or risking a potentially uncontrollable social explosion from below.

Although Roosevelt's New Deal succeeded in letting off some steam by putting people to work in a series of massive public works projects, it was nowhere near enough to guarantee the long-term survival of a system, the driving logic of which is running out of democratic rationale. It was World War II that really pulled the US out of the Great Depression.[5] In other words, it was production for a war that killed millions of people and brought billions in profits to the corporate world economy that "saved" US capitalism as the bellwether of the global market economy.

The role of social security

Social protection in the foreseeable future will remain a patchwork of fragmented, uncoordinated, ill-focused and always reactive palliatives no longer suited for meeting the long-term challenges facing neo-liberal capitalism. The situation calls for a fundamental rethinking of the principles as well as the policies underlying our inherited social contract and the political and economic paradigm inspiring its design and architecture. There is a need to start from scratch and rethink the appropriate functions of all the sectors that make up the economy: the state, civil society, citizenry and environment.

The complex, largely unwritten deal between a democratic state, a social market and a non-hegemonic society should be one that provides the necessary social security for empowered citizens in order for them to navigate a dynamic political economy that serves every member of a given society. However, there is a worsening situation that has defied traditional explanation by apologists of neo-liberal capitalism. Reliable pension plans and employment opportunities are disappearing in the jungle of a deregulated market economy as health conditions of the majority of citizens deteriorate with no signs that impatiently awaited recovery would bring any positive change. Real wages remain stagnant, income and wealth inequality are reaching record levels, and more families are falling out of the middle class. The situation calls for a brand new deal, designed to renovate the moribund neo-liberal market economy.

This new social market economy must rearrange the balance of power between capital and labour, state and society, rural and urban, North and South, centre and periphery. Such a social contract should be designed to promote long-term growth and broadly shared prosperity and to support individuals and families not as employees but as citizens. This should help put forward concrete policy proposals on affordable health care for all, broad-based asset ownership, retirement security and lifelong education.

Human needs on top

Eventually the peoples of the world will come to realize that it is capitalism itself, not this or that rotten or corrupt individual or party that is the cause of so much instability in the economy and misery among the majority of the members of our societies. Nonetheless, illusions about the effectiveness of the various forms of stimulus packages aimed at saving capitalism from its self-destructive logic remain unrealistically high for many. How could it be otherwise, in a sense, given the unfavourable balance of social forces contending for a democratic redefinition of the future of mankind? Whereas the pressure for change from popular forces is mounting, they are not yet strong enough to bring it about.

So while we cannot afford to continue acting recklessly against reforms, even those with minimal social-democratic content and largely offering palliatives, we must remain steadfast against reformism, particularly the type that argues that somehow the neo-liberal capitalist system can be made kinder, gentler and more responsive to the deepening plight of its victims. The system, by its very nature, is based on the exploitation of the many by the few, of ownership and control over the vast majority of the wealth of society by a tiny handful of the population. It cannot be merely reformed or tinkered with through ephemeral social security measures that leave the core of its societal logic intact. Only a complete transformation of society around a new logic can lead to a world in which meeting human needs, not corporate profits, is the priority. ■

5 Chalmers Johnson, "Going Bankrupt: The US's Greatest Threat,' *Asia Times Online*, 24 January 2008. Available from: <www.atimes.com/atimes/Middle_East/JA24Ak04.html>.

Gender in times of crisis: new development paradigm needed

Despite some progress, commitments to gender equality are far from being implemented. Uneven progress towards the Millennium Development Goals (MDGs) – all of which have gender dimensions – as well as increasing poverty and inequality are due not only to external shocks and crises but also to underlying structural imbalances. Policymakers need to rethink macroeconomics and recognize that economies depend on an extensive care economy in which the main workforce is female. The time has come for a new development paradigm with equal rights and opportunities for all. Will the new UN gender entity, UN Women, be able to catalyze such a shift?

Social Watch Gender Working Group[1]

In 1979, many of the governments of the world made legal commitments to women's rights by signing the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Sixteen years later, in 1995, the 4th World Conference on Women adopted a comprehensive plan of action towards gender equality, the Beijing Platform for Action. In September 2010, the world's leaders will meet in New York at the MDGs Summit to assess progress towards the MDGs, including reducing poverty and inequality and discuss how best accelerate such progress in the face of multiple and overlapping crises on climate, food, energy, finances and the economy.

In spite of some progress, the commitments made in Beijing and the CEDAW are far from fully implemented, nor is gender equality always a component of sustainable economic and social development programs. By any measure, including Social Watch's Gender Equity Index (GEI), there is urgent need for progress in this area, since governments are quick to sign on to international instruments but slow to ensure their implementation.

Growing poverty and uneven progress towards the MDGs – all of which have gender dimensions – are due not only to external shocks and crises but also to underlying structural imbalances. In times of crisis, it is women who bear the brunt of decreased financing for development, having to find ways to feed and support their children and other dependants as household income falls, and taking on more unpaid work as social services are cut. The poor – and women are the poorest among the poor – have no cushions and reserves to cope with crises. Yet, the same countries that cannot find money to fund development mobilized trillions of dollars to rescue banks and corporations.

The quest for a new development paradigm

Crises such as the food, fuel and financial crises are not gender-neutral. They exacerbate already existing inequalities and highlight the negative effects on women and women-dependent economies. Yet, few measures that countries have taken to respond to the crisis have prioritized women's employment and livelihoods. Without carefully targeted measures, poor women are bound to fall through the cracks, obliged to seek more precarious jobs with lower productivity, meagre incomes and lack of social protection. Many become more vulnerable to trafficking and dangerous or illegal forms of work.

Measures to protect women from the worst impacts of the crises are essential. Also badly needed, however, are long-term social development policies that solidly embrace gender as a key step towards equality and increased human well-being. Social indicators take twice as long to recover from crises – as seen in previous crises in Asia and Latin America – and these must be carefully monitored along with economic growth. Economic growth is no longer a valid measurement of human and social well-being. A paradigm shift is needed which must be reflected in practice. It is not a question of aiming for growth and formulating some policies for women, or for poor families, but of designing and implementing a new development paradigm with equal rights and equal opportunities for everyone.

Despite progress in terms of legal and policy frameworks towards gender equality, women's movements worldwide have become frustrated with the failure of States to implement these frameworks and deliver on their commitments. As Norah Matovu Wing, Executive Director of the African Women's Development and Communication Network (FEMNET) stated: "The change achieved in the political, social, economic status and situation of African women cannot be denied. However, the concern is that those enjoying these benefits remain a minority."[2] And changes in the daily lives of women are few and far, especially for those in rural areas and those forced to migrate within countries and abroad.

Gendered impacts of the economic crisis

The economic crisis in 2008 and the subsequent recovery plans at national, regional and international levels have failed to acknowledge, understand, analyse and rectify the gender impact of the financial crisis. Continuous denial of its gender impact coupled with the failure to include women as part of the solution runs the risk of returning to a "business as usual" recovery strategy which, in the long term, will have detrimental consequences on the real lives of women, men, and children as well as the environment.

This current economic crisis is unlike previous recessions in that this recession has had – and will continue to have – a much greater, albeit differentiated, impact on women. In contrast to past periods of economic downturn, women today "are the single biggest – and least acknowledged – force for economic growth on the planet," at least according to *The Economist*, which suggested that, over the past few decades, women have contributed more to the expansion of the world economy than either new technologies or the emerging markets of China and India.[3] This reality is being completely ignored. Furthermore, the unprecedented numbers of women in the labour market means that they contribute to household incomes far more than ever before. Therefore, women's integration into the workplace will mean not only a greater direct impact of the crisis on women themselves but also on households, where incomes will be significantly affected by female job losses.

But more importantly, the economic position of women at the start of the recession was by no means equal to that of men. With employment patterns characterized by gender segregated labour markets, gender gaps in pay, higher levels of part-time work and high concentration in the so-called informal sector with lower earnings and little or no social protection, women are not in an advantageous position to weather the crisis.

It is important to recognize the interdependent and multi-layered dimensions of the financial and economic crisis in order to understand their full impact on women and gender relations now and in the future. For the most part, the gender dimensions of this crisis have been overlooked. Official unemployment predictions in Europe, for example, give similar

1 This article is the result of the work of the Social Watch Gender Working Group, based on findings from the *Social Watch Occasional Paper 06, Putting gender economics at the forefront* (March 2010). The writing was done by Enrique Buchichio and Amir Hamed, from the Social Watch Secretariat.

2 African Women NGO Review Beijing +15, November 2009. Available from: <www.foroyaa.gm/modules/news/article.php?storyid=3913>.

3 Ruth Sunderland, "This mess was made by men. Now let the women have their say," *The Observer*, 1 February 2009. Available from: <www.guardian.co.uk/commentisfree/2009/feb/01/davos-global-recession-gender>.

figures for women and for men. However, these fail to take into account the over-representation of women in part-time work, an area which is excluded from unemployment statistics. In 2007, the percentage of women working part-time in the EU was 31.2%, four times higher than for men.[4] Women are also the main providers of public services, representing up to two-thirds of the workforce in education, health and social care; it is therefore likely that female unemployment will rise disproportionately with cutbacks in public sector spending.

In order to understand the effects of public spending cuts on women, in both the short and the long term, a gender impact analysis should be conducted before the cuts are made. State responses to this crisis have focused on male-dominated sectors (e.g., the car industry or the construction sector), but reductions in public expenditure will undoubtedly result in the transfer of services such as caregiving back to women, further restricting their ability to fully participate in all aspects of life. Similarly the impact of expenditure cuts to support services in socio-economically disadvantaged communities will result in a greater reliance on women both within families and in the community.

All over the world, women's unemployment rates are increasing due to outmoded gender conceptions and cuts in public spending, while at the same time their participation in the informal economy and in "voluntary" work has increased as social protection measures are removed and women are expected to fill in the gaps.

Global challenges: a quick overview

In Asia, Africa, Europe, Latin America and the Middle East, women's movements have acknowledged the positive effect of international agreements on the lives of women and girls. However, some regions are also registering increases in religious extremism and/or right-wing conservatism that is linked to the perpetuation and propagation of discriminatory laws against women. Many States and political parties are manipulating the right of people to cultural and religious diversity as a pretext for violating human rights, including the rights of women, girls, people living with HIV/AIDS and persons with different sexual orientations.[5] The political oppression of women and their rights is also compounded by armed conflict and an excessive focus on militarization rather than human well-being as a means of security.

Variations of this phenomenon are visible in Africa and other developing regions the crises have reached through various channels of transmission. It has also become necessary to use a gender perspective to decode situations within households, since people who share the same space have asymmetric power relationships.[6] Moreover, despite current changes in social roles, the division of labour by sex within households is still very rigid. The limitations placed on women by this division of labour, as well as the social hierarchies based on it, determine an unequal situation within three closely-linked systems: the labour market, the welfare or social protection system and the household.

Latin America and the Caribbean: lack of gender policies

The decrease in trade – both in volume and in value –, the drop in remittances and unemployment along with an increase in poverty are the principal negative consequences of the global economic crisis in Latin America. Over 2 million people lost their jobs in 2009 and, despite forecasts of greater economic growth in 2010, those jobs will be difficult to recover.[7] This is compounded by the report by the Economic Commission for Latin America and the Caribbean (ECLAC) that 2009 exports dropped by 24% as a result of the crisis.[8]

So far, responses to the crisis in the region have focused on stabilizing the financial sector and on actions to sustain demand, employment and support for vulnerable populations. However, very few of the measures taken by governments in Latin America and the Caribbean mention women, despite the fact that the impact of the recession is greater on them, in terms both of unemployment and of more precarious work, with lower productivity and less social protection. Gender inequality needs to be taken into account in these policies since accumulation of profit is not only based on the exploitation of natural resources, but also on the basis of cheap labour, women's labour being the cheapest of all.

The production process includes, though does not formally acknowledge, a double burden on women within the household (or "voluntary" work) and through lower wage jobs in order to increase profits. Over the last decade, salaries went down in most of the countries of the region, largely due to the inclusion of more women in the labour market.

At the 10th Regional Conference on Women in Latin America and the Caribbean, in August 2007, 33 governments approved the Quito Consensus calling for the adoption of all needed affirmative action measures and mechanisms, including legislative reforms and budgetary measures, to ensure women's participation and rights.[9] The inability to enforce the commitments made in Quito demonstrates deficiencies in gender equality policies which are linked to the weakness of States in adopting and enforcing mechanisms for the advancement of women and to the predominance of skewed "welfare" policies, based more on charity than on human rights.

At the recent 11th Regional Conference on Women in Latin America and the Caribbean in July 2010 in Brasilia, Brazil, ECLAC presented a paper that examines the achievements made in gender equality and the challenges women still face in the region.[10] This proposes a new social covenant to redistribute the total workload (paid and unpaid) between men and women, in order to facilitate women's access to the labour market.[11]

African region: a drop in the ocean

Despite the advances in legislation geared towards gender equity and judicial process, African women expressed disappointment with their Governments for being quick to sign onto human rights instruments and endorse different policies at the international and regional levels but extremely slow in delivering on their commitments.

The Africa NGOs Shadow Report on the Beijing +15 found that "the many practical steps taken over the last five years are a drop in the ocean when assessed against the many promises made by African Governments on the fundamental issue of achieving gender equality, equity and women's empowerment. In short, African leaders are falling far short of the expectations of African women."[12]

While State policies currently do reflect some elements of "gender equality" frameworks, on the whole, these stop short of fully addressing issues of women's empowerment and in particular, sexual and reproductive health and rights.

4 European Women's Lobby, *Women and the economic crisis: the urgency of a gender perspective*, 2010. Available from: <www.socialwatch.org/node/11592>.

5 See for example Social Watch, *Putting gender economics at the forefront – 15 years after the IV World Conference on Women*, March 2010. Available from: <www.socialwatch.org/node/11571>.

6 Social Watch Research Team, *Gender and poverty: a case of entwined inequalities*, 2005. Available from: <www.socialwatch.org/sites/default/files/pdf/en/genderpoverty2005_eng.pdf>.

7 ILO, *2009 Labour Overview for Latin America and the Caribbean*, Geneva, January 2010.

8 ECLAC, *International trade in Latin America and the Caribbean 2009: crisis and recovery*, January 2010. Available from: <www.eclac.org/id.asp?id=39409>.

9 "Latin American and Caribbean countries approve Quito consensus," 14 August 2007. Available from: <www.caribbeanpressreleases.com/articles/2200/1/Latin-American-and-Caribbean-countries-approve-Quito-consensus/Page1.html>.

10 ECLAC, *What kind of State? What kind of equality?*, July 2010. Available from: <www.eclac.cl/publicaciones/xml/3/40123/What_kind_State_What_kind_equality.pdf>.

11 For more on this region see: Social Watch, "Latin America and the Caribbean: no solution to the crisis without gender policies," 2010. Available from: <www.socialwatch.org/node/11596>.

12 FEMNET, "The Africa Women's Regional Shadow Report on Beijing + 15," 10. Available from: <www.un-ngls.org/IMG/pdf_1272966511_196.200.26.62_Africa_NGO_Report-_Beijing_15_FINAL-ENG.pdf>.

UN Women born: can it meet the policy gap challenge?

Genoveva Tisheva and Barbara Adams

Women's organizations and groups worldwide celebrated the UN General Assembly resolution, adopted on 2 July 2010, to establish the UN Entity for Gender Equality and the Empowerment of Women, or UN Women. This new entity will be headed by an Under-Secretary General and will consolidate and combine into one the four existing gender-specific entities, increase operational capacity at the country level and have greater authority and resources to advance women's empowerment and advancement.

Particularly notable in the resolution are the paragraphs regarding the importance of civil society participation in the new entity. The new organization will expand its operational presence at the country level including engagement with women's groups and other civil society organizations invested in gender equality and the empowerment of women.

This resolution would not have happened without the strong advocacy and determined commitment of women's movements and other civil society organizations over the last four years, beginning with the adoption of the 2006 System-Wide Coherence Panel report on UN Reform, which included a recommendation to establish a new entity to increase the authority, resources and capacity of UN work on gender equality. Recognizing the need for a strong civil society effort to influence the shape of the new entity, many of these groups united in the Gender Equality Architecture Reform or GEAR Campaign. Charlotte Bunch, former Executive Director of the Center for Women's Global Leadership, a founding member of the GEAR Campaign stated: "We have high expectations for this new agency –the women's groups and other social justice, human rights and development organizations that played a pivotal role in this effort must now work to ensure that the new body has the human and financial resources necessary to succeed."

A lot depends on who the UN Secretary-General appoints to new Under-Secretary General position to head the new organization. There is general agreement that this person must combine the vision, experience and determination to not only expand the work of the UN entity for gender equality but to hold the other parts of the UN system accountable for advancing gender equality in all countries. This is particularly important in the current period, as both the international community and countries worldwide accelerate efforts to advance progress towards achieving the MDGs by 2015, while at the same time confronting the ongoing impact of the worse global financial and economic crisis in 40 years.

The first major challenge facing UN Women, therefore is whether it will adopt the traditional model of multilateralism where the decisions are made only by governments and the political process tends to water policy recommendations. This has failed to promote sustainable development to all countries or address the "policy gap" between macroeconomic policies and gender justice approaches. Gender equality advocates in CSOs, governments and UN agencies must start closing this gap, and the test for UN Women is whether it will provide the necessary vision and leadership.

The policy gap

The financial and economic crisis has challenged not only the resources for development but also the policies to make it inclusive and sustainable. As governments seek to reduce their budgets and their public expenditures in the face of the debt they have incurred to address the crisis, many of the areas in which these reductions will be felt are in the provision of social services, including education and health, which are essential for women's empowerment. This in turn threatens to reverse the gains in women's empowerment, not only because the services will become more limited and more expensive to access, but also because the cuts will increase the unpaid labour of women in making up for them through what is known as the "care economy," based on the incorrect assumption that women are by nature dedicated to care and that they have the time and capacity to provide it.

At the same time, it is these sectors in which women's employment is most concentrated, thereby adding to women's job losses, based on the assumption that if governments reduce spending on public services, and instead subsidize private sector initiatives, the private sector will step up provide them, thereby creating jobs for both men and women. This assumes not only sustained demand, despite the loss of household income and imposition of new fees, but also that the main source of household income is men's employment, while women's earnings are secondary. This at a time when the UN has affirmed – and the MDG targets reflect – that the key strategy with regard to reducing poverty is providing full, productive and decent employment, especially for women and youth. Policy responses to the economic crisis are in many cases perpetuating all of these outdated and discredited assumptions, thus disproportionately disadvantaging women and enhancing the policy gap.

This and other reports have stressed the need for developing countries' governments, which had no part in causing this crisis, to be allowed sufficient policy space to expand fiscal policy to respond to it, in order to promote employment and protect social spending. In response, international lending institutions, such as the IMF and World Bank, have indicated a greater willingness to support more flexible fiscal policies and continued social spending, at least in some cases. What is most urgently needed therefore, is concerted efforts by civil society, including women's organizations, to make sure governments take that space, in ways that protect the rights and promote the well-being of all sectors of their societies. This is the new direction that the new gender entity, UN Women, must inspire and lead.

The GEAR network of women's and civil society organizations and networks is contacting UN representatives at all levels to work with the transition process and assure the new Under-Secretary-General of their readiness to support the new entity to advance gender equality and women's empowerment. "We know that this is only the beginning," said Rachel Harris of the Women's Environment and Development Organization (WEDO). "We must continue to ensure that we are building a United Nations that really works for all women on the ground. This requires the active engagement of all stakeholders." ■

In the context of the global economic and financial crisis, the first people to lose jobs in the formal sector in Africa have been those at the lower levels, and the majority of these are women. Women still remain largely invisible in the formal economy, and women's unpaid labour continues to be unrecognized and increasing as they are forced to shoulder the social and economic impact of macroeconomic policies.

Feminist economists have repeatedly noted that gendered impacts of the global crisis have increased within a political context that impinges upon the time burdens of women and forces women to absorb additional care burdens as market-based services or public services become less accessible. This context also includes higher unemployment rates for women and/or an increase in women's marginalization into the informal sector, and potentially a worsening of their working conditions.[13]

The Arab region: economic empowerment for women

Contrary to the myth of a single homogenous "Muslim World," women's groups in the Arab region have been pushing for transformation from within their communities, fighting against conservative interpretations of Islam that deny gender equality and for gender justice at the local level. Despite the common culture, there is a marked difference among Arab countries in terms of implementing the Beijing Platform. This can be traced back to several factors, including the way in which different countries interpret religious texts in relation to women, which are reflected in the personal status laws and the responsibilities that they are allowed to exercise outside the boundaries of home and family.

Although all Arab States have signed and ratified the CEDAW, they have done so with so many reservations that the purpose of the convention is defeated. Other countries, such as Afghanistan, for example, have ratified the Convention but have never submitted a report to the CEDAW Committee.

Much has been said about the role religion plays in the region especially in terms of the advancement of women. The use of the word "fundamentalisms" to refer to conservative interpretations of Islam has long been debated by feminists in the region[14] and new initiatives are emerging that seek to reform Muslim Family Law from within.[15] Women's groups in the region acknowledge that a lack of political will – rather than religious tradition – is the main obstacle to increasing women's participation in positions of leadership.

In December 2009, a number of women's organizations held a regional consultation meeting in Cairo to evaluate the achievements and challenges faced in the Arab region since the adoption of the Beijing Platform. The regional meeting included 235 women's rights leaders and civil society representatives from 14 countries and concluded by outlining future priorities in the Arab region towards the fulfilment of the Beijing Platform.[16]

Although women's labour force participation has increased in this region, it is still very low compared to other regions, and there is a high level of economic dependency with all the social consequences this implies. Women are often employed in the informal sector, and when they own their own businesses, they usually do not actually manage them, having to leave this to a male family member. When they are in formal employment, they typically are paid less than their male colleagues, although few countries collect this data.[17]

The Arab region is by no means immune to the effects of the global economic crisis which resulted in economic slowdown and affected people's ability to exercise their human rights. Some women's rights advocates argue that the current crisis has given governments the chance to change their macroeconomic policies to facilitate greater investment in advancing gender equality. Others have questioned this strategy arguing that in Muslim contexts, policies and programs to support women's empowerment cannot be effective if their implementation is blocked by forces located between women and the State institutions – such as traditional and religious customs and practices.[18]

Asia Pacific: progress and pending issues

In October 2009 organizations and networks from the Asia Pacific region representing a broad section of women and girls gathered at the NGO Forum on Beijing +15 and reaffirmed the Beijing Platform as a strategic document for women and girls' empowerment, human rights, peace, human security and gender-inclusive development. The Forum also identified the concurrent crises in development, debt, climate change, food security, conflicts and finances, and increasing violence against women as having the most severe impact on the rights of women and girls across the region.[19]

The Forum also highlighted the ratification of the CEDAW in all but four countries – Brunei Darussalam, Nauru, Palau and Tonga – as a positive step. Additionally, several countries in the region such as Thailand, Cambodia and the Philippines in Southeast Asia; and India, Nepal and Bangladesh in South Asia now have National Action Plans to combat violence against women.[20] Laws and policies are being adopted to strengthen women's economic security and rights in such vital areas as decent work and access to credit and markets. Some countries adopted quotas or other affirmative measures to increase women's representation in political decision-making in a number of countries, such as Afghanistan, Indonesia and Timor Leste, while others took steps to improve health outcomes for women and girls and implement measures to reduce gender gaps in literacy and in primary and secondary education.

Despite these advances, the Forum recognized the enormous and complex challenges still facing women and girls in the region and the struggle to cope with recurrent crises. Participants were especially concerned about the impact of these crises on women's rights. Participants called for sub-regional economic integration and national development plans that rest on the principles and practices of ecological sustainability, food sovereignty, financial inclusion, universal social protection, economic solidarity and fair trade.

Conclusion

The needs of women and girls today go beyond advancing the Beijing Platform for Action and implementing CEDAW to include sustainable development planning that places human well-being at the core. Regional forums such as the Asia Pacific NGO Forum point out to the need for sub-regional economic integration and national development plans that rest on the principles and practices of ecological sustainability, food sovereignty, financial transparency, universal social protection, economic solidarity and fair trade.

This global recession is a perfect time to create a new model of development in which gender equality and social inclusion must be a key priority. It is necessary to rethink macroeconomic models based on keeping inflation low and deficits in check and recognize that a growing economy demands liveable wages and the contribution of all people to economic productively. This also requires the recognition that a productive economy depends on an extensive care economy in which the main workforce is female. The time has come for a new development paradigm with equal rights and equal opportunities for everyone. ■

13 Development Alternatives with Women for a New Era (DAWN), "Re-imagining Feminist Politics and Strategies in the Global South." Available from: <www.dawnnet.org/resources-news.php?id=92>.

14 For more on this see Anita Nayar, "Food for thought on 'fundamentalisms, in Social Watch, "The Arab region: 30 years of CEDAW," 2010. Available from: <www.socialwatch.org/node/11599>.

15 See Musawah–For equality in the family. Available from: <www.musawah.org>.

16 Regional Beijing+15 NGO Shadow Report Issued by Women's Rights Experts, El-Karama, 2010. Available from: <www.el-karama.org/content/regional-beijing15-ngo-shadow-report-issued-women%E2%80%99s-rights-experts>.

17 Mona Chemali Khalaf, *Women's control over economic resources and access to financial resources*, UN Economic and Social Commission for Western Asia (ESCWA), 31 August 2009. Available from: <www.escwa.un.org/information/publications/edit/upload/ecw-09-2-e.pdf>.

18 Vivienne Wee, Farida Shaheed et al., "Women empowering themselves: A framework that interrogates and transforms," *Women's Empowerment in Muslim Contexts*, 2008. Available from: <www.wemc.com.hk/web/rf/3_WEMC_Research_Framework.pdf>.

19 Final Declaration of the Asia Pacific NGO Forum on Beijing +15. Available from: <apww.isiswomen.org/index.php?option=com_content&view=article&id=65:final-declaration-of-the-asia-pacific-ngo-forum-on-beijing-15&catid=2:ap-ngo-forum-15&Itemid=25>.

20 Noeleen Heyzer, keynote address, Asia Pacific NGO Forum on Beijing +15, Manila, October 2009.

Global climate: the Copenhagen collapse

The 15th UN Climate Change Conference, held in Copenhagen in December 2009, failed to produce an equitable, legally binding agreement that either set targets of ambitious emission reduction, financing and technological support or detailed a path of green development to avoid dangerous climate change impacts. The Copenhagen Accord is neither a collective effort for combating climate crisis nor a comprehensive framework that requires the effective, transparent and responsible participation of all stakeholders – governments, civil society organizations and financial institutions – in an integrated manner.

Md Shamsuddoha
Equity and Justice Working Group Bangladesh[1]

The 15th Conference of the Parties (CoP15) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Copenhagen in December 2009, did not result in the legally binding agreement required to achieve the goal of keeping the global average temperature rise below 2 degrees Celsius. The Parties' different interests divided the UNFCCC into two groups: Annex I (which includes 40 industrialized countries and transitional economies) and non-Annex I countries. The 26 so-called "representative group of leaders" – the majority of them from Annex I countries – only managed to develop an Accord through an un-transparent, top-down and very restrictive process.

The "bottom-up pledge and review" mechanism[2] of emission reduction under the Accord will not fulfill the reduction targets that the Intergovernmental Panel on Climate Change advises – 25-40% below the 1990 level. The pledges made so far under the Accord do not reflect the delegates' call for "ambitious" and "robust" mitigation commitments or actions. In fact, the adoption of a "non-binding" Accord is a diplomatic gain for developed and advanced developing countries.

Copenhagen: lost expectations

Since the Bali Action Plan was adopted at the 13th Conference of the Parties in December 2007, thousands of delegates have worked on the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) and the Ad Hoc Working Group on Further Commitments for Annex I Parties Under the Kyoto Protocol (AWG-KP). Even in Copenhagen, despite having many differences, delegates worked hard to close as many gaps as possible and then put forward the most up-to-date documents arising from the two working groups to the final plenary.

Against this backdrop, there was a parallel attempt by the Danish presidency to impose a proposal from the "representative group of leaders." When the Danish Prime Minister, Lars Løkke Rasmussen, placed the Copenhagen Accord before the CoP and asked for its adoption, he was severely criticized for a top-down decision-making process that violated the UN charter and challenged the organization's traditional and historic customs of decision-making.

While the climate talks had so far been among the most transparent international negotiations, Copenhagen was very restrictive to civil society participants, even though they had valid accreditation and a mandate for participation throughout the process. In the final days civil society representation was reduced to only a few hundred. Although a few developing countries and least developed countries (LDCs) supported the Accord's adoption, many developing countries strongly condemned the process as "un-transparent" and "undemocratic" and were opposed to endorsing the Accord as a CoP decision.

Finally, during an informal negotiation facilitated by UN Secretary-General Ban Ki-Moon, the Parties agreed to adopt a CoP decision by which the CoP "takes note" of the Accord, which means that the meeting did not approve or pass it. The Accord can therefore not be termed a "collective effort" for combating climate crisis. Building a collective effort requires effective, transparent and responsible participation of all stakeholders – governments, civil society organizations and financial institutions – in an integrated manner, ensuring that all work fairly in the service of global prosperity, welfare and sustainability.

A robust mitigation target

Stabilizing greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference (DAI)[3] with the climate system is the ultimate objective of the UNFCCC. On the basis of scientific predictions, it is generally agreed that the increase in temperature needs to be below 2 degree Celsius.[4] The developing world has called on industrialized countries to commit to 40-45% cuts in emissions by 2020 compared to the 1990 benchmark.[5]

In the discussions all Parties asked for a "robust" and "ambitious" emission reduction, although what exactly these words meant remained vague. Likewise, the Accord did not mention any quantitative figures of emission reduction that the developed countries would undertake after 2012, either as an integrated target or as individual country targets. Although the overwhelming majority of countries associated with the Accord reaffirmed that climate change is the greatest current global challenge, it sets no mandatory or binding emission targets.

More than 120 countries – contributing more than four fifths of global GHG emissions – have opted to endorse the Accord, and many have submitted a notification of their voluntary emission reduction via the "pledge and review" process. However, although pledges are subject to international scrutiny, there is no mechanism in place to make ensure that actions are taken to achieve the target. Furthermore, even if the current pledges are honoured in full, the global mean temperature may increase by 3 degrees or more by the end of the century.[6]

Undermining the spirit of the Convention

The UNFCCC provides a strong foundation for an inclusive, fair and effective international climate change regime that effectively addresses the imperative to stabilize the climate system while recognizing the right of countries to develop in order to address poverty and food security. The Convention is based on the principle of equity where developed countries, who are most responsible for the climate change problem, need to "take the lead," as well as the principle of common but differentiated responsibilities for all countries. Thus, the adoption of a non-binding accord is a diplomatic gain for developed and advanced developing countries.

1 This paper does not express the position of any country, party or group.

2 This mechanism calls for a dynamic form of international cooperation, where countries should be enabled to make renewed pledges for emission reduction on a continuous basis.

3 To define DAI "one must take into account issues that are not only scientific, but (…) economic, political, and even ethical in nature." See Michael E Mann, "Defining dangerous anthropogenic interference," Proceedings of the National Academy of Sciences of the United States of America. Available from: <www.pnas.org/content/106/11/4065.full>.

4 UNFCCC, "Report of the Conference of the Parties on its fifteenth Session, held in Copenhagen from 7 to 9 December 2009, Addendum. Part Two: Action Taken by the Conference of the Parties at its fifteenth Session," FCCC/CP/2009/11/Add.1, 30 March 2010, 5. Available from: <unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf>.

5 The Kyoto Protocol set 1990 as the benchmark year against which agreed emissions reductions were to be measured. However the 2007 Fourth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) calculated emissions reductions targets against 2000 as the benchmark year.

6 Wolfgang Sterk et. al., "Something Was Rotten in the State of Denmark – Cop-Out in Copenhagen," Wuppertal Institute for Climate, Environment and Energy, April 2010. Available from: <www.wupperinst.org/uploads/tx_wibeitrag/COP15-report.pdf>.

The attempt by developed countries to strengthen and expand the "pledge and review" model under the guise of the Copenhagen Accord would have allowed them to evade their responsibility and the carbon debt that they owe to developing countries for their historic and excessive use of the Earth's atmospheric space. This over-consumption has resulted in an adaptation debt, as developing countries have suffered – and continue to suffer – the worst impacts of climate change, and also an emissions debt. Therefore, developed countries must undertake ambitious domestic emission reductions in order to allow developing countries to increase their own to meet their sustainable development needs.

Financing adaptation: enormous clouds but little rain

The broader strategies for combating climate change (e.g., mitigation, adaptation and support to existing development and growth) are interlinked and are a real challenge to developing countries, which will require new, additional and incremental financial resources for their implementation.

Adaptation financing – financing the adaptation of developing countries to climate change – is required to build their social and economic capacity to absorb current and future shocks. These include: climate proofing[7] development, economic growth, official development assistance (ODA) and existing infrastructure; additional investments for new infrastructure; costs of community level and community-based adaptation; capacity building; restoration of eco-system services; addressing mass displacement; and mainstreaming adaptation into poverty reduction strategies and other relevant government policies and programs. Thus the amount of adaptation finance is a critical concern to the LDCs, Small Island Developing States (SIDS)[8] and African countries that are likely to be the most affected by the impacts of climate change.

Several studies have estimated the amount of finances required for adaptation. Oxfam estimated more than USD 50 billion,[9] UNDP USD 86 billion[10] and UNFCCC USD 28-67 billion[11] per year. Another report on financial flows produced by the UNFCCC Secretariat put the financial resources needed by 2030 at USD 130 billion for mitigation activities and several hundreds of billions for adaptation in developing countries alone. Against these different estimations, mostly based on various "top-down" methodologies, developing countries asked for 1-1.5% of developed countries' Gross Domestic Product (GDP) in addition to their existing ODA commitment. China has suggested that developed countries should commit 0.5% of GDP for such climate change payments in addition to the 0.7% Monterrey Consensus[12] ODA target (i.e., USD 260 billion in 2007).[13]

Given this context, the Copenhagen Accord foresees USD 30 billion of "new and additional resources" for the period 2010-2012 as the collective commitment by developed countries '"with balanced allocation between adaptation and mitigation."[14] Although LDCs and SIDS, as well as Africa in general, will have preferential access to the adaptation fund, the present commitment is insignificant. Furthermore, there is no indication of the amount of adaptation financing beyond 2012. Long-term funding projection for adaptation actions in the most vulnerable countries is ignored in the Copenhagen Accord.

The reality is bleak: while developed countries showed common and indifferent interest in solving their financial crisis resulting from market failure, they have been reluctant to show such interest in solving the climate crisis for which they are responsible. Yet, in comparison with the USD 20 trillion of direct bailouts and no-strings guarantees offered by developed country governments to the private sector during the crisis, the amount needed to address climate change is relatively modest.[15]

Legitimizing the neo-colonial instrument

Whatever the amount, the ideology of climate financing is of critical concern to developing countries. In the concluding plenary of CoP 15 many of Western delegates wanted to link the funds they were offering to developing countries as a pre-condition for accepting the Accord – something that developing countries' delegates termed "offering a bribe". Ed Miliband, Minister for Energy and Climate in the UK, very specifically said that unless delegates accepted the Accord, "we will not operationalize the fund."[16] The delegate from the US also spoke in a similar vein.

This attempted linkage of finances to the acceptance of the Accord is not in line with the funding notion of the UNFCCC under which developed countries committed themselves. Moreover, some have pointed to ODA once again as the most likely source of funds – despite the fact that donor countries have completely failed to meet even existing ODA commitments over the last 30 years. At present, all international adaptation funding instruments – with the exception of the recently operational Kyoto Protocol Adaptation Fund – are replenished through ODA-type bilateral donations, mostly through the existing financial architecture.

There has been a long battle between developed and developing countries in setting the financial architecture for adaptation and mitigation financing. Developed countries have wanted the existing financial architecture, the Global Environment Facility (GEF), to manage the fund while developing countries demanded a different institution since they consider the GEF funding model as difficult to access. This issue was resolved by the consensual establishment of an independent Adaptation Fund Board, whose members are selected by – and are under the direct authority of – the Convention's Parties.

Given the patterns of differentiated historic responsibilities, the costs of adaptation are seen as debts to be borne by the largely responsible industrialized world. Debts cannot be repaid by loans or even by grants – this notion is beyond the so-called "donor-recipient" or "patron-client" relationship. Additionally funding is given to the countries already eligible for concessional loans from Multilateral Development Banks (MDBs), meaning that the participating country has to be in compliance with the loan conditionalities determined by the MDBs. These institutions lack the credibility to manage such funds because of their poor record on social and environmental protection, lack of democratic governance or commitment to transparency and accountability, and significant current and past lending for fossil fuels.[17] The MDBs are neo-colonial instruments; legitimizing them as the operating entity for climate finance is nothing but a remodelling of developed countries' aid politics.

Killing Kyoto

Following the frustrating outcome of the Copenhagen Conference, new polarization on climate diplomacy has emerged. The Accord also does not bring much clarity on how the negotiation process will move forward.

As for the Bali Action Plan, adopted at CoP 13 in December 2007, the negotiation are proceeding under two tracks: the AWG-LCA, which is negotiating the enhancement of actions to ensure full, effective and sustained implementation of the Convention; and the AWG-KP, which is tasked with setting the reduction targets for the post-2012 commitment period at a time when scientific evidence demands deep cuts in the range of at least 25-40% by 2020. Only the Kyoto Protocol provides a commitment period from 2008–2012 and sets legally binding collective and individual targets for Annex I Parties,

7 "Climate proofing" is a shorthand term for identifying risks to a development project, or any other specified natural or human asset, as a consequence of climate variability and change, and ensuring that those risks are reduced to acceptable levels.

8 There are 52 SIDS – both UN and non-UN member states – out of which 10 are LDCs.

9 Oxfam, "Adapting to climate change: what's needed in poor countries, and who should pay," *Oxfam Briefing Paper* 104, 2007. Available from: <www.oxfam.org.uk/resources/policy/climate_change/downloads/bp104_adapting_to_climate_change.pdf>.

10 UNDP, *Human Development Report 2007/2008: Fighting climate change. Human solidarity in a divided world*,New York, 2007). Available from: <hdr.undp.org/en/reports/global/hdr2007-2008/>.

11 UNFCCC, "Investment and financial flows to address climate change," background paper, 2007. Available from: <unfccc.int/files/cooperation_and_support/financial_mechanism/application/pdf/background_paper.pdf>.

12 Adopted during the International Conference on Financing for Development held in Monterrey, Mexico, 18–22 March 2002.

13 Based on the fact that 2007 OECD/DAC's ODA of USD 104 billion amounted to 0.28% of DAC Gross National Income (GNI). Source: OECD (2008).

14 UNFCCC, "Report of the Conference of the Parties on its Fifteenth Session," *op. cit.*

15 Antonio Tricarico, "If Keynes could sit at the climate negotiations table... Proposal for an 'International Climate Union' and a SDR-based 'Global Climate Fund'," *CBRM Discussion Note* 1, 2010.

16 Reuters, "U.S.-led climate deal under threat in Copenhagen," 19 December 2009. Available from: <www.ecoseed.org/en/general-green-news/copenhagen-conference-2009/copenhagen-leading-stories/5655-U-S-led-climate-deal-under-threat-in-Copenhagen>.

17 ActionAid, "Cereal Offenders," Policy Briefing, July 2008. Available from: <www.actionaid.org/docs/cereal%20 ofenderspdf5cjapan_g8.pdf>.

varying from country to country, in order to reduce GHG emissions.

Almost all the developed countries – including Australia, Japan and the EU – raised their united voices to dismantle the Kyoto Protocol, collapsing the two tracks into one and producing one single legal outcome through ensuring inclusion of the advanced developing countries. The US, for example, neither intends to ratify the Protocol nor accepts a legally binding agreement; it prefers instead a bottom-up kind of "implementing agreement." Through a set of clear decisions under the UNFCCC, this would formalize and strengthen the existing provisions of the Climate Change Convention for voluntary, non-binding and economy-wide emission commitments to reduce GHG and report on emissions. This "pledge and review" approach is in plain contradiction of the Kyoto Protocol and leaves countries with leeway on what kind of targets to adopt and how to meet them. While the Kyoto's approach specifies targets for a specific period and assessments on whether those targets have been reached, the process called for in the Copenhagen Accord resembles the negotiations in the context of the World Trade Organization (WTO), where every few years countries make new pledges to reduce their trade barriers.[18]

The Kyoto protocol, which created a global coalition between politicians, experts, bureaucrats, civil society organizations and people across the world, outlined an integrated approach to face the challenges of climate change. Now, the approach of "cherry picking" the preferable options by developed countries is reminiscent of the words of the Bush administration that "Kyoto is dead."[19] At the time, this statement was widely denounced in countries around the world; now these countries need to work to keep the Kyoto Protocol functioning towards its next phase.

A way forward to Cancun

At CoP 15 in Copenhagen, as at CoP 13 in Bali, the country Parties negotiated through three major blocs: (a) the European Union, (b) the US, supported by Canada and Japan and (c) the G77 and China. Among these, the last is the major one with 132 countries including developing countries, LDCs and AOSIS. It is the platform of almost all the non-Annex I countries that are historically not responsible for the present climate crisis but, given the disparity in economic comparability and GDP growth, it is also the most heterogeneous group and is mostly driven by the interests of the advanced developing countries (China, Brazil, India and South Africa).

These three blocs led to "triangular climate diplomacy." For example, the EU took its stance to produce a single legal outcome and attempted to push primarily the US, but also the advanced developing countries, into accepting binding commitments. On the other hand, as mentioned above, the US pushed for an "implementing agreement." For their part, the advanced developing countries stressed the historical responsibility of all the industrialized countries, including the US, and urged them to lead in combating climate change as they have committed to in Article 3.1 of the UNFCCC.

Significant divisions also took place among other members of the G77 and China group; the SIDS and LDCs demanded Long-term Cooperative Action negotiations on a protocol that would function alongside the Kyoto Protocol. This group also demanded preferential allocation of adaptation finance, which the other advanced developing countries did not support. Unlike in global geo-politics, the positions of US and China appear to converge in global climate diplomacy since both countries prioritize their national rather than the global interest.

The emerging multi-polarity in the global climate diplomacy translates into a number of key actors able to block substantial progress in the future negotiation leading to the 16th CoP to be held in November 2010 in Cancun (Mexico). Without a complementary policy position among the advanced developing and developed countries, including the US, positive outcomes and breakthroughs in climate policy are unlikely. Besides, the division of UNFCCC parties into two groups – Annex I and non-Annex I countries – is no longer appropriate, given the complexity of global climate policy. Even though many developing countries and emerging economies insist that this dichotomy must be maintained, some differentiation within the group of non-Annex I countries is needed in order to speed-up the negotiation process.

Conclusion

A recent analysis of the Copenhagen outcomes[20] by UNDP notes that the conference fell short of a comprehensive agreement on a future framework on climate change. However if Parties were to use the Copenhagen Accord as an overarching political guidance on the core issues, the technical negotiations under the AWG–KP and AWG LCA could be significantly advanced and the texts finalized more quickly, while taking into account the concerns of those countries that did not agree to the Accord.

Meanwhile, the first meeting of country Parties since the Copenhagen Conference extends the mandate of the two ad hoc working groups – the AWG-LCA and the AWG-KP. In fact, there are significant merits for such a two-track approach since much of the required institutional framework already exists. If this approach is not taken, then the progress that has already been achieved in the negotiation process will be jeopardized. ■

18 Harro van Asselt, "Copenhagen chaos? Post-2012 climate change policy and international law," *Amsterdam Law Forum*, 2(2), 2010. Available from: <ojs.ubvu.vu.nl/alf/article/viewArticle/123/228>.

19 Dick Thompson, "Why U.S. Environmentalists Pin Hopes on Europe," *Time*, 26 March 2001. Available from: <www.time.com/time/world/article/0,8599,103985,00.html>.

20 Alina Averchenkova, "The Outcomes of Copenhagen: The Negotiations and the Accord," UNDP Environment and Energy Group Climate Policy Series, February 2010. Available from: <www.preventionweb.net/files/13330_UNDPBRMCopenhagenfinalweb.pdf>.

Climate funding and the MDGs

Ian Percy

The USD 30 billion in "new and additional" funding championed in the Copenhagen Accord is far from assured. The amount may reflect UN priorities and a commitment to climate change mitigation and adaptation, but the historical trend is not encouraging. Developed country donors are not on track to meet the target of 0.7% of Gross National Income (GNI) to be provided by 2015 for ODA; already there are reports from Finnish civil society, for example, that climate funding is being drawn from its development budget.[1] The situation is similar in most countries that have made the pledge. In addition Better Aid reports the projection that aid receipts are to lose over USD 2 billion once climate funds to middle-income countries begin to erode the aid budget.[2]

The Millennium Development Goals (MDGs) will not be met, and development is lagging behind other stated goals in many areas of the world. A lack of development funding is often cited as a reason for slow progress on meeting targets. Based on current trends it is easy to imagine a severe drop in ODA reserved for non-climate activities. Political leaders, especially in the Organization for Economic Co-operation and Development (OECD), are under increasing pressure to show results for the aid they provide. There is a real danger that less quantitative development goals could be forgotten in favour of verifiable climate change mitigation and adaptation strategies.

In order to ensure that donors and developing countries do not lose sight of development commitments, baselines for climate funding must be established at the 16th Conference of the Parties in Cancun. Without verifiable and succinct qualifications for "new and additional" funds, there is a danger that education and other development priorities could end up playing second fiddle to wind farms and biomass projects. ■

1 Better Aid. Available from: <www.betteraid.org/index.php?option=com_content&view=section&id=110&Itemid=60&lang=en>.

2 *Ibid.*

Critical shareholding: how to use a financial leverage to promote human rights and the environment

In several countries, civil society organizations and networks have started to buy a few shares of companies accused of having negative social and environmental impacts, namely in their investments in the global South, in order to actively participate in the life of the firm. This is a new form of advocacy, and a new campaigning tool: critical shareholding. The targeted companies are criticized for their poor democratic governance and controversial sustainability record and performance. If the financial actors and managers still want to invest in unsustainable companies, violating human rights and harming the environment playing in a casino economy, let's make clear that we don't want to be their accomplices and prevent them from playing with our chips.

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The "Pioneer Fund," created in Boston in 1928 is usually considered the first case of an institutional investor looking at non-economic parameters in its investment strategies. The fund encouraged investment in accord with religious belief, excluding the "sin shares" of companies operating in sectors such as tobacco, gambling or arms.

A new idea of ethical finance emerged in the late 1960s in the US, when civil rights and later anti-war protests began to explode. In 1968, students at Cornell University demanded that the board divest in shares of companies involved in trade with South Africa. The "Pax World Fund" was created a few years later, excluding companies involved in the Vietnam war.

The rationale for excluding some investments was therefore broadened, and started to include social considerations. More importantly, beginning in the late 1960s, not only some specific sectors, such as armaments or gambling, were excluded, but so too were individual companies and banks involved in such activities. Later, some new criteria started to be taken into account, namely, the companies' human rights and environmental records. This turned out to be a powerful way to boycott companies doing business with racist regimes (e.g., South Africa under Apartheid) or dictatorships (e.g., Chile under Pinochet).

Boycotting versus participating

Historically, these first cases were extremely important in highlighting the role that shareholders can play in influencing the behaviour of a company. Several cases of disinvestment in and of boycotting specific companies, countries or sectors achieved impressive results. It is widely recognized, for instance, that the massive campaign against companies maintaining economic and trading relations with the Apartheid regime in South Africa played at least some role in propelling the change to a modern, democratic system.

However, divesting in company shares means cutting all relations with the company, together with the chance to try to influence its behaviour. By contrast, being a shareholder means owning a part, however small, of the company, thus maintaining a relationship and actively participating in the life of the company to try and shift its overall social record.

The role of financial markets

This idea is becoming more and more important in the context of modern financial markets. The scope and role of finance have grown enormously in the last years, as seen in the so called "financialization" of the global economy. Apart from a few exceptions, the majority of the shares of the companies listed on today´s stock exchanges are owned by investment funds, pension funds and other institutional investors. Accordingly, to meet the demands and expectations of these institutions, the daily value of the company´s shares becomes the main objective for its managers, steadily replacing the long-term goal of sustainable development. The stock options and other bonuses for top management have dramatically increased this trend.

More broadly, "shareholders interest" is rapidly replacing "stakeholders interest." Some of the worst consequences of modern finance, including excessive volatility and speculation, may be at least partially linked to this shift. At the same time, the huge power of the financial world could be used to challenge the social and environmental behaviour of individual companies.

The principles of critical shareholding

In several countries, civil society organizations and networks have started a new form of advocacy, and a new campaigning tool: "critical shareholding." The idea is quite simple: buy a few shares of companies accused of having negative social and environmental impacts, particularly with regard to their investments in the global South, in order to actively participate in the life of the firm. In general, companies are targeted for their negative environmental, social and human rights records, their questionable impact on local and national development processes, their lack of transparency, weak democratic governance, and for their overall lack of accountability.

The goal of critical shareholding is at least three-fold:

First, it provides an opportunity to bring the voice of Southern communities and international civil society organizations directly to the company boards and shareholders. Too many projects carried out by Northern transnational corporations badly impact on the life and the fundamental rights of local groups in the global South. The latter have no chance to make their voice heard in the country where the mother company is based. The critical shareholding initiative may therefore be an effective tool to try to bring this voice directly to the board, the managers and the shareholders of the company. From a campaigning point of view, given the prominent role of the financial markets and the share values, acting directly as a shareholder will gain greater company attention. This is all the more true for the top managers, whose annual income depends more and more on stock options and other bonuses directly linked to the company´s stock market performance. This kind of engagement may therefore serve to highlight the social and environmental performance of the company in order to reduce its broader negative development impacts and to foster a more active dialogue between the company and all of its stakeholders.

Secondly, with regard to the general financial culture, critical shareholding is an instrument of "economic democracy," increasing the knowledge and the participation of small shareholders and of the general public in financial matters. Being a shareholder doesn't merely mean looking for the highest profits and dividends in the shortest time. The current crisis has shown the threats of a financial system based upon the short-term maximization of profits. Being a shareholder implies rights as well as duties, namely to actively participate in the life of the company; this is regarded as central in any development process both in the North and the South, given the prominent role of the private sector in most societies.

Finally, from the investors' point of view, critical shareholding increases the representation of the small shareholders in the life of the company. A 2009 OECD report points out that one of the main reasons for the crisis was the poor corporate governance schemes of many companies.[1] The same OECD report pledges to increase the participation of the small shareholders in the life and the decisions of the companies. Critical shareholding goes precisely

1 Kirkpatrick, Grant, *The corporate governance lessons from the financial crisis.* OECD, 2009. Available from: <www.oecd.org/dataoecd/32/1/42229620.pdf>.

in this direction and may contribute to increase democratization and accountability of private sector operations.

International networks and initial results

In several European countries, as well as in the US, active shareholder engagement has become a widespread practice. The interventions and proposals of small active shareholders helped in many cases to improve companies´ environmental and social responsibility, governance and accountability, and long term sustainability. This strategy has already been used in campaigns targeting Northern corporation responsibility in solidarity with affected communities in the global South in order to promote their right to development.

The pioneer in shareholder engagement practices is certainly the Interfaith Center on Corporate Responsibility (ICCR) based in New York.[2] As a coalition of 275 religious orders, Catholic, Evangelic and Jewish, ICCR engages US companies it invests in, filing and voting resolutions at the companies Annual General Meetings (AGM) and meeting the companies' directors and managers. The first of such resolutions was submitted in the early 1970s, asking companies such as General Motors to withdraw their financial and commercial support from Apartheid South Africa. ICCR South Africa resolutions, presented by the Episcopal Church, never got more than 20% of shareholders votes, but indeed helped influence public opinion and put Apartheid under the spotlight of financial markets. In the years before the end of Apartheid (1994), the direct investments of US companies in South Africa declined by 50% and, as Timothy Smith – one of the first executive directors of ICCR – put it: "Without responsible shareholding initiatives the fight against Apartheid would have been far less effective."

The ICCR mission statement declares: "We believe that investments should offer something more than an acceptable financial return.... Instead of selling the shares of companies that acts against environmental, human rights or governance rule, we prefer to act as shareholders and press for change." As of 2010 it has submitted more than 200 different resolutions at AGMs of US companies on issues such as excessive executive compensation, toxic chemicals in products, animal testing, weaponization of space or foreign military sales. Many resolutions have been withdrawn before the AGMs, because the companies have agreed to negotiate with ICCR members. The percentage of shareholders that voted for ICCR resolutions varies from the nearly 40% of derivatives resolutions submitted at Bank of America, Citigroup and Goldman Sachs' AGMs, asking for more transparency in the trade in financial derivatives, to the record 97.9% of HIV/AIDS resolutions submitted at Coca Cola's AGM in 2004, asking the multinational to disclose a report on the potential financial impacts of HIV/AIDS and other pandemics on the company's balance sheet and business strategies in developing countries. After the resolution, which was meant to make Coca Cola aware of the HIV/AIDS emergency in East Asia and Africa, the company has started publishing a detailed report, as required by the active shareholders, investing in prevention and health care for its employees in poor countries.

Similar ICCR resolutions have convinced the US clothing giant The Gap, to disclose the full list of its subcontractors in developing countries as well as an assessment of social and environmental risks for each of them.

But not only religious investors are putting the companies under the spotlight in shareholders meetings. In the last 10 years also the big pension funds have started to raise their voice. In the US the most known is Calpers (Californian Public Employees Retirement System). Calpers, with 1.4 million members and nearly 200 billion dollars under management, have started to use its investment shares as a way to engage US corporations. Calpers' campaigns, aimed mainly at condemning bad governance practices (e.g., excessive executive compensation), have obtained a broad and unexpected success, so that Sean Harrigan, Calpers' chairman until 2004, had to resign due to mounting pressure from US multinationals. On September 2006, California Governor Arnold Schwarzenegger, supporting the Sudan Divestment Task Force, adopted a targeted divestment policy from companies that operate in South Sudan (where the Darfur civil war continues) for the California Public Employees Retirement System (CalPERS) and California State Teachers Retirement System (CalSTRS) and decided to indemnify the boards of both funds for this action.

Besides Calpers and Calstrs, many other public employee pension funds have started putting pressure on US companies in their AGMs, including the New York State Common Retirement Fund, the Connecticut Retirement and Trust Plans of the New York City Comptroller's Office. "In the last years," according to a survey by the US Social Investment Forum, "these funds have submitted tens of social resolutions based on ILO (International Labour Organization) Conventions, on climate change issues or equal opportunities."

In Canada the attention of pension funds for social and environmental issues is stimulated by Batîrente, the Quebec-based pension funds of Caisse d'économie Desjardins (a bank created and entirely controlled by trade unions).[3] Batîrente manages about EUR 350 million, has more than 20,000 members and selects the shares it invests in according to ESG (environmental, social and governance) criteria. "In the beginning we have supported resolutions submitted by other funds or organizations", says Daniel Simard, Batîrente's coordinator. "But in the last few years we have started presenting our own resolutions." Together with Oxfam, Batîrente has convinced Metro, a retailer in which the fund invests, to sell fair trade coffee, while it has asked Sears, another retailer, to publish a social report according to GRI (Global Reporting Initiative) guidelines.

With the exception of Great Britain, where some financial institutions such as the Co-operative Bank, Hermes or F&C Asset Management have been pioneering shareholder engagement, in Europe this practice is still marginal and rarely hits the headlines. In the continent of familial and banking capitalism, stock exchanges have never played an important role. And, as a consequence, activists have preferred other ways of pressuring companies. But something is changing also in continental Europe. The most interesting news comes from Switzerland. Its name is Ethos. Born in 1997 by the initiative of two public pension funds, Ethos Foundation for sustainable investment, manages today EUR 500 million on behalf of some 90 public pension funds in Switzerland. Ethos is delegated by pension funds to exercise voting rights (connected to the shares the funds invest in) at Swiss companies AGMs. Excessive manager remuneration, directors' reputation and mismanagement, and scarce transparency when dealing with "toxic" financial products are the main issues that Ethos presents. Most of the targets are financial or pharmaceutical corporations, like UBS or Roche. In some cases Ethos' proposals are backed also by other investors or by common shareholders and are able to get more than 50% of shareholder votes, as it happened this year in the UBS Annual General Meeting, where the Board proposed to discharge former UBS board members of their responsibility for the company's financial collapse. Ethos voted against, and with it the majority of shareholders, who are now thinking of suing the company for mismanagement and financial damage to its customers. Ethos votes in more than 100 Swiss company AGMs each year. For non-Swiss companies it delegates international partners belonging to ECGS (European Corporate Governance Service).

In some cases, shareholder engagement is associated with traditional campaigning strategies. In March 2010, a coalition of UK trade unions, NGOs and investors attempted to get thousands of pension scheme members to join an e-mail bombing campaign aiming at forcing oil giants BP and Royal Dutch Shell to reconsider investments in environmentally controversial oil sands developments in the Alberta province of Canada. The coalition included UNISON, the UK and Europe's biggest public sector union with

2 For further information see: <www.iccr.org>.

3 See: <www.batirente.qc.ca>.

more than 1.3 million members and the Public and Commercial Services Union (PCS), the fifth largest trade union in the UK. In what they said was an "unprecedented public mobilization," the coalition has asked savers to e-mail their own pension fund manager to push them to support shareholder resolutions against oil sands projects that were due to be voted on at the BP and Shell AGMs in May. Other coalition members included Greenpeace, World Wildlife Foundation and the Co-operative banking group. Over 140 pension schemes, fund managers and private investors joined forces with FairPensions, a London-based lobby group, to file a shareholder resolution at Shell's AGM on May 18.

In Italy, the Fondazione Culturale Responsabilità Etica (FCRE), controlled by ethical-ecological bank Banca Etica, has also decided to combine traditional NGO campaigning tools with a new form of engagement through investment in big companies.[4] Back in 2008, FCRE bought some shares of Italian oil and utility companies (Eni and Enel, respectively), in order to take part in their Annual General Meetings, giving voice to environmental and social NGOs, such as Greenpeace Italy and CRBM, based in Italy and developing countries. In the last three years, the Foundation has challenged the social and environmental record of both companies, backed by a number of associations in Nigeria, Chile, Congo-Brazaville, Kazakhstan and other countries where Eni and Enel are involved, along with their subsidiary operations in countries listed as tax havens.

Critical shareholding as a campaigning tool

While several results have been achieved through the active participation of small shareholders, some critical aspects shall not be underestimated. Firstly, it must not be acknowledged that the dialogue with a company has to pass only through the ownership of shares. This assumption would precisely reinforce the idea that shareholders are gaining more and more weight with respect to the other stakeholders. Being an investor may grant some rights, but in no way should substitute the other channels of dialogue and of putting pressure on a company. This is all the more true if the dialogue or the confrontation with the company deals with something as fundamental as human rights.

Quite the opposite, critical shareholding must be considered as one tool among a range of different instruments that have to be put in place in a campaign, and it should come together and reinforce other campaigning tools.

Moreover, the small shareholders shouldn't expect impressive results and shifts in the companies' behaviour, just after participating in a few AGMs. Critical shareholding is an instrument that may bring results in the long run, insisting year after year in a difficult dialogue with the company and the other investors.

Another major criticality is the difficulty of raising correct information regarding specific companies or projects. This is all the more true given the flow of information that has to be faced. The biggest share of information on the company is delivered to the investors and the specialized media usually from the company itself.

Almost all the companies listed on the stock markets have developed strong CSR policies in order to show their correct behaviour, and often to picture themselves as "green" or "sustainable". Moreover, the great and growing role of the firms specialized in rating the companies after their social and environmental record should not be underestimated. Being included in some indexes, such as the Dow Jones Sustainability Index or the FTSE for good is often publicized as a major argument for "demonstrating" the commitment towards sustainability. In fact, even though several of these index and rating companies have been criticized for not providing a serious screening among the companies, and for not investigating deeply into the overall behaviour, they represent a major source of information for the financial community.

To overcome this flow of information, the activities should therefore be carried on in close cooperation with the affected communities. More broadly, a serious research work is needed in order to obtain results.

Conclusions

Most companies listed on the stock exchanges are owned by a multiplicity of shareholders: institutional investors, investment funds, pension funds and retail shareholders. This extreme fragmentation, among other things, gives enormous power to financial groups holding just a small percentage of different companies. A related problem has to do with the excessive power in the hands of the top managers with respect to shareholders. On the other hand, this same multiplicity of small shareholders opens up new opportunities. In the last few years, millions of women and men worldwide have started to shift towards more responsible consumption. More and more, people are aware that they have the power to "vote through the supermarket basket." We can choose the products of some companies and not others, depending on their behaviour. The fair trade movement has shown how important critical consumption has become. This is a major cultural change, one that began some decades ago and is still taking place.

A similar cultural shift must now take place regarding our money and investments. How many people would lend money to someone asking it to finance an anti-personnel weapon or cluster bombs business? How many people would lend their money to someone intending to bet it in a casino? On the other hand, how many of us ask our banks, pension or investment funds how our money is used? In a few words, our money, channeled through financial investments has a huge power and can heavily influence, both positively and negatively, the social and environmental record of both companies and banks.

A strong alliance is needed to take control of this power. Responsible investors have the technical capacity to engage in critical shareholding. NGOs have the knowledge and the relationships with the communities impacted by the investments of the transnational corporations. The media have the chance to inform small investors and workers about the use they could make of their savings. Potentially, a huge amount of people and capital could be mobilized for critical shareholding activities, thus leading to concrete changes in the behaviour of the biggest companies in the world.

Active shareholding has already produced some results in several cases, and has led to better company governance and more participation from small shareholders. At the same time, more involvement and coordination from civil society, socially responsible investors and small shareholders is needed in order to bring about concrete improvements in companies´ social and environmental record in the medium term.

Finally, but most importantly, critical shareholding is not only about improving the social and environmental record of the listed companies. Promoting an "economic democracy" means much more. The recent financial crisis has proved that our savings were put at risk in a casino economy. We have to take back control of our money and our investments. Through critical shareholding, the financial culture of the small investors may be increased. It is not just a matter of improving the behaviour of a company. A new financial culture is needed.

To summarize the impact of the financial crisis: first, our money was not used to promote a better economy; second, it was put at risk; third, investment in the financial casino contributed to bursting the bubble and precipitating the financial crisis; fourth, the crisis has had huge impacts on peoples lives all over the world; fifth, huge bailouts have been made to save the financial system that caused the crisis. Ultimately, these bailouts will be paid by our tax money.

Enough is enough. If the financial actors and managers want to continue to invest in unsustainable companies, violating human rights and harming the environment, if they still use our money to play in a casino economy, let's raise our voice and make clear that we don't want to be their accomplices and prevent them from playing with our chips. ■

4 See: <www.fcre.it>.

Privatizing European development finance: the role of the European Investment Bank

EU development finance architecture needs to be revamped in light of the significant changes that have taken place over the last few years due to the global crisis. Civil society organizations are raising concerns about the fundamental ambiguity surrounding the status of public banks such as the European Investment Bank (EIB), which is clearly not a regional development bank even though it pretends to finance development through friendly investment operations. There is a risk that the debate on rethinking European aid and the wider role of development financing could be influenced by approaches promoting a corporate-driven agenda.

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European development finance is at a crossroads. The impact of the financial and economic crises on public finance in most EU member states is reversing the trend seen in the last decade of increased Official Development Assistance (ODA).[1] Although European governments remain major donors, providing more than half of global ODA, it is increasingly clear that the EU as a whole will not reach its 2015 targets. At the same time, efforts to increase aid quality and effectiveness, strongly supported by European donors in international forums, are at risk.[2]

In this negative context, a new and opportunistic narrative has been emerging in official circles in Brussels and in other European capitals that a more "holistic" approach to international development cooperation and development finance is needed. It aims to widen the definition of development finance to include commercial and investment activities and prioritize private sector intervention as an engine of economic growth and possibly development at large.

At first such an approach might look like a reworking of a Washington Consensus-style "trickle down effect." However, despite the ideological bias in favour of private markets, a new vision and strategy dealing with public and private partnership and reciprocal roles is being developed. This sees development finance as not simply an instrument for pushing macroeconomic policy reform in the global South – as has happened in the last decades – but increasingly as a public lever to move private capital. In the context of economic crisis and the renewed importance assigned by the G20 to development finance and international financial institutions as key instruments of international public finance, this approach has also become instrumental in supporting European business worldwide at a time when private capital markets have dried up.

Thus European development finance risks becoming part of a long-term bail out plan benefiting European business – framed by someone as "corporate welfare" – instead of helping the poor in the global South who had no responsibility for creating the crisis but suffered the most from its impacts.

The involvement of the private sector

Financing to the private sector by multilateral development banks[3] (MDBs) has increased ten-fold since 1990, from less than USD 4 billion to more than USD 40 billion per year. Private sector finance is now a major part of the overall portfolio of many multilaterals and constitutes nearly half of global ODA.

Since the Monterrey Consensus in 2002 the premise that financing for development was increasingly to be extracted from international capital markets has been implemented by major development institutions, with an increasingly residual and auxiliary role for aid in capacity- and institution-building, promoting an enabling environment for private investment, both domestic and foreign. These ideas were reiterated at the Doha Review Conference on Financing for Development in December 2008.

Of course, development is much more than aid spending, and the private sector can be a vitally important engine for sustainable development, but private companies can also have detrimental impacts on poverty, human rights and the environment, in particular in the context of international private investments. Furthermore it should be clarified which private sector – foreign or domestic, for profit or other actors – should be primarily awarded scarce international public support for achieving development goals and under what conditions.

International civil society has recently highlighted that MDBs' approach to the private sector and development has not always sufficiently focused on promoting sustainable development or reducing poverty.[4] MDB project selection and monitoring and evaluation procedures have tended to prioritize commercial rather than social and environmental returns. The rapid growth of "arms-length" financial sector investments through intermediaries such as private banks or private equity firms is a particular cause for concern. As shown by new research several MDB-backed intermediaries operate via offshore financial centres and could contribute to capital flight from the global South to the North.[5]

New approach

This trend culminated at the EU level in the proposal for a "whole of the Union" approach[6] – drawing on the G8-sponsored idea promoted under the Italian Presidency in 2009 of a "whole of a country approach." This would mean that not just ODA but also export credits, investment guarantees and technology transfers are counted towards the EU's development contribution. Trade and investment promotion instruments would be used to leverage foreign private investment in developing countries as a key engine for development.

Such an approach draws on transformations that have already taken place within European development finance. The EU "house bank," the European Investment Bank (EIB), which since the 1980s has slowly but consistently increased its volume of operations outside the EU, has become a player in development finance comparable with European Commission (EC) aid and major European bilateral donors. The EIB can be regarded as a "European International Financial Corporation," given its mandate of most often lending directly to the private sector for project operations. At the same time, similar institutions at bilateral level – the so-called European Development Finance Institutions (EDFIs) – financially support primarily member countries' private sector operations abroad in the name of development and are also growing their business and scope of action.

European governments have already turned their attention to how to boost these mechanisms rather than rethinking the ODA infrastructure through innovative financing mechanisms for development.

1 CONCORD, "Broken EU aid promises push Millennium Development Goals out of reach, says CONCORD as OECD announces aid figures," media release, Brussels, 14 April 2010.

2 Organisation for Economic Co-operation and Development/ Development Assistance Committee (OECD/DAC), *Development Cooperation Report* (Paris, 2010).

3 International or regional inter-governmental agencies such as the World Bank or the African Development Bank.

4 Action Aid, Bretton Woods Project, Christian Aid, CRBM, European Network on Debt and Development (Eurodad) and Third World Network (TWN), *Bottom Lines, Better Lives? Multilateral Financing to the Private Sector in Developing Countries – Time for a New Approach*, March 2010. Available from: <www.brettonwoodsproject.org/doc/private/privatesector.pdf>.

5 Richard Murphy, "Investment for development: derailed to tax havens," draft report on the use of tax havens by Development Financial Institutions prepared for IBIS, NCA, CRBM, Eurodad, Forum Syd and the Tax Justice Network, April 2010.

6 Commission of the European Communities, "Supporting Developing Countries in Coping with the Crisis," Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, Brussels, 8 April 2009.

Such a strong emphasis on supporting international investment as a primary engine for development – at a time when the EU is reviewing its overall investment policy[7] – is also undermining opportunities to energize domestic resources mobilization. This would be the most sustainable long-term approach to development because of its capability to reduce the aid and foreign investment dependency of developing countries and insulate them from the impact of exogenous shocks and crises.

At the same time, the entry into force of the Lisbon Treaty at the end of 2009 has structurally established development goals, and in particular poverty reduction and eradication in the long term, as horizontal objectives of overall EU external action[8] – as well as human rights protection and promotion and the promotion of democracy. However, implementation of the new Treaty has opened a wider discussion about how development matters will be operationalized in the new external action service of the EU under the guidance of the newly established High Representative of the EU for Foreign Affairs and Security Policy, and consequently how development policies and goals – as defined in the European Consensus on Development of 2005[9] – could be subordinated to the Union's commercial, security and wider geopolitical priorities. In this context the use of some of the limited development budget at European level for the new external service has become a controversial political issue.[10]

In this new political context, the review of the external lending of the EIB, which started in 2009 and is expected to be completed early in 2011, has generated a wider debate well beyond the future of the Bank's lending in developing countries, triggering a new reflection on the need to change the European development finance architecture. This will likely become a major battleground between civil society and European institutions and governments – among other stakeholders – in the next few years and in the run-up to the EU new budget definition for the period 2013-2020. It is worth looking more carefully at the current debate and advance bold questions and proposals on how to avoid the increasing privatization of European development cooperation in its goals and practice.

The European Investment Bank: a case study

The task of the EIB is to contribute towards the integration, balanced development and economic and social cohesion of EU member states.[11] Outside the EU, it operates under various mandates. In December 2006, the European Council approved a new EIB External Lending Mandate (ELM) for 2007-2013. This provides up to EUR 27.8 billion (USD 35.3 billion) of EU guarantees – an increase of over EUR 7 billion (USD 9 billion) compared to the previous mandate – for providing loans to projects in countries outside the EU, except the Africa, Caribbean and Pacific (ACP) regions.

In terms of the ACP, the EIB operates under the Cotonou Partnership Agreement between the EU and the 79 ACP countries, assigning EUR 1.7 billion (USD 2.2 billion) from its own funds and EUR 2 billion (USD 2.5 billion) under the Investment Facility, a fund financed from the European Development Fund (composed of EU member state contributions administered by the EC) and managed by the EIB.

Civil society organizations monitoring EIB lending have raised several concerns in the last decade about the fundamental ambiguity around the status of this public bank, which is clearly not a regional development bank as it finances supposedly development-friendly investment operations without statutorily abiding by European development policies and goals. In short, EIB lending outside the EU has mainly focused on co-financing large-scale infrastructure operations, energy projects aimed at increasing energy security for the EU and private sector development interventions – including the private financial sector in the global South – so that most EIB loans have first benefited European companies and exporters before local communities' needs.

At the occasion of the approval of the new ELM in 2006 a specific provision to hold a mid-term review of mandate implementation was included for the first time[12] under pressure from a few EU member states. These countries expressed their concern about the growing mission creep in the EIB through this often inconsistent and unclear enlargement of the scope of the Bank's action outside the EU.

The review process has also included two external evaluations, the most important of which was carried out by an *ad hoc* steering committee of "wise persons" established by the Bank and the EC and chaired by Michel Camdessus, former head of the IMF. Among the recommendations in the final report,[13] several concerns were raised including that the "[EIB's] translation of EU policies into EIB lending strategies and the economic and sector analysis of country needs are very limited; the EIB efforts to monitor project implementation, ensure local presence and follow up on environmental and social aspects appear still insufficient; [and] the EIB ability to satisfy the mandate requirements on development aspects is only indirect."[14]

However, the Camdessus report in the end restates the supremacy of private sector support as the core business of the Bank. It also contradictorily calls for a significant expansion of the role of the EIB in development finance by topping up its mandate with EUR 2 billion (USD 2.5 billion) for a new climate finance mandate, increasing the Bank's investments beyond the EU guarantee (including social sectors) and the range of financial instruments offered, and undertakes concessional lending by mixing EIB money with EU grants.

Corporate welfare and development deceptions

The EIB was founded as an investment bank. It is hard to transform the institution into a development one given the difficulty of changing its culture, as the example of the IMF in the last ten years has clearly shown.[15]

Nevertheless, the EIB has been granted a significant role in the 'Whole of the Union' approach since 2009 in the context of the financial and economic crises. Since more resources were needed and EU member states were not keen to increase their ODA contributions, the EIB remained the only institution that could easily lend more through bond issuing in capital markets and increasing the community guarantee scheme for its external lending. Civil society is extremely concerned about the proposal that the EIB should fill the development role that EU member states have failed to provide in the crisis context.[16] The EIB lends at quasi-commercial rates, thus generating new foreign debt in developing countries. Moreover, as an investment bank, the EIB is not best placed to provide a holistic and meaningful response

7 Seattle to Brussels Network, "Reclaiming public interest in Europe's international investment policy," civil society statement on the future of Europe's international investment policy, Brussels, 12 May 2010.

8 Treaty on the Functioning of the European Union. Available from: <www.eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2008:115:0047:0199:EN:PDF>.

9 Available from: <www.europa.eu/legislation_summaries/development/general_development_framework/r12544_en.htm>.

10 Cidse, Eurostep, CONCORD and Aprodev, "Lawyers reveal Ashton's EEAS proposal breaches EU law," media statement, Brussels, 26 April 2010.

11 See: <www.eib.org/about/index.htm>.

12 "Council Decision of 19 December 2006," *Official Journal of the European Union*, 30 December 2006. Available from: <www.eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:400:0243:0271:EN:PDF>.

13 Michael Camdessus et al., "European Investment Bank's external mandate 2007-2013 Mid-Term Review: Report and recommendations of the steering committee of 'wise persons'," February 2010. Available from: <www.eib.org/attachments/documents/eib_external_mandate_2007-2013_mid-term_review.pdf>.

14 *Ibid*, 26.

15 Eurodad and Counter Balance coalition, "Joint submission of the European Network on Debt and Development and the Counter Balance coalition to the Wise Persons Panel in the context of the mid-term review of the European Investment Bank's external mandate," Brussels, 28 January 2010.

16 Alex Wilks, *Corporate welfare and development deceptions. Why the European Investment Bank is failing to deliver outside the EU* (Brussels: Counter Balance, February 2010).

for developing countries in times of crisis. This is particularly true for low-income countries, which should be given grants to meet the needs generated by the crisis and, in the worst case scenario, should only take up concessional lending but never commercial debt.[17]

Even though foreign direct investment (FDI) might contribute to endogenous development processes, this is only the case to a limited extent and under some very specific conditions, as documented in detail by the United Nations Conference on Trade and Development (UNCTAD).[18] Counter-cyclical financial interventions in the context of the crisis require a much more ambitious approach than a mere leveraging of EIB financing in the South. Current attempts to limit negative environmental and social effects on local communities are welcome, but they are a poor substitute for strengthening other more effective development assistance mechanisms within the EU aid architecture. These principles are also valid in the case of the promotion of global public goods such as finance for climate mitigation and adaptation measures. Even though climate finance should be kept clearly separate from aid, it should take into account a number of lessons learnt on how aid should be channelled and delivered in order to be more effective.

Forcing a transformation of some EIB lending into proper development finance instruments by establishing operational links with the EU aid system – European Development Fund, funding instrument for development cooperation (DCI) and EuropeAid – may be too risky if done in a rush and without the appropriate guarantees that the EIB will live up to the standards of EU aid. The intrinsically different nature of these institutions and mechanisms would jeopardize hard won and still limited progress slowly achieved within Europe as concerns the implementation of key aid effectiveness priorities (among which are recipient country ownership, alignment to recipient country strategies and transparency).

The EIB should not expand its role in other development finance areas, such as technical assistance. The EU Court of Auditors found in a report in 2007 that EU technical assistance remained highly ineffective.[19] Recent studies have shown that it is mainly a vehicle for supporting Western firms and does not mobilize effective resource deployment in the South. Technical assistance should instead be, as a minimum, demand-driven, tailored to the recipient countries' needs and have a strong capacity-building component.[20]

In the short term, rigorous do-no-harm policies have to be put in place in order to align EIB lending to cross-cutting EU development and human rights objectives that should guide overall EU external action and minimize negative development impacts on the ground. Resources generated by the EIB – which could be blended with grants – should be transferred to other existing European mechanisms or other international financial institutions (IFIs).

EU development finance architecture

This recommendation would trigger in the medium term the need to redefine the overall EU development finance architecture. This approach is in line with the key priority of the aid effectiveness agenda to reduce fragmentation and duplication among donor-led institutions.

In this regard, the steering committee of 'wise persons' went beyond the remit of its work and made some clear suggestions concerning the integration of the EIB with the renewed European development finance architecture. It identified the need to develop an EIB subsidiary in order to manage the external lending of the Bank and at the same time an "EU platform for external cooperation and development," providing a comprehensive coordination mechanism based on an optimal model for blending grants and loans and building on principles of mutual reliance between financing institutions. This should be open to the participation of the European Bank for Reconstruction and Development (EBRD), the Council of Europe Development Bank and European bilateral financing institutions – in particular EDFIs – and with appropriate beneficiary involvement. This mechanism would accelerate needs identified by the European Council at the end of 2008[21] concerning common guidelines for matching grants and loans at European level, thus leveraging additional resources for development finance.

At the same time, concerning the medium-term and next EU budget period the Camdessus Report highlights two possible solutions that – in line with short-term developments – would drastically change the European development finance architecture: the establishment of a "European Agency for External Financing," which would integrate the external financing activities of the EIB and the external investment-related financing activities managed by the Commission (thus excluding most of the EU development budget); or the creation of a European Bank for Cooperation and Development, which would be a major European instrument bringing the external activities of the EIB under a common shareholding umbrella together with the external activities of the EC and the EBRD.

So far European institutions have been debating these proposals internally, without taking public positions. However, there is a growing appetite for the EIB to be used as a key vehicle in the wider external action service of the EC, possibly with the combination of additional resources, and keeping the centrality of financial support for private sector development within the overall action. In the meantime, EDFIs have stated their interest in cooperating closely with the EIB and promoting the idea of a joint platform, with some pilot activities in the field of climate finance.

Civil society believes that the EU does not need to establish its own development bank.[22] There is no need to add yet another MDB to the existing global and regional ones when much work still has to be done to reform and improve their effectiveness. Signing memorandums of understanding between the EIB and IFIs has produced limited outcomes so far. The EU could consider transferring more resources to existing IFIs instead if appropriate reforms are put in place. In this regard, IFIs should implement strict standards of responsible finance and European governments should perform with more coordinated and effective action on their boards.

Concerning the proposal for an agency, it is highly questionable that the EU would better structure and possibly expand the private sector lending dimension of development finance, partially drawing on its development budget to make some concessional lending to the private sector, while not putting similar efforts into enhancing the actual core of development finance architecture and its development cooperation instruments.

The future of EU development finance

There is a need to rethink the EU development finance architecture in light of significant changes that have taken place due to the crisis, the possible failure of the Millennium Development Goals' agenda and new challenges posed by international cooperation and the promotion of global public goods.

From this perspective tackling an EIB transformation is central for pushing wider EU development finance in the right direction. In the short term the EIB should remain just an investment vehicle, even though its scope of action outside of the EU should be restricted (both geographically and sectorally). The EIB's external action should also be strictly aligned with overall EU development and human rights objectives. Moreover, development effectiveness

17 Eurodad and Counter Balance coalition, *op. cit.*

18 UNCTAD, "Economic development in Africa. Rethinking the role of foreign direct investment" (New York and Geneva: United Nations, 2005). Available from: <www.unctad.org/en/docs/gdsafrica20051_en.pdf>.

19 "Special Report 6/2007 of the European Court of Auditors on the effectiveness of technical assistance in the context of capacity development," *Official Journal of the European Union*, 21 December 2007. Available from: <www.eca.europa.eu/portal/pls/portal/docs/1/673583.PDF>.

20 Eurodad and Counter Balance coalition, *op. cit.*

21 Council of the European Union, "Framework on loans and grants blending mechanisms in the context of external assistance," Financial Counsellors Working Group, 11 December 2008.

22 Eurodad and Counter Balance coalition, *op. cit.*

principles go beyond aid and should also be applied to public-backed investment banking in developing countries, including those promoted by EDFIs.

Furthermore, the EIB must ensure that all its investments have clear development outcomes, in particular in sectors where it is most active such as infrastructure, energy and extractives. As a public institution it also needs to ensure that the companies and investments it supports comply with the highest financing standards with the aim of ending tax evasion and capital flight to the EU and help restore stolen assets to the countries of origin.

However, in the long run – starting with the new EU budget period 2013-2020 – more effective institutional alternatives should be found to this institution concerning its lending outside the EU. In particular, lending to Asia and Latin America should be stopped while prioritizing the increase of development support for low-income countries of these regions through existing EU mechanisms (DCI), IFIs and new regional institutions. As for the lending to Central Asia, the EIB should only financially support EBRD-decided interventions, given that the EIB is already an EBRD shareholder together with the EC and EU member states. Regarding lending to neighbouring regions (Eastern and Southern) the EIB as an investment bank should adopt a stringent development and human rights perspective and clear priorities in line with overall horizontal EU development and human rights objectives of external action.

The effectiveness of EIB's action and its relationship with the European Partnership and Neighbourhood Instrument (ENPI) in these regions should be reviewed once again before the adoption of a new external mandate in 2013. Finally, regarding ACP lending, in the context of the Investment Facility review in 2010 the EC and member states should explore all possible alternatives beyond 2013 for the management of the European Development Fund resources currently administered by the EIB, including regional IFIs, existing EU mechanisms and eventually new mechanisms to be established.[23] ■

23 *Ibid.*

The Treaty of Lisbon and the new perspectives for EU development policy

The Treaty of Lisbon contains provisions designed to tackle poverty and social exclusion within the EU, something particularly significant at a time when 2010 has been declared the European Year for Combating Poverty and Social Exclusion, and when currently 16% of its population are poor. European resources for development cooperation have continued to increase in recent years. However, contributions to social sectors in developing countries, particularly in Sub-Saharan Africa, have been significantly reduced. The drastic decrease in the European Commission contribution to education and health in developing countries is unacceptable and must be redressed.

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The Treaty of Lisbon, which entered into force on 1 December 2009, was hoped to provide the European Union (EU) with "modern institutions and optimized working methods" to tackle the challenges of today's world both efficiently and effectively.[1] This simplification of working methods – something clearly needed in the EU – has been realized by the Treaty along with the need for transparency and the establishment of new democratic rules. In terms of external policy, political goals and the need to create new instruments for foreign affairs have been underlined in order to face the issues of our rapidly changing world and promote the EU as a global actor.

Following the ratification of the Treaty of Lisbon by all EU member-states, the European development cooperation policy goal has been clearly defined. The Treaty stipulates that all policy efforts should be geared towards "the reduction, and, in the long term, the eradication of poverty" (Article 208).

The Treaty also contains specific provisions for tackling poverty and social exclusion within the EU. According to Article 9, "In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health." Moreover, Article 3 clearly stipulates that the Union should "combat social exclusion and discrimination, and shall promote social justice and protection."[2] The year 2010 has been declared the European Year for Combating Poverty and Social Exclusion. This is especially relevant in 2010, as Europe is identifying how it will respond to the challenge of the financial stability of the Euro, which has challenged the EU as a whole.

The European Parliament has been given new powers to adopt trade agreements; a trade committee is now in place in the European Parliament to ensure greater checks and balances are in place for monitoring EU trade relations with third countries. In addition, the European Parliament has negotiated a greater role with regard to foreign affairs, and the High Representative for Foreign Affairs and Security Policy of the EU, Baroness Catherine Ashton, has agreed to report regularly to the European Parliament.

EU relations with developing countries

The EU's relations with developing countries are based on the principle of non-discrimination, and a leading objective in these relations is the eradication of poverty. The Treaty also identifies the four Cs – coherence, consistency, complementarity and coordination – as key elements. The "coherence" principle is of primary importance for achieving development cooperation policy goals, as it states that "the Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries" (Treaty of Lisbon, Article 208). This objective is applicable to all EU institutions, including the European External Action Service (EEAS). The Court of Justice of the European Union (CJEU) issued a judgment in November 2008 whereby European Investment Bank (EIB) operations in developing countries must prioritize development over any economic or political objective.

The implementation of the Treaty of Lisbon allows for the establishment of the EEAS, whose remits have been widely debated. The implementation of the EEAS is a significant change within the current European development policy framework. Its primary goal consists of providing a single diplomatic service for the EU, which will support Baroness Ashton. As a legal opinion drafted for Eurostep by Daniel R. Mekonnen pointed out: "The EU needs a system of development aid and cooperation that has these checks and balances in place. As a partner that manifests the criteria of good governance in its relationships with others, especially with weaker counterparts, the EU will be better positioned if it can advocate good governance not only in principle but also in practice."[3] There is a broad consensus that the EEAS must promote policy coherence for development, as the Treaty of Lisbon applies to its remit, which sets the eradication of poverty as a central objective for EU relations with developing countries.

The EC position paper on "Policy Coherence for Development: accelerating progress towards attaining the Millennium Development Goals," stressed the fact that aid alone is not sufficient to achieve the MDGs.[4] Covering 12 main areas: trade, environment, climate change, security, agriculture, bilateral fisheries agreements, social policies (employment), migration, research/ innovation, information technologies, transport and energy. The policy coherence document notes that trade and agriculture are the two main areas in which improvement of the Generalized System of Preferences of the EU and its current agricultural production pattern needs to be realized.

Missing from this list of priorities is climate change, which is surprising given the concern that European citizens have about this issue. According to Eurobarometer, the EU polling mechanism, 63% of citizens consider climate change as a very serious problem and 24% a fairly serious problem. Most Europeans (62%) believe climate change is not inevitable; only 10% consider it is not a serious problem and 3% do not know. Furthermore, 47% of respondents consider climate change to be one of the two most serious problems facing the world today. Interestingly, only poverty scores higher, being placed in the top two by 69% of those polled. This makes a joint approach to environment protection/climate change and poverty especially attractive and relevant. While sustainable development is well accepted as a crucial component of poverty eradication, there is an urgent need for a binding vision between the EU and developing countries, including good examples and opportunities that show how principles can be put into action.

Following the EC communication, in May 2010 the European Parliament adopted a resolution on

1 Full text available from: <www.europa.eu/lisbon_treaty/full_text/index_en.htm>.

2 Consolidated versions of the Treaty on European Union and the Treaty on the Functioning of the European Union. Available from: <register.consilium.europa.eu/pdf/en/08/st06/st06655.en08.pdf>.

3 Daniel R Mekonnen, "The draft council decision on the establishment of the European External Action Service and its compliance with the Lisbon Treaty–Legal Opinion Drafted for European Solidarity Towards Equal Participation of People," Eurostep, May 2010. Available from: <www.eurostep.org/wcm/dmdocuments/Mekonnen_Legal_Opinion_100511.pdf>.

4 Available from: <www.eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2005:0134:FIN:EN:PDF>.

Policy Coherence for Development (PCD) which carried more than 70 recommendations. The resolution noted that:

- the so-called "Singapore issues,"[5] such as liberalization of services, investment and government procurement, new rules of competition and stronger enforcement of intellectual property rights, do not assist in achieving the eight MDGs.
- EU export subsidies for European agricultural products have a disastrous effect on food security and the development of a viable agricultural sector in developing countries.
- EU financial contributions within the framework of Fisheries Partnership Agreements (FPAs) have not helped to consolidate the fisheries policies of partner countries, largely due to a lack of monitoring of the implementation of these agreements, the slow payment of assistance, and sometimes even the failure to use this assistance.
- As a major arms exporter, the EU exports or facilitates the shipment of arms to the same countries where millions are spent on development assistance; the EU-15 spends approximately EUR 70 billion per year on development aid, while the value of the EU arms exports amounts to approximately EUR 360 billion annually.
- "Global Europe: competing in the world*,"* which outlines EU trade strategy, shows that bilateral and regional free trade policy strategies foster EU access to developing countries' raw materials markets, including agricultural commodities, by opening them to large EU companies at the expense of small-scale farmers and start-up industries.
- Financial liberalization, including speculative and volatile financial flows, over which developing countries have little control, has generated significant instability at international level with disastrous impacts on developing countries' economies.[6]

The European Parliament concluded that there are many more cases of incoherence that impact negatively on the achievement of the MDGs, which the European Commission should address.

Financial crisis impact on poverty within the EU

While the EU Treaty sets a clear legal framework for the eradication of poverty inside and outside the European Union; in reality, poverty has increased in Europe and in developing countries due to the financial crisis. Eurostat statistics assert that the effects of the crisis on the European labour market are far from over. In fact, in 2009 unemployment increased by over 5 million people to around 21.4 million in the EU, much of it due to job losses in the past 12 months.[7] According to the EU, about 80 million or 16% of the population are currently living in poverty.[8]

The subprime mortgage crisis, with its major adverse consequences for banks, financial markets and the real economy around the globe, sheds light on the inefficiencies of EU regulation and capacity to take appropriate actions to protect from speculation against the Euro. Following the early crisis effect in Europe and the financial collapse in Greece, the EU has strengthened its common approach to bring European national budgets under tighter control. Future sanctions are threatened against European governments with regard to managing their economies, and a willingness to tighten up the bloc's Stability and Growth pact – which sets limits for member states public deficits and debt – has been clearly stressed by European leaders.

However, besides reinforcing controls on national budgets, setting up a "preventative surveillance" system, there is no EU plan on how to shield poor citizens in the EU from the consequences of austerity measures, nor any EU policy on protecting social sectors in Europe. As underlined by Làzlo Andor, the European commissioner for employment and social affairs, "we should all see that we are still in a phase of fragile recovery." Andor emphasized that until he sees "robust growth in all member states," he will be more concerned "that premature austerity can undermine both economic recovery and the growth of jobs."[9]

Certainly, new forms of institutions are emerging which are not foreseen in the Treaty of Lisbon. As a good example, Herman Van Rompuy, the President of the European Council is chairing a task Force on European economic issues, a group consisting of ministers of finance of almost all the 27 Member States, and representatives from the EU institutions (such as Jean Claude Trichet, the President of the European Central Bank). While this group is working on fiscal sustainability and greater budgetary discipline, one of its first priorities is "the need to strengthen our fiscal rulebook: the Stability and Growth Pact," as Van Rompuy stated.[10] The institutional framework is moving, then, toward austerity policies.

There is concern that a rejection of a neo-Keynesian approach, to set up countercyclical measures against recession will lead to increased poverty in European countries, deepening the economic recession in Europe. In a recent address to investors, Van Rompuy emphasized the strength of the EU in its combination of a strong economy and well-developed social support system, including a highly educated population, as well as "Europe's attractiveness to investors and entrepreneurs... In fact, it is this double attractiveness which makes our continent unique. Europe's message to the world is that one can have both. Economic growth and social justice. Efficient political decisions and democratic accountability. Adaptation to the times and a preservation of one's heritage. A good place to invest and to live."

The EU president has also indicated that cuts in education, climate and social inclusion would not be acceptable: "We will stick to five main targets, all quantifiable. Research & development & innovation, education, employment, climate and social inclusion. (…) We have to preserve that type of expenditure (for instance on education) and tax deduction in a period of budgetary cuts. This is not a soft option."[11]

Repercussions outside the EU

In a time of economic crisis, developing countries need EU support more than ever. Partnerships should clearly be shouldered by the European Commission and the EU member states. From a developing country perspective, economic austerity responses to the crisis in European member states will undoubtedly have strong negative impacts on their still struggling economies. As the World Bank stated, "the recession has cut sharply into the revenues of governments in poor countries. Unless donors step in to fill the gap, authorities in these countries may be forced to cut back on social and humanitarian assistance precisely when it is most required."[12]

European resources for development cooperation have continued to increase from USD 11.2 billion

5 This refers to four working groups set up during the 1996 World Trade Organization Ministerial Conference in Singapore.

6 Parliamentary Committee on Development, *Report on the EU Policy Coherence for Development and the 'Official Development Assistance plus' concept:* explanatory statement, 2009, 17. Available from: <www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2010-0140&language=EN#title2>.

7 Remko HIJMAN, « Population and social conditions, » *Eurostat Statistics in Focus*, 79/2009, 1. Available from: <www.epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-10-013/EN/KS-SF-10-013-EN.PDF>.

8 Committee of the Regions, *Local and regional responses to poverty and social exclusion*, June 2010.

9 European Voice, "Andor warns of hasty austerity measures," 24 June 2010, 2.

10 Keynote speech by Herman Van Rompuy, President of the European Council, at the World Investment Conference 2010, "Europe's Attractiveness in a Changing World," La Baule, France, 2 June 2010, 3. Available from: <www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/en/ec/114883.pdf>.

11 *Ibid.*

12 World Bank, *Global Economic Prospects 2010: Crisis, Finance, and Growth, Washington, DC, 2010.* Available from: <siteresources.worldbank.org/INTGEP2010/Resources/GEP2010-Full-Report.pdf>.

in 2005 to USD 15.4 billion in 2009.[13] However, social sectors in developing countries, particularly in Sub-Saharan Africa have been significantly reduced. The European Court of Auditors in its 2009 report concluded that in "Sub-Saharan Africa, the health MDGs were most off track."[14] According to a recent article, "the Development Assistance for Health (DAH) to government had a negative and significant effect on domestic government spending on health such that for every USD 1 of DAH to government, government health expenditures from domestic resources were reduced by USD 0.43 to USD 1.14."[15] It appears that social sector support through General Budget Support does not automatically increase expenditure in those sectors.

On an overview of European commitments, basic health and education allocations have consistently decreased since 2005; as stated by Alliance 2015, "this has resulted in a total of only 5.7% of all aid managed by the European Commission being allocated to basic health and education in 2008, which is a decrease from 11% in 2005."[16] Allocations to basic health and education in Sub-Saharan Africa have dropped from 8% of total aid allocation in 2005 to 1.5% in 2008.[17] Figures show that the percentage of allocations to food decreased from 4% of total funding in 2005 to 1.5% in 2008, basic health from 4.7% (2005) to 1.3% (2008) and basic education from 2.7% (2005) to 1.1% (2008).[18] For achieving the MDGs in time, "the EC would have to increase funding from EUR 605 million to EUR 971 million annually for education and from EUR 460 million to EUR 1.5 billion for health to help close the financing gaps," according to Alliance 2015.[19]

The budget target of 20% of total aid for basic health and education for Asia and Latin America was reached in 2009. However, as noted, the concern is that the spending target for Africa is clearly plummeting. Applying the fundamental principle of non-discrimination enshrined in the Treaty of Lisbon, the European community must apply the 20% target to all other regions.

Policy for Coherence in Development sets as a central objective the need for the European Union to apply its standard of balancing the economic and the social as a measure of progress internally and externally. The European Commission and the EEAS should lead by example, especially as they will be increasingly representing the whole of the EU abroad. The drastic decrease of the European Commission contribution to education and health in developing countries is unacceptable and must be redressed. ■

13 Mirjam Van Reisen, ed., *The EU's Contribution to the Millennium Development Goals: Keeping the goals alive* (Prague: Alliance 2015, 2010).

14 European Public Health Alliance, "European Court of Auditors slams EC development health financing," Available from: <www.epha.org/a/3373>.

15 Lu, C. et al., "Public financing of health in developing countries: A cross-national systemic analysis," *The Lancet,* 9 April 2010.

16 Alliance 2015, *op cit.*, 21, table 2.1.

17 *Ibid.*, table 2.2.

18 "Alliance 2015 calls on the EU to agree to binding aid targets to reach MDGs," 2 June 2010. Available from: <www.alliance2015.org/index.php?id=25&no_cache=1&tx_ttnews[tt_news]=69&tx_ttnews[backPid]=9>.

19 *Ibid.*

The Arab States and the MDGs: no progress without social justice

The Millennium Development Goals (MDGs) will not be met in the Arab region by 2015 at the current rate of progress. The main reasons for this slow pace are the international community's weak support for Goal 8 concerning global partnerships for development, and the feeble political concern with achieving economic and social justice in the region. Other significant regional barriers to achieving the goals include lack of commitment to the notion of human rights and the principles of "good governance," fragile political stability and deficient democracy, and lack of a peaceful and sustainable framework for action.

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The year 2010 is very important for the Millennium Development Goals (MDGs) process because it marks 10 years since the adoption of the Millennium Declaration and five years before the end of the proposed implementation period. A preparatory review step has already taken place during hearings with civil society groups held by the UN in June 2010, and the entire process will be discussed by the UN General Assembly in September.

This is therefore an opportune time to objectively evaluate efforts to reach the goals, assess the processes, and come up with concrete recommendations aimed at redirecting efforts as necessary and including different stakeholders towards effective achievements. This is particularly true now that almost all the country-based analyses, even the most optimistic among them, affirm that the goals are unlikely to be met by 2015, at least with the current rate of progress and given the implications of the global economic crisis.

The global partnership agreed to under Goal 8, is a clear recognition of the need to enhance global commitments to complement the national and local efforts of developing countries. Nevertheless these global commitments have so far not been translated into concrete and explicit decisions and implementation policies. To begin with, a consistent lack of political will is clearly revealed through the decline in Official Development Assistance (ODA). Indeed, despite pledged commitments, ODA is still far behind the target. The most optimistic figures show that it does not exceed 0.31% of Gross Domestic Product (GDP).[2] For Least Developed Countries (LDCs),[3] the percentage reached is 0.09% instead of the committed 0.15-0.20%.[4] The two other main targets included in Goal 8 – fair trade policies and debt relief – have not been met either.

More problematic is the narrow approach adopted by G-8 countries, together with some UN agencies and other international institutions, limiting the debates on MDG achievement to a discussion of money and aid, thus reflecting a highly contested vision of the development challenges. Instead nations' capacity for development should be the main objective. Yet there is also a lack of vision and capacity at the national level for a comprehensive and inclusive economic strategy, with transparent budgets that reveal proper mobilization of local resources and how they can best be used. Ideally nations' empowerment would enlarge their choices, improve their developmental performance and achievements, and secure a more adequate use of their resources.

The Gleneagles summit of the G-8 in 2005 concluded with a pledge to deliver USD 150 billion to fight poverty. However, the food, fuel and financial crises, as well as increased concerns about climate change, served as an excuse not to fulfill this commitment. These crises are a consequence of the current global system: on the one hand, it is unable to hold multinational corporations accountable and responsible; on the other hand, it is unable to adopt and implement relevant and effective solutions to the challenges of poverty, development and injustice around the world. This system is more focused on undertaking emergency measures to overcome the immediate impact of the crises than in long-term interventions to comprehensively address the root causes of unemployment, increasing poverty, and political, social and economic marginalization.

In late 2008 the heads of state that met during the review conference on Financing for Development in Doha failed to arrive at a comprehensive vision towards achieving the MDGs. Instead of addressing the core issues behind the global financial and economic crises, these leaders reiterated the G-20 "emergency" decisions focused on addressing the immediate impacts of the crises. Civil society groups participating in Doha criticized the outcomes, calling for a new deal to replace the Washington Consensus based on a comprehensive revision of current global policies by the international institutions and the G-8. The effort by the UN General Assembly to address this issue through the formation of the Stiglitz Commission and later the High Level Conference on the World Financial and Economic Crisis in June 2009, also ended in a stalemate – reflecting the inability of the international community to agree on a holistic approach to development instead of protecting the interests of multinational corporations.

MDGs challenges in the Arab region

The *Arab Human Development Report 2009*, through a focus on the concept of human security, reveals that human development indicators in the region lag far behind the promises made.[5] It underlines the economic challenges, highlighting that Arab countries' dependency on oil production has made their economies vulnerable to global changes in oil prices. An additional major economic challenge is their reliance on foreign investment, which greatly increases their vulnerability to global economic depressions such as the one experienced during the past few years. Furthermore, Arab economies are service-oriented, which means they have increasingly weakened their productive sectors.

Unemployment remains a major challenge. The Arab Labor Organization indicates that, in 2008, unemployment had risen to 14.4%, more than double the global rate of 6.3%. Although the rate varies from one Arab country to another, unemployment among young people is very high, exceeding 50% of the unemployed population. The average unemployment among youth in the region is 25.5%,[6] which is the highest in the world. Moreover, persistent gender discrimination in the labour market has led to greater unemployment rates among women.

Equally pressing, aggregated poverty in the region now exceeds 39%, which means that almost 140 million Arab citizens are living below the upper poverty line and not enjoying their right to an adequate standard of living.[7] National MDGs reports prepared by governments with technical assistance from UNDP indicate that the region will not be able to solve the challenge of famine. Estimations in 2004 showed that 25.5 million people

1 The author is grateful to Marc Van de Weil for his valuable assistance.

2 Organization for Economic Co-operation and Development (OECD), *Development aid rose in 2009 and most donors will meet 2010 aid targets,* Available from: <www.oecd.org/document/11/0,3343,en_2649_34447_44981579_1_1_1_1,00.html>.

3 Five Arab countries are considered to be LDCs: Comoros, Djibouti, Somalia, Sudan and Yemen.

4 Majed Azzam, *Assessing the MDGs in the Arab region: A Survey of Key Issues,* Arab NGO Network for Development (ANND), 2009.

5 UNDP Regional Bureau for Arab States, *Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries,* New York, 2009.

6 Arab Labor Organization, 2003. See: <www.alolabor.org/>.

7 UNDP Regional Bureau for Arab States and League of Arab States, *Development Challenges in the Arab States: A Human Development Approach,* New York, May 2009.

faced famine and malnutrition, a significant increase compared to 1994.[8] The report prepared by UNDP and the Arab League on development challenges in the region shows that, despite progress in Syria and Sudan on self-sufficiency in seeds, there has been no tangible progress in food security since 1990.[9]

ANND: the MDGs assessment

In 2000, 22 Arab leaders adopted the Millennium Declaration and pledged to achieve the MDGs by 2015. During the last decade, many political, economic and social developments have affected the reform processes in Arab countries. The "War on Terror" launched with the 2001 invasion and occupation of Afghanistan, the invasion and occupation of Iraq in 2003, the Israeli war on Lebanon in 2006, the continuous deterioration in the living conditions of the Palestinian people, especially after the siege of the Gaza Strip in 2007, as well as the internal conflicts erupting in countries such as Algeria, Lebanon, Somalia, Sudan and Yemen, have been among the main destabilizing events in the region. The situation is worsened by the devastating effects of the food crisis, climate change and the fluctuation in oil prices, negatively affecting domestic efforts to achieve development goals.

Despite these challenges, however, achieving the development goals is also the responsibility of existing national systems and institutions and, more specifically, the regimes and authorities currently in power. The ANND MDGs assessment therefore examined financing and development goals, gender issues and mainstreaming of the goals in national policies.

As far as financing and mobilizing resources for development and the MDGs is concerned, most Arab countries have failed to marshal local or regional resources as a result of ineffective policies oriented towards attracting foreign investments, aid and loans.[10] Yet, foreign investments have not had the expected positive impacts so far; ODA was not allocated according to basic human needs and was quantitatively not sufficient to support governments in making the necessary progress to meet the goals. Moreover, countries lack public administrations that can manage the available resources. Ultimately, the impact of using loans to invest in non-productive sectors and economic activities led to an increase of the debt service in many Arab countries and was actually a setback to achieving the goals.

In regards to mainstreaming the MDGs in national policy-making and the overall evolution of MDGs processes at national levels, particularly the inclusion of various stakeholders and civil society organizations, slight progress has been achieved. However, the processes still lack adequate mechanisms for effective participation. Effective results are lacking due to the absence of functioning democratic institutions, high military spending, the burdens of demographic evolution, and economic policies that have led to increasing wealth disparities and mass unemployment. Within this context, governments in the Arab region have not integrated MDGs targets into their national development plans. Furthermore, global policies have contributed to squeezing their policy space, further constraining national efforts towards development.

Regarding the mainstreaming of a gender dimension into the MDG process, it must be noted that women in the Arab region remain generally excluded from political and economic life. At the root of this exclusion is the patriarchal structure of Arab societies and the influence of traditional and religious norms and values. One clear example is the number of significant reservations by all Arab states that have ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), weakening its implementation. Excluding women from MDGs processes results in a waste of resources and opportunities for progress.

Thus, the economic models followed by Arab countries and the inadequate national strategies they put in place for social development are two major reasons behind the lack of progress on the MDGs front. Accordingly one of the recommendations for the future is institution building and extensive reformation of the political governance system in the region towards more transparency, accountability and responsibility.

Observations at the national level[11]

Looking at the MDGs at the national level, a lack of governmental commitment to their achievement clearly surfaces. Although the declared official positions show a positive attitude towards the MDGs and highlight the necessity of their achievement, such positions remain strictly verbal and are not translated into actual governmental policies or into concrete national strategies or plans of action.

A comprehensive rights-based approach is lacking in economic and social policies. Poor governance practices are often the main underlying factors behind the ineffective use of resources. Moreover, national contexts reveal weak political will to meet fundamental human needs and achieve progress on the provision of basic human rights. Instead, it becomes apparent that the various groups in power maintain a relation with citizens based on nepotism and the exploitation of unequal power relations, reinforced by their totalitarian and authoritarian nature. Four major factors are observed across various national contexts, and held to be directly or indirectly responsible for such problematic national contexts:

- The consistent lack of democracy, participation and good governance. This is reflected in weak political participation, opaque and unaccountable political systems, and unskilled, inefficient and unproductive public administrations. These are serious obstacles that prevent Arab countries from mobilizing and adequately using national resources, whether natural, financial or human.
- Systemic challenges related to the lack of transparency and integrity in public policies and in the delivery of social services. The absence of a human rights concept in national policy-making leads to a misunderstanding of the "State of rights." Social protection and population well-being must be seen as intrinsic to human rights instead of as a gift from the politicians in power, which distorts the relation between the citizen and the state.
- A consistent lack of stability, security and peace in the region has contributed to structural instability and turbulence in development policies. This context has resulted in foreign investors' limited interest in the Arab region, the waste of resources and means for development, and the low productivity rates caused by the mismanagement of time and resources.

The consistent lack of a rights-based approach in policy-making contributes to the lack of comprehensive national strategies for social development.

Additionally, the region shows a significant contrast between its economic and development indicators. Most oil-producing Arab countries have gone through a period of relatively positive economic growth due to the rise in oil prices. A spill-over effect of this is that the region, as a whole, has witnessed one of the best economic growth results in the world. However, this has not been reflected in progress on the development front, as most countries continue to show very low human development results. Indeed, given that the MDGs and development goals in general have not been a priority for Arab leaders, there has been no proper policy for wealth redistribution among countries as well as within countries in the region.

Despite such problematic contexts, many official MDGs reports have attempted to reflect a more

8 UNDP Regional Bureau for Arab States, *op. cit.*

9 UNDP Regional Bureau for Arab States and League of Arab States, *op. cit.*

10 See Ayah Mahgoub, 2009. Available from: <blogs.cgdev.org/global_prosperity_wonkcast/2010/03/09/cash-on-delivery-aid-ayah-mahgoub-on-cod-in-education>.

11 This section is based on reports by ANND members on the MDG process in Bahrain, Egypt, Jordan, Lebanon, Sudan, Tunisia and Yemen, which focused on national challenges and the relevance of the adopted policies, and highlighting a set of civil society recommendations to advance the MDGs.

positive situation. Consequently they have failed to formulate concrete and measurable indicators of governmental strategies, and often remain limited to abstract and normative recommendations for the future. In general, most official reports have falsely attempted to show the governments' commitment to allocating its resources to development targets and the MDGs. They have also tried to reflect confidence in attaining these goals by 2015. In doing so, they have failed to disclose the evident weaknesses in many national contexts.

Whereas most of the reports mention the inclusion of different stakeholders in the process of evaluating the MDGs, it is not clear to what extent this participation has been effective or what criteria have been used for including them. It is most likely that the tendency to include non-governmental partners from academia and civil society reflects the demands of UN and donor partners rather than genuine national participatory approaches.

Many reports over-emphasize the responsibility of donors for the inadequate level or conditional nature of their development assistance without at the same time addressing national policy-making and institutional performance problems. Examples are the Egyptian and Yemeni official MDGs reports.

The Saudi official MDGs report focuses only on achievements and fails to sufficiently identify existing challenges and weaknesses, nor does it put forward any recommendations for the future. The Bahrain report even avoids formulating any targets, claiming that Bahrain is not a "typical" developing county despite its clear commitment to addressing the challenges mentioned in its country report. An independent, neutral, and objective evaluation of the MDGs' monitoring process itself is commonly omitted, with the sole exception of the Palestinian report, which succeeded in depicting a more realistic account of the situation.

The official country reports for Bahrain, Lebanon, Jordan, Sudan, Yemen and the Palestinian Authority state that the MDG and related reporting processes are inclusive. Indeed, most of these reports result from the work of a technical committee supervised by the national ministries of planning (or other similar bodies) and have been technically and financially supported by the UN country offices, including all relevant agencies. However the country reports for Egypt, Tunisia and Saudi Arabia were drafted by their governments with the support of UNDP alone. This raises questions about the relative neutrality, the accurate collection and representation of data, and the genuineness of the governments' attempts to achieve progress on the development front.

Observations from the Universal Periodic Review processes

Human rights in the Arab region are constantly violated by the states, an observation made in scores of reports including those issued by the UN and several international non-governmental organizations (NGOs) such as Human Rights Watch and Amnesty International. However, Arab states continue to insist on their reservations in relation to international human rights conventions, thus preventing any tangible developmental progress from materializing.

A particular problem is that social and economic rights in many Arab countries are not properly addressed by their governments. An analytical overview of the results from the Universal Periodic Reviews of several Arab countries undertaken under the auspices of the UN Human Rights Council reaffirms such observations.

In relation to the right to an adequate standard of living, including the rights to housing and to water, severe violations are seen in, for example, Egypt, Iraq and Yemen. The reviews concluded that more resources should be allocated to improve economic and social development measures, through policies to fight poverty, and to improve access to human rights.

In relation to the right to work, including working in adecuate conditions, severe violations are seen in most Arab countries, particularly related to vulnerable working groups such as women and migrants. Child labour remains a challenge in addition to the high percentage of unemployment among young people compared to global levels.

As for the right to education, despite efforts undertaken, many Arab countries show limited access to basic education and high levels of illiteracy. While a number of them slightly improved quantitative education indicators, the quality of education with respect to the needs of the labour market remains a big concern.

As for the right to health although there has been an increase in governmental efforts to improve access to public health care, indicators do not confirm any relevant progress. This is probably due to the fact that the health sector in the region is largely concerned with implementing safety nets and targeting specific groups, and thus excludes a large number of people from health care programs and services.

Conclusions

In order to meet the MDGs by 2015, considerable additional efforts and political will are needed to enhance the adoption and implementation of developmental policies. Towards this end, concrete and measurable targets can serve as a tool to evaluate progress.

Enhancing the efficiency of public administrations remains a major challenge, and requires a number of concrete measures. Public servants should be trained to deal with people and their needs in a more respectful way, guided by a rights-based approach. Moreover, empowering public regulators and enhancing citizens' respect for these regulations is an important step towards improving the implementation of public policies and national strategies.

A sincere political commitment, reflected in concrete public policies and development implementation plans, should be based on integrity and transparency. Indeed, citizen participation through civil society organizations and other interest groups is an important factor to reach successful results. This calls for a reform of the administrative system in order to overcome the systemic character of corruption that weakens it. It is worth noting in this regard that the adoption and implementation of the UN Anti-Corruption Convention would contribute to reforming the system of public policy-making.

These recommendations are not easily achievable without explicit political commitment. There are three prerequisites for the above-mentioned recommendations: democracy for securing proper participation, accountability, and responsibility; good governance for securing appropriate resource mobilization and investment; and social justice for securing comprehensive and inclusive policies. Unfortunately, as these prerequisites are still missing, the region's inability to reach the MDGs by 2015 becomes only too apparent. ■

MEASURING PROGRESS

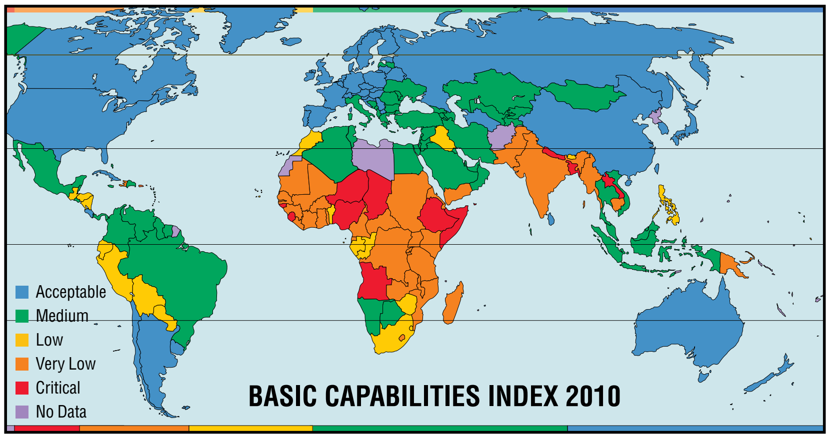
TEN YEARS AFTER THE MILLENNIUM DECLARATION

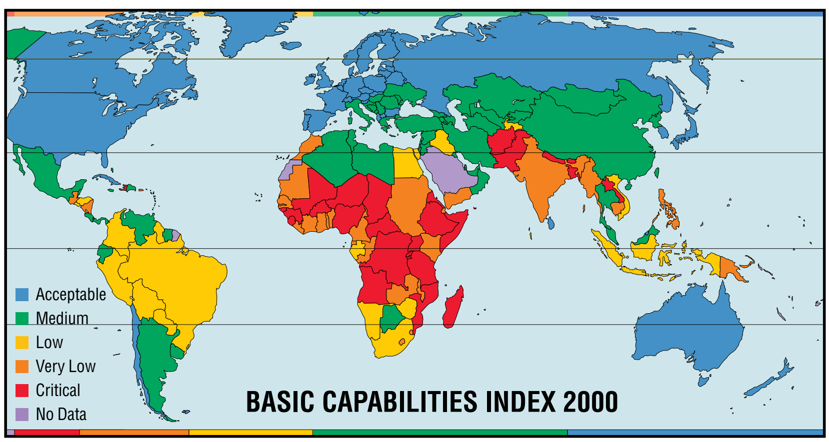
Progress on the social indicators has slowed down

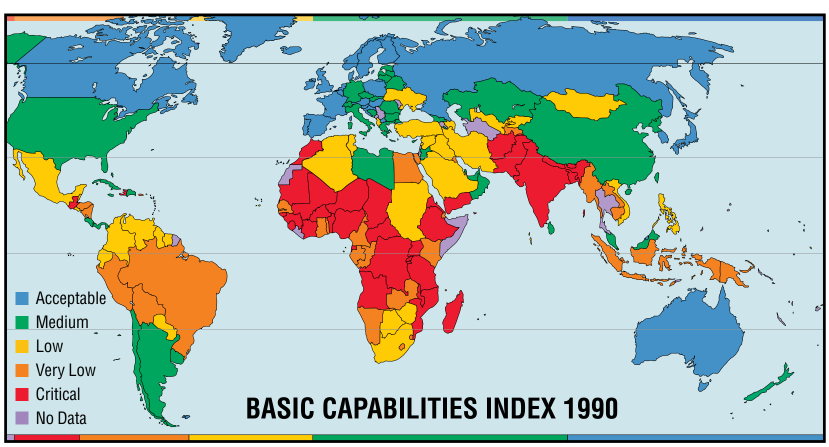
The 2010 Basic Capabilities Index (BCI) developed by Social Watch shows that in the last 20 years poverty reduction has slowed down. The evolution of this index since 2000, when the Millennium Development Goals (MDGs) were set, indicates that progress is decelerating instead of accelerating, and the international community's efforts have not translated into a more rapid improvement in social indicators. Social progress does not automatically follows economic growth and better (non-monetary) indicators are needed to more accurately monitor the evolution of poverty in the world.

In his *Keeping the Promise* report of February 2010, UN Secretary General Ban Ki-Moon said that the MDGs "are the world's quantified, time-bound targets for addressing extreme poverty, hunger and disease, and for promoting gender equality, education and environmental sustainability. They are also an expression of basic human rights: the rights of everyone to good health, education and shelter."

Yet, even when the goals are "quantifiable", they are not easy to measure. A set of 38 indicators on each of the specific targets under each goal has been developed by the United Nations, but data are missing for most of the countries. On the most important target of reducing the proportion of the population living with less than one dollar per day, data from 2005 or after are only available for 67 countries.







The current picture as shown by the BCI

The BCI was designed by Social Watch as an alternative way to monitor the situation of poverty in the world. Most of the available poverty-measurement are based on the premise that poverty is a monetary phenomenon and they measure, for example, how many persons live with an income of under one dollar a day. The BCI, like other alternative (non-monetary) ways of measuring poverty, is based instead on a person's capability of accessing a series of services that are indispensable for survival and human dignity. The indicators that make up the BCI are among the most basic of those used to measure the MDGs.

The BCI is the average of three indicators: 1) mortality among children under five, 2) reproductive or maternal-child health, and 3) education (measured with a combination of enrolment in primary education and the proportion of children reaching fifth grade). All the indicators are expressed in percentages and they range from 0 to 100. Under five mortality, which is usually expressed in number of deaths per thousand children born alive, is expressed as 100 minus that value. So that, for example, a value of 20 deaths per thousand becomes 2% and, when deducted from 100, yields a basic indicator value of 98. Thus, the theoretical maximum value in infant mortality is 100, which would mean that all children born alive survive until they are five years old. Reproductive health takes the maximum value 100 when all women giving birth are attended by skilled health personnel. Similarly, the education indicator registers 100 when all school age children are enrolled in education and they all attain five years of schooling. These three indicators are then aver-

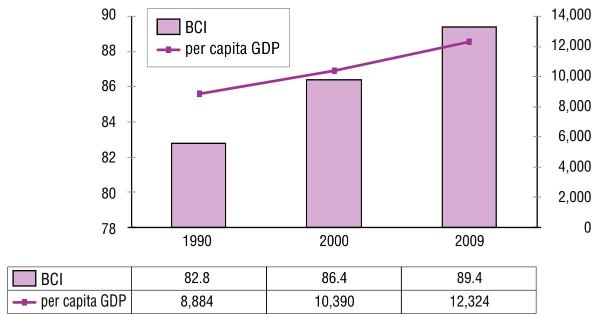
BCI EVOLUTION BY COUNTRY

Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010
Afghanistan	*45*			Gabon	*84*			Netherlands	99+	II	99
Albania	*99*	←	*97*	Gambia, The	76	⟵	72	New Zealand	98	→	99+
Algeria	94	→	96	Georgia	94	→	97	Nicaragua	76	→	81
Angola	*57*	→	*60*	Germany	99+	II	99	Niger	48	⟶	59
Argentina	97	→	98	Ghana	66	⟶	77	Nigeria	64	⟵	61
Armenia	95	II	94	Greece	*94*	→	*99*	Norway	99	II	99
Australia	99	II	99	Guatemala	*69*	⟶	*88*	Oman	94	II	94
Austria	99	II	99	Guinea	54	⟶	67	Pakistan	55	⟶	65
Azerbaijan	*90*	→	*94*	Guinea Bissau	55	→	60	Panama	94	II	94
Bahamas, The	94	→	97	Guyana	*85*	→	*91*	Paraguay	81	→	89
Bahrain	*95*	II	*95*	Haiti	63	→	67	Peru	82	→	88
Bangladesh	61	II	61	Honduras	80	→	84	Philippines	79	→	81
Belarus	98	II	99	Hungary	97	II	98	Poland	99	II	99
Belgium	99+	←	99	Iceland	99+	II	99	Portugal	98	→	99
Belize	*91*	→	*96*	India	67	→	73	Qatar	*96*	←	*94*
Benin	*78*	→	*85*	Indonesia	85	→	90	Romania	97	II	97
Bhutan	63	⟶	85	Iran, Islamic Rep.	*93*	→	*95*	Russian Federation	99	II	98
Bolivia	82	II	83	Iraq	*81*	→	*88*	Rwanda	57	⟶	79
Bosnia and Herzegovina	97	II	97	Ireland	98	II	99	Saudi Arabia			*92*
Botswana	*91*	II	*90*	Israel	*96*	II	*96*	Senegal	70	→	71
Brazil	*88*	⟶	*96*	Italy	*95*	II	*99*	Serbia	97	→	98
Bulgaria	98	II	98	Jamaica	*94*	←	*93*	Sierra Leone	*55*	→	*61*
Burkina Faso	55	⟶	69	Japan	99+	II	99+	Singapore	*98*	II	*98*
Burma	*67*	⟶	*77*	Jordan	97	II	97	Slovak Republic	98	II	98
Burundi	*53*	⟶	*66*	Kazakhstan	95	→	97	Slovenia	99	II	98
Cambodia	*65*	→	*70*	Kenya	65	→	71	Somalia	58	II	57
Cameroon	75	II	75	Kiribati	88	⟵	82	South Africa	*85*	II	*86*
Canada	99	II	99+	Korea, Dem. Rep.	92			Spain	99	II	99
Cape Verde	93	⟵	87	Korea, Rep.	99+	II	99	Sri Lanka	98	II	99
Central African Republic	63	→	65	Kuwait	*94*	II	*94*	Sudan	79	←	77
Chad	*50*	→	*54*	Kyrgyzstan	95	II	95	Suriname	*91*	II	*91*
Chile	98	II	98	Lao PDR	*59*	→	*63*	Swaziland	77	→	81
China	97	→	99	Latvia	99	←	97	Sweden	99	II	99
Colombia	87	→	94	Lebanon	*94*	←	*92*	Switzerland	98	II	98
Comoros	*74*			Lesotho	*74*	→	*78*	Syrian Arab Republic	*92*	→	*96*
Congo, Dem. Rep.	*58*	⟶	*78*	Liberia	70	⟵	67	Tajikistan	*86*	→	*93*
Congo, Rep.	*73*	→	*80*	Libya	96			Tanzania	63	⟶	75
Costa Rica	*96*	→	*97*	Lithuania	99	II	98	Thailand	96	II	96
Cote d'Ivoire	73	→	74	Luxembourg	99	II	99	Togo	*71*	→	*74*
Cuba	98	II	99	Madagascar	*61*	⟶	*76*	Trinidad and Tobago	96	II	96
Cyprus	*95*	II	*96*	Malawi	72	←	70	Tunisia	94	→	97
Czech Republic	99	II	98	Malaysia	96	→	97	Turkey	90	→	95
Denmark	99	II	99	Maldives	*88*	→	*92*	Turkmenistan	91	→	98
Djibouti	*72*	→	*76*	Mali	*62*	→	*69*	Ukraine	*97*	II	*97*
Dominica	*96*	⟵	*92*	Malta	*95*	→	*97*	United Arab Emirates	*92*	→	*95*
Dominican Republic	90	II	90	Mauritania	69	→	71	United Kingdom	99	II	99
Ecuador	*95*	⟵	*88*	Mauritius	98	II	98	United States	*97*	II	*97*
Egypt, Arab Rep.	83	→	91	Mexico	92	→	96	Uruguay	*97*	→	*98*
El Salvador	*88*	→	*91*	Moldova	*91*	→	*96*	Uzbekistan	*96*	→	*97*
Equatorial Guinea	*66*	→	*68*	Mongolia	*94*	→	*96*	Venezuela, RB	*94*	⟵	*91*
Eritrea	*56*	⟶	*76*	Montenegro	97	II	97	Vietnam	*86*	→	*93*
Estonia	99	II	99	Morocco	*78*	⟶	*88*	Zambia	68	→	75
Ethiopia	*48*	→	*53*	Mozambique	*62*	⟶	*71*	Zimbabwe	82	→	87
Finland	99+	II	99	Namibia	86	→	90				
France	99	II	99	Nepal	54	→	58				

References: ⟵ Major regression ← Regression II Stagnant → Slight progress ⟶ Significant progress

Note: values in italics are estimates.

CHART 1. BCI and per capita GDP in the world (1990-2009)



aged, so the total value of the index will vary between 0% and 100% (see BCI Evolution by Country table in previous page).

The figures show that overall, since 1990, the world has made progress in its efforts to reduce poverty. In the last 20 years the BCI has grown worldwide and so has per capita income. Chart 1 shows the average total value of the BCI and of capita income in CPP (constant purchasing power) dollars for three points in time (1990, 2000 and 2009).

Per capita income growth accelerated from 17% in 1990-2000 to 19% between 2000 and 2009, but BCI growth slowed from 4% in the 1990s to 3% in the first decade of this century. This indicates that the Millennium Declaration and the international community's efforts to reach the goals it set have not translated into more rapid progress in social indicators, even when resources were available. On the contrary, the data in Chart 1 confirm the findings of recent research, which show that since 2000 progress in these indicators has become slower.[1]

An analysis of the behaviour of aggregated BCI levels shows big variations between different regions of the world. These units of aggregation make sense for at least two reasons. First, there are patterns of geographic diffusion in the design and implementation of public policies geared to reducing poverty and satisfying basic needs, as captured by the BCI and other ways of measuring absolute poverty. Second, the countries that make up each region show clear patterns of inter-dependence so they tend to behave in similar ways as regards the evolution of some of the socioeconomic indicators.

For the purposes of Chart 2, the average BCI for each region was calculated by weighting each country BCI according to its population. The graph shows that all the regions have increased their BCI values, but some of them did it only marginally. The developed countries have a very small increase because their values are nearing 100% and cannot get any better. These countries have the highest levels of human development and equity and the lowest poverty levels, and they also have the highest basic capability levels as measured by the BCI.

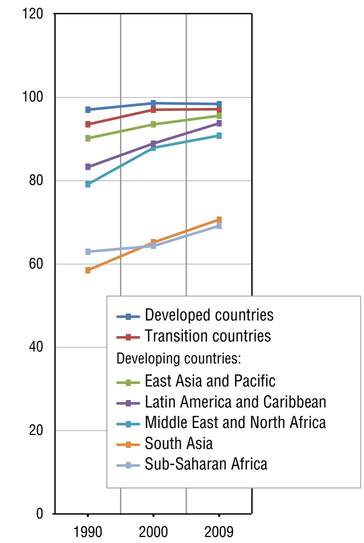
Second, the countries in transition, Latin America, the Middle East and Northern Africa show progress in the 1990-2009 period. However, the biggest advances were registered between 1990 and 2000 and their evolution between 2000 and 2009 is relatively slower. Again, the data show that BCI growth has been decelerating since 2000, when the MDGs were set, instead of accelerating.

Third, the BCI for South Asia maintained its pre-2000 growth rate in the subsequent decade, and Sub-Saharan Africa is the only region that has progressed more rapidly since 2000 than in the previous decade, when it hardly made any progress at all. Both these regions started from very low levels, and they need to accelerate even more if they are to reach average acceptable levels in the next decade. South Asia is progressing faster than Sub-Saharan Africa. This region consists of a small group of countries and its average is highly influenced by India, which grew five points in the index between 1990 and 2000 and another five points since. The enormous and heterogeneous Sub-Saharan Africa group was thus left with the lowest BCI values in 2010.

Average progress on the BCI among the developing countries in East Asia and the Pacific is very slow because of the great weight that China has in this region. China has relatively high BCI values but they are progressing very sluggishly, which stands in stark contrast to the country's behaviour as regards per capita income or the percentage of the population living on less than one dollar a day. In the last 20 years China has made tremendous progress on these two indicators, but its big progress in basic social indicators took place before the 1990s.

Table 1 shows an alternative way of looking at recent evolution, based on the levels determined by the BCI values (Critical, Very Low, Low, Medium and Acceptable). Over the last 20 years the group of countries with medium and acceptable values on the one hand, and the group of countries with low, very low and critical values on the other, inverted their positions in the sense that the former increased from 40% to 61% of all countries for which the BCI can be calculated, and the latter fell from 60% to 39% of all countries considered. In both groups the big fall in

CHART 2. Evolution of BCI by regions (1990-2009)



the number of countries in the worst situation and the increase in the number of countries with relatively better levels came about before 2000, and in the new millennium change has been slower.

Some cases of recent evolution

As well as big changes among the regions, there have been some notable changes among countries within regions. Europe and North America are relatively homogenous; the levels of variation among the countries making up these two geographical areas are low. Moreover, these regions have not shown substantial progress as they are made up of countries that already have satisfactory levels on the index. On the other hand, other regions have higher levels of variation in their evolution over the last 20 years (see Chart 2). All the levels on the general map in Evolution table contain countries that have progressed and others that have regressed.

In the group with the "acceptable" BCI levels, Albania made the most progress in the 1990s but then regressed the most in the subsequent decade. This regression was relatively slight, but it indicates a lack of continuity in efforts to improve performance on the BCI indicators. As to the group with intermediate values, it is illustrative to focus on the best and

TABLE 1. Evolution of BCI by levels (in number of countries).

	1990	2000	2010
Critical	42	35	22
Very Low	18	17	22
Low	34	19	19
Medium	29	43	40
Acceptable	33	50	58
Total	156	164	161

1 Fukuda-Parr and Greenstein, "How should MDG implementation be measured: faster progress or meeting targets?" Working paper 63. International Policy Centre for Inclusive Growth, May 2010.

worst performers. At the top end of the scale it is no surprise that Brazil has done well; it has very high rates of economic growth and a sustained political commitment that has led to substantial poverty reduction in the last 20 years. At the bottom end of the scale, as can be clearly seen from the situation of many countries in Sub-Saharan Africa that have high incomes from oil and other extractive industries, the benefits of natural resources do not automatically translate into improved social well-being, even in countries that have healthy economic indicators. It is evident that it is not enough to simply supply funds and provide services geared to poverty reduction, there also has to be collective action on the part of the agents that lead the political system. Without this commitment there cannot be social progress.

Lastly, but by no means the least important, we should look at several other countries in other BCI levels. In the low level, Guatemala and Bhutan have made enormous strides. In the very low level, countries emerging out of conflict, such as Rwanda improved considerably in 2000-2009, whereas Sudan's BCI values continued their systematic decline over the 20 years period. In the critical BCI level some countries such as Burkina Faso, Burundi and Guinea have done comparatively well but others like Nigeria, have not.

Looking to the future

In the light of the recent evolution in BCI values it is clear that extreme poverty, measured in terms of access to a pool of services that are basic to human survival, will continue to decrease over time, but the speed of poverty reduction is not automatically determined by the economy. Even at moderately low economic growth rates BCI indicators tend to fall. This has been also the case with other non-monetary poverty measurements like Unsatisfied Basic Needs, which were evaluated in a good part of Latin America in the 1980s. If the long term trend in BCI ratings is for progressively fewer countries to find themselves in the critical level and for more and more countries to attain values that are consistently above 90%, monitoring social progress will have to move from using average national indicators to other measurements that provide more levels of variation and disaggregation, particularly in countries with higher BCI values.

To make such a monitoring possible, a commitment from the international community is needed to generate better and more accurate statistics, with appropriate gender, regional and ethnical discrimination. In fact, these kinds of indicators are available for many developed countries, but very little statistical information is available about the rest of the world in this respect. Many countries will jump up to the groups with medium or acceptable BCI values in the coming years and there will be progressively more countries with stagnant values because the BCI cannot exceed 100%. The worldwide pattern of sustained BCI growth, albeit with slower growth rates since 2000, indicates that more and more countries should be monitored using more sophisticated indicators that more accurately capture the evolution of non-monetary poverty in the world.

Yet, the linear projections in Chart 4, based on the data from the 1990-2000 and 2000-2009 periods, also show that if current trends in the evolution of the BCI are maintained, big regions of the world will still be far from reaching acceptable levels in 2015. ■

CHART 4. BCI evolution by regions to 2015

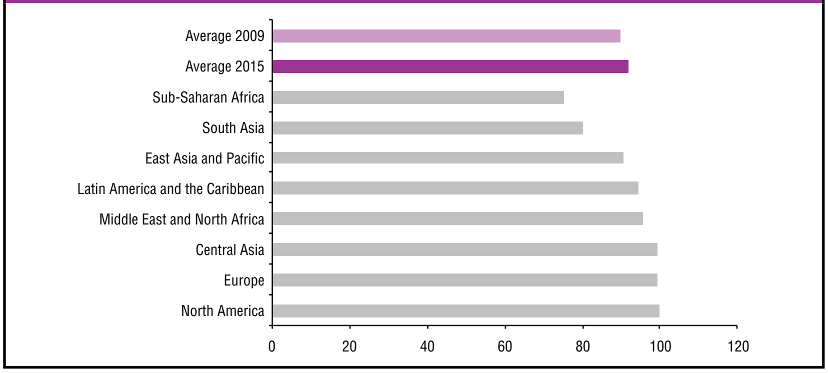
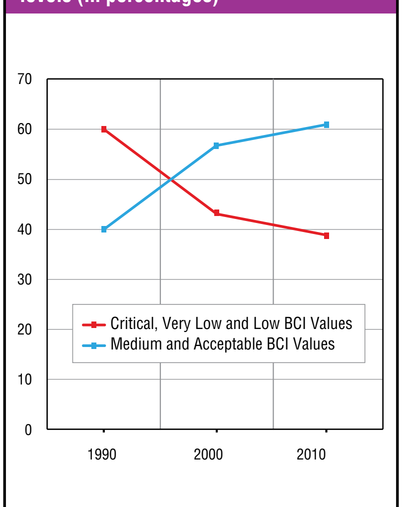


CHART 3. Evolution by broad groups of levels (in percentages)



TECHNICAL NOTES:

I. The BCI indicators:

1. Education: a) The percentage of children that reach the fifth grade in primary education; b) Net enrolment rate in primary education. The Education indicator is made up of the average of these two values (a and b)
2. Mortality among children under five. The value of this indicator is represented as I1=(100-M), as the rate of survival until the age of five, where M is the death rate in the first five years of life per 1,000 births.
3. The percentage of births attended by skilled health personnel.

II. The BCI has been calculated for three points in time, with different sources of free access information (for the complete list of sources, see <www.socialwatch.org>). So as to complete the data for 1990, 2000 and 2009, the Social Watch research team constructed a system of approximate measures (or proxies) that maximize the information available. For 1990 this involved considering all the data available in a range of 5 years, taking 1990 as a base and assuming +/- 2 years. In cases where no information before 1990 was available, the five-year range was still taken but up to 1995 inclusive. For 2000, we took a five-year range with 2000 as the base year and a criterion of +/- 2 years. Lastly, for 2009, we applied the criterion of the latest data available since 2005.[1]

III. There is a high level of correlation among the values of the three indicators, and the values of each indicator are correlated with its values at different points in time, so for countries for which we did not have information about the percentage of births attended by skilled medical personnel, we imputed values based on the other two indicators in the index (education and infant mortality).

IV. So as to be able to categorize countries' evolution, the Social Watch team applied the following cut-off points: less than one negative standard deviation from the average of evolution (Severe Regression); between one negative standard deviation from the average and -1% of the variation in the rate (Regression); between -1% and 1% of variation in the rate (Stagnation); between 1% of variation in the rate and a standard deviation over the average variation (Slight Progress); and more than one standard deviation over the variation average (Significant Progress). ■

1 The BCI values shown in the "diamonds" that appear in the national reports correspond to the BCI 2010 values.

GENDER EQUITY INDEX

GEI VALUES IN 2009

Social Watch has developed the Gender Equity Index (GEI)[1] in order to contribute to the understanding of gender-based inequities, and to monitor its situation and evolution in the different countries and regions of the world, according to a selection of indicators relevant to gender inequity in three dimensions, namely education, economic participation and empowerment. ■

Country	GEI 2009	Education	Economic Activity	Empowerment	Country	GEI 2009	Education	Economic Activity	Empowerment
Albania	55	96.3	61.9	6.6	Cuba	70	96.7	52.0	61.7
Algeria	53	96.5	39.4	22.4	Cyprus	65	97.9	68.2	29.0
Angola	60	75.3	71.3	32.8	Czech Republic	68	96.8	64.0	43.4
Argentina	72	98.8	61.9	56.2	Denmark	79	97.6	78.6	61.1
Armenia	58	97.1	71.2	4.6	Djibouti	47	74.5	56.2	10.8
Australia	75	95.2	75.0	55.0	Dominican Republic	65	97.5	49.9	47.1
Austria	71	95.1	61.0	56.6	Ecuador	72	98.5	64.3	54.3
Azerbaijan	60	91.1	73.3	15.3	Egypt	44	91.3	25.1	15.2
Bahamas	79	98.1	80.7	58.9	El Salvador	68	99.1	51.2	52.3
Bahrain	46	98.0	34.1	6.0	Equatorial Guinea	44	73.8	49.4	7.9
Bangladesh	53	85.8	53.5	18.9	Eritrea	47	62.1	54.3	24.8
Barbados	76	99.0	73.2	57.0	Estonia	73	97.6	71.2	50.8
Belarus	66	96.6	72.7	28.9	Ethiopia	53	64.8	69.7	25.5
Belgium	72	96.0	64.2	56.2	Finland	84	98.6	78.5	75.7
Belize	63	98.2	45.9	44.1	France	72	96.6	71.7	47.8
Benin	42	53.9	54.7	17.8	Gabon	53	77.7	65.9	16.7
Bolivia	66	94.8	65.7	37.6	Gambia	50	72.5	60.8	17.7
Bosnia and Herzegovina	61	93.3	76.0	13.0	Georgia	62	94.7	49.7	42.5
Botswana	66	98.8	49.0	49.5	Germany	78	93.8	67.6	73.0
Brazil	68	96.5	64.6	43.6	Ghana	58	79.4	82.5	11.0
Bulgaria	73	96.1	71.6	52.6	Greece	65	95.9	61.2	38.6
Burkina Faso	54	68.8	76.6	17.7	Guatemala	51	93.7	36.7	23.5
Burundi	64	75.8	88.1	27.9	Guinea-Bissau	47	46.9	58.3	35.6
Cambodia	62	78.1	83.5	23.2	Guyana	60	96.7	47.1	35.7
Cameroon	51	80.4	57.1	14.3	Honduras	69	99.1	53.6	54.2
Canada	74	95.9	73.8	53.7	Hong Kong	75	95.7	66.0	62.4
Cape Verde	54	97.8	40.1	22.6	Hungary	70	96.1	68.3	44.9
Central African Republic	46	55.8	70.0	11.4	Iceland	78	98.7	78.8	55.2
Chad	43	46.2	74.9	9.2	India	41	77.5	36.6	7.9
Chile	62	97.1	45.9	42.8	Indonesia	55	96.8	52.8	16.0
China	68	92.4	73.3	38.6	Iran	54	97.1	45.7	20.5
Colombia	75	98.8	69.7	56.5	Ireland	69	98.1	63.3	46.9
Congo, Rep.	45	65.4	57.4	12.6	Israel	72	97.1	75.2	44.1
Costa Rica	67	98.2	54.3	47.9	Italy	64	96.8	54.6	42.1
Côte d'Ivoire	39	64.5	38.1	15.2	Jamaica	61	99.0	64.7	18.3
Croatia	75	99.4	70.7	56.0	Japan	59	91.5	55.3	30.2

1 The GEI values that appear under the shape of diamonds in the national reports are those included in the IEG 2009, developed by the Social Sciences Research Team, Departamento de Sociología de la Facultad de Ciencias Sociales de la Universidad de la República, Uruguay, composed by Gabriel Errandonea (Coordinator), Gabriel Gómez, Daniel Umpiérrez and Ruy Blanco.

GEI VALUES IN 2009

Country	GEI 2009	Education	Economic Activity	Empowerment	Country	GEI 2009	Education	Economic Activity	Empowerment
Jordan	47	98.8	33.5	9.4	Rwanda	84	88.2	84.6	77.8
Kazakhstan	74	97.3	75.1	50.4	Samoa	49	92.7	44.5	8.6
Kenya	59	85.3	80.6	11.2	Sao Tomé and Principe	49	98.3	35.2	12.3
Korea, Rep.	53	80.0	53.9	23.6	Saudi Arabia	43	96.4	18.9	12.8
Kuwait	49	97.6	46.3	4.2	Senegal	55	76.4	61.3	27.1
Kyrgyzstan	70	98.8	65.8	45.5	Sierra Leone	45	65.9	52.8	15.1
Laos	52	80.6	59.2	16.8	Singapore	63	95.0	58.6	36.5
Latvia	75	97.1	71.0	57.0	Slovakia	69	97.0	67.2	42.2
Lebanon	47	98.4	36.2	6.2	Slovenia	65	81.8	70.7	42.8
Lesotho	64	99.5	57.6	35.9	Solomon Islands	47	82.4	58.2	0.0
Lithuania	76	97.3	75.6	53.8	South Africa	75	98.9	51.4	73.8
Luxembourg	61	98.2	60.1	23.5	Spain	77	98.4	58.3	74.1
Macedonia	67	96.1	55.5	50.1	Sri Lanka	58	98.0	43.0	32.4
Malaysia	58	98.6	46.6	29.7	St Lucia	71	98.2	59.1	55.4
Maldives	61	97.9	58.6	26.2	St Vincent and Grenadines	60	96.6	59.5	23.6
Mali	53	65.5	77.3	17.0	Sudan	43	86.4	29.1	12.4
Malta	58	96.7	49.5	28.5	Suriname	56	97.5	46.1	23.8
Mauritania	51	75.0	57.3	19.2	Swaziland	49	95.0	35.8	15.7
Mauritius	60	98.3	47.5	34.5	Sweden	88	96.3	83.8	82.9
Mexico	61	98.8	44.3	38.5	Switzerland	62	91.8	71.3	23.4
Moldova	74	97.9	71.8	51.9	Syria	54	93.3	38.8	29.2
Mongolia	70	99.4	58.2	52.6	Tajikistan	52	78.2	65.8	12.2
Morocco	45	84.0	29.2	21.4	Tanzania	72	80.5	83.9	51.3
Mozambique	64	67.6	91.5	34.2	Thailand	70	98.3	71.7	40.6
Namibia	71	96.5	65.6	50.8	Timor-Leste	66	95.1	67.0	34.9
Nepal	51	74.1	57.1	22.5	Togo	47	71.8	49.4	18.7
Netherlands	77	95.7	70.7	65.4	Trinidad and Tobago	70	98.1	53.7	58.6
New Zealand	78	97.5	76.1	59.2	Tunisia	50	96.8	33.5	18.6
Nicaragua	52	98.5	36.4	19.7	Turkey	46	85.3	35.8	17.3
Niger	47	54.0	65.8	22.1	Uganda	67	83.1	81.1	37.4
Nigeria	44	76.9	47.0	9.3	Ukraine	69	97.4	66.9	44.0
Norway	83	96.2	82.0	69.8	United Arab Emirates	50	97.3	33.4	19.2
Oman	46	96.7	23.5	17.6	United Kingdom	74	97.5	72.8	51.1
Pakistan	43	75.9	34.2	18.0	United States of America	74	97.0	72.3	52.3
Panama	70	98.1	60.8	50.4	Uruguay	69	97.1	64.0	45.1
Paraguay	67	97.6	55.6	47.2	Uzbekistan	57	89.7	68.9	12.5
Peru	70	98.8	63.4	47.0	Vanuatu	54	76.0	79.5	6.5
Philippines	76	98.5	63.5	64.8	Venezuela	68	98.3	60.8	43.9
Poland	70	96.2	68.8	45.2	Viet Nam	74	96.5	81.3	44.0
Portugal	73	97.6	69.1	52.8	Yemen	30	49.2	34.4	6.3
Qatar	48	98.0	32.7	12.2	Zambia	56	79.0	64.0	25.6
Romania	71	97.3	74.6	42.0	Zimbabwe	58	88.1	67.0	17.6
Russia	71	97.3	71.2	45.1					

NET OFFICIAL DEVELOPMENT ASSISTANCE BY DEVELOPMENT ASSITANCE COMMITTEE (DAC) COUNTRY

	USD MILLION							PER CENT OF GNI						
	1992-1993 AVERAGE	1997-1998 AVERAGE	2004	2005	2006	2007	2008	1992-1993 AVERAGE	1997-1998 AVERAGE	2004	2005	2006	2007	2008
Australia	984	1,011	1,460	1,680	2,123	2,669	2,954	0.36	0.27	0.25	0.25	0.30	0.32	0.32
Austria	205	477	678	1,573	1,498	1,808	1,714	0.11	0.23	0.23	0.52	0.47	0.50	0.43
Belgium	840	823	1,463	1,963	1,977	1,951	2,386	0.39	0.33	0.41	0.53	0.50	0.43	0.48
Canada	2,457	1,876	2,599	3,756	3,683	4,080	4,785	0.46	0.32	0.27	0.34	0.29	0.29	0.32
Denmark	1,366	1,670	2,037	2,109	2,236	2,562	2,803	1.03	0.98	0.85	0.81	0.80	0.81	0.82
Finland	499	388	680	902	834	981	1,166	0.56	0.32	0.37	0.46	0.40	0.39	0.44
France	8,093	6,024	8,473	10,026	10,601	9,884	10,908	0.63	0.41	0.41	0.47	0.47	0.38	0.39
Germany	7,269	5,719	7,534	10,082	10,435	12,291	13,981	0.36	0.27	0.28	0.36	0.36	0.37	0.38
Greece	–	176	321	384	424	501	703	–	0.15	0.16	0.17	0.17	0.16	0.21
Ireland	76	193	607	719	1,022	1,192	1,328	0.18	0.30	0.39	0.42	0.54	0.55	0.59
Italy	3,583	1,772	2,462	5,091	3,641	3,971	4,861	0.33	0.15	0.15	0.29	0.20	0.19	0.22
Japan	11,205	9,999	8,922	13,126	11,136	7,679	9,579	0.28	0.24	0.19	0.28	0.25	0.17	0.19
Luxembourg	44	103	236	256	291	376	415	0.31	0.60	0.79	0.79	0.89	0.92	0.97
Netherlands	2,639	2,994	4,204	5,115	5,452	6,224	6,993	0.84	0.80	0.73	0.82	0.81	0.81	0.80
New Zealand	97	142	212	274	259	320	348	0.25	0.26	0.23	0.27	0.27	0.27	0.30
Norway	1,144	1,314	2,199	2,786	2,954	3,728	3,963	1.09	0.86	0.87	0.94	0.89	0.95	0.88
Portugal	264	255	1,031	377	396	471	620	0.31	0.25	0.63	0.21	0.21	0.22	0.27
Spain	1,411	1,305	2,437	3,018	3,814	5,140	6,867	0.27	0.24	0.24	0.27	0.32	0.37	0.45
Sweden	2,114	1,652	2,722	3,362	3,955	4,339	4,732	1.01	0.75	0.78	0.94	1.02	0.93	0.98
Switzerland	966	904	1,545	1,772	1,646	1,685	2,038	0.39	0.33	0.40	0.43	0.39	0.38	0.42
United Kingdom	3,082	3,648	7,905	10,772	12,459	9,849	11,500	0.31	0.27	0.36	0.47	0.51	0.35	0.43
United States	10,916	7,832	19,705	27,935	23,532	21,787	26,842	0.17	0.09	0.17	0.23	0.18	0.16	0.19
TOTAL DAC	**58,318**	**50,276**	**79,432**	**107,078**	**104,368**	**103,485**	**121,483**	**0.31**	**0.23**	**0.26**	**0.33**	**0.31**	**0.28**	**0.31**
of which:														
DAC-EU countries	**31,483**	**27,199**	**42,789**	**55,750**	**59,034**	**61,538**	**70,974**	**0.44**	**0.33**	**0.35**	**0.44**	**0.43**	**0.39**	**0.43**

Source: OECD, Website Database 2010. <www.oecd.org>.

PUBLIC EXPENDITURE: the governments of the world agreed on…

"Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality."

Universal Declaration of Human Rights, Article 22, 1948.

"We call on the industrialized countries… to implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction."

Millennium Declaration, Paragraph 15, 2000.

HUMAN RIGHTS:

The right to health services, education and social security is enshrined in:

UDHR - Art. 22, 25 & 26
CERD - Art. 6
CESCR - Art. 9, 12 & 13
CEDAW - Art. 11 & 14
CRC - Art. 24, 26 & 28

INTERNATIONAL COMMITMENTS:

Public expenditure and debt are considered in:

Millennium Development Goals

World Summit for Social Development

Fourth World Conference on Women -
Beijing Platform for Action - Critical Areas of Concern

	Public health expenditure (% of GDP)			Public education expenditure (% of GDP)				Total debt service (% of export of goods, services and income)				Military expenditure (% of GDP)			
Country	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**
Afghanistan	8.8	7.9	7.6									1.6	1.5	2.1	2.2
Albania	6.6	6.6	7.0					2.5	3.7	3.1	3.0	1.3	1.5	1.8	2.0
Algeria	3.5	4.3	4.4									2.9	2.7	2.9	3.1
Andorra	7.2	7.4	7.6	1.7	2.3	2.6									
Angola	2.1	2.8	2.5	2.6	2.6			10.7	13.2	9.8	2.5	4.5	4.4	3.8	2.9
Antigua and Barbuda	5.0	5.2	4.7												
Argentina	10.4	10.2	10.0	4.8	4.5	5.5		20.2	31.1	13.1	10.7	1.0	0.9	0.7	0.8
Armenia	5.4	4.7	4.4	2.7	2.7	3.0		7.2	6.8	7.0	12.7	2.9	2.9	3.0	3.2
Aruba				4.8		4.8									
Australia	8.7	8.8	8.9	4.8	5.2							1.8	1.8	1.8	1.8
Austria	10.4	10.2	10.1	5.4								0.9	0.8	0.9	0.9
Azerbaijan	4.3	3.9	3.7	2.3	2.0	1.7	1.9	2.6	1.8	0.8	0.9	2.3	3.4	2.9	2.7
Bahamas	6.4	6.8	7.3									0.5	0.6	0.8	
Bahrain	3.8	3.6	3.7									3.6	3.4	3.2	2.7
Bangladesh	3.1	3.3	3.4		2.5	2.6	2.4	5.4	3.8	4.8	3.9	1.2	1.2	1.2	1.1
Barbados	7.0	7.1	7.0	6.9		6.9	6.7					0.9	0.8		
Belarus	6.6	6.4	6.5	5.9	6.1	5.2		3.7	3.3	3.9	3.1	1.5	1.7	1.6	1.4
Belgium	9.8	9.5	9.4	6.0	6.0							1.1	1.1	1.1	1.1
Belize	3.6	3.6	4.0			5.1		34.5	15.7	69.3	10.5	1.0	1.0		
Benin	4.7	4.7	4.8		3.9	3.6		7.2	7.0	4.2		1.1	1.0		1.0
Bermuda				2.0	1.2										
Bhutan	3.7	3.6	4.1	7.3			5.1								
Bolivia	5.3	5.1	5.0		6.3			14.3	8.4	11.7	11.3	1.8	1.6	1.7	1.5
Bosnia and Herzegovina	9.2	9.4	9.8					5.0	5.4	5.0	4.4	1.6	1.5	1.3	1.4
Botswana	7.4	6.0	5.7	9.7		8.1		0.9	1.0	0.7		2.9	2.6	2.6	3.4
Brazil	8.2	8.5	8.4	4.5	5.0			44.7	37.3	27.8	22.7	1.5	1.4	1.5	1.5
Brunei Darussalam	2.5	2.3	2.4									2.6	2.4	2.4	
Bulgaria	7.7	7.2	7.3	4.5	4.2			21.9	12.2	15.2	14.7	2.6	2.4	2.6	2.2
Burkina Faso	6.7	6.3	6.1	4.5	4.5	4.6						1.2	1.2	1.4	1.8
Burundi	11.0	13.1	13.9	5.1			7.2	39.8	40.1	40.0	28.1	6.2	4.9	4.7	3.8
Cambodia	6.4	5.9	5.9			1.6		0.7	0.6	0.5	0.6	1.1	1.1	1.1	
Cameroon	4.8	4.8	4.9	3.1	3.3	3.9		20.2	11.1	10.0		1.3	1.4	1.4	1.5
Canada	9.9	10.0	10.1	4.9								1.1	1.2	1.2	1.3
Cape Verde	4.6	4.9	4.5		6.0	5.7	5.7	6.9	4.9	4.0	3.5	0.7	0.6	0.6	0.6
Cayman Islands				2.8	2.6										
Central African Republic	4.3	4.0	4.1		1.4	1.3						1.1		1.1	1.6
Chad	4.4	4.9	4.8	1.9								1.0	1.0	1.0	1.0

	Public health expenditure (% of GDP)			Public education expenditure (% of GDP)				Total debt service (% of export of goods, services and income)				Military expenditure (% of GDP)			
Country	2005 (%)	2006 (%)	2007 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)
Chile	6.1	6.0	6.2	3.4	3.2	3.4		14.9	20.8	13.9	18.2	3.6	3.7	3.4	3.5
China	4.5	4.4	4.3					3.1	2.4	2.2	2.0	2.0	2.0	2.0	2.0
Colombia	6.3	6.2	6.1	4.0	3.9	4.1	3.9	35.6	30.5	21.3	16.2	3.3	3.4	3.3	3.7
Comoros	3.1	3.2	3.3												
Congo, Dem. Rep.	6.1	6.6	5.8									2.3	2.4	2.1	1.4
Congo, Rep.	2.4	2.1	2.4	1.8				2.0	1.3	1.0		1.3	1.1	1.4	1.3
Costa Rica	7.3	7.7	8.1		4.7	4.7	5.0	7.7	6.2	6.4	10.5				
Côte d'Ivoire	3.9	3.9	4.2				4.6	3.5	2.8	4.4	9.2	1.5	1.5	1.6	1.5
Croatia	7.0	7.1	7.6									1.6	1.7	1.6	1.8
Cuba	9.3	7.6	10.4	9.8	9..1	13.3									
Cyprus	6.1	6.2	6.6	6.3	7.0							3.8	3.6	3.2	3.7
Czech Republic	7.2	7.0	6.8	4.3	4.6							2.0	1.7	1.5	1.5
Denmark	9.5	9.6	9.8	8.3	7.9							1.3	1.4	1.3	1.3
Djibouti	6.8	6.5	7.2	8.4	8.4	8.7		4.8	6.1	6.5	6.3	6.3	6.5	4.2	4.1
Dominica	6.0	5.9	6.2			4.1	4.8	10.4	10.4	11.5					
Dominican Republic	5.5	5.6	5.4			2.2		8.2	9.9	8.6		0.7	0.5	0.6	0.6
Ecuador	5.2	5.3	5.8					29.5	23.9	18.7		2.6	2.3	2.9	2.8
Egypt	6.0	6.3	6.3	4.8	4.0	3.7	3.7	6.1	5.6	4.9	4.7	2.9	2.7	2.5	2.3
El Salvador	7.1	6.6	6.2	2.7	3.0	3.0	3.6	10.9	13.4	11.1	9.9	0.6	0.6	0.6	0.5
Equatorial Guinea	1.6	1.9	2.1												
Eritrea	3.6	3.6	3.3		2.0										
Estonia	5.0	5.1	5.4	4.9								1.9	1.9	2.2	2.2
Ethiopia	4.1	3.9	3.8		5.5	5.5		4.3	6.9	4.3	2.8	2.8	2.3	1.9	1.5
Fiji	4.2	3.7	4.0					0.8	0.8			1.5	1.3	1.4	1.3
Finland	8.5	8.3	8.2	6.3	6.1							1.4	1.4	1.2	1.3
France	11.1	11.0	11.0	5.6	5.6							2.5	2.4	2.3	2.3
Gabon	4.6	4.7	4.6					3.4				1.3	1.2	1.1	
Gambia	6.1	6.6	5.5					11.8	11.8	12.7		0.6	0.5	0.7	
Georgia	8.6	8.4	8.2	2.5	3.0	2.7	2.9	7.4	8.8	4.6	4.2	3.3	5.2	9.2	8.1
Germany	10.7	10.5	10.4	4.5	4.4							1.4	1.3	1.3	1.3
Ghana	7.3	6.1	8.3	5.4				7.0	4.9	2.9	3.2	0.6	0.6	0.8	0.7
Greece	9.4	9.5	9.6	4.0								3.4	3.4	3.3	3.5
Grenada	5.9	6.9	7.1					5.6	7.7	7.6					
Guatemala	6.0	6.8	7.3		3.0	3.0		12.4	12.5	13.2	12.2	0.4	0.4	0.4	0.5
Guinea	5.6	5.8	5.6	1.7			1.7			12.9	9.6				
Guinea-Bissau	6.3	5.9	6.1									4.0			
Guyana	6.9	7.2	8.2	8.5	8.1	6.1		3.8	3.4	2.3	2.0				
Haiti	4.6	5.8	5.3					3.6	3.4	4.5	1.9				
Honduras	5.8	5.8	6.2					5.0	4.0	3.8		0.5	0.5	0.7	0.7
Hong Kong (China)				4.2	3.9	3.5	3.3								
Hungary	8.3	8.1	7.4	5.5	5.4							1.4	1.2	1.3	1.2
Iceland	9.4	9.1	9.3	7.6	7.6										
India	4.2	4.1	4.1	3.2	3.2			13.1	7.6	13.7	8.7	2.8	2.6	2.5	2.5
Indonesia	2.0	1.9	2.2	2.9	3.6	3.5		15.4	23.1	16.3	13.4	1.2	1.2	1.2	1.0
Iran, Islamic Rep.	6.6	6.9	6.4	4.7	5.1	5.5	4.8					3.8	3.8	2.9	
Iraq	3.8	3.3	2.5												
Ireland	7.3	7.1	7.6	4.8	4.8							0.6	0.5	0.5	0.6
Israel	8.0	7.9	8.0	6.2	6.2							7.7	7.8	8.4	8.0
Italy	8.9	9.0	8.7	4.4	4.7							1.9	1.8	1.8	1.8
Jamaica	4.1	4.1	4.7	4.6		5.5		16.3	11.9	17.3	14.2	0.5	0.6	0.6	0.5
Japan	8.2	8.1	8.0	3.5	3.5							1.0	1.0	0.9	0.9
Jordan	9.4	8.5	8.9					6.4	5.9	5.7	16.0	4.8	4.7	6.1	5.9

	Public health expenditure (% of GDP)			Public education expenditure (% of GDP)				Total debt service (% of export of goods, services and income)				Military expenditure (% of GDP)			
Country	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**
Kazakhstan	3.9	3.6	3.7	2.3	2.6	2.8		42.2	33.7	49.6	41.8	1.0	1.0	1.3	1.0
Kenya	4.4	4.5	4.7	7.3	7.0	6.4	6.6	9.2	6.5	5.7	4.5	1.7	1.7	1.8	2.0
Kiribati	13.8	14.7	19.1												
Korea, Dem. Rep.															
Korea, Rep.	5.7	6.0	6.3	4.1	4.2							2.4	2.4	2.4	2.6
Kuwait	2.2	2.1	2.2	4.7	3.8							4.3	3.6	3.8	3.2
Kyrgyzstan	6.0	6.7	6.5	4.9	5.5	6.6		10.0	4.9	6..4	8.2	3.1	3.2	3.1	2.4
Lao PDR	4.3	4.0	4.0	2.4	2.9	3.0	2.3	17.3	16.2	15.2		0.4	0.4	0.3	
Latvia	6.3	6.9	6.2		5.1			39.1	33.3	33.5	37.7	1.7	1.8	1.7	1.9
Lebanon	8.5	9.1	8.8	2.6	2.8	2.6	2.0	18.7	20.7	18.6	14.0	4.4	4.6	5.1	4.4
Lesotho	6.2	6.7	6.2	14.2	13.8		12.4	7.4	3.9	6.9	2.5	2.4	2.3	2.4	2.6
Liberia	9.4	9.8	10.6				2.7	0.2	0.1	103.8	131.3	1.0	1.0	0.5	
Libya	2.6	2.4	2.7									1.5	1.1	0.9	1.2
Lithuania	5.9	6.2	6.2	4.9	4.8			16.6	21.8	36.6	30.6	1.6	1.6	1.5	1.6
Luxembourg	7.7	7.3	7.1									0.8	0.8	0.7	
Macao (China)				2.4	2.3	2.0									
Macedonia	7.8	7.6	7.1				4.7	9.7	16.9	15.3	8.7	2.2	2.0	2.1	2.0
Madagascar	3.7	3.9	4.1	3.2	3.1	3.4	2.9	5.8				1.1	1.0	1.1	1.1
Malawi	10.7	12.9	9.9									1.2	1.2	1.2	
Malaysia	4.1	4.3	4.4	7.5	4.7			5.6	4.0	4.8		2.3	2.1	2.1	2.0
Maldives	10.6	10.4	9.8	7.8	8.0		8.1	7.2	4.9	5.6	6.2				
Mali	5.5	5.7	5.7	4.1			3.8	6.3	4.4	2.9		2.3	2.2	2.3	2.0
Malta	8.5	8.4	7.5									1.7	1.6	1.5	
Marshall Islands	13.6	14.4	14.7												
Mauritania	2.9	2.4	2.4	2.3	2.9		4.4					3.6	3.1		3.8
Mauritius	4.2	3.8	4.2	4.4	3.9			5.8	5.8	2.9	2.8	0.2	0.2	0.2	
Mexico	5.9	5.7	5.9	5.0	4.8			17.5	18.8	12.3	12.1	0.4	0.3	0.4	0.4
Micronesia, Fed. Sts.	13.1	13.3	13.2												
Moldova	8.4	9.4	10.3	7.2	7.5	8.3	8.2	10.2	12.2	9.5	11.3	0.4	0.5	0.5	0.4
Monaco	4.6	4.4	4.0												
Mongolia	3.9	3.9	4.3			5.1		2.3	2.1			1.3	1.2	1.4	
Montenegro	9.6	9.3	8.9										2.0	1.4	1.5
Morocco	5.2	5.2	5.0	5.9	5.5			11.3	12.2	11.5	10.3	3.4	3.3	3.2	3.3
Mozambique	5.4	5.0	4.9	5.2	5.0			3.7	1.6	1.1	1.2	0.9	0.8	0.9	0.9
Myanmar	2.1	2.1	1.9					3.2	2.5						
Namibia	7.3	7.2	7.6		6.0		6.5					2.6	2.5	2.6	3.0
Nepal	6.0	5.6	5.1				3.8	4.6	5.0	4.5	3.6	1.9	1.7	1.6	1.5
Netherlands	9.1	8.9	8.9	5.5	5.5							1.5	1.5	1.5	1.4
New Zealand	8.8	9.3	9.0	6.5	6.2	6.2						1.0	1.0	1.0	1.1
Nicaragua	7.4	7.6	8.3					6.6	5.5	11.7	7.3	0.7	0.7	0.7	0.6
Niger	5.7	5.9	5.3		3.3	4.1	3.7	6.3	25.9	3.1					
Nigeria	6.6	6.5	6.6					15.8		1.4					
Norway	9.1	8.6	8.9	7.0	6.5							1.6	1.5	1.5	1.3
Oman	2.6	2.4	2.4	3.5	4.0							11.8	11.0	10.4	
Pakistan	2.8	2.7	2.7	2.3	2.6	2.8	2.9	10.1	8.6	8.9	8.7	4.0	3.8	3.6	3.3
Palau	11.4	10.5	10.8												
Panama	7.5	7.0	6.7				3.8	17.5	21.9	5.6	9.2				
Papua New Guinea	4.3	3.3	3.2					11.2				0.6	0.5	0.6	0.4
Paraguay	6.7	6.4	5.7					10.9	7.2	6.0	4.8	0.8	0.8	0.8	0.8
Peru	4.5	4.3	4.3	2.7	2.5	2.5		26.5	12.8	24.7	12.5	1.5	1.3	1.2	1.2
Philippines	3.7	3.8	3.9	2.5				16.8	19.6	13.0	15.5	0.9	0.9	0.9	0.8
Poland	6.2	6.2	6.4	5.5	5.7			28.6	24.3	25.5	25.0	1.9	1.9	1.9	2.0

	Public health expenditure (% of GDP)			Public education expenditure (% of GDP)				Total debt service (% of export of goods, services and income)				Military expenditure (% of GDP)			
Country	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**	**2005 (%)**	**2006 (%)**	**2007 (%)**	**2008 (%)**
Portugal	10.2	9.9	10.0	5.4	5.3							2.2	2.1	2.0	2.0
Qatar	4.0	4.2	3.8	3.3											
Romania	5.1	4.5	4.7	3.5				18.2	18.4	19.2	25.3	2.0	1.8	1.5	1.5
Russian Federation	5.2	5.3	5.4	3.8	3.9	4.1	4.0	14.6	13.8	9.2	11.5	3.7	3.6	3.5	3.5
Rwanda	7.6	11.0	10.3	3.4		4.8	4.1	8.1	9.7	4.0		1.9	1.9	1.6	1.5
Samoa	4.6	4.8	5.0					4.6	5.4	7.7					
San Marino	7.5	7.2	7.1												
Sao Tomé and Principe	12.6	12.6	11.2					39.8	39.1	39.2					
Saudi Arabia	3.2	3.4	3.4									8.0	8.3	9.2	8.2
Senegal	5.4	5.8	5.7	5.1	4.8			6.4	5.7	4.4		1.4	1.6	1.7	1.6
Serbia	9.0	9.3	9.9							12.1	13.9	2.4	2.3	2.4	2.3
Seychelles	5.3	5.0	5.1		5.0			7.9	20.6	12.4		1.7	1.5	1.7	1.0
Sierra Leone	5.7	4.0	4.4	3.8				6.5	9.1	1.9		1.9	2.0	1.8	2.3
Singapore	3.3	3.2	3.1				2.8					4.5	4.3	4.0	4.1
Slovakia	7.0	7.3	7.7	3.8	3.8							1.7	1.6	1.5	1.6
Slovenia	8.5	8.3	7.8	5.7	5.7							1.4	1.6	1.4	1.6
Solomon Islands	4.6	4.7	4.6					8.9	2.0						
Somalia															
South Africa	9.1	8.8	8.6	5.4	5.4	5.3	5.1	4.5	6.6	5.5	4.4	1.6	1.5	1.4	1.4
Spain	8.3	8.4	8.5	4.2	4.3							1.0	1.2	1.2	1.2
Sri Lanka	4.0	4.2	4.2					4.6	8.7	6.9	9.3	2.5	2.8	2.9	3.0
St. Kitts and Nevis	5.4	5.8	6.0	9.9				17.6	16.7	17.9					
St. Lucia	5.7	6.4	6.3	5.5	6.5		6.3	5.9	7.3	7.7					
St. Vincent and the Grenadines	5.9	6.0	5.4	8.0		7.0		10.3	13.4	10.3					
Sudan	3.8	3.8	3.5					6.6	4.6	3.3	2.5	4.3	4.2		
Suriname	7.8	7.6	7.6												
Swaziland	7.4	6.6	6.0	7.9	8.3		7.9	1.5	1.6	1.9		2.4	2.2	2.1	
Sweden	9.2	9.1	9.1	7.0	6.9							1.5	1.4	1.4	1.3
Switzerland	11.2	10.8	10.8	5.7	5.5							0.9	0.8	0.8	0.8
Syrian Arab Republic	4.2	3.9	3.6		5.3	4.9						5.1	4.4	4.1	3.4
Tajikistan	5.0	5.0	5.3	3.5	3.4	3.4	3.5	4.1	2.5	1.9	3.1				
Tanzania	3.9	6.5	5.3					4.3	3.1	1.5	1.2	1.0	1.0	1.0	0.9
Thailand	3.5	3.7	3.7	4.4	4.5	4.0		13.7	9.4	8.2	7.7	1.1	1.1	1.3	1.5
Timor-Leste	14.9	16.4	13.6				7.1								
Togo	5.9	6.4	6.1	3.4	3.6	3.7		2.0	2.4	1.2		1.6			2.0
Tonga	4.7	5.2	4.4					3.9	3.4	3.1		1.2	1.4	1.5	
Trinidad and Tobago	4.7	4.4	4.8												
Tunisia	6.2	6.1	6.0	7.2	7.1			12.6	14.3	11.3		1.6	1.6	1.3	1.3
Turkey	5.7	4.8	5.0					37.0	32.3	31.5	29.5	2.5	2.5	2.1	2.2
Turkmenistan	3.4	2.8	2.6												
Uganda	6.4	6.6	6.3				3.8	9.0	5.2	2.1	1.7	2.4	2.2	2.3	
Ukraine	6.9	6.9	6.9	6.1	6.2	5.3		13.0	18.1	16.9	19.4	2.8	2.8	2.9	2.7
United Arab Emirates	2.6	2.6	2.7	1.3								1.9			
United Kingdom	8.2	8.5	8.4	5.5	5.6							2.4	2.4	2.4	2.4
United States of America	15.4	15.5	15.7	5.4	5.7							4.1	4.0	4.1	4.3
Uruguay	7.9	8.1	8.0	2.7	2.8	3.5	3.9	33.8	85.5	15.5	14.6	1.3	1.3	1.2	1.2
Uzbekistan	5.0	5.3	5.0												
Vanuatu	3.4	3.2	3.6				6.1	1.3	1.7	1.4					
Venezuela	5.4	5.7	5.8		3.6	3.7		9.4	13.0	7.0	5.6	1.4	1.6	1.3	1.1
Viet Nam	6.0	6.6	7.1				5.3	2.6	2.1	2.2	1.9	1.8	1.9	2.1	2.0
Yemen	4.4	4.3	3.9				5.2	2.6	2.5	2.9	2.4	4.9	4.3	4.9	4.5
Zambia	7.0	6.4	6.2	2.0		1.5	1.4	10.9	3.8	2.5	3.2	2.0	1.9	1.3	1.8
Zimbabwe	8.9	9.3	8.9									3.8			

Source: World Bank indicators, <data.worldbank.org/indicator/>.

STATUS OF RATIFICATIONS OF INTERNATIONAL TRATIES MENTIONED IN THE MILLENNIUM DECLARATION

Up to August 2010

A: Rome Statute of the International Criminal Court, 1998. Entry into force: 1 July 2002.
B: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, 1997. Entry into force: 1 March 1999.
C: Protocol II on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended on 3 May 1996 annexed to the Convention on Certain Conventional Weapons, 1996. Entry into force: 3 December 1998.
D: Kyoto Protocol to the United Nations Framework Convention on Climate Change, 1997. Entry into force: 16 February 2005.
E: Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict, 2000. Entry into force: 12 February 2002.
F: Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography, 2000. Entry into force: 18 January 2002.
G: Convention on Biological Diversity, 1992. Entry into force: 29 December 1993.
H: United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, 1994. Entry into force: 26 December 1996.

	A	B	C	D	E	F	G	H		A	B	C	D	E	F	G	H
Afghanistan	●	●			●	●	●	●	Croatia	●	●	●	●	●	●	●	●
Albania	●	●	●	●	●	●	●	●	Cuba			●	●	●	●	●	●
Algeria	❍	●		●	●	●	●	●	Cyprus	●	●	●	●		●	●	●
Andorra	●	●			●	●		●	Czech Republic	●	●	●	●	●	●	●	●
Angola	❍	●		●	●	●	●	●	Denmark	●	●	●	●	●	●	●	●
Antigua and Barbuda	●	●		●		●	●	●	Djibouti	●	●	●	●		●	●	●
Argentina	●	●	●	●	●	●	●	●	Dominica	●	●		●	●	●	●	●
Armenia	❍			●	●	●	●	●	Dominican Republic	●	●	●	●	❍	●	●	●
Australia	●	●	●	●	●	●	●	●	Ecuador	●	●	●	●	●	●	●	●
Austria	●	●	●	●	●	●	●	●	Egypt	❍			●	●	●	●	●
Azerbaijan				●	●	●	●	●	El Salvador		●	●	●	●	●	●	●
Bahamas	❍	●		●		●	●	●	Equatorial Guinea		●		●		●	●	●
Bahrain	❍			●	●	●	●	●	Eritrea	❍	●		●	●	●	●	●
Bangladesh	●	●	●	●	●	●	●	●	Estonia	●	●		●	❍	●	●	
Barbados	●	●		●		●	●	●	Ethiopia		●		●		●	●	●
Belarus		●	●	●	●	●	●	●	European Comunity				●			●	●
Belgium	●	●	●	●	●	●	●	●	Fiji	●	●		●	❍	●	●	●
Belize	●	●		●	●	●	●	●	Finland	●		●	●	●	●	●	●
Benin	●	●		●	●	●	●	●	France	●	●	●	●	●	●	●	●
Bhutan		●		●	●	●	●	●	Gabon	●	●		●	❍	●	●	●
Bolivia	●	●	●	●	●	●	●	●	Gambia	●	●		●	❍	●	●	●
Bosnia and Herzegovina	●	●	●	●	●	●	●	●	Georgia	●		●	●		●	●	●
Botswana	●	●		●	●	●	●	●	Germany	●	●	●	●	●	●	●	●
Brazil	●	●	●	●	●	●	●	●	Ghana	●	●		●	❍	●	●	●
Brunei Darussalam		●		●		●		●	Greece	●	●	●	●	●	●	●	●
Bulgaria	●	●	●	●	●	●	●	●	Grenada		●		●		●	●	●
Burkina Faso	●	●	●	●	●	●	●	●	Guatemala		●	●	●	●	●	●	●
Burma				●		●	●	●	Guinea	●	●		●		●	●	●
Burundi	●	●		●	●	●	●	●	Guinea-Bissau	❍	●	●	●	❍	●	●	●
Cambodia	●	●	●	●	●	●	●	●	Guyana	●	●		●		●	●	●
Cameroon	❍	●	●	●	❍	●	●	●	Haiti	❍	●		●	❍	●	●	●
Canada	●	●	●	●	●	●	●	●	Honduras	●	●	●	●	●	●	●	●
Cape Verde	❍	●	●	●	●	●	●	●	Hungary	●	●	●	●	●	●	●	●
Central African Republic	●	●		●		●	●	●	Iceland	●	●	●	●	●	●	●	●
Chad	●	●		●	●	●	●	●	India			●	●	●	●	●	●
Chile	●	●		●	●	●	●	●	Indonesia		●		●	❍	●	●	●
China			●	●	●	●	●	●	Iran, Islamic Republic	❍			●		●	●	●
Colombia	●	●	●	●	●	●	●	●	Iraq		●		●	●	●		
Comoros	●	●		●		●	●	●	Ireland	●	●	●	●	●	●	●	●
Congo, Dem. Rep.	●	●		●	●	●	●	●	Israel	❍		●	●	●	●	●	●
Congo, Rep.	●	●		●			●	●	Italy	●	●	●	●	●	●	●	●
Cook Islands	●	●		●			●	●	Jamaica	❍	●		●	●	●	●	●
Costa Rica	●	●	●	●	●	●	●	●	Japan	●	●	●	●	●	●	●	●
Côte d'Ivoire	❍	●		●		●	●	●	Jordan	●	●		●	●	●	●	●

● Ratification, accession, approval, notification or succession, acceptance, consent to be bound or definitive signature.
❍ Signature not yet followed by ratification.

	A	B	C	D	E	F	G	H
Kazakhstan				●	●	●	●	●
Kenya	●	●		●	●	●	●	●
Kiribati		●		●		●	●	●
Korea, Dem. Rep.				●		●	●	●
Korea, Rep.	●			●	●	●	●	●
Kuwait	❍	●		●	●	●	●	●
Kyrgyzstan	❍			●	●	●	●	●
Lao, PDR			●	●	●	●	●	●
Latvia	●	●	●	●	●	●	●	●
Lebanon				●	❍	●	●	●
Lesotho	●	●	●	●	●	●	●	●
Liberia	●	●	●	●	❍	●	●	●
Libya				●	●	●	●	●
Liechtenstein	●	●	●	●	●	●	●	●
Lituania	●	●		●	●	●	●	●
Luxemburg	●	●	●	●	●	●	●	●
Macedonia	●	●	●	●	●	●	●	●
Madagascar	●	●	●	●	●	●	●	●
Malawi	●	●		●	❍	●	●	●
Malaysia		●		●		●	●	●
Maldives		●		●	●	●	●	●
Mali	●	●	●	●	●	●	●	●
Malta	●	●	●	●	●	●	●	●
Marshall Islands	●	❍		●		●	●	●
Mauritania		●		●		●	●	●
Mauritius	●	●	●	●	●	●	●	●
Mexico	●	●	●	●	●	●	●	●
Micronesia, Fed. States				●	❍	●	●	●
Moldova	❍	●	●	●	●	●	●	●
Monaco	❍	●		●	●	●	●	●
Mongolia	●		●	●	●	●	●	●
Montenegro	●	●	●	●	●	●	●	●
Morocco	❍		●	●	●	●	●	●
Mozambique	❍	●		●	●	●	●	●
Namibia	●	●		●	●	●	●	●
Nauru	●	●	●	●	❍	●	●	●
Nepal				●	●	●	●	●
Netherlands	●	●	●	●	●	●	●	●
New Zealand	●	●	●	●	●	●	●	●
Nicaragua		●		●	●	●	●	●
Niger	●	●	●	●		●	●	●
Nigeria	●	●		●	❍	●	●	●
Niue		●		●			●	●
Norway	●	●	●	●	●	●	●	●
Oman	❍			●	●	●	●	●
Pakistan			●	●	❍	●	●	●
Palau		●		●		●	●	●
Panama	●	●	●	●	●	●	●	●
Papua New Guinea		●		●		●	●	●
Paraguay	●	●	●	●	●	●	●	●
Peru	●	●		●	●	●	●	●
Phillippines	❍	●	●	●	●	●	●	●
Poland	●	❍	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●
Qatar		●	●	●	●	●	●	●
Romania	●	●	●	●	●	●	●	●
Russian Federation	❍		●	●	●	●	●	●
Rwanda		●		●	●	●	●	●
Saint Kitts and Nevis	●	●		●		●	●	●
Saint Lucia	❍	●		●		●	●	●
San Marino	●	●		●	❍	●	●	●
Saint Vincent and Granadines	●	●		●		●	●	●
Samoa	●	●		●		●	●	●
Sao Tomé and Principe	❍	●		●		●	●	●
Saudi Arabia				●		●	●	●
Senegal	●	●		●	●	●	●	●
Serbia	●	●	●	●	●	●	●	●
Seychelles	❍	●	●	●	❍	●	●	●
Sierra Leone	●	●		●	●	●	●	●
Singapore				●	●	●	●	●
Slovakia	●	●	●	●	●	●	●	●
Slovenia	●	●	●	●	●	●	●	●
Solomon Islands	❍	●		●		●	●	●
Somalia				●	❍	●	●	●
South Africa	●	●	●	●	●	●	●	●
Spain	●	●	●	●	●	●	●	●
Sri Lanka			●	●	●	●	●	●
Sudan	❍	●		●	●	●	●	●
Suriname		●		●	❍	●	●	●
Swaziland	●	●		●		●	●	●
Sweden	●	●	●	●	●	●	●	●
Switzerland	●	●	●	●	●	●	●	●
Syrian Arab Republic	❍			●	●	●	●	●
Tajikistan	●	●	●	●	●	●	●	●
Tanzania	●	●		●	●	●	●	●
Thailand	❍	●		●	●	●	●	●
Timor-Leste	●	●		●	●	●		●
Togo		●	●	●	●	●	●	●
Tonga				●		●	●	●
Trinidad and Tobago	●	●		●		●	●	●
Tunisia		●	●	●	●	●	●	●
Turkey		●		●	●	●	●	●
Turkmenistan		●	●	●	●	●	●	●
Tuvalu				●		●	●	●
Uganda	●	●	●	●	●	●	●	●
Ukraine	❍	●	●	●	●	●	●	●
United Arab Emirates	❍			●		●	●	●
United Kingdom	●	●	●	●	●	●	●	●
United States of America	❍		●	❍	●	●	❍	●
Uruguay	●	●	●	●	●	●	●	●
Uzbekistan	❍		●	●	●	●	●	●
Vanuatu		●		●	●	●	●	●
Vatican		●	●		●	●		
Venezuela	●	●	●	●	●	●	●	●
Viet Nam				●	●	●	●	●
Yemen	❍	●		●	●	●	●	●
Zambia	●	●		●		●	●	●
Zimbabwe	❍	●		●		●	●	●

Source: United Nations Treaty Collection website, Database "Status of Multilateral Treaties Deposited with the Secretary General" (untreaty.un.org/).

● Ratification, accession, approval, notification or succession, acceptance, consent to be bound or definitive signature.
❍ Signature not yet followed by ratification.

RATIFICATIONS OF FUNDAMENTAL ILO CONVENTIONS

Up to August 2010

C87: Freedom of Association and Protection of the Right to Organise Convention, 1948.

C98: Right to Organise and Collective Bargaining Convention, 1949.

C100: Equal Remuneration Convention, 1951.

C105: Abolition of Forced Labour Convention, 1957.

C111: Discrimination (Employment and Occupation) Convention, 1958.

C138: Minimum Age Convention, 1973.

C182: Worst Forms of Child Labour Convention, 1999.

Countries that have ratified all these conventions:
Albania; Algeria; Angola; Antigua and Barbuda; Argentina; Armenia; Austria; Azerbaijan; Bahamas; Barbados; Belarus; Belgium; Belize; Benin; Bolivia; Bosnia and Herzegovina; Botswana; Bulgaria; Burkina Faso; Burundi; Cambodia; Cameroon; Central African Republic; Chad; Chile; Colombia; Comoros; Congo, DR; Congo, Rep.; Costa Rica; Côte d'Ivoire; Croatia; Cyprus; Czech Republic; Denmark; Djibouti; Dominica; Dominican Republic; Ecuador; Egypt; El Salvador; Equatorial Guinea; Estonia; Ethiopia; Fiji; Finland; France; Gambia; Georgia; Germany; Greece; Grenada; Guatemala; Guinea; Guyana; Haiti; Honduras; Hungary; Iceland; Indonesia; Ireland; Israel; Italy; Jamaica; Kazakhstan; Kyrgyzstan; Latvia; Lesotho; Libya; Lithuania; Luxembourg; Macedonia; Madagascar; Malawi; Mali; Malta; Mauritania; Mauritius; Moldova; Mongolia; Montenegro; Mozambique; Netherlands; Nicaragua; Niger; Nigeria; Norway; Pakistan; Panama; Papua New Guinea; Paraguay; Peru; Philippines; Poland; Portugal; Romania; Russian Federation; Rwanda; San Marino; Sao Tome and Principe; Senegal; Serbia; Seychelles; Slovakia; Slovenia; South Africa; Spain; Sri Lanka; St Kitts and Nevis; St Vincent and Grenadines; Swaziland; Sweden; Switzerland; Syria; Tajikistan; Tanzania; Togo; Trinidad and Tobago; Tunisia; Turkey; Uganda; Ukraine; United Kingdom; Uruguay; Venezuela; Yemen; Zambia; Zimbabwe.

COUNTRIES THAT HAVE NOT RATIFIED ALL THE MENTIONED CONVENTIONS	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Afghanistan	□	□	■	■	■	□	■
Australia	■	■	■	■	■	□	■
Bahrain	□	□	■	□	■	□	■
Bangladesh	■	■	■	■	■	□	■
Brazil	□	■	■	■	■	■	■
Burma / Myanmar	■	□	□	□	□	□	□
Canada	■	□	■	■	■	□	■
Cape Verde	■	■	■	■	■	□	■
China	□	□	□	■	■	■	■
Cuba	■	■	■	■	■	■	□
Eritrea	■	■	■	■	■	■	□
Gabon	■	■	■	■	■	□	■
Ghana	■	■	■	■	■	□	■
Guinea-Bissau	□	■	■	■	■	■	■
India	□	□	■	■	■	□	□
Iran, Islamic Rep.	□	□	■	■	■	□	■
Iraq	□	■	■	■	■	■	■
Japan	■	■	□	■	□	■	■
Jordan	□	■	■	■	■	■	■
Kenya	□	■	■	■	■	■	■
Korea, Rep.	□	□	□	■	■	■	■
Kuwait	■	■	■	□	■	■	■
Lao PDR	□	□	□	■	■	■	■
Lebanon	□	■	■	■	■	■	■
Liberia	■	■	■	□	■	□	■

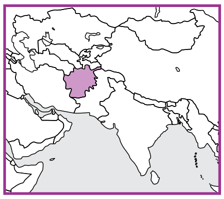
COUNTRIES THAT HAVE NOT RATIFIED ALL THE MENTIONED CONVENTIONS	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Malaysia	□	■	●	■	□	■	■
Mexico	■	□	■	■	■	□	■
Morocco	□	■	■	■	■	■	■
Nepal	□	■	■	■	■	■	■
New Zealand	□	■	■	■	■	□	■
Oman	□	□	■	□	□	■	■
Qatar	□	□	■	□	■	■	■
Saudi Arabia	□	□	■	■	■	□	■
Sierra Leone	■	■	■	■	■	□	□
Singapore	□	■	●	■	□	■	■
Solomon Islands	□	□	□	□	□	□	□
Somalia	□	□	■	□	■	□	□
St. Lucia	■	■	■	■	■	□	■
Sudan	□	■	■	■	■	■	■
Suriname	■	■	■	□	□	□	■
Thailand	□	□	■	■	□	■	■
Timor-Leste	■	■	□	□	□	□	■
Turkmenistan	■	■	■	■	■	□	□
United Arab Emirates	□	□	■	■	■	■	■
United States of America	□	□	■	□	□	□	■
Uzbekistan	□	■	■	■	■	■	■
Vanuatu	■	■	■	■	■	□	■
Viet Nam	□	□	□	■	■	■	■

Source: ILOLEX. ILO website Database (www.ilo.org/).

- ■ Convention ratified
- □ Convention not yet ratified
- ● Convention denounced

NATIONAL REPORTS

More and better aid is imperative



After more than a quarter of a century of war and almost a decade of international community involvement in ending the Taliban regime, Afghanistan remains unstable. Despite huge spending on security, this is still weak in many parts of the country. The Government's domestic revenues are limited and spending is mostly covered by grants, loans and the external budget. Aid for development has been insufficient and in many cases wasteful and ineffective. Such resources should be used not for political and military gain but to establish a humanitarian space for development – especially in conflict zones.

Coordination of Humanitarian Assistance (CHA)
Sanayee Development Organization (SDO)[1]
Dr Mudassir Rasuli

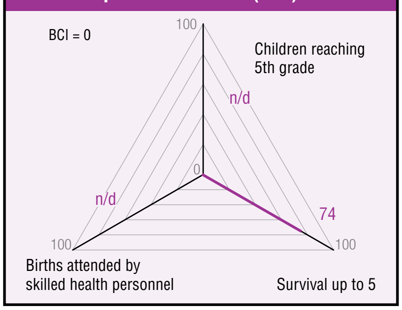
In 2001 the Taliban regime was overthrown by the forces of the Northern Alliance and the American-led coalition. An interim Government came into power – based on the Bonn Agreement[2] – which in 2004 approved a new Constitution. That same year, one year after the presidential election, the parliamentary election took place. After a short period of relative peace in most part of the country, the situation began to deteriorate due to the activities of Taliban-armed groups. The International Security Assistance Force (ISAF) brought in more and more forces and provided training to the national army and police; however, the situation continued to worsen year after year.

The Government faces the challenge of fighting armed opposition groups and has also had to deal with shocks – like a serious drought in 2008 – that affect the poorest people in rural areas. At the same time, it needs to demonstrate its legitimacy through implementing the Constitution, holding elections and managing the work of reconstruction and development.

There have been some positive changes in health-related indicators – for example, the under-5 mortality rate shows a reduction from 257 to 161 per 1,000 live births thanks to the expansion of basic health services and improved immunization coverage. Also the infant mortality rate has gone down from 129 to 111 per 1,000 live births. Births attended by skilled personnel have increased from 15% in 2005 to 24% in 2008. There is no recent information on the maternal mortality rate; the latest data showed 1,600 per 100,000 live births (one of the highest in the world).[3]

For a country that after Niger has the world's lowest level of human development,[4] it is imperative – morally and politically – to face the problems of poverty and governance. Aid is critical to this effort, but it must be spent more responsibly and effectively.

Basic Capabilities Index (BCI) 2010



Security

Reconstruction and development are taking place side by side but are jeopardized by insecurity and criminality. Armed opposition groups are able to launch operations even against the "green zone" in the capital.[5] The number of civilian casualties has been increasing annually and almost 6,000 Afghan civilians were killed or injured in 2009 – more than 16 each day.[6] Statistics released by the UN Assistance Mission in Afghanistan (UNAMA) show that 2009 was the deadliest for civilians since 2001, with 2,412 civilian casualties – 14% higher than the 2,118 in 2008. Of these 67% (1,630) were attributed to anti-Government elements and 25% (596) to pro-Government forces. The remaining 8% (186) could not be attributed to any of the conflicting parties as they died as the result of cross fire or unexploded ordinance.[7]

The ISAF led by the North Atlantic Treaty Organization (NATO) along with the Afghan national army and police are not able to guarantee a peaceful and secure environment, especially in the south of the country. Furthermore, corruption is widespread. These factors have hampered planned reconstruction, relief and development works. The destruction of infrastructure has continued with the burning of rebuilt schools, government offices and other public buildings in the southern region. Things are somewhat more settled in the north, east and central regions.

Production and resources allocation

The country has launched its own poverty reduction strategy paper, the Afghanistan National Development Strategy, which was developed as a requirement for debt relief. With USD 8 billion of external debt, the country has been considered a Highly Indebted Poor Country since 2009. A recent debt relief initiative from the Paris Club cancelled USD 1 billion, which will allow the country to spend more on development and social protection.

As the Government's revenues can only partly cover the current budget, the development budget is totally funded by external resources. The current budget for 2010-2011 is USD 2.37 billion, 18% higher than the 2009-2010 budget. The major portion is allocated to security and military upgrading. In contrast only 14% and 7% of the budget was allocated to education and health respectively. The development budget has decreased to USD 1.7 billion for 2010–2011, a 31% reduction over the 2009–2010 budget. Although each year there is a slight growth in government revenue, limited resources for infrastructure, agriculture and education hamper efforts to achieve poverty elimination and universal education coverage.

The import of materials for construction – such as cement and steel – exacerbates the problem of capital flight abroad. Due to a lack of skilled labour, the big contractors for public projects bring people in from other countries and local labour plays only a small part in these activities.

Agriculture is one of the biggest sectors of the economy, mainly through poppy cultivation. In the last decades it has been strongly affected by drought. With its old technology and very basic irrigation infrastructure, the sector also has to compete with imported products from countries such as Iran, Pakistan and Uzbekistan where these technologies are much more developed. Furthermore, due to lack of storage and processing facilities, farmers must sell their produce quickly and at low prices.

1 The report was also reviewed by Abdul Aziz Naderi, Programme Director of SDO.

2 "Agreement on Provisional Arrangements in Afghanistan Pending the Re-establishment of Permanent Government Institutions." See: <www.afghangovernment.com/AfghanAgreementBonn.htm>.

3 Central Statistics Organization, "National Risk and Vulnerability Assessment," 2008. Available from: <nrva.cso.gov.af/>.

4 UNDP, *Human Development Report 2009. Overcoming Barriers: Human Mobility and Development*, New York, 2009.

5 Much of central Kabul has been barricaded off to protect military bases, embassies, government offices and courtrooms and thus resembles the "Green Zone" in Baghdad.

6 "UNAMA calls for safety first, as civilian casualties rise by 14% in 2009," press release. Available from: <unama.unmissions.org/Default.aspx?tabid=1760&ctl=Details&mid=2002&ItemID=7265>.

7 *Ibid.*

Aid

After the collapse of the Taliban regime in 2001, there were large-scale pledges of aid by donors that quickly led to the rehabilitation of many urban centres and roads as well as small public infrastructure projects in rural areas. However, these have not yet improved the living standards of people in rural areas. The only big investments have been in high-return sectors such as construction and telecommunications, in which a total of USD 1.3 billion had been invested by the end of 2008.[8]

International assistance constitutes around 90% of public expenditure. The effectiveness of aid has a major role on peace and stability in the country. However, aid has been insufficient and in many cases wasteful and ineffective. It is also estimated that 40% has returned to donor countries in corporate profits and consultant salaries. The manager of a private construction company based in Kabul stated in December 2007 that some private companies who get direct contracts from the big contractors take 50% of the budget before sub-contracting with a third company.[9]

Spending on reconstruction is only a fraction of military spending. The cost of keeping one American soldier in Afghanistan is approximately USD 1 million a year,[10] and some 57% of the almost USD 47 billion in US aid since 2001 has gone to training and equipping the Afghan forces.[11]

Facts on aid to Afghanistan

- There is an aid shortfall of USD 10 billion – equivalent to 30 times the annual national education budget; donors have committed to give USD 25 billion in aid since 2001 but have only delivered USD 15 billion.
- An estimated 40% of aid goes back to donor countries in corporate profits and consultant salaries – some USD 6 billion since 2001.
- Largely due to lack of coordination and communication, the Government does not know how one third of all aid has been spent since 2001 – some USD 5 billion.
- The US military spends close to USD 100 million a day in Afghanistan; yet the average volume of aid spent by all donors since 2001 is just USD 7 million per day.
- Over half of aid is tied, requiring the procurement of donor country goods and services.
- Over two thirds of aid bypasses the Government.
- According to the latest figures from the Organisation for Economic Co-operation and Development (OECD), less than 40% of technical assistance is coordinated with the Government and only one third of donor analytical or assessment work is conducted jointly.
- Profit margins on reconstruction contracts for international and Afghan contractor companies are often 20% and can be as high as 50%.
- Most full-time expatriate consultants, working in private consulting companies, cost USD 250,000-500,000 a year.

Source: Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan,* ACBAR Advocacy Series (Kabul: Agency Coordinating Body for Afghan Relief, 2008).

Little progress

Since 2001 there have been some significant achievements in Afghanistan such as the establishment of democratic institutions and ministries, improvements in health care and immunization, the expansion of primary education, the construction of roads and transport infrastructure, economic growth and the formation of state security forces. Furthermore, there are many cases of well-delivered aid – for example, in the education sector or in community-based rural development projects that are part of the National Solidarity Program (NSP) – that have made a significant difference to Afghans' lives.

However, most Afghans still endure conditions of hardship and millions are living in extreme poverty. A large proportion of the aid has been driven by donor priorities instead of being responsive to Afghan needs. Too many projects are designed to deliver rapid, visible results rather than to achieve sustainable poverty reduction or capacity-building objectives.

One quarter of all aid to Afghanistan has been allocated to technical assistance – which is intended to build government capacity – yet much of this has been wasted or its impact has been limited. Too often promotion of the capabilities, status and rights of women has been an afterthought or perfunctory issue in the design and execution of projects. Most aid has been directed to Kabul or other urban centres instead of rural areas where it is most needed and where more than three quarters of Afghans live. Sectors such as agriculture have been under-supported due to a lack of prioritization.

Furthermore, according to the Paris Declaration Survey, over half of all aid to Afghanistan is conditioned. Thus, donors often require procurement of services or resources from their own countries, which deprives the Afghan economy of valuable support and increases the cost of projects. Donors rarely, if ever, publicly report on objectives and there is little evidence that they are being met.[12]

The humanitarian space

In Afghanistan there is no humanitarian space for aid workers to provide humanitarian aid, especially to the people in areas controlled by armed opposition groups.

After the fall of the Taliban, most donors considered Afghanistan to be post-conflict and the United Nations Organization for Coordination of Humanitarian Assistance (UNOCHA) was officially closed for the country. Humanitarian activities were then handled by UNAMA until recently when UNOCHA resumed its activities. Most of the donors and humanitarian organizations (except the International Committee of the Red Cross) are not able to negotiate access with the other side of the conflict.

The Taliban perceives aid agencies as pro-Government, so it is difficult for NGOs to reach areas where the Government does not have any control. There is no consensus among the donors, NGOs and community about humanitarian needs. In many cases, the insistence by the military forces on working with NGOs has led to the perceived or actual militarization of aid.[13] Nearly all the major donors are also belligerents; there is no space to talk about humanitarianism when even NATO describes NGOs as "soft power" and as pro-Government agents. ■

8 *Ibid.*

9 Quoted in Matt Waldman, *Falling Short: Aid Effectiveness in Afghanistan,* ACBAR Advocacy Series (Kabul: Agency Coordinating Body for Afghan Relief, 2008), 29. Available from: <www.acbar.org/ACBAR%20Publications/ACBAR%20Aid%20Effectiveness%20(25%20Mar%2008).pdf>.

10 Christopher Drew, "High Costs Weigh on Troop Debate for Afghan War," *The New York Times*, 14 November 2009.

11 Curt Tarnoff, "Afghanistan: U.S. Foreign Assistance," *CRS Report for Congress*, 25 June 2010.

12 Matt Waldman, *op. cit.*, 9.

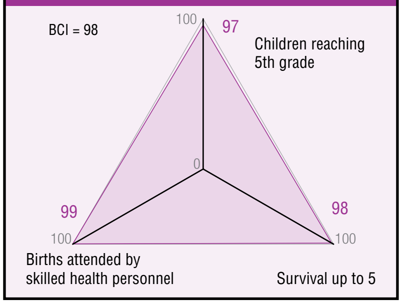
13 Sippi Azarbaijani-Moghaddam, Mirwais Wardak, Idrees Zaman and Annabel Taylor, *Afghan Hearts, Afghan Minds: Exploring Afghan Perceptions of Civil-Military Relations* (British and Irish Agencies Afghanistan Group, 2008). Available from: <www.baag.org.uk/publications/item/reports/afghan-hearts-afghan-minds>.

Financial and taxation justice: a historic debt

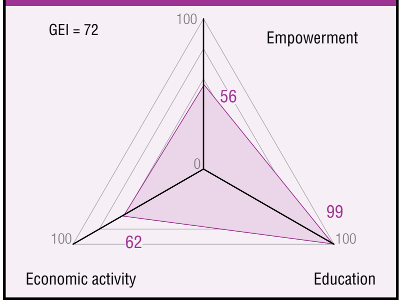
The Argentine experience shows that development is not possible without economic autonomy and domestically mobilized resources, such as taxes. The successive political and economic crises that have shaken the country demonstrate that when the development model prioritized the financial sector over the productive sector the result was dismal for the vast majority of the population. It is imperative for the State to regain control of the economy, make it less dependent on foreign capital, and implement a fairer tax system and finance production as well as consumption.

FOCO
Agostina Chiodi
Rodrigo López

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The path towards development is not a chimera projected into the future; we are treading it today with democratic practices, and in modern societies it is possible for governments to lead the economy and not the other way around. What has happened in the last few decades in Argentina makes it very clear that reducing the country's dependence on foreign financing strengthens its autonomy in economic policymaking.

Recent history shows that autonomy is a necessary condition for development, but it cannot be achieved if the country is dependent on external financing. Without such financing, taxes would have to become a legitimate and viable basis for domestic resource mobilization, without which development is simply not possible.

Argentina has improved with regard to taxation (see the following section) in that in recent years as it has managed to increase the ratio of taxes to GDP to 30%, although this is still far short of the 50% level that pertains in developed countries. However, the tax system is still regressive insofar as those who earn less contribute proportionally more, and it is still pro-cyclical as its yield follows the ups and downs of consumption. The largest tax contribution comes from indirect taxes, of which the main one is the value added tax (VAT). This is currently levied at 21% (very high compared to global levels) and there are very few exemptions or lower-rated items. By contrast, the income from financial investment is exempt.[1]

One very important measure taken by the current administration, led by Cristina Fernández, was to nationalize state employee retirement and pension funds, which had been privatized in the 1990s. It has thereby regained control of a source of domestic financing for development and has not had to private-sector seek loans with double-digit interest rates.

A brief history

Until the military coup in 1976, the Argentine economy was essentially a real economy, characterized by a pattern of accumulation based on import substitution. After 1976 this was replaced by an arrangement that favoured the financial sector over the productive economy. In this new system the oligopolies took out loans to invest in the domestic financial market rather than to expand production, repaying them with currency that was provided by the state through its own foreign indebtedness. In order to implement this model, the state used force to grind down the working class and repress protest, resulting in a era of terror in which tens of thousands of people were killed or disappeared.

These changes were accompanied by changes in the functions of the State, since it was the State that maintained domestic interest rates at higher levels than international rates, in order to increase their value in the Argentine market. This was the objective of the 1977 financial reform, which ensured that the State would no longer be financed through the central bank but would seek financing through the financial sector.[2] Before democracy was re-established in 1983, the State took over the private debts of hundreds of enterprises, and the country's foreign debt mushroomed from USD 7 billion to USD 45 billion in just seven years.[3]

This model was consolidated in the 1990s, putting Argentina solidly in line with the Washington Consensus, which included deregulation, relaxation of labour laws, privatization, public expenditure reductions, taxation discipline, and economic, trade and financial liberalization. In addition to impoverishing large swathes of the population, this policy produced large-scale de-industrialization, outsourcing, unemployment, increased foreign indebtedness, and structural poverty that according to National Statistics and Census Institute stood at 56% in 2002.

After four years of recession, the one-to-one peso to the dollar exchange rate collapsed, leading to the financial crisis of 2001. This marked the end of a 30-year period in which the real economy was at the service of the financial economy, and opened the way for change that could provide an opportunity to reverse this trend.

Starting in 2003 the Néstor Kirchner Government embarked on a strategy of high economic growth that stimulated employment and improved the quality of life of the working class. Over the next six years, GDP increased at an annual rate of 8%, the economy maintained a tax and foreign surplus and there was a successful process of debt reduction. This was made possible through a range of measures that included competitive currency exchange rates, retention of export taxes, government control of the capital account and measures to stimulate production. However, further progress towards development meant the Government had to tackle some limiting factors and find an alternative to financial valuation as a capital accumulation model.

The financial system

It could be said that a financial system does not function as such when it can no longer finance production. The far-reaching deregulation that followed the 1977 reform meant the system of specialized banks was replaced by a universal bank model, which gave

1 Tax exemption for the profits made by physical persons through financial rents – this includes fixed-term deposits and income from the purchase, sale and dividends derived from shares and government bonds.

2 Adrián D´Amore, Interview with economist Eduardo Basualdo, "Los sectores dominantes no quieren que siga aumentando la participación de los asalariados", *Zoom*, 30 May 2008. Available from: <www.rayandolosconfines.com.ar/reflex62_basualdo.html>.

3 María de Monserrat Llairó and Raimundo Siepe, "La evolución del endeudamiento externo argentino y su relación con los organismos financieros internacionales: desde 1976 a la salida del default (February 2005)", Latin American Research Centre for Development and Integration, Faculty of Economic Sciences, University of Buenos Aires.

a clear advantage to the commercial banks over the investment, development, cooperative and public banks. Credit is concentrated in the financing of consumption, enabling the banks to enjoy secure profits by charging very high interest rates that are very often disguised in credit cards or other purchase systems. So although the banks have high levels of liquidity they are not making the loans necessary for productive investment. Hence it has turned out that the dictatorship's financial institutions' law is negatively affecting the credit situation for small and medium producers and hampering redistribution, and it will have to be reformed if the country is to develop.

Foreign direct investment

Foreign direct investment (FDI) increased greatly during the wave of privatization in the 1990s, but what this involved was more a change of ownership than a genuine process of investment as such. In that period transnational enterprises came increasingly into the Argentine economy and many domestic enterprises were sold to external owners.

This foreign capital now controls most of the industry in the country. In recent years FDI has gone more and more into extractive industries such as the oil business and mining, and to activities linked to other primary products such as soybeans, but all of these sectors have a very low impact in terms of providing jobs. To make matters worse, the profits are sent to head offices abroad and the production processes damage the environment and constitute a danger to the local population. To rectify this situation the country needs much stricter regulations and a new kind of relation with the movers of foreign capital that will make it possible to promote development instead of merely producing primary goods for export.

Foreign debt and capital flight

The Government has reduced the debt-to-GDP ratio from 120% to 40% in less than five years, but it must avoid contracting further indebtedness so as not to hang a mortgage round the neck of future generations. In order to obtain financing for development, the Government will have to annul the mechanisms whereby capital generated in the country is systematically sent abroad, thereby keeping growth separate from capital accumulation. Insofar as it underpins this capital flight, the financial system has contributed to economic instability and repeated collapses.[4] Therefore it is essential to change the model, to leave financial revaluation behind and to place the financial system at the service of production and development.

At present, the Government is planning to use a portion of central bank reserves to set up a fund to ensure debt payment, although sectors of the opposition would prefer this to be done with resources generated by cuts in public spending. While assets such as reserves can of course be used to cancel liabilities such as debts, there are two important considerations to be kept in mind. First, the legality and legitimacy of these liabilities must be clearly determined, since many private debts contracted during the dictatorship period, for example, were taken over by the State, but now the courts have ruled that some of these transactions were illegal. Second, foreign debt repayment should be subordinated to the priorities of a development strategy.

In the 2010 national budget, some 10.16 billion Argentine pesos (about USD 2.6 billion) were allocated to health and somewhat less than USD 5 billion went to education and culture, but the amount allocated to interest payment on the public debt was USD 6.8 billion.[5] The country can hardly be aiming at development if debt interest is eating up nearly as much investment as in health, education and culture put together.

Instead of waiting for genuine productive investment to materialize due to confidence on the part of foreign and local investors, the State itself should be promoting the opening up of new conditions to foster productive business, and it should guide investment into areas that are strategically important for economic development. For example, if the Government sets up a new development bank this could be a good instrument to channel the resources from contributions to retirement pension funds into development projects, along the lines of the successful National Development Bank of Brazil.[6]

Another important initiative of this kind is the Banco del Sur,[7] which is mandated to foster development and regional integration in Latin America by opening up new alternatives for financing based on the principles of equality, equity and social justice.

Today Argentina's economy is highly concentrated towards primary products, with a high proportion of foreign capital, and consequently the US dollar operates as the value reserve and the core element around which economic relations are organized. For the country to grow its economic priorities must include changing its productive structure, bringing about a shift from foreign to domestic capital, and tackling the problem of concentration of the means of production. It will also have to dismantle the neo-liberal structure of the central bank, discuss the matter of its autonomy and make changes to its founding charter. A government entity that is in charge of formulating exchange rate, monetary and financial policy cannot be so divorced from the wishes of the people, nor can its only aim be to maintain the value of the country's currency without considering the structural conditions that actually define that value.

Concluding reflections

All of the factors analyzed here contribute to the country's ongoing poverty, poor showing on human development indexes and failure to advance the Millennium Development Goals (MDGs). In addition, both development and democratization also depend on advancing gender equality. Women's economic empowerment, through greater education and income opportunities, and the autonomy needed to take advantage of them, would constitute real progress not only towards the education, electoral and employment indicators in MDG3, but towards many other MDGs, including poverty reduction, improving maternal health and reducing infant mortality.

In spite of these realities, human rights of Argentine women are still not seen as a development goal and there is no comprehensive program to mainstream gender equality into development. If the human right to development, which is based in the principles of the UN charter and was proclaimed by the UN General Assembly in its 1986 Declaration on the *Right to Development*, is to be made effective in practice, civil society organizations must demand the prompt implementation of concrete public policies and strategies to ensure decent conditions of life and allow people to lead fruitful lives within the framework of sustainable development for the whole country. ■

4 For example during the hyperinflation of 1989-1990, the 2001 crisis and the current blockage in the financial account that started with the beginnings of the international crisis in 2007.

5 Ministry of Economy and Public Finance, official data from the 2010 budget. Available at: <www.mecon.gov.ar>.

6 This National Development Bank (BNDES), set up to foster import substitution industrialization, became the body responsible for formulating and executing industrial policy in Brazil. Even in the liberal phase in the 1990s, the BNDES accounted for some 25% of the total credit offered by the banking system. In 2002, its percentage share reached one of its highest peaks (33%), which meant it was complying perfectly with its mandate to act in an "anti-cyclical" way. Source: Claudio Golonbek and Emiliano Sevilla, "Un estudio de caso sobre Banca de Desarrollo y Agencias de Fomento," Centro de Economía y Finanzas para el Desarrollo de la Argentina, Working Document No. 20, May 2008. Available from: <www.cefid-ar.org.ar>.

7 Set up in 2009 by Venezuelan President Hugo Chávez, it includes Argentina, Bolivia, Brazil, Ecuador, Uruguay and Venezuela.

Gender equality: history must be honoured

The country's Constitution states that women and men are equal. However, no adequate mechanism has been put in place to turn these words into reality. This declared equality, inherited from the Soviet system, in fact perpetuated gender discrimination throughout the transition to democracy and the free market. Women's situation has worsened and today they suffer discrimination in all aspects of their lives. The Government has not grasped the magnitude of the problem, and any attempts to abide by its international commitments in this matter have been weak and insufficiently supported.

Center for the Development of Civil Society
Svetlana A. Aslanyan[1]

In Armenia, unlike in almost every other country, concern for gender equality is rooted in a long history, ancient as well as recent, and is reflected in legislation passed in different political contexts. Given these traditions, it would not seem too difficult to rectify existing inequalities, but in fact, the situation of women has deteriorated over the last 20 years. The reasons for this include lack of vision or strong commitment on the part of the State, a lack of coordination among the actors involved, and a low level of awareness among the population.

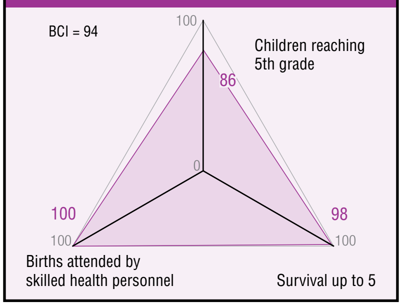
There can be no sustainable development for Armenia unless it is built on equal opportunities for women and men. Civil society organizations, with the support of some international institutions, are lobbying for a change in public policy that would restore women to the place in society that the country's history has granted to them.

A tradition of equality

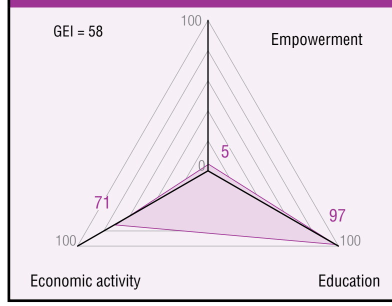
Equal rights for women are rooted in Armenia's ancient history; the country's ancient codes testify that even before the Common Era women were treated as equal members of society in areas such as inheritance and property rights, among others. For example, it is written in the *Code of Shahapivan* of 443 BC that "women have the right to ownership of a family property if the husband has left his wife for no reason" and also that "a woman has the right to bring a new husband into her home."

Shahamir Shahamirian, the 18th century writer and philosopher and author of the first Armenian Constitution,[2] maintained, "Every human being, whether Armenian or of some other race, whether man or woman, born in Armenia or brought there from another country, shall live in equality and shall be free in all their occupations. Nobody shall have the right to enslave another person and workers should be paid like in any other kind of job, as is laid down in Armenian legislation."[3]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The first Armenian Republic (1918-1920) was one of the first countries in the world to give women the right to vote and to be elected to public office, and at that time some 8% of members of Parliament were women. In 1920 Dr. Diana Abgar was appointed ambassador to Japan, which makes her the first female ambassador in history (the Russian Alexandra Kollontai, who is generally thought to be the first, was named plenipotentiary to Norway only in 1923).

During the Soviet era the State provided free compulsory schooling, tertiary education, free and accessible medical services, 24 days of paid holidays per year, and pre- and post-natal leave among other benefits. In 1920 abortion was legalized and medical care in that area was guaranteed. However, it is worth mentioning that even abortion legislation was strongly related to the changing role of women in society since the main objective of the Soviet administration was to get women into the workforce.

Discrimination: theory and practice

In spite of this apparent progress, women in Soviet Armenia had to carry a double burden and suffered structural discrimination. Women worked outside and also inside the home, cooking and cleaning, doing the laundry and obtaining food on the way to or from work. This double burden was made heavier in the absence of infrastructure support and lack of technology, which ensured these daily tasks were more time-consuming than necessary.

During this time no women held a top position in the power hierarchy, in either the Government or Parliament. Moreover, although it was stated that women and men had to be paid equally, in fact women were employed in all the low-paid jobs. The notion that Soviet power used women as cheap labour was reflected in the refrain of a popular folk song of that time: "*Babi pashut babi jnut – mujiki uchet vedut"* (Women plough, women harvest – and men monitor and manage).

There were provisions to defend equality in the post-Soviet Constitution of 1995, which gave women equal rights in politics, work and family. In most cases these provisions were in line with international laws. However, they were not applied in day-to-day life. More recently the transition to democracy and the advent of free market have had a negative impact on the situation of Armenian women in many areas including their economic status. Today the country does not have a national policy for dealing with the inequalities women have to live with in their daily lives.

The Government has made little effort to remedy this situation; the authorities consider that the matter of gender inequality was resolved during the Soviet era. The appropriate legislation exists but there are no effective mechanisms to enforce it, which means that women are discriminated against in all aspects of life including participation in politics.

Women who are excluded from economic and political processes usually continue with their traditional roles in society. In Armenia they suffered more serious consequences when the country underwent its haphazard and confused transition from a totalitarian society with central planning and a rigid economy to a free market economy based on democracy.

There are no women's representative bodies, parliamentary women's groups or official gender ad-

1 Main researcher and head of the research team at the Linguistics Institute of the National Academy of Sciences of Armenia. A somewhat different version of this article appeared in Natalia Cardona, Elsa Duhagon and Amir Hamed, eds., *Occasional papers 06 Beijing and Beyond: Putting gender economics at the forefront*, Social Watch, March 2010. Available from: <www.socialwatch.org/node/11571>.

2 This was the first known blueprint for a constitutional democracy.

3 Shahamir Shahamirian, *Vorogayt parats (Snare of Glory)*, Madras, India, 1773, republished in Tiflis in 1919, Article 3.

visers. In one exceptional instance in 2002, a woman was appointed vice-minister at the Ministry of Social Security to coordinate action on women's rights. She did not stay long, and when another woman was appointed to the job she was soon dismissed. Actually, women's issues are dealt with by the Department of Women and Infancy, which was set up in 1997 by the Ministry of Social Security in collaboration with the Ministry of Health's department to protect maternal and infant health.

This lack of gender-sensitive institutions is only too evident in the way the country reports about its international commitments. For example, Armenia was among the 191 countries that pledged to attain the Millennium Development Goals (MDGs) by 2015, including MDG3, to promote gender equality and the empowerment of women. In 2005, the country issued its first intermediate progress report. Although this report was a combined effort by the Government, civil society organizations, international organizations and UN partners in Armenia, it was clear that the policies were closely tailored to the country's situation and the targets agreed upon were more elastic than those that were internationally accepted.

The role of civil society organizations

After the 1995 UN Fourth World Conference on Women in Beijing, Armenia's already existing women's organizations became more active and new ones were created. In addition, various international organizations – including UNDP, the United States Agency for International Development (USAID) and the Organization for Security and Co-operation in Europe (OSCE) – initiated research on gender equity. These bodies, along with other international donors, have provided numerous grants for women's NGOs and this has helped them to grow and consolidate.

One of the main objectives of these women's NGOs is to promote the empowerment of women and this operates as a unifying idea that transcends the various and diverse fields of activity in which they are involved. From the beginning, these organizations promoted civil rights for women and lobbied for action on social problems that affect women. They have done good work to defend and foster women's rights and leadership, to improve the way women are treated and to combat gender violence.

Achievements and failures

The Government has made plans and set up bodies to promote gender equality. However, these have not had the expected results due to the lack of financial resources, which has led to inadequate implementation. At the same time there is a lack of awareness about the issue among the population as a whole.

As part of the implementation of the Beijing Platform for Action, the Prime Minister issued a decree in 1997 setting up a committee to put into practice the 1998-2000 Gender Policies Development Program. However, this scheme to improve the situation of women was never implemented due to the lack of financial resources. A voluntary consultative body called the Women's Council was subsequently set up in 2000 under the mandate of the Prime Minister, but his successor later abolished this body.

The Government's greatest achievement in this area has been to obtain parliamentary approval for the "Republic of Armenia 2004-2010 National Action Plan to improve the situation of women and strengthen their role in society." This plan defined the key principles, priorities and aims of public policy to tackle issues relating to women's rights and gender equality. Based on the relevant provisions in the country's Constitution it is geared towards implementation of the UN Convention on the Elimination of all Forms of Discrimination against Women (CEDAW) and the recommendations of the Beijing Platform for Action. Its mandate also covers documents from the Council of Europe's committee on gender equality, the MDGs and the relevant sections of other international instruments to which the Republic of Armenia is committed.

The action plan consists of seven sections that deal with the following goals:

- Guarantee equal rights and opportunities among women and men in decision-making and in the social and political sphere.
- Improve women's social and economic situation.
- Improve the education sector.
- Improve women's health.
- Eliminate violence against women.
- Examine the role of the mass media and cultural institutions in the presentation of reports about women's issues and the construction of a model for women.
- Introduce institutional reforms.

Several informational pamphlets have been published to clarify some of these points. One such pamphlet contained the findings and recommendations of a research initiative on gender violence including statistical data disaggregated by sex. In the last decade various bodies were set up to deal with social concerns and matters of health and employment, including the Institute of Ombudsman in 2004. However, they have lacked adequate financing and had no power to develop or maintain effective policies to overcome gender inequality and establish equal rights and opportunities for women and men. Other obstacles have been created by the failure to put in place mechanisms for coordination among the different bodies involved and for implementation. The low level of public awareness about the issues also needs to be addressed.

In 2006 the UNDP published a Summary Pamphlet about Gender Equality and an Electronic Bulletin about gender and change. The pamphlet provided general information about gender, national and international frameworks, and mechanisms to protect and promote women's rights. It was aimed at policy makers in central and local Government, civil society organizations, defenders of women's rights, researchers and anyone seeking basic information on human rights.

Trafficking in women

Women and girls are trafficked from Armenia to the United Arab Emirates and Turkey for commercial sexual exploitation and both women and men are trafficked to Russia for the purpose of forced labour.[4]

A Committee on Trafficking of Women was set up in 2002 with representatives from all interested government ministries and bodies as well as from NGOs. It developed the concept of the fight against human trafficking and two national action plans for the periods 2004-2006 and 2007-2009. These plans covered all aspects of human trafficking including the improvement of pertinent legislation, research into the nature and scope of the problem, preventive measures, information dissemination and providing assistance for those affected. However, like the other bodies mentioned, the Committee lacked money and power to implement these policies effectively. The country's police force also established a department to combat human trafficking in 2005.

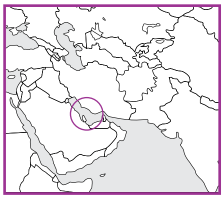
Conclusion

The use of women's liberation as a propaganda tool during the communist era was so effective it is still generally considered that gender equality was achieved in Armenia a long time ago. It is only through educating women about the essence of democracy that they have begun to understand the importance of activism to tackle "hidden discrimination" and the lack of mechanisms to implement legislation. Feminist scholars and women advocates should take joint action to address the situation of Armenian women and establishing real gender equality. ■

4 See for example, U.S. Department of State, *Trafficking in Persons Report,* Washington, DC, 2009. Also according to official figures in the course of 2009 the number of persons officially identified as trafficking victims was 60, almost doubling the previous year.

BAHRAIN

Much to be done



With the exception of Millennium Development Goal 7, relating to the environment, Bahrain has achieved – or is about to achieve – the Millennium Development Goals. However, remaining challenges include eliminating the wide income gaps that generate relative poverty, developing more technology-based education, passing laws to promote women's empowerment and making information on sexually transmitted diseases more widely available. In terms of the environment, policies are needed to prevent depletion of groundwater sources and stop the destruction of biodiversity due to the growth of the construction sector and the increase in land reclaimed from the sea.

Social Watch Bahrain
Abdulnabi Alekry

The Bahrain Millennium Development Goals (MDGs) progress report (2004-2007), prepared by a group of experts from Government, academia and civil social organizations (CSOs), as well as UNDP indicated that Bahrain has successfully achieved and even surpassed the MDG targets.[1] However, critical reading reveals several shortcomings in understanding and implementing the MDGs in official strategies. A parallel CSO assessment – linking targets and financing for development – could contribute to a more objective assessment of progress.

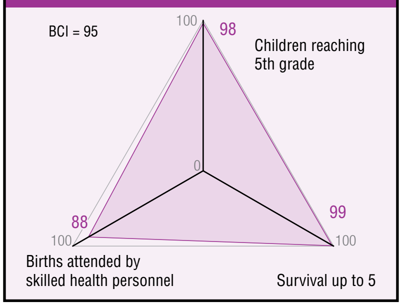
Vision 2030

Bahrain's Economic Vision 2030 strategy, which involves the national economy, the Government and society, highlights the following:[2]

- "Economic growth will be driven by increased private sector productivity and by Bahrainis becoming the employees of choice for high-value-adding companies";
- The Government will gradually move away from service provision towards generating and enforcing forward-looking policies in areas such as finance and the economy, health care, education, the environment, security and social justice;
- Bahraini society in 2030 will be a meritocracy based on hard work and talent. Basic care will be available irrespective of abilities, and all Bahrainis will enjoy equal opportunities.

Vision 2030 recognizes the challenges to the economy in today's competitive and globalized world. Bahrain is a highly ranked country in terms of attracting foreign investment – especially in real estate development, banking, finance and services. Several free zones have been opened to encourage manufacturers to establish businesses. Also, through privatization policies, those sectors involved in development – such as ports, transport, electricity production, public housing, health, education and municipal services – have been opened to private sector investors. This is expected to generate new financial and material resources for the MDGs.

Basic Capabilities Index (BCI) 2010



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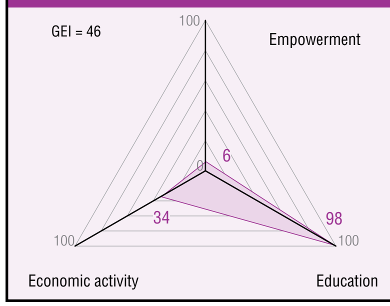


MDGs: achievements and challenges

MDG 1 – Eradicating extreme poverty and hunger.

In the Bahraini context, this translates into eradicating relative poverty. The Government has upgraded long-term measures to form a safety net for needy families that includes allowances for those below a certain income level, subsidized housing and reduced fees for public services through the Family Bank. The Royal Charity takes care of orphans while the Ministry of Social Development supports the handicapped.

One of the major goals of Vision 2030 is to develop a sustainable economy based on knowledge and added value, led by the private sector, that will generate highly rewarding work. Many Bahraini job seekers are not qualified or refuse to take certain kinds of work due to the low salaries offered. The Government has therefore put in place a number of initiatives: establishing a Labour Market Authority, which regulates the market and controls employment permits, allowing immigrants to change jobs; taxing the employment of immigrant workers; setting up a fund to finance the training of job seekers and support young entrepreneurs to start their own businesses through the Development Bank; encouraging private banks to finance small and medium enterprises with Government guarantees; and establishing facilities for small enterprises incubators.

The engagement of the private sector and new sources of financing helped to create jobs and reduced unemployment – according to the Labour Minister, Dr. Majeed Al Alawi – from 16% in 2002 to 3.7% in February 2009.[3] This reduction was also due to the establishment of the Unemployment Insurance System, which allows citizens registered as unemployed to receive financial assistance for six months during which the Ministry helps them to find a job or further training. Furthermore, the average salary of the newly employed increased, although there are still many Bahrainis in the public and private sector with low incomes. A mixed public and private fund was also established to provide grants to CSOs for the implementation of development projects.

MDG 2 – Achieving universal primary education.

Bahrain achieved this goal a long time ago. The challenge now is providing an education that is more creative, diversified and technology-based. There are pilot plans on information technology that are being – or will be – applied in primary, intermediate and secondary institutions.

MDG 3 – Promoting gender equality and empowering women.

Gender equality and the empowerment of women have been addressed more positively since the 2001 National Charter, which stipulates equal political rights for men and women. The Supreme Council

1 Ministry of Social Development and UNDP, *The Millennium Development Goals: Work in Progress 2004–2007,* 2007. Available from: <www.undp.org.bh/Files/2008MDGPROREP/BHRMDGPROREP2004-2007.pdf>.

2 Bahrain Economic Development Board, *From Regional Pioneer to Global Contender: Economic Vision 2030.* Available from: <www.bahrainedb.com/uploadedFiles/BahrainEDB/Media_Center/Economic%20Vision%20 2030%20(English).pdf>.

3 Habib Toumi, "Bahrain's unemployment rate down to 3.7 per cent," *GulfNews.com*, 16 March 2010. Available from: <gulfnews.com/news/gulf/bahrain/bahrain-s-unemployment-rate-down-to-3-7-per-cent-1.597366>.

of Women, established in 2002, has been the main facilitator of women's empowerment in all fields and levels. One key indicator of these changes is the increase in the female/male ratio in tertiary education (2.46), with women comprising 70% of students.[4]

Regarding the economic dimension, female participation in the labour force in 2008 was 35% compared with 86% male participation.[5] The number of women with a business license or practicing business is increasing dramatically[6]. Women are as entitled to family allowances as men. But the number of women who occupy leading positions in both the private and public sector is still disproportionately low in view of their qualifications.

Since 2002 women have been more actively engaged in politics. They have become ministers and members of the legislative council, and the new political organizations include women up to leadership levels. A quota system is to be adopted in favour of women in candidates' lists, parliament, consultative councils, municipal councils, leadership of political organizations and CSOs. Women should be well represented at all Government levels – starting with the Council of Ministers. However, the State and the society are dominated by a male chauvinistic culture and practices and Bahrain has yet to adopt a comprehensive strategy to ensure women's equality with men.

MDG 4 – Reducing child mortality.

Bahrain has been able to meet the requirements of all three indicators: reducing under-five mortality, reducing infant mortality and immunizing one-year old children against measles. In 2008 the under-five mortality ratio was 12 per 1,000 live births and the infant mortality ratio was 9 per 1,000 live births[7] – which is similar to the figures in developed countries. Vaccination against measles covers 100% of the population. Comprehensive health services are provided by both the Ministry of Health and private entities. CSOs of medical professionals also play a role.

The challenges in this area are to further reduce child and infant mortality rates; improve treatment for hereditary diseases, especially sickle cell anaemia; ensure the quality and affordability of private health services; increase the number of qualified medical personnel; and improve child nutrition.

MDG 5 – Improve maternal health.

Recorded maternal deaths between 2000 to 2006 did not exceed 2 per 1,000 newborn. Universal access to reproduction health services has been accomplished, for nationals free of charge and for immigrants with nominal fees. All births are attended by skilled health personnel. Contraceptives are available free at state health centres and at an affordable cost in all pharmacies – their limited use is due to either ignorance or religious mandates. While the percentage of births to teenage mothers is very low, it is increasing with modernization and a more liberal attitude towards sex. Progress should emphasize improvements in health care for both the mother and baby during pregnancy, delivery and post pregnancy.

MDG 6 – Combat HIV/ AIDS, malaria and other diseases.

Epidemic and contagious diseases hardly exist in Bahrain. There is no malaria and only a few cases of tuberculosis among immigrants workers. However, fighting AIDS is a priority and a big challenge for numerous reasons. It is still considered a disgrace to be infected with HIV and many conceal their infection for this reason or due to ignorance. Action is needed to change people's attitudes regarding AIDS and the isolation suffered by those with the disease, develop mechanisms to catch HIV infection at an early stage and ensure a normal life and treatment for people living with HIV and AIDS.

MDG 7 – Integrating principles of sustainable development into country policies.

Sustainable development has been a national strategy for decades and is highlighted in Vision 2030. Unfortunately the country's rapid development has been reached at the cost of the environment. Biodiversity loss is on the rise. Green palm trees, for instance, have been replaced by concrete complexes. From 1970 to 2009 more than 90 square kilometres were reclaimed from the sea at the expense of bays, lagoons and beaches. This has caused the destruction of natural habitats and the extinction of many marine species.

Widespread access to drinking water and basic sanitation was reached several decades ago. The problem is that the underground water sources are not renewable and the quality of water is deteriorating. Increasing amounts of desalinized water – produced from electricity – are required, which means burning more fossil fuel.

The majority of slum dwellers are unskilled and low-paid Asian workers, and there are currently no Government plans to build decent housing for them. The housing problem is reaching a crisis level due to the shortage of affordable public and private housing units and the takeover of State land by top officials.

MDG 8 – Developing a global partnership for development.

Bahrain is well established as a country open for trade and a hub for international banking and financial services. It has succeeded through an open door policy to attract international investors. This resulted in a booming economy, with around 6.3% of gross national product (GNP) real growth in 2009 – this means about USD 38,400 per capita.[8] Bahrain is a member of the World Trade Organization (WTO), Gulf Cooperation Council (GCC) and Arab Common Market and has concluded free trade agreements (FTAs) with the United States, the Association of Southeast Asian Nations (ASEAN) and other countries.

However the Bahraini people have no say in these agreements, in which the Government and the business sector are the real players. There is a general feeling that giving citizens from those countries bound with Bahrain through FTAs or similar arrangements the right to practice their professions or operate businesses generates unfair competition.

Conclusion

As discussed under the individual goals, major progress has been achieved towards the MDGs but a number of challenges remain. In particular there is a need to develop laws and mechanisms to combat discrimination against women, to find ways of dealing with the shortage of natural water resources, to address the housing crisis, and to improve the quality of primary education to make it compatible with the constantly changing needs of and advances in technology. A national strategy also has to be developed to provide the public with accurate information about AIDS and address the sources of HIV infection. ■

4 Ricardo Hausmann, Laura D. Tyson and Saadia Zahidi, *The Global Gender Gap Report 2009* (Geneva: World Economic Forum, 2009). Available from: <www.weforum.org/pdf/gendergap/report2009.pdf>. However, it should be noted that one reason for women's higher participation is that a large number of men are educated overseas.

5 *Ibid.*

6 For instance, figures released by the Central Bank of Bahrain (CBB) in 2007 showed an increase in the number of women working in the country's financial sector. They then accounted for 36% of Bahrainis employed in the sector and 25% of the total workforce (including immigrants).

7 UNICEF, "Bahrain statistics." Available from: <www.unicef.org/infobycountry/bahrain_statistics.html>.

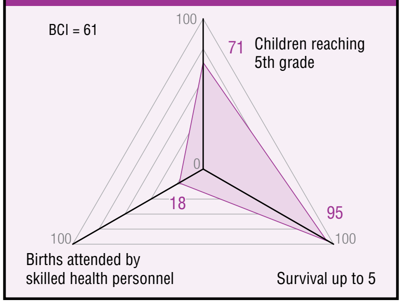
8 Index Mundi, "Bahrain GDP – per capita." Available from: <www.indexmundi.com/bahrain/gdp_per_capita_%28ppp%29.html>.

Financing the MDGs: expectations and reality

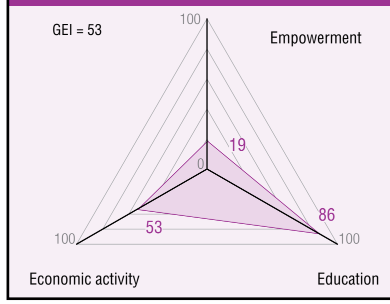
Although it is one of the poorest countries in the world, Bangladesh has seen a steady increase in its economy and some success in attaining the Millennium Development Goals (MDGs). However inflation and climate change are becoming major challenges in the fight against poverty. While the country is a minuscule polluter, it is an enormous victim of global warming. Donor countries should take the additional costs of adaptation and mitigation into account during assessments of aid support.

Unnayan Shamannay
Md. Akhter Hossain[1]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Despite a huge poverty burden, inflationary pressure, natural disasters, political instability and the world financial crisis, Bangladesh has consistently averaged a rate of 5.5% growth in its gross domestic product (GDP) over the last 10 years.[2] With its small economy and limited budget compared to other countries, it has achieved some remarkable successes in financing and attaining the Millennium Development Goals (MDGs). However it still has a long way to go.[3] The time is ripe for Government, along with civil society organizations, national and international non-governmental organizations (NGOs) and donor agencies to rethink finance and development related to the MDGs if its successes are to be sustainable in the long term.

Progress and challenges in meeting the MDGs

While continuous budgetary allocations are made towards achieving the MDGs, Bangladesh has been experiencing tremendous pressure in some sectors including poverty reduction in urban and rural areas, employment, education, health and the environment.

The Government has claimed noticeable success in eradicating poverty and hunger over the last 20 years but the ratio of poverty and people suffering from hunger is still very high. In addition there is currently a stalemate in poverty reduction due to inflationary pressure on the prices of basic commodities and the sudden shock of natural disasters: 41.2% of the population is living below the poverty line – 31.9% in poverty and 9.3% in extreme poverty. Another 34.1% is living in situations of extreme vulnerability and is at risk of falling below the line.[4]

Poor incentives for attending schools combined with acute poverty in Bangladesh contribute to low attendance and a high drop-out rate as children have to work for a living. The latest statistics indicate that 47% of primary school students do not complete their primary education.[5] Child malnutrition is among the highest in the world; it remains more severe than in most other developing countries including those in sub-Saharan Africa. One in every three babies is born with low weight and 48.6% of children below the age of five are stunted. Half of all children below the age of five suffer from malnutrition.[6]

Despite slow progress in increasing the number of skilled birth attendants, the maternal mortality rate in Bangladesh more than halved between 1990 and 2008 from 724 to 338 deaths per 100,000 live births.[7] However many challenges remain: 15% of births took place in a health facility in 2007, which means that 85% of babies were delivered at home.[8] The negative outcomes in the education and health sectors are a result of inadequate Government finance. Although some NGOs are working in the education and health sectors, poor and inefficient coordination between them and the Government has meant failure to bring about the desired results.

Other major challenges include inflation (especially in food prices), poor revenue collection, corruption and lack of coordination in development projects, unemployment, income inequality, unplanned urbanization, lack of skills in the agricultural sector, climate change and natural disasters, the need to subsidize food and power, downward flow of foreign direct investment (FDI) and the recent global financial crisis. These impediments should be overcome by increased financing for programs to achieve the MDGs, the initiation of new and effective measures and efficient monitoring. As the Government's resources are inadequate, it has to reach out for external financial support.

Estimated costs of achieving the MDGs

It has been estimated that achieving the MDGs around the world by 2015 would require about USD 100-120 billion a year, less than 0.5% of global GDP.[9] In a recent Government report, the General Economics Division of the Planning Commission estimated the annual costs for achieving the MDGs in Bangladesh at USD 14.88 billion.[10] Another study, by Jubilee Netherlands, showed that according to a UN Millennium Project calculation Bangladesh would require USD 7.5 billion of annual assistance – five times the amount the country is getting at present (an annual average of USD 1.5 billion).[11]

1 Md. Akhter Hossain is a Research Fellow at Unnayan Shamannay.

2 European Commission, *Country Strategy Paper: Bangladesh 2002–2006*. Available from: <eeas.europa.eu/bangladesh/csp/02_06_en.pdf>.

3 Government of Bangladesh, *Millennium Development Goals Needs Assessment and Costing 2009–2015: Bangladesh*. Available from: <www.undp.org.bd/info/pub/MDG%20Needs%20Assessment%20&%20Costing%202009-2015%20small.pdf>.

4 Bangladesh Bureau of Statistics, *Report on Welfare Monitoring Survey 2009*. Available from: <www.bbs.gov.bd/project/welfaresurvey_09.pdf>.

5 IRIN, "Bangladesh: Primary-school dropout rate rises to 47 percent," 4 November 2007. Available from: <www.irinnews.org/Report.aspx?ReportId=75139>.

6 UNICEF, "Child malnutrition and household food insecurity remain major concerns for Bangladesh," press release, 29 March 2009. Available from: <www.unicef.org/media/media_48981.html>.

7 IRIN, "Bangladesh: Educating girls lowers maternal death rate," 11 June 2010. Available from: <www.alertnet.org/thenews/newsdesk/IRIN/04181198dcfd1312fa570557b0d076d8.htm>.

8 *Ibid.*

9 Selim Jahan, *Financing Millennium Development Goals: An Issues Note*, prepared for an International Seminar on Staying Poor: Chronic Poverty and Development Policy, Manchester, UK, 7–9 April 2003. Available from: <www.undg.org/archive_docs/5634-Financing_MDGs__An_Issues_Note.pdf>.

10 Government of Bangladesh, *op. cit.*

11 UN Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, 2005. Available from: <www.unmillenniumproject.org/reports/fullreport.htm>.

The Government has also indicated the necessary average yearly investment in a number of areas: agricultural and rural development, including employment generation and road infrastructure (USD 4.83 billion); education, including pre-primary, primary, secondary and non-formal education (USD 2.27 billion); gender equality (USD 0.59 billion); health system, including health infrastructure and human resources (USD 1.63 billion); child health excluding health systems (USD 0.67 billion); maternal health excluding health systems (USD 0.26 billion); HIV/AIDS, malaria and tuberculosis (USD 0.48 billion); the environment (USD 0.26 billion); energy (USD 1.88 billion); and water and sanitation (USD 2.02 billion).[12]

Debt repayment is hindering the MDGs

For the first decade after independence from Pakistan in 1971, Bangladesh was heavily dependent on overseas development assistance (ODA), especially food aid. Although this dependency has been reduced over time the impact remains. Debt repayment is one of the crucial economic problems the country is facing. Data shows that in 2009 the outstanding external debt for Bangladesh stood at USD 20.25 million and annual debt servicing was around USD 1.4 million, equal to 14% of export earnings.[13] For every dollar in foreign grant aid received the Government has to pay USD 1.5 in debt services to foreign creditors, money lost from MDG budget requirements. Meanwhile the annual health budget has averaged about USD 500–700 million over the last few years.

The targets for debt relief are based on arbitrary indicators (debt-to-export ratios) rather than MDG-based needs, making Bangladesh ineligible for the Heavily Indebted Poor Countries (HIPC) initiative or the Multilateral Debt Relief Initiative. According to World Bank and IMF calculations, the debt-to-export ratio for Bangladesh stands at 146%, which is below the official threshold of 150%. As Dr Debapriya Bhattacharya, Executive Director of Centre for Policy Dialogue (CPD) stresses, "Bangladesh has regularly paid its debts, expanded exports and is now being punished for its success."[14] Since the pace of MDGs attainment is largely dependent on its financing, developed countries should approve the full or at least partial cancellation of the country's debt.

Climate financing: pay attention

The Intergovernmental Panel on Climate Change (IPCC) predicts that global temperatures will have risen between 1.8ºC and 4.0ºC by the last decade of the 21st century. The impacts of global warming on the climate, however, will vary in different regions of the world. Bangladesh is widely recognized to be one of the most vulnerable countries in terms of climate. The frequent natural disasters already cause loss of life, damage to infrastructure and economic assets and have adverse impacts on lives and livelihoods, especially among the poor.

Climate change will relentlessly challenge the ability of Bangladesh to achieve higher economic growth and eradicate poverty at the expected pace. In the coming years it is predicted that there will be progressively more frequent and severe tropical cyclones, heavier and more erratic rainfall, higher river flows, river bank erosion, increased sedimentation, melting of the Himalayan glaciers, sea level rises and warmer and more humid weather among other phenomena. These changes will cause reduced agricultural production, increased salinity in the coastal belt, a shortage of safe drinking water and severe drought.

In the worst case scenario, unless existing coastal polders are strengthened and new ones built, the sea level rise could result in the displacement of millions of people – "environmental refugees" – from coastal regions and have huge adverse impacts on the livelihoods and long-term health of a large proportion of the population. It is essential that Bangladesh prepares for this challenge and defends its future economic well-being and the livelihoods of its people.

A recent study in India found that farmers would experience around a 9% loss in annual farm-level revenue as a result of climate change.[15] Being a small country compared to India and with a huge agriculture dependent population, Bangladesh is under threat of a more loss in farm-level revenue due to climate change. Over the last three decades the Government has invested over USD 10 billion to make the country more climate resilient and less vulnerable to natural disasters.[16] From 1984 to 2007, the estimated damage to property amounted to USD 7.4 billion while the tropical cyclones in 1970 and 1991 are estimated to have killed 500,000 and 140,000 people respectively.

The Government has recently established the Bangladesh Climate Change Resilience Fund (BCCRF) with an initial capitalization of USD 110 million and a Multi-Donor Climate Change Trust Fund of USD 150 million with the support of the United Kingdom, Sweden, Denmark and the European Union. These funds will be used for climate change purposes only and should result in better analyses of climate impacts on traditional (agriculture) and non-traditional (telecommunications) sectors. The current stumbling block is that it has not yet been decided which institution or ministry will be in charge of the funds.

Financing climate change is very challenging for Bangladesh due to its poor economic base. Since the Government has established the BCCRF, it has had to sacrifice the same amount of investment from other important sectors such as health, sanitation, education and poverty. The Ministry of Environment and Forests is currently working out the cost of implementing the ten-year Action Plan (2009-2018) in consultation with line ministries. It is estimated that a USD 500 million program needs to be initiated in the first two years for immediate actions such as strengthening disaster management, research and knowledge management, capacity building and public awareness programs as well as urgent investments such as cyclone shelters and selected drainage programs. The total cost of programs commencing in the first five years could reach USD 5 billion.

Moving forward

Since Bangladesh is a major victim of global warming, it needs a huge aid investment in mitigation measures for the increasing incidences of natural disasters. The country's contribution to the emission of greenhouse gases (GHG) is miniscule: less than one-fifth of 1% of world total, which reflects its extremely low consumption of energy. It is the duty of those countries that are responsible for the higher rate of emissions to finance the adaptation and mitigation strategies of climate change.

Civil society organizations, national and international NGOs and various donor agencies should also initiate some coordinated movement to restructuring the financial instruments of the IMF and the World Bank and bring all stakeholders under a single umbrella to accelerate the achievement of the MDGs in Bangladesh and the world. ■

12 Government of Bangladesh, *op. cit.*

13 Ahmed Sadek Yousuf and Mohiuddin Alamgir, "Foreign aid: help or debt entrapment," *The Daily New Age, XTRA,* 15–21 May 2009. Available from: <prodip.wordpress.com/2009/05/15/foreign-aid-help-or-debt-entrapment/>.

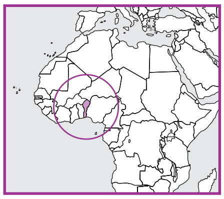
14 Jubilee Debt Campaign UK, "Country Information: Bangladesh." See: <www.jubileedebtcampaign.org.uk/Bangladesh+3478.twl>.

15 Kavi Kumar, "Climate Sensitivity of Indian Agriculture: Do Spatial Effects Matter?" *SANDEE Working Paper,* November 2009. Available from: <www.sandeeonline.com/uploads/documents/publication/868_PUB_Working_Paper_45.pdf>.

16 Ministry of Environment and Forests, *Bangladesh Climate Change Strategy and Action Plan 2009*, Government of the People's Republic of Bangladesh, September 2009. Available from: <www.moef.gov.bd/climate_change_strategy2009.pdf>.

■ BENIN

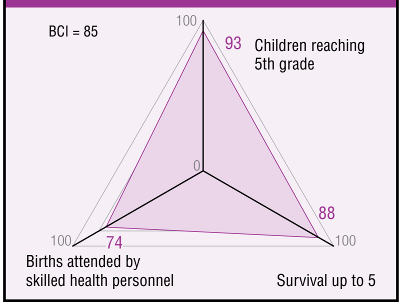
No development without aid



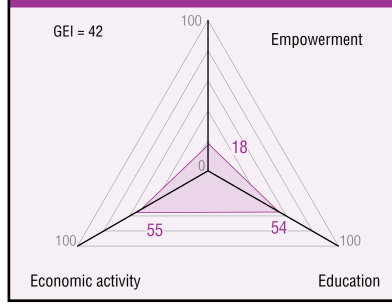
Benin's difficulties with development have been aggravated by the international financial crisis. This had a severe impact in the donor countries and brought about a reduction in official aid and direct investment, and led to massive withdrawals of capital by foreign investors. The country must take measures to control the movement of capital so as to promote beneficial foreign investment. In addition, respecting human rights, which is an essential condition for development, must become an objective in itself.

Social Watch Benin

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The civil society organizations that make up Social Watch (SW) Benin are in agreement with the Government[1] in that they are radically opposed to a predator and unequal international economic and financial system. They believe that the recent upheaval in world financial markets points to the need for more effective global supervision and preventive measures to protect the world economy.

The International Monetary Fund (IMF), which monitors the stability of currency exchange, has functioned in an inequitable way and to the detriment of the poorest economies. Benin, along with other African countries, has suffered the negative consequences of this unfair stance on the part of these financial institutions. A redistribution of decision-making power in favour of the poorer countries would contribute to rectifying this asymmetry in how the Bretton Woods institutions operate, and would in the current situation make it possible to take action to sanction the countries that caused the imbalances and the crisis.

SW Benin has stressed the need for the UN to make a commitment to pursuing a more democratic way of working. The principle of "one dollar one vote", which is how decisions in the Bretton Woods institutions are taken, is undemocratic.[2] The citizens of Benin emphatically recommend that the international community change to the more democratic system of "one country one vote" and that it actively commits itself to the interests of civil society.

SW Benin is sceptical about the recommendations and (minimal) commitments undertaken at the G-20 summit in Pittsburgh in September 2009 to reform the world's financial architecture, because the leading countries did not have the courage to confront the underlying causes that led to the financial crisis. SW Benin has issued a call for the humanisation of the world's financial system and stricter citizen control over international financial institutions.

Financing for development

In 2009 and 2010, the world financial crisis caused a reduction in the flow of funds and foreign direct investment (FDI) to Benin. Today "...the weight of foreign direct investment is still very slight. FDI has been rather irregular in recent years and on average only some 30 billion CFA francs (USD 60 million) per year has come in, and this mainly benefited industry. In the short and middle term, the effects of the crisis on FDI will impact negatively on the population."[3]

In addition, even before the crisis FDI did not have a positive effect on the Benin economy because some foreign investors made massive and systematic withdrawals of capital and benefits and sent these funds to their head offices or their countries of origin. Some investors did not even deposit funds in the country's central bank or local banks. To make matters worse, these economic agents enjoy tax exemptions on their income that put them in an even more advantageous financial situation. This says a lot about the lopsided relation that Benin has with foreign investors, a relation in which the country itself receives no concrete benefits.

Benin should take measures to impose restrictions, for example to control the movement of capital, so as to promote foreign investment that actually has a positive impact in the country.

The impact of external debt

The country's foreign debt is much lower that the norm in the West African Economic and Monetary Union (WAEMU). However, according to a report by the Ministry of the Economy, "The level of debt is still a dead weight that impedes the development of the country's economy, in spite of debt cancellation initiatives undertaken by the international community through the MDRI and the HIPC."[4]

Benin's external debt is rising: in 2006 it stood at USD 539 million and in 2008 it reached USD 846 million. Added to this there is the internal debt, which in 2005 was around USD 7 million and by 2008 had risen to USD 608 million. In 2008, public debt service payments amounted to USD 91 million.[5]

In 2006 the country's debt decreased, and this was mainly because of cancellations that were granted as part of the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). The MDRI enabled Benin to obtain cancellations of multilateral debts to the tune of USD 1.16 billion, distributed over a period of fifty years starting in 2006.

1 "Disturbances in financial and banking markets have economic consequences that destroy poor countries' efforts to develop because they bring about a reduction in resources to finance small and medium size enterprises, a reduction in credits for the economy, a probable fall in the price of commodities and also a predictable reduction in official development aid and flows of foreign direct investment". (Extract from a letter from the President of Benin, Boni Yayi, to the President of France, Nicolas Sarkozy, 28 October 2008). Available in French from: <www.afrik.com/article15550.html>.

2 The United States has the equivalent of 17.35% of the votes, and this gives it the power of veto as any modification in the charter of the IMF or the World Bank requires 85% of the votes. In contrast to the United States share, 22 African countries taken together have 1.17% of the votes.

3 The National Commission to manage the impact of the international financial and economic crisis on economic and social development in Benin, "Impact of the world financial and economic crisis on economic and social development in Benin" (May 2009).

4 The Ministry of Economy, Social Security, Development and Evaluation of Public Action; *National strategy for attaining the Millennium Development Goals* (2007), p. 35. Available in French from: <www.undp.org.bj/docs/omd/plaidoyer_omd.pdf>.

5 National Assembly, "Finance Law", 2010.

The HIPC resources went to four priority sectors, namely health, access to potable water, education and an initiative to end isolation. In the 2005 edition of a report on the country's social profile, called The HIPC and Poverty Reduction, the Social Change Monitoring Agency stressed that the contribution of relief resources is still low in relation to the financing needs of various social sectors. These resources amount to less than 20% of annual budget allocations for the four priority sectors under study, and only 2% of the national budget.

Foreign aid

The official foreign aid for development that Benin receives basically consists of support for the budget. In the years 2005 to 2008, the share of foreign resources used to cover the country's budget deficit amounted to 12%, 13%, 15% and 16% respectively of the country's income.[6] In 2009 it was not possible to allocate the expected 27% for budget support.

The provision of foreign resources for Benin fell from USD 661 million in 2009 to USD 507 million in 2010. This decrease was mainly due to the international financial crisis that most of the donor countries are undergoing and to the financial organizations involved, or because there are relatively long periods before financing agreements come into force. Estimations of budget aid, which consists mainly of indirect IMF budget support transfers, plummeted by 57.50% in the 2010 budget.[7]

On 30 June 2009, the external resources mobilized amounted to USD 150 million as against a projection for the year of USD 645 million, which is to say that only 23.2% had actually been provided by the halfway point.[8]

Can Benin finance its own development?

The obstacles to Benin's development are so great that it would be simply impossible for the country to progress without assistance. "Pursuit of the MDGs would mean a big increase in public expenditure. The country's needs in the 2007 to 2015 period have been calculated at USD 11.5 billion. To reach the MDGs, the target of USD 758 million in 2007, expenditure would be around USD 1.92 billion in 2015 – which amounts to an annual average of USD 1.28 billion."[9]

To attain the MDGs it is essential that more and more resources, external as well as internal, be mobilized. The Government cannot make this commitment unless the private sector and civil society become closely associated with the effort to mobilise and manage the resources.

However, public finances are usually in deficit. In the 2010 general national budget there was a global deficit of 7.2% of GDP, with a deficit budgetary balance of 2% of GDP, which means that Benin did not respect the budgetary criteria of the Pact for Convergence, Stability, Growth and Solidarity that the member states of the WAEMU adhere to.

In this context in no way is Benin capable of financing its own development without external assistance.

Gender and the FfD

The Government formulated a Growth Strategy for Poverty Reduction (ECRP) in 2007-2009,[10] and in this, for the first time, aspects of gender were incorporated into the various subject areas dealt with. This inclusion of the gender perspective is an attempt to correct the deficiencies identified in the first Poverty Reduction Strategy (ERP) 2003-2005[11] and also an attempt to ensure that the expected results of the current ECRP are sustainable. Thus the whole plan, including the formulation of sector programmes, is designed to cater to women as well as to men, in accordance with their specific needs.

The inclusion of gender equality in the ECRP is a new innovation for Benin, it is part of a Danish and Swiss cooperation agreement and it is backed by the United Nations Development Programme through the programme to strengthen the study of gender in growth policies and strategies for poverty reduction (PAFEGP/ECRPU). Thanks to this programme, the gender perspective is clearly expressed in the financing agreement for the country's development. The programme is being implemented by the Ministry of the Family and other actors in the country, and it has technical and financial support from alliances for development in a joint financing system that is geared to alignment, harmonisation and appropriation in line with the spirit of the Paris Declaration. All aspects of the proposed interventions involve a synergy among all the actors involved.

Some of the results were as follows:

- The inclusion of the gender section in the annual joint revisions of the ECRP, whose memorandum is based on a synthesis of the execution points of sector gender action and their scope.
- The process of formulating a national policy to promote the gender perspective, which is backed by the Technical and Financial Alliances (TFA) and the Government, and is based on the initiative embodied in the PAFEGP/ECRPU.
- To carry out a national study of violence against women, with joint financing from the TFA.
- Continuity in external support to establish a system of sufficient health protection for mothers and children. The Beninese Government has reinforced measures to implement free caesarean operations and health care for children up to five years old.[12]

The role of civil society

Civil society organizations have a role to play, and also responsibilities, in Benin's development process. Basically they should try to educate the population and keep them informed, strengthen management and organization capabilities, ensure the flow of information and guidance, participate in dialogue and work for the benefit of the people at large. In this way these organizations can contribute to development in all sectors of public life including education, health, potable water, sanitation, agriculture, environmental protection, financial services, the promotion and defence of economic, social and cultural rights, autonomy for women, the promotion of good governance, rendering accounts, studying and analysing budgets and providing follow-up on development policies.

The most important role of civil society organizations in the country is to monitor the human rights situation, in particular with regard to economic, social and cultural rights. It is essential to go beyond the MDGs and tackle the problem of violations of people's rights. It is imperative that the question of human rights be given priority in any development model, and every aspect of these rights must become an objective in itself. ■

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6 General Assembly "Finance law", 2005, 2006, 2007, 2008; The National Commission to manage the impact of the international financial and economic crisis on economic and social development in Benin, *op. cit.,* p. 73.

7 SW Benin, *Analysis document and report on the finance law 2010*, p. 19.

8 *Ibid.*

9 The Ministry of Economy, Social Security, Development and Evaluation of Public Action, *op. cit.*, p. 13.

10 Available in French from: <www.planipolis.iiep.unesco.org/upload/Benin/PRSP/Benin%20SCRP%20VersionFinaleAvril07.pdf>.

11 National Commission for Development and the Fight against Poverty, *Document of poverty reduction strategy in Benin 2003–2005*, (December 2002). Available in French from: <www.planipolis.iiep.unesco.org/upload/Benin/PRSP/Benin%20PRSP%20French.pdf>.

12 SW Benin, *2009 Alternative report of civil society organizations for the Millennium Development Goals in Benin*, p. 57.

The wealth does not reach the people

In an extraordinarily favourable international context of high prices for prime materials, the country has received big financial inflows derived mainly from its hydrocarbon exports. However, the funds the State receives through taxes and fees has not had an impact on the domestic economy. The extractive model is such that foreign direct investment does not generate better conditions in the country since this system takes more money out of Bolivia than it generates in domestic economy.

CEDLA

Thanks to an increase in *per capita* income in recent years Bolivia has ceased to be a low income country and has moved up to the middle income level. Therefore access to resources to finance development no longer depends on access to concessionary credits from multi- and bilateral organizations in the developed countries.

Moreover, the world economic crisis has revived a camouflaged version of the old debate about reforming the international financial architecture and finance for development in countries on the periphery. There is no doubt that the crisis in the capitalist system has added fuel to calls for some kind of reform, however tenuous, but this has not led to real changes in the financial sphere.

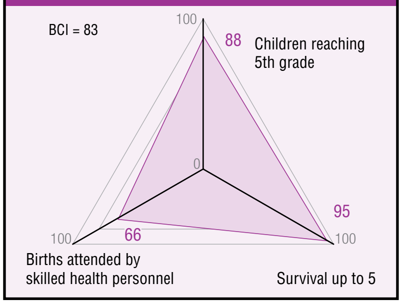
Fiscal income and the prime exports model

In recent years the economies in Latin America have strengthened their development models linked to the exploitation and commercialization of prime materials based on the increase in international prices. This means that the region's insertion in the world market is mainly built around activities like mining, oil and gas. But in fact this profile, which has been re-baptized as neo-extractionism,[1] only goes to consolidate the international division of labour and an acceptance of the "global institutionality" linked to the World Trade Organization (WTO).[2]

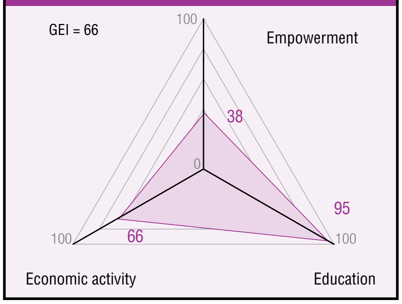
The Latin American economies are basically exporters of prime materials and in recent years this has meant that most of these countries have increased their economic activity and have Gross Domestic Product (GDP) growth rates above 5%. This expansion has been driven by an exceptionally favourable international context with higher prices and increased foreign demand.

While the fiscal balances in these countries have benefited from this situation, the nature of the model is such that transnational enterprises have benefited much more. Some Latin American countries receive considerable fiscal income from the exploitation of non-renewable resources; according to the ECLAC, in "...countries like Venezuela, Ecuador, Mexico and Bolivia around 30% or more of total fiscal income derives from the production of petrol (in the first three countries mentioned) and the exploitation of gas (in the last)."[3]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Since 2005, the fiscal income that Bolivia has obtained from the hydrocarbons sector – one of the biggest sectors in the economy – has been crucially important in enabling the country to overcome its fiscal deficit and finance most public investment.[4] But these resources are still fragile because international prices are volatile in the context of the world crisis. This might be confused with a typical case of the so-called "Dutch disease", which is distortion caused by a sudden inflow of foreign currency from natural resources that the real productive system is unable to absorb.[5] But in fact, in Bolivia, the cause lies in the structure of the country's economy, and this has been accentuated by the recent boom in international prices for prime materials.

An analysis of the behaviour of fiscal income and its component parts shows that after the crisis the country went through in the first half of the 1980s the implementation of severe structural adjustment policies made it possible to manage to some extent the fiscal deficit. In the twenty-five years since that time the fiscal structure has been rather inflexible, with a large proportion of expenditure committed basically to financing the State and only a relatively small amount going on public investment (no more than USD 500 million in that period), most of which was financed through external public debt.

Bolivia's income situation is very different because, after the tax system was reformed in 1986, value added tax (VAT) basically became the main source of State income. This is an indirect tax and it is by nature regressive as it is levied on the consumption of all the people of Bolivia regardless of whether they are rich or poor. Up to 2003, this meant that VAT accounted for somewhat more than 70% of the country's total tax income, but by 2009 this share had declined to a little over 50%.[6]

According to official sources, the State's income from direct taxes on the hydrocarbons sector increased from USD 287 million in 2005 to USD 802 million in 2009. It may be easier to grasp what this means if we compare the contribution to tax income from this sector with the VAT share in the total. In 2000 VAT accounted for 40% of the total and by 2009 its share had fallen to 35%, but this was on a greater absolute tax income base – from USD 420 million in 2000 it increased to USD 1,2 billion in 2009. The figures for taxes on hydrocarbons show that in 2005 their share was 15% of total tax income and in 2009 the figure was 22%. This was mainly due to higher prices rather than to an increase in the volumes produced and exported.

1 Eduardo Gudynas, "El nuevo extractivismo progresista" (The new progressist extractionism). *El Observador* No. 8. CEDLA/OBIE. January 2010.

2 *Ibid*, p. 3.

3 Latin America and the Caribbean in the New International Scenario. Santiago de Chile, ECLAC, 2008.

4 There were two factors behind this: first, changes in the tax regulations for this area, and second, the increase in international prices for oil and gas.

5 This leads to an exaggerated expansion of non-transable goods and services – public works, transportation, communications – due to over-valuation of the country's currency.

6 Value Added Tax (VAT) shows how highly regressive the Bolivian tax system is, even with the increase in State income from taxes on oil and gas activity since 2005, after the Hydrocarbons Law (No. 3058) was passed and the imposition of a direct tax on hydrocarbons – an aliquot of 32% of total hydrocarbons production measured at the fiscalisation point, which is not levied on wealth but that varies depending on the volumes of gas and oil produced and their international prices.

A narrow margin for the State

In the period 1997-2007, the average annual growth rates for petrol and gas production were 4.6% and 11.6% respectively, but in the 2006-2007 period they were only 1.11% and 3.73%. There are various reasons why these production growth rates fell. In a diagnosis carried out as part of the present Government's Bolivian Strategy for Hydrocarbons, three main factors stand out: the fall in investment in the exploitation and development of fields, the capacity of the plants for processing hydrocarbons and the characteristics of accumulation in the sector. These aspects show that the oil companies still control production.

A first conclusion that can be drawn is that in spite of the considerable increase in State income thanks to higher prime material prices, the overall orientation of the tax system has not been changed and the main burden is still borne by the people of the country. The clearest indicator of this is the increase in tax pressure on consumption, which rose from 7.2% of GDP in 1990 to 14.2% in 2009. A second conclusion is that the gas business still depends on investment that the oil companies make in the sector, but under the regulatory framework that has been in force since 2005 the transnational enterprises are not obliged to invest in exploration or exploitation.[7]

As to expenditure, the increase in fiscal income from hydrocarbon rents does not translate into greater flows of public investment in productive sectors. The resources from the sale of hydrocarbons have mostly gone on road infrastructure, and very little has been channelled into sectors like agriculture or manufacturing.[8] This profile has a lot to do with the ways in which Bolivia is integrated commercially into the dominant markets in the region: the country is more a bi-oceanic integrating bridge that allows the flow of merchandise between neighbouring countries than a partner that can promote and sell its local production.[9]

This scenario means that the hope that a favourable climate in terms of prices can promote a change in the primary exporter model has wilted in the face of the enormous problems the country is confronting. And to make matters worse, the transnational enterprises are continuing to invest in the extractive sectors, and this leaves little margin for the State – which cannot reverse the process of appropriation of surpluses – to undertake initiatives to bring about sustainable change.

7 "La crisis energética al ritmo de las petroleras" (The energy crisis at the rhythm of the oil companies), *El Observador* No. 4. CEDLA/OBIE. March 2008.

8 Juan Luis Espada, *La renta de hidrocarburos en las finanzas prefecturales. Tendencias de los ingresos y gastos (Hydrocarbon rents in municipal finances. Trends in income and expenditure) (1997-2007)*. CEDLA, 2009.

9 This relates to the South American Regional Infrastructure Integration Initiative (IIRSA) and investment in bi-oceanic road projects.

The crisis and pressure on natural resources

According to some scientific predictions,[1] the world could reach its conventional oil production peak before 2020. This scenario suggests that energy prices will continue at high levels and thus constitute inflationary pressure world-wide and stimulate the development and production of substitutes like bio-fuels, also spuring the search for other substitutes like the so-called energy minerals, nuclear power and renewable energy sources.

In this complex panorama, responses to the international economic crisis cannot focus exclusively on the immediate consequences of the recession and the form that recovery will take. On the contrary, these responses should stem from an evaluation of the consequences of maintaining a mode of production that, in the long term, will lead to the over-exploitation of labour and the consolidation of the transnational monopolies that dominate the exploitation of natural resources.

Trends in foreign direct investment (FDI) in Bolivia have been variable in the last ten years, but from their behaviour it is clear that there is increasing concentration in the extractive sectors (hydrocarbons and mining). Official statistics show that in 2008 these two sectors received more than 75% of FDI flows,[2] with mining taking a greater share because of international price rises for these products and investment stagnation in the oil and gas sector.

Another aspect is that an analysis of FDI in these sectors shows an increase in payments of dividends on shares and other participation in capital, and in "disinvestment",[3] especially since 2004, and since that time these payments have exceeded gross FDI. The highest peak for capital outflows from the country on the part of transnational enterprises was in 2005, when it amounted to more than 201% of gross FDI.[4]

Because of the kinds of activities involved (basically geared to exports), FDI has not generated better conditions for the country. In fact, in this business, more money has flowed out of Bolivia than has come in. Similarly, what is left in the State's coffers through taxes and fees from extractive activities (mainly oil and gas) has gone on public investment in regional projects – like the bi-oceanic integration project – rather than on investments that would have a significant positive impact on the country's economy. ■

1 UK Energy Research Centre, "Global Oil Depletion. An assessment of the evidence for a near-term peak in global oil production." August 2009.

2 Instituto Nacional de Estadísticas. Inversión Extranjera Directa. (National Statistics Institute. Foreign Direct Investment) 1996-2001. Central Bank of Bolivia, 2002-2008.

3 Disinvestment is understood as "Investment is the opposite direction (...) it is a kind of return of direct investment capital to its owner and/or capital financer." IMF, Guide for compiling balance of payments statistics. Washington, 1995.

4 Efraín Huanca, "Generación y uso del excedente económico en Bolivia (The generation and use of economic surplus in Bolivia) 1988-2008". CEDLA. Mimeo. December 2009 (Partial progress).

Conclusions

As we have seen, Bolivia's increase in fiscal income was brought about by extraordinarily high international prices for prime materials. This rules out plans for sustainable development because the country is more dependent than ever on income derived from taxes on primary export activities, which are controlled by transnational enterprises. Moreover, these companies regulate their investment flows in accordance with international price trends and the conditions the Bolivian State has imposed through frameworks that regulate their activities. ■

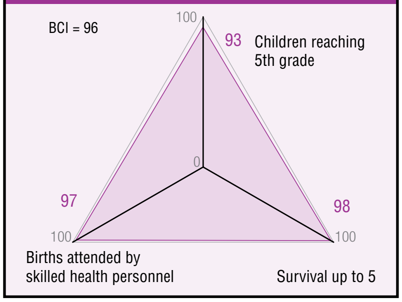
BRAZIL

Clouds on the horizon

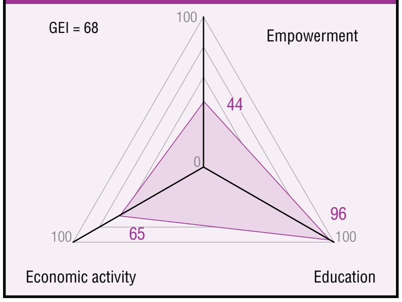
The fast and strong recovery of the Brazilian economy in 2009 was mostly due to a combination of non-orthodox compensatory policies. The Federal authorities broke with the neoliberal orientation followed by previous administrations and by President Lula himself in his first term. The Brazilian experience shows that social policies can also be supportive of economic growth. However, although the situation is still under control, as the world economy is turning the page of the international crisis, a second wave of crisis and instability may be forming right now with no clear picture of what the outcome may look like.

Social Watch Brazil
IBASE – Brazilian Institute for Social and Economic Analysis

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



In the last quarter of 2008, the global crisis hit Brazil, breaking the trend towards relatively fast growth that had distinguished the preceding three quarters. As reported in the 2009 issue of Social Watch, the Brazilian economy was hard-hit when capital inflows suddenly turned into outflows, sharply devaluing the domestic currency, and threatening a group of large firms that had bet on the continuing appreciation of the Brazilian real in the derivatives market.

The shock was serious but not deadly, as in past crises. In fact, after about six months of economic contraction, the Brazilian economy began to recover in the second quarter of 2009. Growth has accelerated since then, and forecasts for 2010 range from a minimum rate of 5.5% to about 7% Gross Domestic Product (GDP) growth. Capital inflows were resumed still in mid-2009, and the country again began to face a period of exchange rate overvaluation, with all the risks such a situation brings. During the first semester of 2010, financial instability again increased, caused by the balance of payment problems of Greece, Portugal, Spain and Italy, among others, but it was still early to identify their impact on Brazil.

Social policies can also support economic growth

The fast and strong recovery of the Brazilian economy in 2009 was mostly due to a combination of non-orthodox compensatory policies. President Luiz Inácio 'Lula' da Silva's administration has come a long way from the neo-liberal policies that defined his first term in office, from 2003 to 2007. Recovery was achieved on the strengths of domestic demand, fed by: policies to rise the minimum wage; social policies, of which "Bolsa Família" (family grant) is the most important; credit expansion policies led by public banks; and, to a lesser extent, fiscal policies under the umbrella program known in Brazil as PAC (Program for Growth Acceleration). Lower income groups were also the target of policies that have expanded the number of poor people receiving cash benefits (equal to a one-month minimum wage), such as those with a family income equal to or lower than 25% of the minimum wage per capita, people with disabilities, poor people over 65 years old, and extended retirement benefits to rural workers (even in the cases where no previous contributions were made).

Bolsa Família, which channels income supplements to families in extreme poverty, distributes about R$ 12.5 billion (around USD 6.94 billion), practically over the entire national territory. Besides its effectiveness as an instrument for the reduction of extreme poverty, which has been generally considered very successful, Bolsa Família provided important support to domestic demand, particularly for non-durable consumption goods. Since poor families tend to consume all of their income, these grants constituted a direct boost to demand, putting a floor under any possible reduction of consumption expenditures in the country. Expenditures based on Bolsa Família have also an indirect expansionary impact on demand and the level of economic activity. The original expenditures become somebody else's income, which will also be spent, giving additional stimulus to other activities. The decentralized nature of the program allows these stimuli to be directed at local activities, magnifying the impact on employment and on additional consumption.

These expenditures were certainly instrumental in preventing the contraction that would result from the negative impact generated by the balance of payments disparities shown in late 2008 and early 2009. The Brazilian experience showed that social policies can also be supportive of economic growth, since the poorest families, who received the benefits, usually exhibit very high propensities to consume. The macroeconomic impact of these policies compares favourably with those implemented in other countries, such as tax reductions. The latter tends to favour higher income groups (those who actually pay direct taxes) which they use to save part of their windfall gains, attenuating its expansive impact.

The second pillar of the Government's counter-cyclical policies was credit expansion. Under conditions of heightened uncertainty, credit tends to contract because financial institutions usually seek safer assets rather than extending profitable but riskier credit to firms or to consumers. This causes production to contract, since without working capital firms cannot hire workers or buy raw materials and consumers cannot finance their purchase of durable goods. The Federal authorities broke with the neoliberal orientation followed by former president Fernando Henrique Cardoso and by Lula himself in his first term which treated public banks as if they were private.

As private banks in Brazil, as in other countries, shied away from loans, Banco do Brasil (a commercial bank controlled by the Government, not by the Central Bank), the National Savings Bank (CEF, specialized in financing construction and sanitation) and the National Bank of Social and Economic Development (BNDES) were directed to fill the void. The three banks, which cater to different constituencies, expanded activities aggressively, taking market share from private banks, which were then obliged to expand their own operations. As the three banks increased their credit supply, they reduced their spreads, putting additional pressure on private banks to expand in order to avoid losing even larger shares of their markets.

BNDES was a particularly important player in this game, since it finances investment. The increase in investments is a condition to turn this growth spur into a sustainable long- term trajectory. Some controversy has surrounded the choice of projects to which the bank gives financial support, in particular because of environment concerns but also because of their impacts on local communities, but as a strategic element of a growth recovery process, BNDES' action was highly successful.

Even more controversial have been fiscal policy initiatives, among which PAC stands out. The program was launched amid a heavy barrage of publicity, in part motivated by immediate concerns (the incoming presidential election), but also because of its possible impact on the entrepreneurial spirits of Brazilian small businesses. In part, PAC was little more than the consolidation of older projects of public investment or investment made by state-owned enterprises, most notably Petrobras, the oil company controlled by the Federal Government. A number of projects seemed to have met all sorts of difficulties, including with the audit entities that control Federal Government expenditures. Many critics point out that actual implementation of the projects listed in PAC fell far short of what was announced, that projects were not always selected rationally or with the highest social rates of return in mind.

Nevertheless, the impact on the entrepreneurial spirit seemed to be positive, stimulating some recovery of private investment. Even more important was the discovery of large new oil reserves known in Brazil as Pré-Sal which promises to change the country's position in the international oil market. The time to actually exploit these reserves is still relatively far in the future, but the news itself was enough to stimulate additional private investments.

Other positive factors also made their influence felt. The early and strongest recovery of the Chinese economy had an expansive impact on the whole continent, as exports of minerals and agricultural goods to China expanded overall exports. The net impact of international trade was, however, negative, since imports grew faster than exports. In other words, Brazilians bought more from the rest of the world than the rest of the world bought goods and services produced in the country, so the net impact acted to contract local output.

One important difference in this crisis was the behaviour of the capital account. The Brazilian economy suffered the negative impact of the international crisis in its balance of payments in the last quarter of 2008 mainly in the form of capital outflows. These outflows, however, resulted from the return of foreign financial investments in Brazil, which were made in response to stock exchange prospects, and to a smaller degree to interest rates that exceeded those in the rest of the world. As these foreign investors suffered losses in the markets of advanced countries, they closed their positions in emerging economies and repatriated their capital to make up for those losses.

In contrast with past crises, this time there was no capital flight by Brazilian wealth-holders. In fact, since the crisis was centered in the developed world, foreign capital markets were not attractive to domestic financial investors. Domestic market assets certainly paid more than financial investments abroad and with lower risk. The Brazilian economy was not suffering any pressure to make payments, since its public external debt is reasonably under control and its international reserves are high for the scale of the economy. Capital outflows could be easily accommodated given these reserves. A preventive dollar swap line negotiated with the Federal Reserve strengthened these defenses and reduced any pressures that could lead to capital flight, making it easier to manage other pressures.

Some risks ahead

Not everything is that bright, however. It is true that the crisis was short-lived and relatively benign in its effects, considering that this is the second worst crisis in the history of modern capitalism, after the Great Depression of the 1930s. By mid-2009, as already observed, the economy was again moving almost at full steam towards rates of very respectable growth, even if far from those reached in countries like China or India.

Recovery also brings the capital inflows that may become very dangerous to Brazil in the near future, since they appreciate the local currency (a trend which resumed after the devaluations of late 2008), which hurts exports and stimulate imports, leading to current account deficits and an increase in external indebtedness. The situation is still under control, but it is deteriorating very rapidly and it is certainly a concern for the near future. The accumulation of reserves per se is not enough to make the position of the Brazilian economy safe. Increasing external debt makes the country more and more dependent on external finance and can turn into a full fledged crisis if these inflows are interrupted as they were so many times in the not-so-distant past. The picture is even more worrying as no solution seems to be on the horizon of Brazilian policy makers. It is generally recognized that the combination of high interest rates and overvalued exchange rates can be lethal, but very little seems to be in the works to change the situation.

On the social policies front, Bolsa Família has been consolidated, and the Lula administration announced plans to make it permanent, making the grants legally mandatory on future federal administrations. A step forward, at this point, would be to define policies for social advancement, including consistent employment policies, policies to reduce unemployment and the expansion of the informal economy, and education and social policies that would not only increase the welfare of lower income groups but also their qualifications and productivity.

On the credit policy side not much needs to be done at this point. Financial regulation is being redesigned in international forums but the Central Bank of Brazil does not seem to want to be innovative in this field. The aggressiveness with which public banks acted during the crisis seems to have served as a wake-up call for private banks, which are taking steps to expand their own credit supply. This can be beneficial in terms of improving the cost of capital for productive activities and to finance consumers' expenditures.

It is on the investment front that, together with the balance of payments risks referred to above, the horizon is more uncertain. The relatively small degree of damage caused by the first wave of the crisis to hit the economy in late 2008 and early 2009 seemed to strengthen the investment proclivities of the Brazilian economy. However, the investment rate is still very low, much lower than necessary for a developing economy seeking to make the transition to developed nation status. In particular, infrastructure investments are still very far behind what is urgently needed. Besides, environment concerns are not adequately taken into account and the country may be promoting investments in sectors and processes that may become rapidly obsolete. Also some investment projects, particularly in electric power generation, are surrounded by controversy as to their impacts on local communities and the environment, raising debate as to the wisdom of these types of investment.

The most important risks ahead result from the fact that, clearly, the world economy has not yet turned the page on the global financial crisis. As the strong turbulence hitting the Euro zone has shown, there are still great dangers waiting in the future. In fact, the effects of a full-fledged crisis in the Euro zone may have an even worse impact on developing economies and on Brazil in particular, than the financial crash of 2008. Available policy instruments were enough to control and overcome the 2008 crisis. A second wave of crisis and instability may be forming right now with no clear picture of what the outcome may look like.

One important lesson, however, seems to have been learned: that neoliberalism and the *laissez passer* attitude characteristic of the Brazilian governments up to 2005-06 would have been lethal. The activist posture of 2009 may be a better guarantee of a safer future for the country's economy and society. ■

Finance for development in times of crisis

It has not yet been possible to evaluate the impact of the world economic crisis on progress in education and employment in Bulgaria or on how much progress has been made towards the Millennium Development Goals (MDGs). However, it is clear that now that the country is in the process of establishing full membership of the European Union, some development objectives are still a long way off. In the past it was a recipient of aid and now it is a donor, but it has fallen far short of the target set for Official Development Aid (ODA) in 2010. There are no clear mechanisms or procedures for awarding aid to other countries. Cooperation and communication among the actors involved has to be strengthened, the gender dimension has to be included in the aid programs and people's awareness must be raised.

Bulgarian Gender Research Foundation
Bulgarian European Partnership Association

Prior to the world economic and financial crisis, in 2008, large amounts of capital flowed into Bulgaria, which generated high levels of internal demand. As a consequence, the country's Gross Domestic Product (GDP) increased considerably and employment expanded, but the country also saw an increase in its current account deficit and the economy overheated, with big pay rises and double-digit inflation. When the boom came to an end in the last quarter of 2008, the flow of foreign capital slowed down, causing a reduction in internal demand. At the same time, the onset of recession among the country's trade partners led to a fall in exports. As a result, GDP contracted by 5.1% in 2009, its first fall since the financial crisis of 1996-1997.

A long period of adjustment

In March, the International Monetary Fund (IMF) forecast that the country's economy would start to recover in 2010 and that GDP would grow by 0.2%, although internal demand is expected to fall still further.[1] As a result of the slowdown in investment, a tighter credit situation and weak economic activity, investment may well continue to decrease, and to make matters worse, domestic consumption will decrease as employment shrinks. This would make for an even greater deficit in the current account, which has gone from 8.5% of GDP in 2009 to 5.5% in 2010. According to the IMF report, inflation will probably remain moderate at around 2.2%, but unemployment should increase from an estimated average of 7.8% in 2009 to 9.2% in 2010.[2]

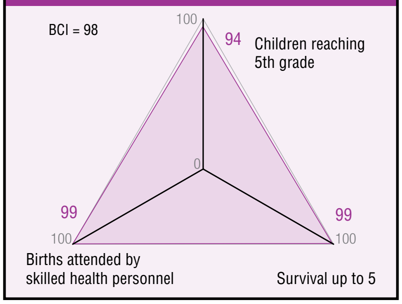
However, the unions and workers' organizations are more pessimistic, foreseeing double-digit unemployment that could go as high as 20%. Average unemployment as of January 2010 was 9.9%, but in some parts of the country it was over 15%.

Following the IMF recommendations, the Government expects that the private sector and also public action will adjust to the new situation, and it has begun to formulate its policies based on this supposition. For example, the IMF view is that the private sector should reallocate resources from non-export areas to sectors that export as a way to underpin GDP growth. But according to the IMF, this measure will be successful only if pay rises are brought quite severely under control. These fell dramatically from their peak of 25% in the second quarter of 2008 to 10.6% in the last quarter of 2009 (in both cases compared to the same period in the previous year).

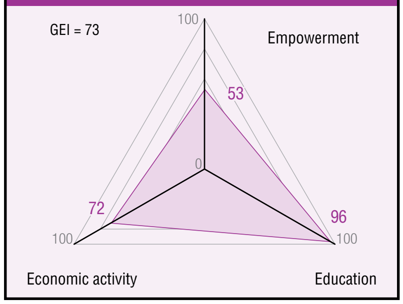
The Government maintains that the changes in its public policies will prepare the country for eventual entry into the euro group, which it sees as the only viable strategy to escape from the crisis. It also argues that maintaining fiscal discipline and intensifying structural policies will strengthen the economic foundations and viability of the economy. Thus it has set a goal of reducing the deficit to 0.7% of GDP in 2010, and has taken a series of measures to do this, including reducing the budget. This has meant a freeze on public sector pay and pensions, a reduction in the public administration and stricter control of expenditure on health services. The IMF stance is that although reducing social security contributions could in principle initially help to reduce the cost of labour and increase competitiveness, it risks widening the financing gap in the social security system and would thus require greater transfers. This in turn risks missing the medium-term budget objectives and might not be sustainable, particularly as regards the pensions system.

To avoid this possibility, the IMF has called for urgent reform in the pensions system. Its recommendations include freezing pensions in 2010, smaller increases in pensions in the years ahead, and adjustments to the pensions system, including raising the retirement age or raising the minimum number of years of contributions required to qualify for a pension.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



After the recent elections, in the first few months of its administration, the Government tried to initiate discussion about increasing the retirement age and the time periods required to qualify for a pension, but it decided to postpone this reform because unemployment was on the rise. At the same time, it stopped transfer payments that according to the Constitution the State is required to make to people under 18 years old, pensioners and people receiving social assistance or unemployment benefits. In an attempt to contain the budget deficit, transfers amounting to a third of the health insurance budget were not paid. The health system now lacks sufficient funds to pay its medical and administrative staff, with the result that hospitals were closed in small towns far from the big regional hospitals. However, this led to massive protests and beginning in March, repeated health system strikes.

There is still lively debate about the effectiveness of Government policies to cope with the crisis. All of the measures taken up to now are pro-cyclical in that they involve cutting expenditure and slowing down the economy, resulting in increased unemployment and a drift to the informal economy. This makes it hard to believe the Government will focus its efforts on attaining the goal of 0.17% of GDP.

Persisting backwardness

In official circles there is a degree of optimism with regard to progress towards the Millennium Development Goals (MDGs),[3] but it is clear that Bulgaria is facing serious obstacles to development, and these have

1 International Monetary Fund, 1 March 2010. <www.imf.org/external/np/ms/2010/030110.htm>.

2 *Ibid.*

3 UNDP, "Bulgaria Has Grounds for Optimism in Push for MDGs," Bulgaria, 24 October 2008. Available from: <www.undp.bg/uploads/File/mdg/mdgs_in_bulgaria/MDGs_Progress_ENG_Oct08.pdf>.

been aggravated by the world crisis. In October 2008, the country's second report on the MDGs[4] showed that it was on the way to attaining some of these objectives and in some cases results were exceeding expectations. For example, progress towards the goal of an infant mortality rate of 7 per 1,000 in 2015 was promising given that from the 2001 figure of 14.4 it had been brought down to 11.8 in 2006. The situation as regards the long term unemployment target of 7% in 2015 is also encouraging as the rate fell from 9.5% on 2001 to 6% in 2005 and then 3.9% in June 2007.[5]

In any case, progress towards the MDGs has to be seen in the context of the transition towards full membership in the European Union (EU). In this framework, Bulgaria's first report on the MDGs, published in 2003, contained goals for 2015 that were adapted to the process of integration into the EU.[6] But while some indicators such as education and unemployment were on a par with European averages, others – like monthly income, minimum income, infant mortality and various environmental indicators – lagged far behind.[7] The minimum wage is below the 2015 target of 170 euros, which means Bulgaria is still a "medium low income" country in the EU context.

Another factor is that progress towards the MDGs has been accompanied by greater inequality and exclusion: some 10% of the population account for 40% of the country's income and expenditure. This proportion, which is exacerbated by deteriorating quality and rising costs in the basic education and health areas, means greater inequality of opportunities. In particular, low incomes, low educational levels and limited access to health services have brought about serious social divisions very much to the disadvantage of some regions and ethnic groups, such as the gypsy minority.

Aid: the change from recipient to donor

For more than 15 years Bulgaria enjoyed the benefits of numerous aid programs financed by Germany, France and the United Kingdom, to help it develop within the European Union, and it also received assistance from countries such as Japan, Switzerland and the United States.

Bulgaria's second MDG report contained a review of the progress that had been made, but this time from the perspective of a full EU member country– a status it officially acquired on 1 January 2007. With this report the country changed from being a recipient of aid to being an emerging donor, in line with Goal 8, to promote a world partnership for development.

This commitment to actively participate in EU development policies obliged Bulgaria to contribute specific amounts of official development aid (ODA) set for the new EU members, including 0.17% of Gross National Income (GNI) by 2010 and 0.33% of GNI by 2015. But Bulgaria is a very long way from these targets: in 2008 its ODA decreased from 16 million euros to 13 million, which amounted to only 0.04% of the country's GNI. According to a 2007 Government report, Bulgarian development assistance "will mainly be used for poverty eradication and tackling economic under development in countries that are members (of the EU)," especially parts of south-east Europe and regions on the Black Sea.[8]

Challenges and opportunities

Most Bulgarian ODA is channelled to international organizations like the United Nations agencies, the World Trade Organization (WTO) and international bodies such as the Red Cross. Since 2008, Bulgaria has also been contributing to the European Development Fund (EDF), the main instrument whereby the Union administers assistance for development. According to a 2009 report,[9] the level of contributions from private donors and humanitarian aid organizations has been underestimated by the government officials in charge of implementing Bulgarian ODA, and this is one of the greatest weaknesses in the development aid strategy as it stands at the moment.

There is a clearly-defined framework for how ODA should be administered, but Bulgaria does not have concrete mechanisms or procedures to provide technical or financial assistance to other countries. This, along with a lack of clarity in the institutional infrastructure for aid provision, administration and evaluation, seriously impedes effective implementation of aid programs.

Before 2008 there were no annual reports or evaluations about how aid was being managed. This was partly because the country was new to the role of aid donor, and it seems that monitoring and evaluation processes were underestimated. There is almost no information about what happened before or whether any progress was in fact made, and this applies in particular to the area of financial resources. There is no evidence that the Government even had a plan, since there are no public reports about projects or sectors to which funds were allocated in the years before 2008.

The need for transparency

We have seen that one of the weakest points in Bulgaria's aid management system is that it lacks transparency. Information about aid decision-making is not available to the general public, and it is extremely difficult to find out anything about aid flows. In Government information channels such as its Internet sites there is almost no information, or if there is it is hardly relevant.

The reality is that decisions about development aid are usually taken unilaterally. Some NGOs have begun to play a more important role in the development aid process, but there is still a long way to go. Some NGOs were consulted when the 2009 to 2011 medium-term assistance strategy was being formulated, but if aid mechanisms are to be really democratic these consultations must be extended to include discussion of more specific issues and must involve actors from partner countries.

Civil society recommendations

NGOs have submitted a number of recommendations, including:

- Government should finalize its aid strategy, making national strategy reports for countries that it views as a priority.
- The Bulgarian Platform for International Development (BPID) should establish stronger contacts with suitable experts in other state institutions.
- Funds should be allocated for training for government officials and civil society representatives in order to strengthen dialogue and transparency.
- Evaluations of aid management (including the gender aspect) in the priority countries should be made so as to determine the real needs and ensure that Bulgaria's ODA strategy is tailored to meet those needs.
- Government should work to include gender aspects as a specific thematic program, and intensify cooperation between gender-focused civil society organizations and State institutions.
- Government should set up a forum for regular meetings among stakeholders, including civil society organizations, to discuss ODA priorities.
- Government should mount a public information campaign to make clear exactly what Bulgaria's ODA obligations are. ■

4 UNDP, *Millennium Development Goals Report for Bulgaria 2008*, Bulgaria, October 2008. Available from: <www.undp.bg/publications.php?id=2691>.

5 Bulgaria's average monthly income target for 2015 is 280 euros. In 2001 this stood at only 91 euros but by 2009 average monthly income had risen to 300 euros.

6 UNDP, *Millennium Development Goals Report for Bulgaria 2003*, Bulgaria. March 2003. Available from: <www.undp.bg/publications.php?id=1161&lang=en>.

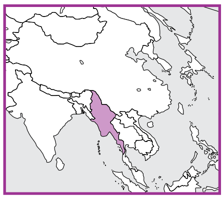
7 According to the 2008 MDG report, the infant mortality rate per 1,000 live births was 10.4, as against the European average of 4.7. In another field, energy from renewable sources, the rate varied from 4% to 7% while in contrast the average in the European Union was over 20%.

8 Ministry of Foreign Affairs, "Bulgaria's policy on participation in international development cooperation," concept paper, 18 June 2007.

9 Vessela Gertcheva, "Bulgarian Official Development Assistance and Peacebuilding," Initiative for Peacebuilding, Partners for Democratic Change International, November 2008. Available from: <www.initiativeforpeacebuilding.eu/pdf/Bulgarian_Official_Development_Assistance_and_Peacebuilding.pdf>.

■ BURMA

No development without justice: denouncing the democratic farce



Against the backdrop of no rule of law, Burma was recently ranked the 5th worst in the world regarding economic freedom. The 2008 Constitution and the general elections scheduled for 2010 will only perpetuate military rule and stagnation. Transparent, fair and accountable institutions are necessary for development, which cannot coexist with rampant human rights abuses, corruption and political oppression. The United Nations Security Council should establish a Commission of Inquiry to investigate crimes in the country.

Burma Lawyers' Council

The military regime, through the State Peace and Development Council (SPDC), has been devastating Burma's population by means of rampant human rights abuses and pervasive criminality since 1988. The SPDC has paired these abuses with impunity, creating a system in which there is no accountability for perpetrators of even the most vicious crimes. Criminality and impunity are facilitated by a judiciary that is subservient to the will of the leaders and bends the nation's laws to preserve and enhance the Junta's power.

Against this background, the nation's economy has regressed to the point where it was recently placed in 5th to last position in a ranking of economic freedom.[1] Internationally, the economy is regarded as corrupt and severely mismanaged.[2] Burma is also ranked 138 out of 182 countries in the 2009 UNDP Human Development Index, indicating a severe lack of economic and social development.[3] Advances in economic development can only occur when the current climate of criminality and oppression ends and perpetrators are brought to justice.

No transparency, no development

The general lack of trust in the SPDC and its governance has significant effects on Burma's economic development. Foreign businesses are reluctant to operate in a nation where disputes will be settled by a judiciary partial to the Government and where the State does not fully respect individual property rights. In some cases foreign businesses are shut down. The Economic Enterprises Law reserves many sectors of the economy – such as banking, insurance, telecommunications, extraction of specified resources and teak harvesting – for the State, giving the SPDC exclusive control over them.[4]

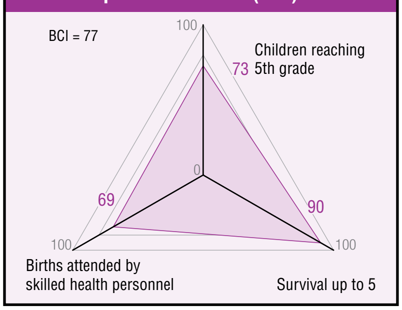
1 Heritage Foundation, "2010 Index of Economic Freedom: Burma." Available from: <www.heritage.org/Index/Country/Burma>.

2 See, for example, Transparency International, "Corruption Perceptions Index 2009." Available from: <www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table>.

3 UNDP, "Human Development Report 2009: Myanmar." Available from: <www.hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_MMR.html>.

4 State-Owned Economic Enterprises Law (SLORC Law No. 9/89), 1989.

Basic Capabilities Index (BCI) 2010



A good example of the SPDC's rampant corruption and disrespect of property rights is the Yaung Chi Oo case, which concerns a joint venture between a Singapore-based company and the Ministry of Industry to reopen Mandalay Brewery. Mandalay Beer became a recognized brand name, but before the end of the five-year agreement a dispute arose. Although the Ministry was required to refer the dispute to arbitration, the SPDC seized the factory and all the assets, subverting the legal process laid down by its own law. The bank accounts of the partner were frozen and its owners were threatened with arrest for alleged misappropriation of funds. When the parties went to court, the judge ignored the Singapore company's arguments and unjustifiably used its broad discretion under the law to rule in favour of the Government.[5]

The Burmese Foreign Investment Law (FIL) guarantees that no foreign company shall be nationalized during the permitted period of investment. The FIL also contains a section that allows the SPDC to terminate a contract before it expires.[6] As demonstrated in the Yaung Chi Oo case, the regime and its courts can manipulate these regulations in order to nationalize a company when advantageous to the Government.

To a large extent, a successful market economy depends on the trust the market participants have in the legal system to uphold their rights and fairly adjudicate their disputes. There must be an efficient, just and affordable judicial mechanism to resolve disputes, including those involving governments. This is clearly not the case in Burma. Without institutions to protect private property rights, foreign businesses will be deterred from engaging with the Burmese economy.

5 BK Sen and Peter Gutter, "The Burmese Junta's Abuse of Investment Laws," *Legal Issues on Burma Journal* (August 2001).

6 *Ibid.*

Transparent, fair and accountable institutions are necessary requirements for economic development, which cannot coexist with rampant human rights abuses, corruption and political oppression. Burma's development will only be fully realized once the judiciary is independent from the SPDC and all parties respect the rule of law. In addition to strong legal and judicial institutions, the country's economic health requires political institutions that provide access to information and accountability. Actually, there are no institutions of this sort.

Pseudo-democratic means to perpetuate the Junta

For decades the SPDC has mismanaged the country's economy. The 2008 Constitution and the general elections scheduled for 2010 will perpetuate the military rule and the corresponding economic stagnation. The Constitution includes problematic articles that will restrict opposition groups from participating in the elections and will grant impunity for the crimes of government officials.

Burma's 2008 Constitution is not a step forward for democracy but a bald attempt by the SPDC to remain in power. It was drafted by the military with no input from opposing political parties or other legal experts. The Constitution removes the military from civilian oversight, breaking a peremptory norm of international law and allowing the military to remain the most powerful institution in the country.[7] Article 121 of the Constitution prevents many political opponents from running for office because as it prohibits those serving prison sentences from being elected to a parliamentary seat. Now, the SPDC is imprisoning over 2,000 political opponents – individuals who will thus be excluded.[8] Additionally, the text of the document prohibits key opponents from running in the election. For example, article 59 prevents someone from holding the position of President if he/she is married to a foreigner. This provision excludes Aung San Suu Kyi, who is married to a British citizen, from becoming President. Under the Constitution, those authorized to run in

7 Id., art. 343 ("In the adjudication of Military Justice … the decision of the Commander-in-Chief is final and conclusive").

8 Assistance Association of Political Prisoners Burma. Available from: <www.aappb.org>.

Sexual violence and rape as a weapon of war

Amid constant oppression and violence, women's status in Burma is worsening. Several grassroots organizations along the Thai-Burma border are documenting the rampant human rights abuses committed by members of the military. The crimes of the military junta span a wide range of offenses including unlawful killings, forced disappearances, rape, forced labor, and forced relocation, among many others. Each of these crimes is harmful to women but crimes of gender-based violence have perhaps the most profound impact on the status of women in Burma.

Members of the SPDC commit crimes of sexual violence with shocking regularity. The SPDC uses rape as a weapon of war, especially in its attacks on ethnic groups in the eastern part of the country.[1] The regime increased its attacks on ethnic groups over the past fifteen years – and these attacks include the systematic use of sexual violence.[2] Many women were gang raped by members of the military, who sometimes torture and/or murder their victims.[3] Sexual violence is not a crime committed by a few random members of the military; it is a part of the SPDC's concerted strategy to attack ethnic and opposition groups.[4] Those who commit such crimes are not brought to justice and impunity reigns in Burma.[5] Because the Burmese courts are not independent from the military government victims of gender-based violence and other crimes have no recourse in the Burmese legal system. The culture of impunity that protects perpetrators of sexual violence allows such crimes to continue unabated.

1 *See, e.g.*, Shan Women's Action Network, *License to Rape* (May 2002).

2 *Ibid.*

3 U.S. Campaign for Burma, People, Politics, Poverty. Available from: <www.uscampaignforburma.org/learn-about-burma/people-politics-poverty> (last visited 8 December 2009).

4 *See* Shan Women's Action Network, *supra* note 2.

5 *Ibid.*

The SPDC's rampant sexual violence and lack of accountability has not gone unnoticed in the international community. The United Nations Secretary General recently acknowledged that the SPDC is in breach of its obligations under United Nations Security Council Resolution 1820. And this resolution was designed specifically to protect women from sexual violence in situations of conflict.[6] The Secretary General took note of the regime's widespread use of sexual violence against ethnic minority women in rural areas; the military's sexual harassment of unaccompanied women and girls; the legal system's inability or unwillingness to adjudicate crimes of sexual violence; and the pervasive impunity that shields perpetrators of gender-based violence from prosecution.

In addition to sexual violence, the SPDC's war crimes and crimes against humanity have disproportionately affected women. Since 1996 the SPDC burned 3,500 villages in eastern Burma. The aftermath was compared by the Thailand Burma Border Consortium to the severe destruction which occurs in Darfur.[7] The massive burning of homes and food has generated large numbers of displaced people. Women are especially harmed through forced displacement from their homes and they become more vulnerable to trafficking and dangerous work.

Source: *Putting gender economics at the forefront. 15 years after the IV World Conference on Women. Social Watch Occasional Papers 06.* February 2010. ■

6 United Nations Security Council, Report of the Secretary-General Pursuant to Security Council Resolution 1820, July 15, 2009, S/2009/362.

7 Thailand Burma Border Consortium, Press Release: "Rising Instability in Eastern Burma", 29 October 2009. Available from: <www.tbbc.org/announcements/2009-10-29-media-release.pdf>.

the elections will be members of the SPDC or those friendly to the current Government.

Most shockingly, the Constitution also includes an article that purports to grant amnesty to all SPDC perpetrators.[9] The provision is written broadly and would enshrine impunity for the most heinous crimes, including crimes against humanity and war crimes. The amnesty article renders the entire Constitution invalid under international law. Granting perpetrators of serious crimes a blanket amnesty violates the Geneva Convention, customary international law and provisions of Security Council Resolutions 1325 and 1820, which prohibit impunity for sexual violence in conflict areas.

Strong institutions that protect the rule of law and an independent judiciary are essential for economic advances. These institutions must embody accountability, access to information and transparency. The 2008 Constitution represents a marked departure from the rule of law and will further denigrate the nation's judicial system. It will not provide any advancement in transparency, independence or accountability for the nation's legal or political institutions. It includes several articles that will hamper these requirements for functional legal, judicial and political institutions. The Constitution will further the military rule that until now has destroyed institutional accountability, access to information and transparency.

For its part, the 2010 vote will sanctify the 2008 Constitution. After the elections, Burma's legal, judicial and political institutions will be too weak to effectively advance the nation's economy. Instead of pushing the country forward, the elections will entrench impunity, criminality and unfair political practices. The new Constitution will drive the country further into economic depression and isolation, while this year's elections will engrain a culture of criminality and militarization in the country.

Recommendations

Economic development is tied to strong institutions, good governance, and peace and security. The SPDC's constant repression of civil, political, economic, social and cultural rights has translated into minimal economic development over the past few decades.

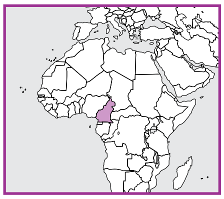
The Burma Lawyers' Council makes the following recommendations concerning Burma's 2008 Constitution and the upcoming 2010 elections:

- In order to encourage significant economic development in Burma and real improvements in the quality of life, the SPDC must engage in inclusive constitutional review with all stakeholders, form an independent judiciary and establish respect for the rule of law.
- The Constitution must establish a political system that is accountable, provides access to information and is transparent.
- Because the 2008 Constitution as it is currently written violates peremptory norms of international law, the United Nations Security Council should declare it null and void. All States should refuse to recognize the Constitution and the results of any election based upon it.
- Because a partial judiciary and the impunity provision of the Constitution prevent domestic courts from effectively judging the SPDC's crimes, the UN Security Council should establish a Commission of Inquiry to investigate international crimes in Burma. ■

9 Constitution of the Republic of the Union of Myanmar (2008), art. 445 ("No proceedings shall be instituted against the said Councils or any member thereof or any member of the Government, in respect of any act done in the execution of their respective duties.").

CAMEROON

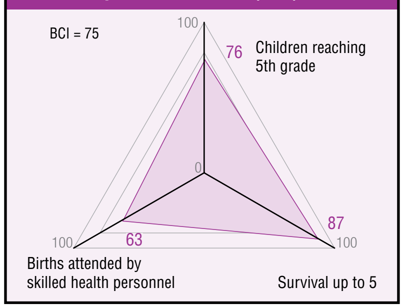
Aid must be more efficiently managed



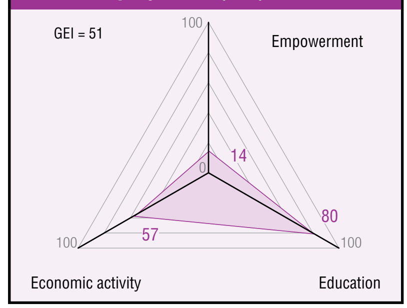
Although Cameroon will not achieve the MDGs by 2015, it may become an emerging country before the 2035 deadline set in its 2007 Strategic Document for Growth and Employment. For this to happen, the State must completely overhaul its economic and financial governance, among other things, and put an equal value on the skills of its women, men, young people and adults. In order for the management of international aid to become more efficient, civil society organizations have issued a call for gender to be taken into account and for better coordination with donors.

Social Watch Cameroon[1]
NGO Group for Food Security and Rural Development (COSADER)
Christine Andela
Regional African Centre for Endogenous Community Development (CRADEC)
Jean Mballa Mballa
Governance & Entrepreneurship Consultation Group (GECOG)
Samuel Biroki

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Between 2004 and 2009 Cameroon managed to maintain political stability except for a wave of protests in 2008 against the rising cost of living.[2] On the domestic front a process of political decentralization began, while in foreign relations sovereignty over the Bakassi peninsula was peacefully ceded by Nigeria.[3] In addition, good macroeconomic results made it possible for the country to reach the decision and culmination points in the World Bank's Heavily Indebted Poor Countries initiative, which opened up access to debt relief plans and new lines of finance for development programs.

However, in spite of this encouraging progress, the country still has serious development problems. Cameroon is ranked 153 out of 182 countries in the 2009 UNDP Human Development Index, which estimates that over 57% of the population are living on less than USD 2 a day.[4] Data from 2001 show that some 32% of the population were illiterate – and the rate for women (40%) was almost double the rate among men (23%).[5] According to official estimates, the unemployment rate in 2007 was 6.2% overall, and 14.1% in urban areas. The under-employment rate was 75.8%, while the informal sector remained by far the largest provider of employment (90% of the total).[6]

Growth and employment

In this context, the Government set out its long-term goals in its Strategic Document for Growth and Employment (DSCE according to its French acronym), designed to transform Cameroon in successive 10-year phases into an emerging, democratic country by 2035 that is united in spite of its diversity.[7] The plan is based on four basic pillars:

- To reduce poverty to a socially acceptable level.
- To reach the status of a middle income country.
- To become an industrialized country.
- To strengthen the democratic process and national unity.

Its executive summary presents the DSCE as an integrated development framework with financial coherence, coordination between government action and foreign aid, consultation and cooperation with civil society, the private sector and development partners, and guided by analytical studies to clarify the management of development. The document consists of seven interdependent chapters that deal with: (a) an examination of development policies, (b) the vision for long-term development, (c) growth strategy, (d) employment strategy, (e) governance and state management, (f) the macroeconomic and budget framework, and (g) the institutional framework and start-up and follow-up DSCE mechanisms.

With a view to accelerating growth, formalizing employment and reducing poverty, the Government began implementation with some concrete targets:

- To raise the average annual growth to 5.5% in the 2010 to 2020 period.
- To cut informal work by at least 50% by 2020 through the creation of tens of thousands of formal jobs over the next 10 years.
- To reduce monetary poverty from 39.9% in 2007 to 28.7% in 2020.

The role of official development assistance

According to data from the Organization for Economic Co-operation and Development (OECD), the amounts of official development assistance (ODA) that Cameroon receives – through the World Bank, UNDP and the OECD – have varied between 5% and 10% of the country's budget in the past five years.[8] The average percentage among aid-receiving countries that have subscribed to the Paris Declaration is 12%, so it might be said that Cameroon is not heavily dependent on these resources.

Of the 13 donors involved in Cameroon the European Union and France are by far the largest. In 2008–2013 the EU's European Development Fund contributed EUR 239 million and the amount of aid

1 The Cameroon National Social Watch Coalition includes some 15 associations and is based on Dynamic Citizenship, an independent network structured around the 10 regions of the country.

2 In that year there were strikes and street demonstrations in Douala, the economic capital, in protest against the cost of fuel and food. These subsequently spread to the rest of the country.

3 After an international court ruling in 2002, Nigeria ceded its claims to the peninsula in August 2008, thus putting an end to a long-running dispute between the two countries that nearly led to war in 1981.

4 UNDP, "Human Development Report 2009: Cameroon." Available from: <www.hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_CMR.html>.

5 CIA, "The World Factbook." Available from: <www.cia.gov/library/publications/the-world-factbook/geos/cm.html>.

6 OECD, African Economic Outlook, 2008. Available from: <www.oecd.org/dataoecd/13/42/40577073.pdf>.

7 The DSCE is a second generation Poverty Reduction Strategy Paper (PRSP) but it is often criticized by civil society organizations for being too restrictive and rather ineffective. Available from: <www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Cameroon%20DSCE2009.pdf> [in French].

8 AFRODAD, A Critical Assessment of Aid Management & Donor Harmonisation–The Case of Cameroon, 2007. Available from: <www.afrodad.org/downloads/publications/Aid%20Mgmt%20Cameroon%20Final.pdf>.

from France increased considerably thanks to a Contract of Debt Reduction and Development, which was signed in June 2006 in Yaoundé for EUR 500 million. This means that France is subsidizing the re-financing of all its ODA credits for the 2006-2010 period.

For a very long time foreign donors and the Cameroon Government worked separately, each on its own projects, but things have now improved thanks in particular to the program to implement the principles of the Paris Declaration. The Government has set up a mechanism for dialogue to allocate and utilize the aid more efficiently. This involves twice-yearly meetings between the General Secretary of the Ministry of Economy, Planning and Land Distribution and representatives from the donors' committee, parliament and civil society. It is through this mechanism that the Government and its partners define what role aid is to play in development, employment creation and the vision of Cameroon 2035. They also discuss the reforms the Government ought to implement to make the aid more effective in terms of results.

In 2008 the OECD submitted an evaluation of the Cameroon aid situation based on the indicators specified in the Paris Declaration. This concluded that the Government must improve its leadership of national development, and donors should ensure that agreements made in the OECD offices are reflected in more harmonious management when the time comes to execute joint projects, which means the two sides should assume joint responsibility for the outcomes.

Some public investment projects have yielded visible results – for example, new infrastructure in the cities of Yaoundé and Douala and the construction of the Cameroon-Gabon-Central African Republic trans-national highway. However, according to a study by the German Agency for Technical Cooperation (GTZ), Cameroon's capacity to receive more aid is in many cases limited by the failure of the Government and its technical and financial partners to coordinate with each other or reach agreements about priorities. Moreover, civil society groups criticize public officials as being de-motivated, mired in corruption, incompetent and incapable of implementing ambitious programs and projects to develop the country in spite of the ODA it receives.

The main problems

Gender

Indicators show that primary schooling for girls has improved, with the girl/boy ratio rising from 0.83 to 0.89 in the 2001 to 2007 period. In secondary education, however, there was a reduction over the same period: the ratio fell from 0.93 to 0.86. As indicated above, the illiteracy rate is bigger among women than men. The literacy ratio among young women (ages 15-24) has remained stable at approximately 0.88.[9]

Since more than 55% of the economically active population (female and male) work in the informal agriculture,[10] any sustainable development project has to address the needs of this economic sector, which is also that among which poverty is most widespread. Yet the consideration of gender is still very much based on the feminization of jobs; women's labour force participation in the non-agricultural sector merely rose from 21% in 2006 to 22% in 2009.[11] This increase is rather small because people's attitudes to gender issues change very slowly. It is more difficult for women to access the means of production like land, credit and appropriate technologies.[12]

In 2009, women were still extraordinarily under-represented in decision-making areas such as high positions in the public sector, national representation and decentralized land collectives. Women held only 13.9% of the seats in parliament and headed 12.5% of ministries. There were just 24 women out of 180 deputies in the legislature for the 2007-2012 period, a regression from the 1988-1992 legislature in which 14.4% were women.[13]

Cameroon was rated at 51 points by the 2009 Social Watch Gender Equity Index, which measures the gap between women and men based on a number of different indicators (with 100 points denoting equality). This is below the sub-Saharan Africa average of 55 points and shows severe regression since 2004.[14]

In view of these data, and going beyond Government rhetoric in favour of gender equality, civil society is calling for more concrete action to combat inequality in areas where it still persists. This includes proposing a law that would ensure gender-responsive indicators that are in place to measure changes in the situation of women and men in all sectors during the implementation of the DSCE project and other plans geared to 2035. The main components of this proposal are:

- Setting parity quotas for women/men, young people/adults and the disabled.
- Identifying existing institutions or creating institutions to exercise supervision, direction, application, control, follow-up and sanctioning in this area.

Health

UNICEF statistics for 2008 placed the under-five child mortality rate at 131 per 1,000 live births,[15] showing an improvement. However this is still very far from the target for 2015. The reduction was made possible by an increase in vaccinations against measles (coverage went from 64.8% to 78.8%), the promotion of breastfeeding and the fight against childhood illnesses and nutritional deficiency.

From 1998 to 2004 maternal mortality increased from 430 to 669 per 100,000 births. To reach the MDG target for this indicator the figure should be not higher than 350.[16]

Conclusion

Although Cameroon will fail to attain most of the MDGs by 2015, it could become an emerging country before the deadline set in the DSCE. To do this it will have to, among other things, make sweeping changes to its economic and financial governance and place an equal value on the skills of its women, men, young people, adults and disabled population with no discrimination of any kind.

If development programs are to be implemented more efficiently and yield good end results it is crucially important for funds to be managed in a much better way, which means a far higher degree of coordination between the Government and its technical and financial partners abroad. This should start with jointly setting a clear list of priorities. ■

9 DSCE, p. 13. Available from: <www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Cameroon%20DSCE2009.pdf> [in French].

10 Backiny-Yetna, Prosper, "Secteur informel, fiscalité et équité: l'exemple du Cameroun," *The African Statistical Journal*, Volume 9, November 2009.

11 World Economic Forum, Global Gender Gap Report.

12 DSCE, *op. cit.*

13 Inter-Parliamentary Union, "Women in Parliaments," data base available from: <www.ipu.org/wmn-e/classif.htm>.

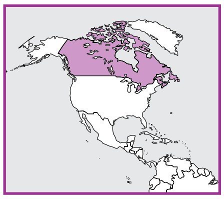
14 Available from: <www.socialwatch.org/node/11561>.

15 UNICEF, 2008. Available from: <www.unicef.org/infobycountry/cameroon_statistics.html>.

16 DSCE, *op. cit.*

■ CANADA

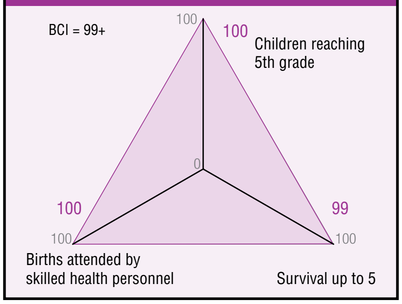
Post-crisis development strategy: "business as usual"



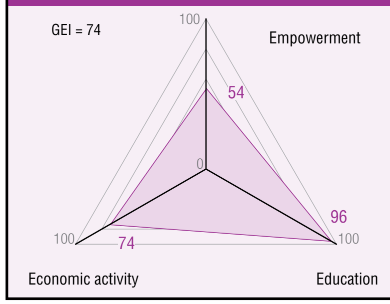
The Canadian Government has studiously ignored the lessons of the recent global economic crisis and adopted a "business as usual" approach. Committed to a quick return to the dominant ideology of the past two decades – more market, less government – it has refused to undertake the structural reforms necessary to stabilize the economy and promote human development within Canada and its economic partners. Deficit reduction is being achieved by further cuts to social spending. While stock markets and Gross Domestic Product (GDP) are recovering, further backsliding is expected in equality and development levels at home and abroad.

Women in Informal Employment: Globalizing and Organizing (WIEGO)
Zoe Horn
North-South Institute
John Foster
Canadian Centre for Policy Alternatives
Armine Yalnizyan

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The recent crisis of confidence in the Washington Consensus development paradigm has not deterred the Canadian Government from getting back to business as usual. For 20 years, the country has pursued economic policies that entrench it among the world's "plutonomies," where a small minority – the top 1 to 5% – increasingly dominates governance and economic growth policy. Canada's coordination with like-minded governments has exacerbated global macroeconomic and domestic imbalances through trade and investment integration policies, intellectual property protections, financial deregulation, development of ever-more-complex financial instruments, and elite-friendly taxation measures. Redistributive policies, such as unemployment insurance, employment creation, and poverty eradication have taken a back seat in Canadian policy priorities. Despite a global crisis of a force unseen in generations, the Government does not seem to have considered which policies would best offset the acceleration of economic and financial instability at home and abroad. Rather, there is a reckless determination to return as soon as possible to the dominant ideology of the past two decades: more market, less government.

During the crisis "bailouts" to the financial sector in Canada were prioritized over the investments of ordinary citizens. Prime Minister Stephen Harper's February 2009 stimulus package amounted to CAD 18 billion (about USD 17 billion) for 2009-2010, and its core features included tax cuts for the wealthy and profitable corporations. In contrast, USD 186 billion was made available to support the financial sector with almost no conditions.[1] In addition, the Government has failed to advocate for greater regulation of the international financial sector; rather it has opposed proposals for new international taxes on the sector, such as those advanced by the United Kingdom and other European governments. Canada's bias toward the "invitation only clubs" of the G-8 and G-20 led it to spend 2008 and much of 2009 in UN debates on financing for development opposing initiatives to move toward a Global Economic Coordination Council and other comprehensive and inclusive responses to the global crisis. Under cover of an urgent need for deficit reduction, the country is quickly returning to a failed "business as usual" model of capitalism. Disastrously, this outdated stance is undermining Canada's capacity to live up to its domestic and international development commitments.

Canada's domestic development record

At home, the fight to reduce poverty, unemployment, and inequality has been severely hampered by cuts to government spending over the last 25 years. The share of federal Government spending in the economy was halved between the early 1980s and the late 1990s (see Chart 1). In the short term, the recession has reversed this trend, but federal fiscal strategies shaped by short-term stimulus spending are now giving way to trimmed-down budgets that have deficit management at their core. The contribution of the federal level of Government – which sets the tone for economic strategy and allows subsidiary levels of government to offer roughly equivalent levels of service – is already near historically low levels. Post-crisis budgets will be marked by a further gutting of social spending, renewed attacks on organized labour and real wages, and continued zeal for privatization.

An obsession with small government has starved Canada's social infrastructure in areas such as health, education, social work, housing, childcare, pay equity, employment insurance, anti-poverty measures, and support for Aboriginal communities. Since the mid-1990s, inequality in Canada has grown faster than in most other Organisation for Economic Co-operation and Development (OECD) countries.[2] In 1976, median earnings among the richest 10% of working-age Canadian households were 14 times that of the poorest 10%. By 2007, they were earning 223 times as much, and after-tax inequality has grown by almost 50% since 1976.[3] Although, Canada experienced a period of rapid economic expansion from the mid-1990s to the mid-2000s, the past decade has also witnessed the accelerated erosion of its manufacturing sector, a critical source of well-paying, unionized jobs.

Even before the recession over 3 million Canadians were living below the poverty line.[4] Stagnant wages and rising costs depleted savings and led to the ballooning of personal debt as a way for many to maintain their standard of living. Canada has lost over 485,000 full-time jobs since October 2008,[5] many of them permanently. Imminent cuts to the public sector will eliminate more well-paying jobs. The ranks of the self-employed, part-time, and temporarily employed have grown since the crisis hit, accelerating the longer-term shift towards lower paid, less secure work. Government income sup-

1 Bruce Campbell, "The Global Economic Crisis and its Canadian Dimension," *The Monitor*, 1 July 2009. Available from: <www.policyalternatives.ca/publications/monitor/global-economic-crisis-and-its-canadian-dimension>.

2 Organisation for Economic Co-operation and Development (OECD), "Country Note: Canada," in *Growing Unequal?: Income Distribution and Poverty in OECD Countries*, October 2008. Available from: <www.oecd.org/dataoecd/44/48/41525292.pdf>.

3 Armine Yalnizyan, calculated from Statistics *Canada data from the Survey of Labour and Income Dynamics.*

4 Statistics Canada, *Income in Canada, 2007* (Ottawa: Ministry of Industry, May 2009).

5 Ken Lewenza, "The Precarious Economy," *The Mark*, 6 October 2009. Available from: <www.themarknews.com/articles/542>.

ports, that were scaled back fiercely in the 1990s, were never restored. Consequently of the 1.5 million Canadians unemployed today, less than half receive jobless benefits. Household debt has risen to record highs – by the third quarter of 2009 households on average owed CAD1.45 for every dollar of disposable income.[6]

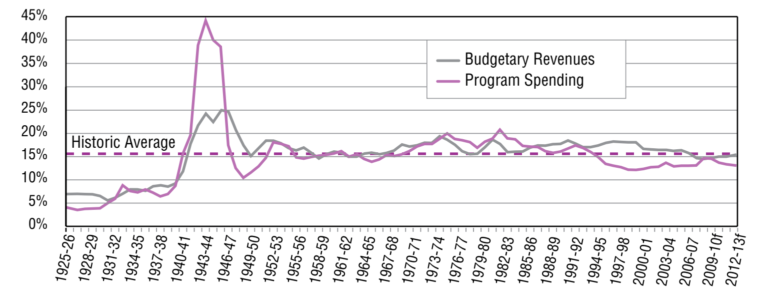
Canadian women, as a group, were already poorer and less economically secure than their male counterparts before the crisis. Women account for 60% of minimum wage workers, and about 40% of employed women work in precarious jobs that are generally poorly paid with little or no job security or benefits such as pensions. Women also continue to have decreasing and unequal access to employment insurance benefits; in 2008, 39% of unemployed women and 45% of unemployed men were receiving benefits, down from 83% of unemployed women and 85% of unemployed men in the late 1980s.[7] In 2009, the federal Government introduced permanent personal and corporate income tax cuts worth CAD 20 billion (USD 19.6 billion) over the next five years. Meanwhile, the Government has ended statutory pay equity provisions, and cuts in public service provision – including education and health – will likely increase the burden of unpaid and invisible work done mainly by women.

On the international stage Prime Minister Harper stated that he would "champion" the issue of maternal health at the G-8 summit hosted by Canada in June 2010. Yet, abortion and contraception, two fundamental rights for women, are not included in the plan. Nor has there been movement to improve access to childcare at home, though Canadian women have one of the highest employment rates in the world. Currently, UNICEF and the OECD rank Canada last among industrialized countries in providing support to families.[8] The country has also been declining in international rankings of gender parity over the past few years according to the World Economic Forum. In 2006 it placed 14th out of 115 countries in the Forum's "gender-gap index"; by 2009, it was in 25th place.[9]

Canada's development record abroad

The Canadian Government has expressed antipathy towards structural reform of global economic governance such as strengthened regulations, taxation on currency and other financial transactions, and greater accountability to democratic institutions. The most recent budget reinforced trade liberalization and Foreign Direct Investment (FDI) as core tenets of Canada's development agenda. Over the past decade, it has become a net direct investor abroad, with out-

CHART 1. Federal Spending and Revenues as Share of Economy (1925-2013)



Source: Department of Finance Canada, Fiscal Reference Tables (Revenue figures for 2009-2010 and 2012-2013 are estimates).

bound FDI more than doubling from USD 270 billion to USD 591 billion.[10] This phenomenon has been driven in large part by financial services and natural resources firms. The finance and insurance industry accounted for 65% of the outbound funds, with most of the money flowing to existing foreign subsidiaries in the US. The natural resources sector received 16% of the funds, but because of the exploitative nature of the sector these investments have had little development impact; rather they have led to conflicts with local populations in several countries including Ecuador, Guatemala and Mexico.

Although Canada is on track to fulfil its 2005 G-8 pledge at Gleneagles to double aid to Africa this year, it is currently among the least generous donors (16th among 22 nations), with only 0.33% of Gross National Income (GNI) going to aid. Budget 2010 has "capped" Canada's Official Development Assistance (ODA) at 2010-2011 levels, which will reduce its percentage contribution to an estimated 0.28% in 2014-2015. That will make it 18th out of 22. The current Government has also shifted its aid focus from Africa to middle-income countries in Latin America, where the country has a stronger trade and investment agenda. This leaves it with an even weaker platform for the urgently needed efforts to reach the Millennium Development Goals (MDGs) by 2015.[11]

Budget 2010 also underscored a shifting approach to foreign policy. In 2005-2006 the Government spent roughly USD 3.48 on the Department of Defence for every dollar spent on ODA; by 2019-2020 it envisions spending USD 4.3 on defence for every dollar spent on ODA. Canada has also moved away from its longstanding approach to policy regarding Palestine and Israel, refusing to oppose Israel's wars in Lebanon and Gaza and regularly voting against UN resolutions critical of Israel. This new policy thrust jeopardizes its reputation as a fair and balanced player in international development.

The Government has also actively adopted policies that contravene the human rights of citizens of foreign nations as well as Canadians. In the name of security it has adopted counter-terrorism laws and practices that fuel discrimination, encourage torture, or allow unlawful detention and unfair trials. The decision to end the current session of Parliament just in time to halt an investigation into the torture of detainees in Afghanistan has also fuelled anger and frustration.

Parliament passed the Better Aid bill in 2008 with the aim of promoting transparency and accountability in aid practices. Yet, the Government has recently been accused of undermining several development and aid organizations that do not follow its new policy direction, most notably with regard to the Middle East.[12] For example, the well-regarded ecumenical agency KAIROS had its federal funding slashed without notice after 30 years, while ardently pro-Israel Conservative party faithful were appointed to lead the Board of the Government-mandated agency Rights and Democracy. The most recent budget makes clear that this is the new norm, stating "funding provided to organizations is tied to furthering government priorities."[13]

Conclusion

The Government has studiously ignored the lessons of the recent global economic crisis and refused to undertake the structural reforms necessary to stabilize the economy and promote human development among Canadians and the citizens of the world. In spite of pledges to provide help for those most economically vulnerable during the crisis, both stimulus spending and core budgetary measures have failed to provide the necessary supports to achieve this. Deficit reduction is being used as a cover to further reduce social spending. While stock markets, corporate profits, and GDP rebound from the massive global financial meltdown, it is expected that full recovery for the privileged will be accompanied by further backsliding in equality and development levels at home and abroad. ■

6 Roger Sauvé, "The Current State of Canadian Family Finances: 2009 Report" (Ottawa: Vanier Institute of the Family, 2010), 13. Available from: <www.vifamily.ca/library/cft/famfin09.pdf>.

7 Monica Townson, Women's Poverty and the Recession (Ottawa: Canadian Centre for Policy Alternatives, 2009), 16.

8 UNICEF, "The Childcare Transition: Innocenti Report Card 8" (Florence: UNICEF Innocenti Research Centre, 2008). Available from: <www.unicef.ca/portal/SmartDefault.aspx?at=2250>.

9 Ricardo Hausman, Laura D. Tyson, and Saadia Zahidi, *Global Gender Gap Report* (Geneva: World Economic Forum, 2009). Available from: <www.weforum.org/pdf/gendergap/report2009.pdf>.

10 Statistics Canada, "Canada's International Investment Position – Third Quarter 2009" (Ottawa: Ministry of Industry, 2009), Table 10. Available from: <www.statcan.gc.ca/pub/67-202-x/67-202-x2009003-eng.pdf>.

11 For more information, see the End Poverty 2015 Millennium Campaign. Available from: <www.endpoverty2015.org/countries/canada>.

12 James Clancy and Larry Brown, "Stephen Harper's record of denying democracy," National Union of Public and General Employees, 24 February 2010. Available from: <www.nupge.ca/content/stephen-harper-s-record-denying-democracy>.

13 Department of Finance Canada, *Budget Plan 2010,* 163. Available from: <www.budget.gc.ca/2010/plan/chap4a-eng.html>.

■ CENTRAL AFRICAN REPUBLIC

Many obstacles and slow progress

The Government has put its Poverty Reduction Strategy Paper (PRSP) into practice and some progress has been made. However, this has been very slow, and the fact that the starting point is so critically low means it will be impossible to achieve the Millennium Development Goals (MDGs) within the stipulated time frames. A process to reactivate the economy and improve health services, security and governance is under way, thanks to political pacification, Government measures and international assistance, but it has been hampered by countless structural obstacles. It is essential for the programs to combat poverty not to ignore the commitment to safeguard the environment.

NGO GAPAFOT
Pastor Rodonne Siribi Clotaire

The Central African Republic has enormous economic potential because of its abundant mineral resources, a system of waterways that is excellent for agriculture, livestock and fishing, and more than 6 million hectares of jungle in the South containing almost unlimited exploitable natural wealth. However, in spite of these advantages it is underdeveloped in all areas.

For years, the country's social and economic fabric was torn by political and armed conflict, which caused unemployment and poverty to increase, weakened the infrastructure and made informal and precarious occupations the rule in the economy. In this context, if there is no significant and lasting improvement in the economic, social and security situation, the country has no chance of reaching the MDGs within a reasonable period.

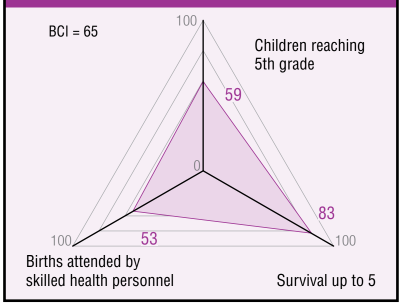
In March 2003 there was a rebellion headed by General François Bozize, and in 2005 presidential elections took place in which Bozize emerged victorious and gained international recognition. Although this normalization of the political situation was only partial because there are still armed groups occupying parts of the country, the economy has been recovering, albeit very slowly, thanks to Government measures and support from the international community.[1] The flagship of this recovery process is the PRSP, which has enjoyed wide support from the very beginning because all the interested actors in the country were consulted and extensively involved in its formulation.[2]

Towards poverty reduction

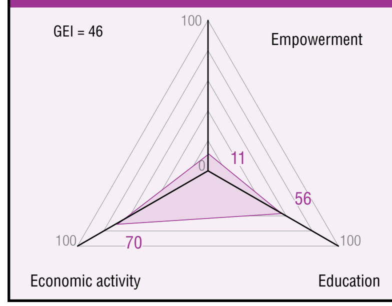
The PRSP consists of four main goals:

- To re-establish security, consolidate peace and prevent conflicts.
- To promote good governance and the rule of law.
- To reactivate and diversify the economy.
- To develop human capital by improving people's access to basic social services, above all education and health, so as to reduce child, infant and maternal mortality and support the fight against the HIV/AIDS pandemic.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Economic situation

Data from the 2008 economic and social report of the General Policies and Strategies Board show that the economy grew relatively little after 2007. From 2007 to 2008 GDP increased from XOF 798.9 billion (about USD 1,6 billion) to XOF 912 billion (USD 1.7 billion) and the growth rate fell from 3.7% to 2.2%.

As to the monetary situation, net external holdings fell from USD 63.23 million in 2007 to USD 62.72 million in 2008, but on the other hand internal credit and the quantity of money in the country increased in 2008.

There were difficulties in providing electricity, a slowdown in the country's main exports (wood and diamonds) and reduced purchasing power due to a rise in the inflation. All these combined to make for a GDP rise of only 3.5% in 2008. Inflation went up to 7%, which exceeded the forecast and was the result of increases in food and fuel prices.

Social situation

The social situation is precarious as can be seen from UNDP's Human Development Index indicators that in 2009 ranked the Republic at number 179 out of 182 countries.[3] In the health area efforts have been made such as a vaccination campaign, the distribution of medicines and a follow-up system, and these have brought about a slight decrease in the infant illness and mortality rates, but the health situation of mothers is still very worrying. In 2006 the HIV/AIDS rate was 6.2%, which is among the highest in Africa.

The situation in education is also alarming. The illiteracy rate is 51.4%,[4] only 40% of children have the chance of primary education, and while 50% of men have some schooling the rate for women is a mere 30%. In rural areas things are much worse: only 15% of women and 40% of men have schooling.[5]

According to the 2003 general population and housing census, more than two thirds of citizens (67.2%, which is 2.6 million people) are living below the country's poverty line, and again the situation is worse in rural areas (72%) than in urban areas (60%). This poverty in the conditions of life is linked to deficiencies in the satisfaction of basic needs such as potable water, decent housing, sewage systems, energy for cooking, health centres and income.

In this context, women are victims in two ways: not only do they suffer the consequences of the generalized precarious conditions of existence but they are also discriminated against and treated unequally in almost all aspects of their lives. They are highly over-represented in the agriculture and livestock sectors (80.8%) – which together make up the biggest economic sector – and very under-represented in trade (10%).

Overall labour market indicators show a high level of activity, almost no unemployment (around 2%) and that the informal sector predominates.

1 The 2002 Monterrey Consensus adopted a framework whereby low-income countries that committed to economic stability and good governance would receive greater amounts of development assistance.

2 The PRSP was drawn up by the Ministry of Economy, Planning and International Cooperation. It was adopted in September 2007 and presented, one month later, to the international community at a donor roundtable in Brussels, Belgium. Available from: <www.cf.undp.org/DSRP/CAR_PRSP_FRA.pdf> [in French].

3 UNDP, *Human Development Report 2009: Central African Republic*. Available from: <hdrstats.undp.org/en/countries/country_fact_sheets/cty_fs_CAF.html>.

4 UNDP, "Human Develpment Report 2009." Available from: <hdrstats.undp.org/es/indicators/99.html>.

5 UNDP, "Human Development Report 2007/2008." Available from: <www.hdr.undp.org/en/media/HDR_20072008_SP_Complete.pdf>.

Some 80% of people over the age of 15 are in the labour market. The low rate of unemployment does not mean that the country is creating decent jobs however; in fact 64% of new jobs are in agriculture and 26% in the informal sector in urban areas. The formal sector, public and private, accounts for only 10% of jobs. One of the factors that aggravate poverty in the country is that so many jobs have low productivity.

Financing and debt

One of the biggest problems the Government's fledgling reconstruction policy has to cope with is how it can finance development with a view to attaining the MDGs. Since 2006, it has adopted a new dynamic that aims at involving all its partners in the development field by formulating an Economic and Social Policy Framework document (the DCPES) that will function as a basis for intervention in cases of delays in debt payments to multilateral partners such as the World Bank, the African Development Bank (ADB) and the EU, and also in bilateral debt situations such as those with China and France.

The country has already obtained the cancellation of USD 9.9 million of its debts and the re-negotiation of a further USD 26.2 million with the Paris Club. In October 2008, France made a reduction of USD 48 million to open the way for other debt reductions. This decision meant that the Republic was provisionally relieved of 90% of its multilateral debt service payments, which enabled it to service the remaining debt on a regular basis and obtain new loans from the development banks at subsidized interest rates.

In 2009, the World Bank provided USD 70 million for the productive sectors and for the creation of infrastructure including the energy sector. The IMF allocated USD 50 million in budget assistance and to support the balance of payments. There was also USD 34 million from the Fast Track Programme[6] to promote education in the country, which includes the construction of new schooling centres, the training of teachers and the provision of various kinds of teaching materials.

In addition, some USD 16 million was provided jointly by the ADB and the World Bank as part of the fight against poverty, to finance a community development program and to support vulnerable groups in the country's five districts. This program will facilitate a variety of NGO activities and other initiatives.

Some USD 60 million was earmarked to regularize salaries and make good on three payment delays, which includes the payment of pensions and grants in 2009. This is an encouraging sign for the country's economy and could be a basis for better distribution of income, which will have a positive impact on numerous households.

Aid

Foreign aid was suspended from March 2003 to July 2005, but in September 2007 the Republic signed the Paris Declaration. The funding thereby set in motion were in line with the principles of the Declaration and the country returned to a medium-term economic plan with donations channelled through the DCPES. This constitutes a preliminary outline for a three-year action plan for 2006 to 2008 and for the PRSP in 2008 to 2010.

In June 2008, after prolonged efforts by the Government and civil society on one side and the European Commission (EC) on the other, a tenth European Development Funds agreement was signed.[7] As part of this agreement, the EC intervention policy would continue to be fully inserted into the Government's strategy for the fight against poverty along with adherence to the EU principles of cooperation for development.

The main areas for intervention are:

- For democratic governance and economic and financial reconstruction, around 53% of all resources or EUR 72.5 million.
- For infrastructure and an initiative to end the country's isolation, around 14% of the resources or EUR 19.5 million.
- For budget support, about 25% or EUR 34 million.
- For other purposes (mainly to put specific programs and projects into operation) about 14% or EUR 11 million.

The PRSP was revised in November 2008, and it emerged that the resources mobilized increased globally to USD 840 million, as against the USD 96 million originally envisaged. The part of these resources corresponding to the 2008-2010 period is USD 755 million – that is to say, 56.5% of the needs accepted at the roundtable.

MDGs – Challenges and problems

The country will have to overcome a series of obstacles if it is to progress towards the MDGs, and one of the most serious is to obtain increased foreign aid and make it more effective. According to the recommendations of the Paris Declaration, a strategy for this is urgently needed and there should be an emphasis on:

- Improving the country framework for training and to program policies to move in the direction established for the MDGs, based on evaluating needs and formulating global and sector strategies.
- Improving the macro-budget framework and capabilities to manage public resources (management geared to results, the formulation and implementation of a framework for expenditure in the medium term and a framework for medium-term sector expenditure).
- Coordinating and balancing aid.

The acceleration of growth as a way to reduce poverty could run into a number of serious structural limitations: the lack of a trained workforce – a consequence of education, training and employment not being coordinated – and the difficulties economic operators have in accessing normal bank credits, bearing in mind the nature and conditions of the credit that is offered, the fragile banking system and the marginal role played by micro-finance, all of which conspire to impede people from obtaining funds at short notice.

In addition, ambition and financial urgency could lead the country into internal development that involves exploiting its natural resources. Therefore, it is essential that in the fight against poverty there should be a commitment to ecology and safeguarding the environment. ■

6 A literacy program that involves five ministries and is supported by the French Government, UNESCO and the World Bank. Available from: <www.educationfasttrack.org/media/library/CARESP.pdf> [in French].

7 Available from: <www.ec.europa.eu/development/icenter/repository/scanned_cf_csp10_fr.pdf> [in French].

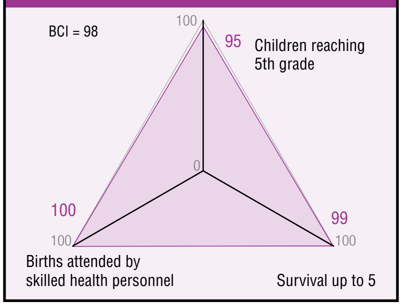
■ CHILE

No sustainable development without fair taxation

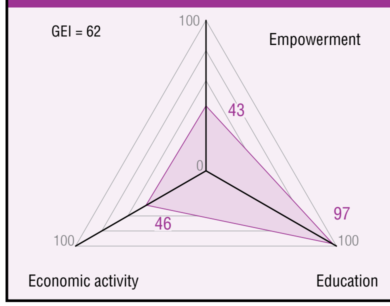
Chile not only has one of the most unequal distributions of income in the world, but is also highly dependent on the export of prime materials, putting it at the mercy of fluctuations in international markets. However, the Government's only development strategy is to facilitate conditions for the expansion of capital and investment in natural resource exploitation. This includes tax incentives for private mining enterprises in an already regressive taxation system. The top priority should be a development strategy that allows wealth to be redistributed in a more equitable way. To do this the country must first completely overhaul its unjust tax system.

Centro de Estudios Nacionales de Desarrollo Alternativo (CENDA)
Hugo Fazio

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The Chilean economy is fraught with distortions of different kinds, in part because financial capital is allowed to circulate freely. The inflow or outflow of capital has big repercussions on economic activity and the balance of payments, and under a free flow of financial capital national budgets are determined by changes in international markets and not geared to development strategies or policies. In recent years, however, the financial sector in Chile has been less attractive than elsewhere in the region for foreign investors because of its low interest rates and narrow profit margins.

The country does not have a policy to finance development as such; rather it has a series of measures aimed at attaining specific objectives such as making benefit payments, but these are still completely inadequate.

Chile is among the 20 countries with the most unequal income distribution in the world. There is structural unemployment, small enterprises are suffering the consequences of economic opening, and this has been exacerbated in recent years by the increased value of the currency on foreign exchange markets. Poverty rates are far above what official statistics show, as has been clearly shown in studies published by the current Treasury Minister, Felipe Larraín.[1] Therefore what the country needs is an effective economic and social development strategy that is adequately financed.

Great dependence on markets

Chile is above all an exporter of prime resources. A look at the 2009 figures for the biggest export enterprises shows that once again sales to other countries consist mainly of prime materials or products with scant added value. There are more export destinations now, and more Chilean enterprises are involved, but the products are basically the same and different categories may increase or decrease its share in response to prices on international markets. Chile has signed numerous trade agreements, but these have not changed this basic profile. In 2009, the mining sector accounted for 58.1% of exports, and copper alone made up 52.4% of the total. This structure is clearly deformed, and it will have to be changed.[2]

This scenario makes it obvious that the Government will have to turn to copper for its development resources, and doing so requires policies that are geared to the national interest. In every year since 2006 (except 2009) copper prices on international markets were extraordinarily favourable, and everything points to this trend continuing in 2010.

Tax incentives

Who directly receives these huge incomes? Exporting enterprises that are mostly private and mostly foreign control more than 70% of the copper extraction sector, and the State enterprise Codelco accounts for the rest. The high price for this metal in recent years has meant very good profits indeed for these private consortiums.

However, even though these enterprises are exploiting deposits that belong to the Chilean people the taxes they pay on their profits are extremely low, about 4%, a figure set by agreement with the private consortiums. Moreover, for years taxation levels have been fixed by agreement, which amounts to the Government renouncing its sovereign rights.

In May 2010, the Government of Australia announced that it would impose a 40% tax on the profits of enterprises exploiting the natural resources of that country. Marius Kloppers, executive director of BHP Billiton – the enterprise that is exploiting the world's biggest copper deposits in Chile – stated that this measure would mean that the effective tax rate on the enterprise's operations in Australia would go up by 43% to around 57% in 2013. This is more than three times greater than the rate levied in Chile.[3]

If there is to be development in Chile, the excessive profits the private copper consortiums are making in the country should stay in the country. This was the logic behind how net payments to US transnational enterprises were estimated at the time when copper was nationalized under the Popular Unity Government in line with the so-called "Allende doctrine." Such a measure today would generate enormous resources for the country.

The utilization of resources

High prices for copper on international markets have also meant that tax income from this sector has risen,[4] and the way these resources are allocated says a lot about the country's situation. Public expenditure accounts for funds received up to the estimated level derived from copper price trends, which is calculated on the basis of the average price up to a horizon of ten years. Income above this level generated a tax surplus which was placed in financial assets abroad. During the Michelle Bachelet administration these funds amounted to more than USD 20 billion and in 2009 they were used exclusively to finance the fiscal deficit. This deficit was incurred through increased public spending in an attempt to counteract the recession that hit the Chilean economy in mid 2008, and to compensate for reduced income caused by the fall in the levels of economic activity.[5]

1 Felipe Larraín, "Cuatro millones de pobres. Actualizando la línea de pobreza." Available from: <www.fundacionpobreza.cl/biblioteca-archivos/cuatro_millones_de_pobres.pdf >.

2 Central Bank, "Boletín mensual, abril de 2010." Available from: <www.bcentral.cl/publicaciones/estadisticas/informacion-integrada/pdf/bm042010.pdf>.

3 *El Mercurio*, citing *The Financial Times*, 3 May 2010.

4 Dirección de Presupuestos (Budget Management Office).

5 *Ibid.*

In March 2010, the country had USD 14.5 billion in sovereign funds placed abroad. Of this total, some USD 3.4 billion was earmarked for a specific purpose, the Reserve Benefits Fund. The remaining USD 11.1 billion was placed in the so-called Economic and Social Stabilization Fund (FEES in Spanish) and was available for use. Chile was struck by an earthquake and seaquake at the end of February and since then there has been a severe emergency situation, but up to now the funds have not been used even though they exceed the USD 8.4 billion over four years, which is the figure the Government estimated the public sector would allocate to repair the damage caused by the earthquake. If the official calculation of public needs is taken as a reference, the resources currently in the FEES could be used immediately to alleviate the situation.[6]

This conclusion is even more inescapable when we consider that resources had also been accumulated in line with the so-called Reserved Copper Law, whereby 10% of the proceeds from sales made by the State copper enterprise Codelco are allocated to purchasing armaments; with the high price of copper this generated a surplus, as income from Codelco regularly exceeded the level of expenditure specified for these purchases in the annual budget law.[7] If the price of copper remains high this will generate several billion dollars in income above what was anticipated when the 2010 budget was drawn up.

A regressive tax system

What route did the Government of Sebastián Piñera decide to take? It promoted a "voluntary" tax increase on the reduced levy that is paid–depending on operational results – by the copper enterprises, which had already been benefiting from the fixed-rate tax mechanism for two years. This plan provides for a prize for enterprises that opt to take advantage of it, and this in effect prolongs the fixed-rate mechanism until 2025, which amounts to extending the period in which the country's sovereignty is violated.

It is clear that this system in no way generates finance for development; it is merely perpetuating the pillage of the country's natural resources because the foreign enterprises send a high proportion of their profits abroad. To make matters worse, the Chilean economic group involved in the large copper enterprise (Luksic) is using a part of its extra income to expand internationally.[8]

It is for these reasons that Chile needs to completely overhaul its tax structure. The present system is clearly regressive in that it is based primarily on indirect taxes, especially the value added tax (VAT), whereby the burden is spread indiscriminately across the population as a whole. If the Government is to be able to finance a national development policy it will have to implement tax reform geared to retaining the big copper enterprises' excessive profits in the country – and putting an end to their fixed-rate tax advantages – and also to reorganizing the tax situation for shareholders in the big enterprises so as to prevent indirect evasion in the form of credits against taxes on profits and discounts on personal taxes, both of which are features of the current system.

The extent of the problem and the Government's response

The sheer magnitude of the resources taken out of the country every year can be seen from the balance of payments figures. Since 2004, some USD 93.9 billion has left the country as the profits of foreign direct investment (FDI). Obviously, the amounts vary from year to year, depending on prices in the international markets for exported prime materials. The peak years were 2006 and 2007 when the cost of copper soared to unprecedented levels, and in 2007 the amount remitted abroad reached a record of nearly USD 23 billion. All of this goes to show that Chile has the potential to finance a national development policy, but this will have to be based on far-reaching changes and accompanied by suitable social policies.

However, the Sebastián Piñera Government has not taken this path. According to the Minister of Mining, Laurence Golborne, the administration's main concern is to raise investment in the mining sector, even though this means weakening controls on the conditions under which resources are exploited, and keeping enterprise taxes low. In May 2010, Golborne stated: "We are facing a gigantic challenge. The investment plan for mining amounts to USD 45 billion. Today 5.4 million tons of copper are being produced and in 2020 we will be producing 7.5 million, which is a 50% increase in production."[9] The problem is that if the legal framework is not changed this would only mean that the country's resources are being pillaged on an even larger scale by the private sector.

Golborne does not foresee the same levels of investment growth in the State mining enterprise. According to the Government, rather than allocating some of the Codelco surplus to its investment plans, its first priority is reconstruction and the State enterprise can obtain resources, either through incurring debt or by selling off non-essential assets. Chile needs a national policy for the copper sector, in particular with respect to Codelco, which would take on the key role in an adequate national development strategy. ■

CHART 1. Price of refined copper on the London Metal Exchange – 2005-2010 (in USD per pound)

Year	Price
2005	1.669
2006	3.049
2007	3.229
2008	3.155
2009	2.336
2010	3.600

Source: Bloomberg.

CHART 2. FDI Profit, 2004-2009 (Billion dollars)

Year	Amount
2004	8.2
2005	11.4
2006	19.9
2007	22.8
2008	17.4
2009	14
2004-2009	**93.9**

Source: Central Bank, Balance of Payments.

6 *Ibid.*

7 Reserved Copper Law and Budget Authority.

8 See Hugo Fazio, "La crisis mundial modifica el mapa de la extrema riqueza," Centro de Estudios Nacionales de Desarrollo Alternativo (CENDA), 2010.

9 *La Tercera*, 8 May 2010.

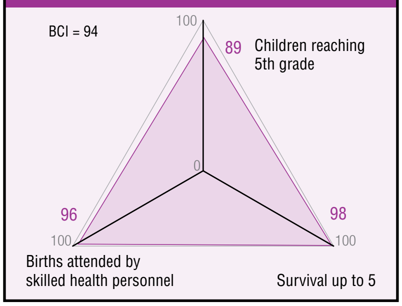
COLOMBIA

Insufficient policies

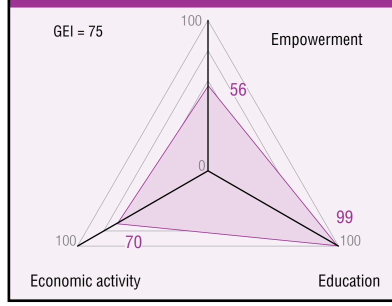
Colombia has focused investment on reducing poverty and enhancing economic, social and cultural rights in order to achieve the MDGs. Despite this, progress in recent years has not reached even the minimum levels, and is far below the standards set by the UN Committee on Economic, Social and Cultural Rights (CESCR). The country enjoyed considerable economic growth up to 2008 but this did not translate into any improvement in the social situation and the fact that international aid is administered through the central Government is an obstacle to alternative projects being undertaken.

Corporación Cactus, Secretaría Técnica Nacional de la Plataforma Colombiana de Derechos Humanos, Democracia y Desarrollo

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



For more than 40 years Colombia has been torn by internal armed conflict, resulting in a serious humanitarian crisis with the forced internal displacements and the need to provide shelter. Colombia has the world's second highest number of internal refugees: an estimated 4 million people have been forcibly displaced, which amounts to almost 9% of the total population.[1]

It is also the second worst country in the region in terms of income inequality, with a Gini rating of 0.576.[2] The tax system is frankly regressive with a heavy proportion of indirect taxes that fall on low-income sectors levels while higher income sectors enjoy a range of tax exemptions. This situation has been exacerbated by reforms to the system for transferring resources from the central administration to the various departments,[3] as this has meant drastic reductions in the amounts spent on health, education and potable water. In 2005 this loss was equivalent to 0.6% of GDP, in 2006 it was 1.1%, and in 2007 the loss was estimated at 1.3% of GDP,[4] which indicates sustained regression in the resources that go to these three essential areas. It has been calculated that in the 2008-2016 period, between COP 66.2 billion (about USD 34 million) and COP 76.6 billion (about USD 3.9 billion) will cease to be invested in health, education and potable water.

According to official statistics, 27.7% of the population has unmet basic needs.[5] Some 40.8% of households live in a situation of food insecurity, more than 20% of children under five years old suffer from malnutrition, 63.7% of the population has energy deficiencies and 36% are deficient in proteins.[6]

The Millennium Development Goals

As regards social policy, the State has confined its efforts to reducing extreme poverty and hunger and working towards the targets under the Millennium Development Goals (MDGs). In March 2005, the National Council of Economic and Social Policy (CONPES) laid out a policy and institutional framework to attain these goals in 2019 – four years after the MDG deadline ("Document 091"). The Government explained that this is in order to coincide with the bicentennial of the Battle of Boyacá, a major event in the country's independence struggle.[7]

While this decision is consistent with the Millennium Declaration, it has had negative results as regards the country's commitments to economic, social and cultural rights. Owing to the fact that State social policy is geared to minimum targets, the process of progressively establishing certain rights has stalled as resources go into programs that support only one sector of the population and ignore those equally affected by problems such as poverty and unemployment.[8]

What is more, even as pursuit of the MDGs has reduced efforts to improve economic, social and cultural rights, progress towards the MDGs has been inadequate. For example, Colombia is the only country in the region that is not providing universal basic education for children.[9] There are exceptions, as some councils have independently eliminated or reduced the cost of education in their localities, but Colombia as a country does not have free education. This creates enormous inequalities as access to schooling depends on each family's socioeconomic situation, and although coverage has expanded, only 34.1% of the population in the 5 to 17 age bracket is receiving quality education.[10]

The situation as regards maternal mortality is similar. Indicators for this variable are still very high – 80 deaths per 100,000 live births –practically the same as 25 years ago. While the MDG target is to reduce this by three quarters, the CONPES plan proposes only a 55% reduction.[11]

Government action

The CONPES plan is closely linked to the Government's development model for the period 2006-2010, the "National Development Plan 2006-2010, Community State: Development for All". Briefly, the plan proposes to finance poverty reduction and pursuit of the MDGs through targeted assistance policies and economic growth in sectors that generate jobs.[12]

1 Information taken from the Consultoría para los Derechos Humanos y el Desplazamiento Forzado (CODHES). Available from: <www.codhes.org/Publicaciones/infocartagena.pdf>.

2 Ricardo Bonilla and Jorge Iván González (coordinators), *Bien-estar y macroeconomía 2002-2006: el crecimiento inequitativo no es sostenible* (Bogotá: National University of Colombia, Contraloría General de la República, 2006), 37.

3 Legislative Act 01 of 2001 and Legislative Act 011 of 2006.

4 Centro de Investigaciones para el Desarrollo (CID), *Bien-estar y macroeconomía 2007. Más allá de la retórica* (Bogotá: National University of Colombia, CID, 2007), 142.

5 National Statistics Department (DANE), National Census 2005.

6 Instituto Colombiano de Bienestar Familiar (ICBF), *Encuesta Nacional de la Situación Nutricional de Colombia ENSIN 2005*, Bogotá, 2007, 323, 243, 245.

7 Alberto Yepes, "¿Desarrollo para todos?" in *Sin democracia, sin derechos* (Bogotá: Plataforma Colombiana de Derechos Humanos, Democracia y Desarrollo [PCDHDD], April 2008), 89.

8 *Ibid.*, 92.

9 PCDHDD, *Informe Alterno al Quinto Informe del Estado Colombiano ante el Comité de Derechos Económicos, Sociales y Culturales*, Bogotá, March 2010, 105. Available from: <www.justiciaporcolombia.org/sites/justiciaporcolombia.org/files/u2/Informe_Alterno_PCDHDD.pdf>.

10 *Ibid.*, 10-11.

11 Yepes, *op. cit.*, 92; Instituto Colombiano de Bienestar Familiar (ICBF), *op cit.*

12 Departamento Nacional de Planeación, *Plan Nacional de Desarrollo 2006–2010.* Available from: <www.dnp.gov.co/PortalWeb/PND/PND20062010/tabid/65/Default.aspx>.

The Government's main program, called "Families in Action," involves subsidies to families that are below the poverty line so long as the mother guarantees that her children will regularly attend the educational institution where they are enrolled. In practice, however, the results of this scheme have been unsatisfactory, primarily because there are still problems of inadequate infrastructure, capacity, programs and teachers; "geographic, social and economic barriers that block access to educational spaces and services; and attacks on educational communities that are part of the socio-political violence afflicting the country."[13]

Another factor is that the program perpetuates a patriarchal model of the family in which the woman cares for the children while the man works in the productive system to acquire resources and services. This program "...makes women responsible for what happens in families as the essential caregiver, and thus impedes the development of policies based on full recognition of women's rights, which are widely recognized in international treaties."[14] In sum, as the program is not combined with policies to raise productivity or generate jobs, the subsidies amount to no more than short-term measures that have no real impact in terms of human development and do not lead to more equitable access to education.

Economic growth

The first period of this Presidential administration (2002-2006) coincided with a strengthening growth cycle in the world economy. Several factors favoured economic growth in those years, including growing demand in international markets, increased prices for Colombia's export products (mainly petroleum), an expansion of international credit and falling interest rates.

However, economic growth did not translate into improved quality of life for the poorest sectors in society. Expert opinion is that the main reason for this failure is that the Colombian economy is basically speculative. The Government has given priority to the purchase of public debt bonds issued by the Treasury of the Nation (TES) to the financial sector. This has had two serious consequences, one, that many State bodies are not fulfilling their "normal functions because their resources are involved in the purchase of resources in the TES system,"[15] and two, that the financial sector has been making good profits by lending only to the Colombian State, which has meant that less credit is available for enterprises and families.

There was another factor behind the economic growth of the 2002-2006 period, namely increased public expenditure to maintain the war effort, that is to say the application of so-called military Keynesianism whereby the State increases defence spending to boost economic growth. While this policy does have a positive impact at the macroeconomic level, it does not generate employment or narrow the poverty gap.

In addition, the Government has tackled the country's inability to generate jobs by changing the legal regulations that govern how labour is contracted. Their basic stance is that structural unemployment is not the result of de-industrialization, nor is it just due to cycles in the international economy; it is a consequence of Colombia having labour legislation that grants excessive guarantees to workers in the formal economy, which acts as a disincentive for enterprises to generate new jobs with full benefits. In this context, the Government initiated a labour reform program that included lengthening the working day, reducing extra payments for work on public holidays and limiting the indemnity payable for dismissal without just cause. However, in spite of these measures, the unemployment rate has been rising: from 11.3% in 2008 to 12% in 2009 and then 14.6% in January 2010.[16]

The role of international aid

International aid in Colombia is guided by the Paris Declaration, which among other things seeks to channel most aid for democracy and development through national governments and standardize procedures for how these resources are managed.[17] Thus the Presidential Agency for Social Action and International Cooperation (Social Action) receives a large portion of the resources from the donor countries, and invests them in line with Government policy (Strategy to Strengthen Democracy and Economic Development, 2007-2013).

The most significant instance in this area is the G-24, a group of 24 countries that have programs to support development, democracy and civil rights in a range of countries including Colombia. The Social Action body was set up by the Government to centralize the administration of international aid, particularly of resources from the United States and Europe, and invest these funds in accordance with the current development model, even though this gives rise to all the negative consequences analyzed in the paragraphs above.

As a result, initiatives by civil society organizations, which have a vision of development and democracy different from that of the Government, no longer receive finance from this source, thereby seriously reducing the implementation of alternative development models. To make matters worse, the resources allocated to independent development cooperation agencies in countries in the G-24 have been reduced since these funds are increasingly transferred to Colombia through the Social Action channel. Many of these independent aid providers have had to withdraw from Colombia or have merged with other agencies or formed consortiums because they are so starved of funds. This has the result of limiting the number of initiatives that can be supported, continuing to marginalize a number of sectors of the population.

While the goal of channelling development cooperation through national development plans and budgets, rather than according to donor priorities, is commendable, there remains a need to support the advocacy work of civil society organizations that is so essential to making these plans nationally owned, inclusive and effective. ■

13 *Ibid.*, 102.

14 *Ibid.*, 200.

15 Jorge Iván González, "Los banqueros se enriquecen mientras que la indigencia aumenta," in PCDHDD, *¿Continuidad o desembrujo?*, Bogotá, December 2009, 20. Available from: <www.ciase.org/>.

16 Carmen Salcedo, "Evolución de la tasa de desempleo," *Portafolio*, February 2009. Available from: <www.portafolio.com.co/negocios/consultorio/2009-03-12/ARTICULO-WEB-NOTA_INTERIOR_PORTA-4871203.html>.

17 The Paris Declaration, which was adopted at a forum in Paris in March 2005, is intended to rationalize activities, eliminate duplicate efforts, make planning obligatory, define indicators and standardize procedures for aid management.

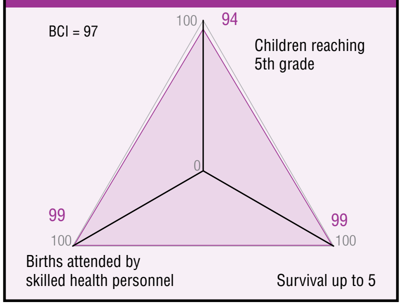
COSTA RICA

Health for all: a difficult target to attain

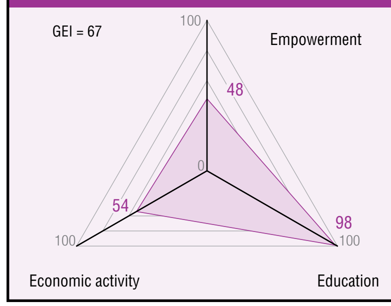
Costa Rica faces serious obstacles in extending the right to health to the whole population, and particularly to marginalized groups such as people living with HIV and AIDS. In addition to the restrictions placed on acquisition of medicines by the Free Trade Agreement with the US, the country needs to overcome conservative social resistance in order to adopt legislation promoting the rights of non-heterosexual women and men. Without devoting resources to meet these challenges, the country risks failing to meet the Millennium Development Goal targets related to health.

Programa de Participación Ciudadana, CEP-Alforja[1]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Costa Rica's ratification, in October 2007, of the Free Trade Agreement between the Dominican Republic, Central America and the US (DR-CAFTA) has posed new social challenges with regard to health. Legal analysis of this document by major human rights watchdog organizations[2] makes it evident that the agreement will prevent the State from providing the basic right to health. Its implementation– especially of Chapter 15, which refers to intellectual property rights – will make universal coverage in the area of health, particularly the provision of drugs for all who need them, economically unsustainable.

Another serious issue is that although Costa Rica is considered a democratic and egalitarian country, there is underhand, discreet and veiled discrimination based on sexual orientation in a moralistic legal system within a rigid religious and traditional structure. The negligence of the Government in not submitting – or delaying the submission of – situation reports, such as in the case of the report to UNAIDS on the prevalence of HIV among populations considered to be high-risk, has left gay and lesbian organizations and those working in the field of HIV unprotected, having to adapt to the slow, bureaucratic pace of the State, to the detriment of their basic rights.

The provision of drugs

The Costa Rican Social Security Bank (CCSS) distributes about 11 different generic antiretroviral drugs to all medical centres in the country. Over the last six years there has been a significant increase in the consignment of these drugs for people living with HIV; at the same time, new, less invasive drugs with fewer side effects – discovered thanks to scientific and pharmaceutical advances – have been added to the services provided.[3]

It is precisely with regard to the distribution of these new drugs, which appear on the market gradually, that the State might face serious difficulties, along with increased financial costs. The consequences that applying the DR-CAFTA could have on the distribution of drugs in general, and on the consignment of antiretroviral drugs for people living with HIV and AIDS in particular, are exceptionally worrying.

The incapacity of the State to satisfy the demand for drugs will be made worse for several reasons, including: the rapid obsolescence of pharmaceutical products; the fact that the most expensive drugs are those used to counteract degenerative diseases (i.e., cancer and cardiovascular diseases), which mainly affect older adults; and the ban on approving the purchase and distribution of generic products, unless brand-name drugs have been granted five years' market exclusivity.

Defenceless minorities

The country's efforts in the field of maternal and child health and the prevention and treatment of HIV and AIDS, two of the eight Millennium Development Goals (MDGs), are hindered by discrimination against and exclusion of significant population groups who are striving to exercise their rights and promote legislation to obtain new ones. Such is the case with regard to gay, lesbian, transsexual, transgender and bisexual groups, whose rights as citizens of Costa Rica are violated daily.

It is within these population groups that the aims with regard to HIV/AIDS and sexual and reproductive health are particularly sensitive. Progress in terms of legislation, which is yet to be adopted – as are the corresponding budget allocations – clashes with a conservative cultural environment that is influential in political decision-making. There are also contradictions in the State's approach to designing and implementing public policies for development, particularly with regard to the MDG targets on access to health services and treatment and prevention of HIV and AIDS.

There is a broad legal framework in Costa Rica that protects all of its inhabitants, and equality is stipulated in Art. 33 of the Constitution, which states that "all persons are equal before the Law" and that "no discrimination which is contrary to human dignity shall be effected." However, the rights of gays, lesbians and people living with HIV and AIDS are only reflected in the General AIDS Act (Nº 7771), which stipulates in its Art. 48 that "whosoever should apply, rule or practice discriminatory measures on the basis of race, nationality, gender, age, political, religious or sexual choice, social status, economic situation, civil status or any ailment with regard to health or illness, shall be punished by a twenty to sixty days' sentence."

This article provides for less severe punishment than that for offences unrelated to discrimination against persons, which is another indication of the lack of protection that the gay/lesbian population, as well as persons with HIV and AIDS, experience. It is also evidence of discrimination, since this is the only law in which they are recognized as subjects with rights.

Criminal Code

Due to the fact that legislation allows the "value criteria" of judges to affect their sentencing, this is often imbued with "moralistic and religious prejudice," which can lead to the application of more stringent punishment when an "offence" is committed by a homosexual (Arts. 156, 161 and 167 of the Criminal Code).

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1 Prepared with the support of Francisco Madrigal Ballestero, Centro de Investigación y Promoción para América Central de Derechos Humanos (CIPAC); José Carvajal, Asociación Demográfica Costarricense; Ericka Rojas and Soledad Díaz of Asociación Madreselva and Red de Control Ciudadano, based on the study by Family Care International, *Los ODM y la salud sexual y reproductiva: Una mirada desde Costa Rica* (2009); and Mario Céspedes, CEP-Alforja.

2 *Roces Inconstitucionales del TLC*, Special Commission on Constitutional Implications of the FTA, San José, 2007.

3 Data from CCSS Pharmacotherapy Department, 2007.

Labour Code

Labour discrimination is more social than legal; there is nothing explicit in the Labour Code that provides for punishment or censure of workers for their sexual orientation. However, there are no procedural mechanisms in the private sector or in government service to prevent or eliminate discrimination due to sexual orientation.

Housing Law

Cases are constantly arising where the gay/lesbian population has clearly been discriminated against in one way or another related to housing. One reason is the stipulations of the Program on Housing Act, in which it is established that in order to obtain financing for a dwelling from state entities, a traditional heterosexual nuclear family must exist; that is, a legally married or common law couple of man and woman and children. With the purpose of protecting such nuclear families, access to housing for non-heterosexual persons is limited and they must finance their dwellings through trust funds or other more burdensome procedures. These financial guidelines leave gays and lesbians at a disadvantage when it comes to obtaining financing at a standard cost and in conditions of equality with the heterosexual population.

Family Code

The lack of legal recognition for same-sex couples also prevents them from gaining access to the benefits of social services, legacies, pensions, migratory status, inheritance procedures, proprietary guarantees, and so on.

Other laws and regulations

Differences, invisibilization and open discrimination are present in many other legal instruments in the country. This tendency is sometimes hidden in laws, but it is evident in the administrative or operational regulations of some institutions such as the CCSS, the National Insurance Institute, or the Patronato Nacional de la Infancia (National Children's Board).

In addition, as a result of charges brought by the Centro de Investigación y Promoción para América Central de Derechos Humanos (CIPAC)[4] to the People's Ombudsman, this agency initiated an investigation into the Ministry of Public Education's policies with regard to education in human sexuality. It should be noted that the Catholic Church still maintains a great deal of power and influence within this ministry. The Ombudsman has only made statements related to education for the prevention of HIV and AIDS; a resolution with regard to heterosexism and the concept of family, which is implied and fostered by means of such policies, is pending.

4 A leading NGO that seeks to eradicate social inequity associated with sexual choice and gender identity.

Access to reproductive health services

Costa Rica has one of the highest prevalence rates in the use of birth-control methods in Latin America and the Caribbean: 81 out of every 100 women between the ages of 15 and 49, who have partners, use contraceptives. This might suggest that Costa Rica is fulfilling target 5b of the MDGs: "Achieve, by 2015, universal access to reproductive health."

However, despite this, the rate of unwanted pregnancy is 42%, the annual number of abortions is reckoned to be 27,000, and the birth rate among women aged between 15 and 19 is 71 per thousand.[5]

According to the International Planned Parenthood Federation/Western Hemisphere Region classification, this birth rate is medium.

The CCSS, which 80% of family planning users consult, offers only two kinds of contraceptive pills: Norgyl and, occasionally, Ovral or Primovlar. These are first-generation oral contraceptives that contain high levels of estrogen (ethinylestradiol) and progestogens (norgestrel) and should be used only for emergency contraception (e.g., the Yuzpe Regimen). Ideally, third-generation contraceptives should be used. These act in a manner similar to progestogens, but have many advantages and far fewer contraindications.

There is no specific legislation or public policy in Costa Rica prohibiting, encouraging or promoting the use of emergency contraception, which is not included among the services offered by the country's public health system. Recently, the Board of the CCSS rejected the use of emergency contraception on legal rather than medical grounds. In this regard, the country is still led by the unscientific opinions of fundamentalist groups that continue to have a great deal of influence on political decisions affecting sexual and reproductive health.

The female condom is not yet available in the country. The CCSS has shown interest in making it available to sex workers, but this has not yet been implemented. Moreover, this method can provide vital (and autonomous) protection for all sexually active women, not just sex workers, from unwanted pregnancy as well as from sexually transmitted diseases, including the human papilloma virus and HIV (Goal 6 and targets 6.1 and 6.2 of the MDGs).

Between 1999 and 2009, use of intrauterine devices fell from 6% to 2% among women aged between 15 and 49 with partners.[6] This drop could be related to the fact that not all primary health care centres, known as Basic Comprehensive Health Care Units (EBAIS), are equipped to provide this method.

5 Carbajal, José, *Tasa de Partos entre mujeres de 15 a 19 años por Cantón 1995 y 2008* , San José, 2008.

6 Cristian Gómez, *National Reproductive Health Survey* (San José: Costa Rican Demographic Association, 2009).

The lack of a wide range of birth control choices in the public health services could also be affecting maternal mortality. Many of the 25 maternal deaths that occur, on average, every year are preventable, since they are associated with conditions existing prior to pregnancy that are aggravated because of it. For example, according to figures provided by the National Statistic and Census Institute, 24% of maternal deaths in 2008 occurred as a result of cardiovascular disease.[7] In these cases, latest generation oral gestagens, the female condom, and emergency contraception are effective alternatives.

With regard to adolescents, 63.1% of women had sexual relations for the first time between the ages of 15 and 20, and the average age was 17.1. The average age of their sexual partners was 28.2, which means that the difference in age was 11 years.[8] As for the birth control method used in the first sexual encounter, 56% said they used none. A survey carried out in 2009 among third cycle high school students (7th, 8th, and 9th grades) included the following question: Have you been taught how to use a condom or contraceptive sheath in any of your classes during this school year? According to Ministry of Health data, 30% answered yes and 70% answered no.

Conclusion

Despite the existence of laws such as the Children's Code (Law Nº 7739 of 1998) and policies such as the Ministry of Public Education's Policies for Comprehensive Education in the Expression of Human Sexuality (2001), there is no formal program for comprehensive education on sexuality in schools. The many attempts that have been made in this area have failed in the face of fierce opposition from the fundamentalist groups that, as mentioned above, have great influence in political decision-making related to sexual and reproductive health.

From all of this it can be concluded that the country still needs to make greater efforts to fulfil Goal 5 of the MDGs, specifically with regard to targets 5a and 5b related to reducing maternal mortality and achieving universal access to reproductive health. ■

7 National Statistics and Census Institute, "Chart 3.10. Maternal deaths by age group, according to cause of death, 2008," in *Vital Statistics 2008*. Available from: <www.inec.go.cr/A/MT/Población percent20y percent20Demografía/Defunciones/Generales/Publicaciones/C0/2008/Publicaciones percent20de percent20Estadísticas percent20Vitales.pdf> [in Spanish].

8 Gómez, *op. cit.*

CROATIA

An uncertain scenario

A lack of up-to-date and reliable data makes it difficult to determine the extent to which poverty in Croatia is deepening as a consequence of the economic crisis, but indicators suggest that the 2009 recession reversed recent improvements in the social sphere, making it hard to rein in the country's growing pauperization. Circumstances are thus more and more unfavourable for the realization of Millennium Development Goal 1 on poverty eradication. The Government's belief that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent.

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Kristina Babić

The years 2001–2009, the period considered for this report, cover almost two thirds of the time allotted for the realization of the Millennium Development Goals (MDGs). Data on Croatia's gross domestic product (GDP) during these years show an annual increase of about 4.4% until 2008, when this decreased for the first time to 2.4%. It then dropped dramatically by 5.8% in 2009.[1] Foreign debt as the main source of additional funds needed for public spending increased on average by 12.5% annually over the same period,[2] while the growth in public expenditure was 6.7% in 2008 and 2.3% in 2009. This has only contributed to the deepening of the crisis.

Increasing poverty

Although GDP per capita rose from HRK 25.538 (USD 4.474) in 2001 to HRK 45.379 (USD 7.951) in 2009,[3] this had almost no influence on the poverty rate during the same period. As the economic and financial crisis began to unfold, 2008 already showed signs of regression in the poverty indicators. The Gini coefficient – the measure of income inequality developed by the World Bank – went up from 0.28 in 2007 to 0.29 in 2008 and the quintile ratio, which compares the total equivalent income of the upper and lower quintile (20% of the richest and 20% of the poorest), from 4.3 in 2007 to 4.6 in 2008.

Due to lack of available data at the time of writing, the poverty rate for 2009 can only been presented based on simulations done by the World Bank; the exact data for this variable are due to be published by the Central Bureau of Statistics (CBS) in October 2010. The simulations of short-term changes in poverty between 2008 and 2009 show an increase in relation to spending of 3.5 percentage points. The share of households living below the accepted poverty line of USD 380 per adult increased from 10% in 2008 to 13.5% in 2009.[4] The largest increase in vulnerability, from 5.3% to 15.8%, occurred in households with two or more children.[5] Thus in a single year the 2009 recession nullified recent social improvements.

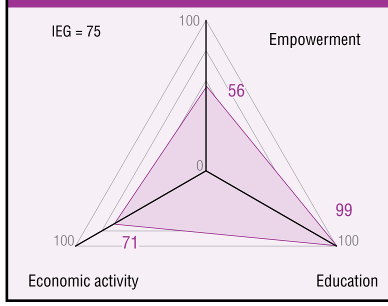
Between 2005 and 2008 economic development and the new jobs linked to it led to the opening of new workplaces and the reduction of unemployment. In that period poverty was primarily linked to long-term unemployment and inactivity, mostly concentrated among low-qualified workers. The rate of poverty risk in 2008 was highest for the unemployed at 32.6%. However the job loss caused by the economic crisis meant the number of registered unemployed in January 2010 was 20% more than the previous year. The reduction in employment, the decrease in real income (in relation to the index of consumer prices) and the pay freeze in the public sector have pushed many people into poverty. The "new" poor person differs from the "old" one in that he/she is better-educated, younger, economically active, more often male, works in manufacturing and lives in the economically more developed regions.[6]

Social transfers

Social transfers can be defined in both a broad or narrow sense. Narrowly defined, in accordance with the Eurostat definition, they encompass income related to unemployment, maternity leave, care benefits for newborns, child allowances, benefits for sick leave lasting longer than 42 days, benefits for bodily injuries and care of others, social benefits, benefits for rehabilitation and employment of people with disabilities, disability pensions, schooling stipends and housing benefits. Social transfers in a narrow sense are related to benefits awarded to individuals in cash as opposed to services (e.g., free health care) or material goods.

Social transfers should be effective and efficient in addressing the risk of poverty so that they have a significant redistribution effect and thus reduce the poverty rate. In this regard, public expenditures directed to social benefits have produced the greatest reductions.

Gender Equity Index (GEI) 2009



The CBS has not yet adopted the Eurostat methodology for the collection of data on expenditures for social protection and social transfers. For instance, the category "other liquid receipts" in the questionnaire on household spending is most similar to the Eurostat's category of social transfers, although it also contains the variable "family pension".

Spending on social transfers and economic growth stabilized the poverty rate in the first part of the period under review, although its effect on reducing social inequality was insignificant. The lack of complete and reliable data for 2009 and the uncertainty regarding the situation in which Croatia will be at the end of 2010 make it impossible to present a total picture of the impact of the crisis. Still there are many indicators that it will be substantial and that circumstances will be more and more unfavourable for the effective realization of the goal of poverty eradication. The growing pauperization will be difficult to control.

All the factors in play – the drop in GDP combined with the growth of debt and public expenditure – make it clear that dramatic budget cuts are required. The rebalancing of the budget for 2010 has been delayed and the question is where the cuts will be made. They should certainly not be in the area of social transfers, which are needed to help alleviate the increasingly difficult situation of beneficiaries.

The budget line for unemployment benefits in 2009 was amended three times: on 9 April when the planned amount of USD 150 million was increased by some USD 20 million; on 18 July when USD 42 million were added; and on 3 August when the amount was reduced by around USD 22 million (due to a reduction in unemployment as a result of seasonal employment). The budget line for cash benefits to citizens and households was amended accord-

1 Croatian National Bank, "Real GDP growth rate – Croatia." Available from: <www.hnb.hr/publikac/epublikac.htm>.

2 *Ibid.*

3 Croatian National Bank, "General information on Croatia – economic indicators." Available from: <www.hnb.hr/statistika/e-ekonomski_indikatori.htm>.

4 The World Bank, *Croatia: Social Impact of the Crisis and Building Resilience*, 10 June 2010, 38–39. Available from: <go.worldbank.org/SPXPLMBLM0>.

5 *Ibid.*

6 *Ibid.*

CHART 1: Employment and unemployment, 2007-2010 (Thousand)

	Employment				Unemployment (registered)			
	2007	2008	2009	2010	2007	2008	2009	2010
January	1,457	1,506	1,525	1,430	299	261	254	310
February	1,455	1,504	1,516	1,417	299	260	263	318
March	1,461	1,511	1,512	1,412	292	255	267	319
April	1,470	1,521	1,513	1,416	278	245	264	309
May	1,485	1,535	1,518		263	233	256	
June	1,499	1,549	1,524		250	222	247	
July	1,511	1,559	1,526		246	220	249	
August	1,511	1,558	1,518		243	219	251	
September	1,503	1,548	1,501		246	222	259	
October	1,495	1,538	1,485		250	229	273	
November	1,491	1,530	1,472		253	234	283	
December	1,481	1,519	1,457		254	240	292	

Source: The World Bank, *Croatia: Social Impact of the Crisis and Building Resilience.*

ingly: the planned amount of USD 68.6 million was increased by 10% with the first amendment, then increased again by USD 3 million and finally reduced by USD 228.500. These examples show that the Government did a poor job of preparing for the crisis and did not devise proper measures to tackle it. The lack of foresight found the country poorly equipped to respond and reacting on an ad hoc basis.

Conclusion

Croatia has entered a long tunnel and recovery will be neither quick nor simple. Knowledge, skills and courage are all needed to choose the right policies and the instruments and measures to efficiently implement, monitor and evaluate them. Whether social problems can be effectively solved with ad hoc measures is doubtful. The optimum use of available means in conditions of ever increasing constraints is vital to successfully overcome the crisis and simultaneously reduce poverty.

The answer to the question of whether Croatia will be able to succeed without renouncing the dominant neoliberal paradigm has to be in the negative. To believe that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda is both unrealistic and foolish. ■

■ CYPRUS

An opportunity for a "social shift"

The National Strategic Plan for 2011-2015 challenges the current status quo in development trends. Its two primary areas of focus are education and partnerships between public institutions and civil society organizations (CSOs). Thus local CSOs will become more active in the international development arena and the country has the potential to become a pioneer in social development. For this to happen, Cyprus must lead the way in the shift in development trends away from market-centred policies towards social justice, human rights and equality.

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The gradual transformation of the world into a "global village" under the hegemonic imposition of a common socioeconomic system has spread the effects of the financial crisis to almost every corner of the globe. Central to the current debate on overcoming the crisis is the notion of "development" and the dire position of the so-called "developing countries." Since the 1980s, many aid-receiving countries have been trapped in the prescriptions of neoliberal international institutions and exploited through their debts and loans. In order to secure Official Development Aid (ODA) and Foreign Direct Investments (FDI) from national and international institutions, they have been forced to apply "free" market and trade policies that would allow easy access to local resources by the funding agencies. Such practices, however, minimize social and public provisions and weaken the social safety net.

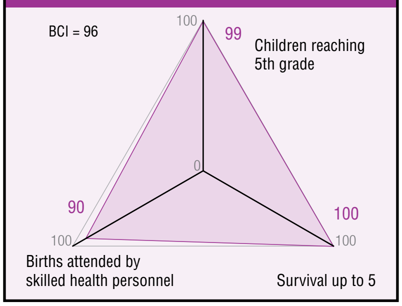
Resetting priorities

On many occasions developed countries promote their methods and practices as universal prescriptions of modernity and progress. However, development cannot be exported or imposed uniformly in different social, economic and geographical settings. After the late systemic shortfalls in the economy it is becoming obvious that the focus must be on developing functional local civil institutions. These should be from the public sphere and civil society and promote full democratic participation of all citizens in transparent decision-making processes. For instance, the development of aid-receiving countries' educational systems – addressing local needs and focusing on the local social context – should be one of the main pillars of development.

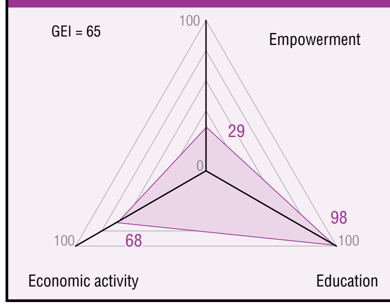
Local civic institutions may not completely replace the socioeconomic and cultural imperialism imposed in recent decades on the Global South,[1] but they have the potential to provide the political resources to disrupt hegemonic policies and practices. In this context, it becomes a necessity to revisit the dominant trends in development and reset the priorities of aid-providing states.

1 See R. Keily, *Empire in the Age of Globalisation: US Hegemony and Neoliberal Disorder* (London and Ann Arbor, MI: Pluto Press, 2005).

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Cyprus is in the process of drafting its National Strategic Plan for Sustainable Development for the period 2011-2015. Taking into consideration the historic conjunction that EU and the world face, this offers the opportunity for the country to become a pioneer in alternative development policies and practices. The Plan could be directed towards the development of viable societies, governed by democracy and social justice rather than markets and industrial exploitation zones. It is well understood that Cyprus has limited power to influence the broader international trends in development. However, as a state active in EU decision-making and a provider of ODA, it could provide a leading paradigm for the development strategies of other small states.

First, Cyprus has to design, implement and evaluate its own successful model of policies and practices for development. The island has passed all the stages that most developing countries are currently facing: colonial rule, the struggle for independence, internal conflicts, external invasion and refugees. In this historical course, the empowerment of society through the provision of free access to public goods and services for those who suffer has been central to the path to recovery.

At the core of the island's development process has also been the close cooperation among all private and public social stakeholders. Cyprus' successful developmental experiences based on social protection and partnerships should be reflected in the Government's policies and particularly in the Strategic Plan. Consequently, any approach towards "development" in the current national debate must have as a priority the empowerment of efficient and effective civic institutions through the democratic participation of all citizens.

Breaking away from the neoliberal recipe

In the past few years Cyprus has promoted initiatives that diverge from the dominant international neoliberal development model while aiming to raise its ODA. The mid-term strategic plan of 2006-2010 set as a target the disconnection of ODA from business-oriented infrastructure and support. Also, as part of its obligations as a new member state of the EU, the country set an ODA goal of reaching 0.17% of gross national income (GNI), something that was achieved in 2008.[2] Additionally, the mid-term strategic plan has designated the development of social services, education, public infrastructure projects and the environment as target areas.[3]

These policies indicate a social orientation towards development. Social services in receiving countries are focused mostly on issues of health care, human resources development and equal access to services and tourism (the last of which reflects the main sectors of the Cyprus economy). Undoubtedly the aforementioned focal areas have some important elements of social justice; however there is a lot more that can be done. The focus on social services, for example, must be oriented towards the development of agencies that will secure the just distribution of public goods and services and promote human rights for all (not only selected individuals).

2 Environment Service, *Debate on the National Strategic Plan for Sustainable Development 2011–2015*. Available from: <www.moa.gov.cy/moa/agriculture.nsf/environment_gr/environment_gr?OpenDocument> [in Greek] (accessed 20 February 2010).

3 Environment Service, *National Strategic Plan for Sustainable Development 2006–2010*. Available from: <www.moa.gov.cy/moa/agriculture.nsf/environment_gr/environment_gr?OpenDocument> [in Greek] (accessed 20 February 2010).

Another aspect that should be revisited in the new National Strategic Plan is the area of education. In the 2006-2010 Plan, education-oriented aid focused on scholarships and supporting access to international educational institutions.[4] The opportunity in the new Plan is to revisit that approach and promote the development of a functional local educational system in the countries to which Cyprus provides aid, such as Egypt, Lebanon, Mali, Palestine, Somalia and Yemen.

As the current debate for the new Plan rightly emphasizes, Cyprus has long-standing experience in the provision of public education along with a private education sector that has rapidly developed in recent years. This accumulated experience and the technical capacity gained must be disseminated in other developing countries through relevant provisions in the new Plan.

Cyprus considers the new Strategic Plan to be a continuation of the policies of the period 2006-2010. In relation to ODA the goal is to reach 0.33% of GNI by 2015, almost doubling the current level of 0.17%. The Plan focuses on the empowerment of local communities and the development of representative social institutions in the public sphere and within civil society. This will reduce conflicts and tensions, especially in neighbouring regions, that otherwise may have a spill over effect on Cyprus either through extensive migration or through the reduction of trade and economic cooperation.

The new National Strategic Plan has particular provisions for "Education for All". The development of education will be based on three pillars: the introduction of sustainable development in the educational and social context; the development of a democratic educational environment where teachers and students will be agents of change for a sustainable and just society; and the provision of training to deal with unsustainable practices at all levels of social life. The new Plan considers formal public education to be among the successful causes of development in Cyprus. Additionally, it prioritizes social inclusion, democratic procedures and a just society as the leading attributes with regard to education.

Nevertheless, those attributes are only provided for the local context and are not reflected in the international development priorities. Cyprus' attempt to re-orient its domestic educational system should be reflected in its approach to international development policies and in the provisions for the future ODA framework as well as its distribution, in contrast to past practices. At the same time, the Government must attempt to influence its counterparts in the EU to follow those initiatives domestically and internationally as an efficient measure for protecting the EU itself from conflicts, tensions and massive migration flows.

The role of civil society

After years of lobbying and debates, the Government is considering for the first time collaboration with local CSOs in its overall development policy, a recognition of CSOs' long-standing expertise and experiences in development. In addition, the Government has expressed its commitment to collaborate with them in delivering the national ODA. The New Strategic Plan sets as one of the national priorities the "development of partnerships between the public sector and civil society". Prior to this provision ODA was mainly directed towards international organizations and agencies of other states. The introduction of local civil society in national development policies constitutes great progress for both the country in general and the local CSOs in particular. The Government should also open up public dialogue and invite civil society to provide suggestions and have a more active role in drafting policies, something that has not happened in drafting the New Strategic Plan.

Civil society is a key player in development and an effective medium for the provision of aid and services and the promotion of human rights. International civil society and CSOs can become agents of solidarity and social justice.[5] Cypriot CSOs have direct involvement and experiences in the fields of reconciliation and social justice, along with the capacity to provide training and education. They can contribute substantially to the healthy and just distribution of ODA to people in need.

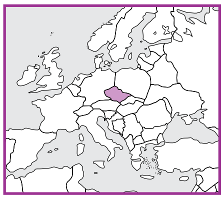
The National Strategic Plan 2011-2015 offers a sense of hope through initiatives that challenge the current status quo in development trends nationally and internationally. The two primary areas of focus, which are expected to prove the most influential with regard to processes of reform and progress, are: (a) education and (b) partnerships between public institutions and CSOs. Any progress in those areas will benefit tremendously from taking into consideration issues of social justice, inclusion, democracy and full civic participation. With the comprehensive shift of the new Strategic Plan towards policies focused on social development and with local CSOs becoming active in the international development arena, Cyprus has the potential to become a pioneer for other small states in this area. This can only happen if the island chooses to lead the way for a shift in development trends away from market-centred policies towards social justice, human rights and equality. ■

4 *Ibid.*

5 Reinhart Kössle and Henning Melber, "International civil society and the challenge for global solidarity," *Development Dialogues*, October 2007. Available from: <www.dhf.uu.se/pdffiler/DD2007_49_civ_soc/development_dialogue_49_art_2.pdf>.

CZECH REPUBLIC

Further cutbacks to the Welfare State



At the beginning of 2009, the Czech Government acknowledged that the country would not escape the effects of the global financial crisis, as it had previously been trying to convince its citizens. However it did not pursue actions to protect the most vulnerable from the harmful effects. The political scene is perceived as increasingly riddled with corruption while society is deeply affected by inequality, discrimination, racism and segregation. Exports of weapons are on the rise in contradiction of the official foreign policy goals of supporting human rights and development and assisting with humanitarian aid.

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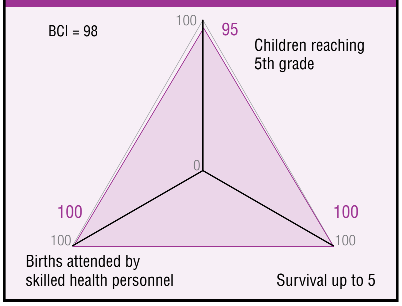
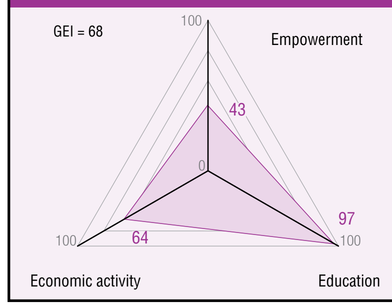
Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The only positive economic news for the Czech Republic in 2009 was that the rate of inflation fell due to the global financial crisis. Unemployment rose by two thirds in one year[1] while the Gross Domestic Product (GDP) fell by 4.1%.[2] Although these results differ strikingly from the Government's optimistic forecasts (the 2009 budget assumed a GDP growth of 4.8%), they would have been worse – given export dependence on the car industry – without a German program under which people receive money towards a new car if they scrap their old one.

It is possible, however, that the tapering off of fiscal stimulus packages in EU countries in 2010 could cause the belated downfall of the Czech economy. By the end of 2009 unemployment had reached 9.2% – 539,000 people according to the Czech Statistical Office. The office also recorded a slight decrease in the number of people who were not "actively searching" for a job but willing to accept one. By the end of the year there were 173,000 in this category, hence 712,000 unemployed people altogether. At the same time, the Employment Office was registering just 31,000 vacancies. Significantly, Czech public television introduced a new reality show called "Don't give up!" featuring people competing to win a job.

Dismantling the Welfare State

Right-wing parties in the Government are using the crisis to further reduce the Welfare State, aggravating the drop in consumer spending and thus worsening the crisis. An increase in the value added tax (VAT) on basic commodities from 5% to 9% has been approved, which will raise prices for basic groceries, medicines, construction and energy, which represent a major part of expenditure by low-income people. In partial compensation, their income tax has been decreased. However, a much more significant tax decrease is taking place in the high-income group – those who earn four and more times the average. Moreover, tax on profits should drop to 19% by 2010. This means that business taxes will have gone down by 26% since 1993.

There is also a drive to privatize the pension system. The right-wing media succeeded in convincing the public that fund-based financing of pensions offers a solution to the problem of population aging (although this has no support in economic theory). For their part, the solutions offered by the social democrats are more focused on the anti-cyclical potential of progressive taxation and redistribution towards low-income earners. None of the Parliamentary parties propose restricting global tax evasion, while the Ministry of Industry and Trade web page still promotes "tax optimization" through tax havens and off-shore centres.[3] According to the *Ekonom* magazine, some 7,000 companies had their fictional residence in tax havens at the beginning of 2009 and tax evasion amounted to approximately CZK 23 billion (USD 1.1 billion).[4]

There is growing public scepticism regarding politics owing to high levels of corruption. The country fell from 45 to 52 from 2008 to 2009 in the Transparency International Corruption Perception Index and ranks 22 out of 27 EU member states. According to the director of Transparency International Czech Republic, "there is no anti-corruption strategy, the former Government paid only lip service to this and opened the door for private interests to influence political decision-making."[5]

Gender inequality

Women currently make up 22% of the Chamber of Deputies. After the elections to the European Parliament in 2009 the representation of women among Czech Euro MPs dropped to 18%. Political parties do not recognize the disproportional representation of men and women in decision-making positions as an important issue and there is a lack of motivational and educative programs as well as incentives to systematically seek more women for elected office.

The long-stalled adoption of the so-called "anti-discrimination act" in 2009 made the Czech Republic the last member of the EU – and one of the last European countries in general – to prohibit discrimination based on race, ethnic origin, nationality, sex, sexual orientation, age, disability, belief, religion and opinions, particularly in access to employment, education, health care or other services and social benefits. The tardiness in passing this act reveals the typical attitudes towards gender equality among Czech political representatives.

1 Czech Statistical Office, "Nejvyšší meziroční pokles zaměstnanosti od roku 1999," 5 February 2010. Available from: <czso.cz/csu/csu.nsf/informace/czam020510.doc>.

2 Czech Statistical Office, "Meziroční pokles HDP za 4. čtvrtletí byl upřesněn na 3,1%," 11 March 2010. Available from: <czso.cz/csu/csu.nsf/informace/chdp031110.doc>.

3 See: <www.businessinfo.cz>.

4 Adam Junek, "Vyhnáni do ráje" (Expelled into Paradise), *Ekonom*, 12 March 2009. Available from: <ekonom.ihned.cz/c1-35655550-vyhnani-do-raje>.

5 Benjamin Cunningham, "Czech Republic ranks among Europe's most corrupt," *The Prague Post*, 25 November 2009. Available from: <www.praguepost.com/news/2906-czech-republic-ranks-among-europes-most-corrupt.html>.

Discrimination against migrants, especially women

Over the last two decades the Czech Republic has seen a significant shift in the area of migration and integration. The number of foreign nationals and of those who want to settle in the country on a long-term or permanent basis has grown. Official statistics show that 436,116 foreign nationals were registered as of 31 October 2009, of whom 178,223 were women.[6] An additional 300,000 foreign nationals are estimated to live in the country without a valid residence permit.[7]

One of the ongoing problems highlighted by NGOs relates to foreign nationals' access to health care. Pursuant to current legislation, only those with permanent residence or those with temporary residence who are employed have access to public health insurance. Other foreign nationals, including self-employed workers, have to get insured with commercial insurance companies and pay a high one-off lump sum that covers a considerably narrower range of health-care services. As of January 2010 this amount must also be paid for dependent family members in the case of family reunion or reunion of mixed marriages. However, there is no guarantee of coverage by insurance companies and some foreigners(e.g., the elderly, newborns, pregnant women) remain uninsured.

These institutional barriers disadvantage women in particular. Female migrants face multiple forms of discrimination (gender, ethnicity, nationality, age, social status, education level, etc.), especially in the labour market but also in access to education, childcare institutions and information. The work opportunities of female migrants are largely restricted to the secondary labour market (inferior, unskilled, poorly paid jobs) or the informal economy (with insufficient protection of labour rights, work without a work contract, etc.). Currently there is a pronounced tendency to restrict the entrance of foreigners even if this means indirect discrimination against Czech citizens who are in mixed marriages.

Racism and segregation

In 2009, unknown assailants in a suburb of Opava threw two incendiary bottles into the house of a Roma family where a number of people, including children, were sleeping. After months of intensive investigation, four men, all sympathizers of the right-wing extremist movement, are in custody charged with attempted murder with a racist motive. This case represents a breakthrough because the acts, unlike previous attacks, were criminalized as attempted murder.[8] This may have been due to the extensive media coverage of the case.

Media coverage may also have contributed to the alleged rise in extremist related criminal activity. According to the Ministry of the Interior, the number of such acts has risen by some 10% (from 169 in 2008 to 186 in 2009. The number of those accused has risen by approximately 16% (from 163 in 2008 to 189 in 2009). This apparent increase, however, might be due to the fact that the courts have become more willing to qualify cases of assault as racially motivated.

According to a survey commissioned by the Ministry of Education in 2009, every fourth Roma child of school age is labelled as slightly mentally disabled. Following the ruling of the European Court of Human Rights in Strasbourg former "special schools" were renamed "practical schools" but their essence has remained the same. Attempts to change this collide not only with the prejudices of individual principals, teachers and psychologists but also with purely financial interests as special education provision is subsidized. There is segregation even in ordinary elementary schools, and principals of some schools openly admit that they cannot enrol Roma children since they are under pressure from parents of non-Roma students who do not wish their children to study with Roma. Therefore there are divided "Roma" and "Czech" schools in some regions.

Since the European Roma Rights Centre (ERRC) published information in 2004 on the suspected forced sterilization of Roma women in the Czech Republic, civil society organizations have been monitoring this issue. In 2009, it became public that a case of involuntary sterilization had occurred as recently as 2007 when a social worker forced a woman to agree with the procedure under the threat that her older children would otherwise be placed in a children's home.

Weapons instead of development

A new bill on development cooperation was discussed with representatives of the national platform of development organizations in 2009. While this clarifies the structure of development activities, the administration of subsidies in bilateral cooperation remains flawed by a lack of transparency and unclear selection criteria. Another serious problem is the decrease in development funds. Official Development Assistance (ODA) amounted to USD 249 million in 2008 but fell to USD 224 million in 2009. It was only at the expense of a drop in Gross National Income (GNI) that the ratio of 0.12% was maintained, and the country will not be able to fulfil the EU pledge to raise ODA to 0.33% of GNI by 2015.

An earlier decline in arms production was due to a desire to reduce the arms trade, which was deemed unethical, and the conversion program for the industry expected a reduction of almost 90% up to 1992. After the establishment of an independent Czech Republic the program was gradually abolished on economic grounds, and obsolete supplies are often donated to countries plagued by internal conflict (e.g.,Afghanistan and Iraq), countries suspected of re-exporting military material and countries in armed conflict (such as Georgia).

Legal weapons exports are possible only with the consent of the Ministry of Industry and Trade, conditional on statements by other Ministries. In many cases the weapons exports policy is the antithesis of official foreign policy goals – support for human rights, development and humanitarian aid. The country has lately been shipping weapons to countries where human rights are ruthlessly violated, to regions where they are sold to both sides of an armed conflict (Lebanon, Israel, Syria) or to places where they served to ignite the conflict directly (as in the South Ossetia war in 2008).

Legal exports of military material are rising and reached an all-time-high of EUR 189.6 million in 2008. In mid-2009, despite protests from Czech and international NGOs as well as some authorities, Parliament passed an amendment to the foreign trade act that decreases the authorities' ability to exercise control over weapons exports and allows unlicensed companies to negotiate weapons deals. According to František Janda of Amnesty International, licensed Czech arms exports take place "in a completely non-transparent manner."[9] ■

6 Czech Statistics Office, *Foreigners: by type of residence, sex and citizenship*, 31 October 2009. Available from: <www.czso.cz/csu/cizinci.nsf/t/8200578577/$File/c01t01.pdf>

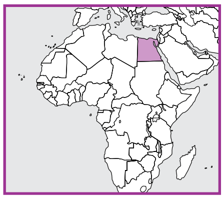
7 Czech Statistics Office, *Foreigners in the CR 2008. Annual Report* (Prague: Scientia, 2008).

8 Ministry of the Interior, "Problematika extremismu na území CR v roce 2009" (The issue of extremism in the CR in 2009). Available from: <www.mvcr.cz/soubor/extrem-leden-zari-2009-pdf.aspx>.

9 Markéta Hulpachová, "Arms export law raises concern," *The Prague Post*, 21 May 2009. Available from: <www.praguepost.com/news/1309-arms-export-law-raises-concern.html>.

EGYPT

The rough road to the Millennium Development Goals



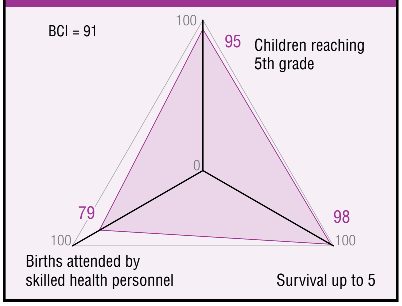
Although official reports continue to emphasize that Egypt is on track to achieve the Millennium Development Goals (MDGs), the country has shown only limited progress on some of these. In the midst of the worst global economic crisis since the Great Depression of the 1930s, Egypt should embark on some profound changes and adopt radical development strategies to move towards fulfilling the internationally agreed goals. This requires development assistance to be more efficiently managed, while employment targeted projects should be increasingly negotiated and encouraged, along with more partnership with private sector and civil society.

The Egyptian Association for Community Participation Enhancement (EACPE)
Nawara Magdy Belal
Yasmine Sherif Ismail

According to the Kuwaiti financial investment firm Global Investment House, the impact of the global economic crisis is now being felt in Egypt, although "Egypt's healthy economic growth, along with the implemented reform is believed to protect the country's economic performance throughout the concurrent global crisis." True, the Egyptian economy has preserved its real GDP growth, which stood at 5.8% during the first quarter of fiscal year 2008-09 (July-September 2008), compared to the 6.5% achieved in the first quarter of fiscal year 2007-08. However it must be noted that the Government set a lower GDP growth target of 5.5% for fiscal year 2008-09, after realizing growth of 7.2% in fiscal year 2007-08. For fiscal years 2008-09 and 2009-10, respectively, the World Bank has forecast GDP growth rates of 4.5% and 6.0%.[1]

But is the crisis affecting the country's progress in achieving the MDGs? According to an MDG midpoint assessment report, issued by the Ministry of Economic Development, the country is "on the right track to realizing most of the Millennium Development Goals by the set date of 2015."[2] According to Egypt's Minister of Economic Development, Othman Mohamed Othman, "geographic targeting and other integrated social policies promise to reduce regional lags and gaps…and to also ensure the full realization of national MDG goals in all of Egypt."[3] Regarding poverty reduction, the Minister announced that "the poverty rate has fallen from 31% to 26% in rural areas and from 13% to 8.6% in urban areas."[4] These figures however were denied by Gawdat el-Malt, president of the Egyptian Central Audit Agency, who reported that "poverty is estimated at 40% in rural areas and 18% in urban areas."[5]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009

Poverty is not only about income

These contradictory measurements are both based on income levels. However, poverty is not just about income and there are other major aspects to be considered, such as health, hygiene and social exclusion. Thus, composite measures, such as the Human Development Index (HDI) and the Human Poverty Index (HPI), which focus on the proportion of people living below certain thresholds in each of the dimensions of the HDI, should be taken into account.

In its Egypt National Report 2008, the UNDP highlighted seven guidelines that the Egyptian Government should take into account in order to achieve pro-poor economic growth:[6]

- The vulnerability of the poor to risk and the lack of social protection reduce the pace of growth.
- Inequality of assets and opportunity hinders the ability of poor people to participate in and contribute to growth. Gender is a particularly important dimension of inequality.
- Policies need to tackle the causes of market failure and improve market access. Market failure hurts the poor disproportionately. Programs are needed to ensure that markets that matter for their livelihoods work better for the poor.
- Both the pace and pattern of growth are critical for long-term and sustainable poverty reduction.
- Pro-poor growth requires the participation of the poor in the growth process.
- Policies to tackle the multiple dimensions of poverty should go hand-in-hand; perceptions of dichotomies (e.g., economic versus social policies) can be misplaced.
- The poor need to participate in and influence the policy reform process that goes with poverty reduction strategies.

The 2009 Human Development Report ranks Egypt 82nd among 135 countries for which the index has been calculated. The poverty index measures severe health deprivation by the proportion of people who are not expected to survive to age 40. Education is measured by the adult illiteracy rate. And a decent standard of living is measured by the un-weighted average of people not using an improved water source and the proportion of children under age five who are underweight for their age. Chart 1 shows the values for these variables for Egypt and compares them to other countries.

The figures in Chart 2 clearly demonstrate that economic growth is not necessarily reflected in the quality of life. The country's failure to ensure that increased economic growth is reflected in the living standards of its citizens represents the main challenge that the Government will have to face in the next five years in order to realize the MDGs by 2015.[7] This means rethinking its financing for development strategy in the context of an economic crisis that has globally become a main obstacle for development.

1 Global Investment House, *Annual Report 2009*. Available from: <www.globalinv.net/pdfs/AnnualReport/GlobalAnnualReport2009E.pdf>.

2 Ministry of Economic Development, *Millennium Development Goals Report 2008- Egypt, Achieving the MDGs: Midpoint Assessment,* 2008. Available from: <www.undp.org.eg/Portals/0/MDG%20Links/Egypt%20MDG%20Mid%20Term%20Assessment%20Report%202008.pdf>.

3 *Ibid.*

4 Egypt.com News, 10 April 2010. Available from: <news.egypt.com/en/201003239929/news/-egypt-news/mps-egypt-govt-disagree-over-poverty-rate.html>.

5 *Ibid.*

6 UNDP, *Egypt Human Development Report 2008*. Available from: <www.hdr.undp.org/en/reports/nationalreports/arabstates/egypt/2008_Egypt_nhdr_en.pdf>.

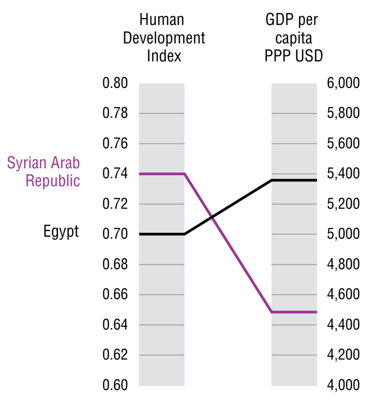
7 Egypt.com News, 10 April 2010. Available from: <www.news.egypt.com/en/201003239929/news/-egypt-news/mps-egypt-govt-disagree-over-poverty-rate.html>.

CHART 1. Selected indicators of human poverty

Human Poverty Index (HPI-1)	Probability of not surviving to age 40 (%)	Adult illiteracy rate (% ages 15 and above)	People not using an improved water source (%)	Children underweight for age (% aged under 5)
1. Czech Republic (1.5)	1. Hong Kong, China (SAR) (1.4)	1. Georgia (0.0)	1. Barbados (0)	1. Croatia (1)
80. Solomon Islands (21.8)	68. Georgia (6.7)	117. Angola (32.6)	28. Costa Rica (2)	40. Macedonia (6)
81. Botswana (22.9)	69. Vanuatu (7.1)	118. Congo (Democratic Republic of the) (32.8)	29. Armenia (2)	41. Barbados (6)
82. Egypt (23.4)	70. Egypt (7.2)	119. Egypt (33.6)	30. Egypt (2)	42. Egypt (6)
83. Vanuatu (23.6)	71. Ecuador (7.3)	120. India (34.0)	31. Jordan (2)	43. Mongolia (6)
84. Congo (24.3)	72. Bahamas (7.3)	121. Ghana (35.0)	32. Montenegro (2)	44. Panama (7)
135. Afghanistan (59.8)	153. Lesotho (47.4)	151. Mali (73.8)	150. Afghanistan (78)	138. Bangladesh (48)

Source: Human Development Report 2010.

CHART 2. Human development and GDP



Source: Human Development Report 2009.

Progress in achieving the MDGs

The midpoint assessment of the MDGs for Egypt shows that the country in not strictly "on track," that challenges remain very severe and that, in some areas, especially with regard to the gender gap, the country's performance is very poor. Following is a goal-by-goal assessment.

- MDG 1 – eradicate extreme poverty and hunger: There are some remaining challenges – such as unemployment among women and young people and underweight children.
- MDG 2 – achieve universal primary education: As a reflection of the progress in school enrolment, the country is approaching 100 percent literacy among the 15-24 year old age group.
- MDG 3 – promote gender equality and empower women: Although the country has demonstrated its commitment through institutional arrangements, legislative changes and several initiatives and actions, there is still a long way to go – mainly in technical education, empowerment and women's participation in politics.
- MDG 4 – reduce child mortality: There is some progress, however, official data shows that geographic, gender and social inequity remains being high. Furthermore, the relatively high rate of neonatal mortality is still worrying.
- MDG 5 – improve maternal health: The effectiveness of national programs that increased the amount of births attended by skilled personnel is evident in the remarkable speed of decline in maternal mortality.
- MDG 6 – combat HIV/AIDS, malaria and other major diseases: HIV infection is not restricted to a particular social group and in recent years has increased among women, while hepatitis B and C have also become a threat. It is necessary to reorganize the health system from a multisectoral perspective that takes into account the social context in the treatment of epidemics.
- MDG 7 – ensure environmental sustainability: The increasing demand on natural resources requires stronger control measures and adequate environmental management strategies.
- MDG 8 – develop a global partnership for development: According to the Ministry of Economic Development "In the past few years Egypt has witnessed a rising trend in its ODA disbursements from a variety of rich countries and international organizations, and these have been allocated to fulfill the development needs of different sectors. Further, Egypt has also benefited from a number of bilateral and multilateral trade agreements. The share of exports of goods and services in Egypt's GDP has been increasing throughout these years."[8]

Impact of the global financial crisis

Although net Foreign Direct Investment (FDI) was only USD 3.9 billion in fiscal year 2004-05, in 2007-08 period this figure reached USD 13.2 billion. But in the last fiscal year – with the global economy in disarray – net FDI fell to USD 8.1 billion, according to Egypt's central bank. Furthermore, a report on economic performance for the second quarter of the fiscal year 2009-10 by the Ministry of Economic Development shows that the number of unemployed has risen to 2.37 million people.[9]

As shown by these figures, the year 2010 may decelerate Egypt's progress towards achieving MDGs by the year 2015. In order to avoid such a risk, it is imperative to:

- enhance the efficiency of Official Development Aid, which may witness a decrease due to the effect of global crisis on donors, and harmonize and align the distribution of ODA according to national priorities.
- negotiate space to adopt more employment oriented growth policies and ensure their implementation.
- strengthen partnerships with the private sector and civil society in Egypt. ■

8 *Millennium Development Goals Report 2008. Egypt, op. cit.*

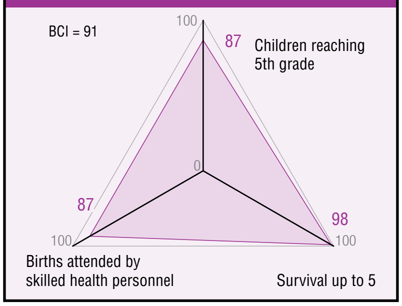
9 Egypt News, 21 February 2010. Available from: <news.egypt.com/en/201002219351/news/-egypt-news/report-over-2-million-egyptians-unemployed.html>.

Vulnerability and violence, reflections of poverty

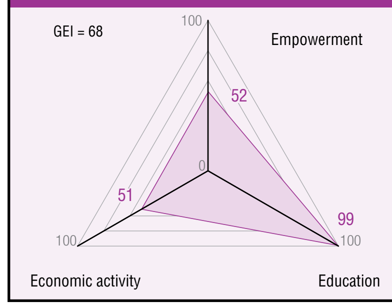
El Salvador, which elected its first leftwing Government last year, is committed to achieving the MDGs. To do so, the new Government must prioritize reducing poverty and extreme poverty, reforming the health system in order to make it accessible to the entire population, developing prevention policies for natural disasters, and advancing towards gender equality. If El Salvador wishes to attain the MDGs by 2015, it is imperative to make efforts to combat the vulnerability of a large part of its population, without neglecting violence and criminality.

Social Watch El Salvador
Jeannette Alvarado
Scarlett Cortez
Mario Paniagua

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The course of 2009 was marked by events that changed the political, economic and social direction of the country. The presidential election of March 2009 has become one of the country's main historic events since for the first time a candidate of the left – journalist Mauricio Funes, of the Frente Farabundo Martí de Liberación Nacional – became President for a term of five years.

The most serious concerns when President Funes took office were the economic crisis, resulting in up to 50% of the population being unemployed or underemployed, and widespread social insecurity; according to UN figures only 2 out of 10 workers had a formal employment contract, with social security and a liveable wage. According to survey data published in various news media, the three major problems affecting Salvadorans in 2009 were high crime rates, the lack of jobs and the high prices of basic consumer products.

The need for tax reform

No Excuses. Reaching the Millennium Development Goals by 2015, the 2009 UNDP Human Development Report, states that extreme poverty in El Salvador has fallen by over 50% – from 28.8% of households in 1991, to 10.8% in 2007.[1]

However, these figures should not imply that the country has overcome the problem of poverty, which remains one of the Government's principal challenges. There are still over 800,000 people living in conditions of extreme poverty, which means that the issue must be given comprehensive attention, including the investment of greater resources.

According to analyst W. Marroquín, countries in the region vary with regard to the fight against extreme poverty, which is somewhat more manageable for El Salvador than for its neighbours. It is reckoned that if El Salvador were to allocate 6% of the country's income to this purpose, extreme poverty could be eradicated, but for Honduras and Nicaragua, 8% of national income would be needed, a figure difficult for them to attain on their own.[2]

Reducing income inequality requires both fiscal reform and an equitable redistribution of wealth. In his inaugural speech in June 2009, President Funes pledged to tackle poverty and unemployment by means of a global economic recovery plan which includes measures to stabilize the economy, invest in infrastructure projects, including the expansion of electricity to rural areas, and compensate workers and their families for the loss of jobs. Among the most groundbreaking measures was the extension of the Social Security system to cover domestic workers, of which some 90% are women. The Ministry of Labour undertook a campaign to eliminate child labour and strengthen labour protection through the legalization of 75 new trade unions.

Changes in the health system

The new Government also took steps to halt the dismantling and neglect of public health and social security. Among the most serious problems are: the chronic and deliberate shortage of drugs, the establishment of so-called voluntary health care quotas,[3] budget cuts for hospitals and conflicts of interest between ministers and private services which supply the public and social security system.[4]

In May 2009 a new health policy was presented under the name of *Construyendo la Esperanza* ("Building Hope"), which reflects the intentions of various social organizations as well as the new Government's public commitment to the issue of health.[5] Thus for the first time the State acknowledges health as a right and by regarding it as a public asset,[6] explicitly rejects the commercialization of health.

In the early months of the new Ministry of Public Health and Social Welfare (MSPAS), medicine to supply hospitals and health units was purchased, amounting to SVC 17,9 billion (just over USD 2 million), with the intention of reinforcing the budget for 2010, extending public contracts for 2009, and supplying hospitals with essential drugs.[7] During the second half of 2009, MSPAS invested some USD 150,000 to combat the H1N1 influenza epidemic and thus was able to keep mortality rates low in comparison with other countries in the region.

Drugs in El Salvador – both brand-name and generic – are the most expensive in Central America. There is no price or quality regulation policy in place. In February 2010, the MSPAS submitted a draft bill on medicines which will guarantee price and quality regulation, unleashing a flurry of attacks from the media, led by the largest national pharmaceutical company and supported by parties of the right. This has stalled debate on the bill in Congress.

Public spending on health, which had been falling in recent years, has remained unchanged at 3.6% of GDP. The present government's undertaking is to reach 5% within this five-year period. If this figure is achieved, improvements in access, availability and the quality of care provided by the MSPAS should become apparent. Even though improvements of official indicators related to health services coverage are reported for 2009, there is no guarantee of the continuity of

1 UNDP, *El Salvador 2009 Annual UNDP Report*. Available from: <www.undp.org.sv/2007/>.

2 W. Marroquín, *El Salvador pobreza extrema y reforma fiscal* (San Salvador: Ajá! Museum, 2009). Available from: <museo-aja.blogspot.com/2009/11/el-salvador-pobreza-extrema-y-reforma.html>.

3 A public health funding system set up during the previous Government in which hospital officials ask patients for money before providing full care. These resources are used to cover administrative expenses and salaries.

4 Alianza Ciudadana Contra la Privatización de la Salud, *Balance de salud 2009*, December, 2009.

5 *Ibid.*

6 M. Rodríguez, *Construyendo la Esperanza, Estrategias y Recomendaciones en Salud* (San Salvador: Ministry of Public Health and Social Welfare, 2009).

7 Alianza Ciudadana Contra la Privatización de la Salud, *op.cit.*

many of these strategies, due to their dependence on external financing.

The final report of the National Family Health Survey 2008 (FESAL, in Spanish) highlights a reduction of 9 points in the child mortality ratio (for children under the age of one year). Meanwhile, among the under-five population the reduction was 12 points at national level.[8] However, there is a considerable gap between the levels of progress for the urban and more highly favoured population, and the rural population whose remain socially and economically vulnerable. Most of the under-five children who die used to live far away from the large cities, in conditions of poverty and with difficult access to health services.

Maternal mortality continues to be a priority, although the most recent available data indicate a continuation of the alarming figures of recent years, making it unlikely that the country will meet the MDG target of reducing the maternal mortality ratio by 75% by 2015. In 2006, there were 82 deaths per 100,000 births, a figure which remained the same in 2009. Improvements in 2007 and 2008 (to 64 deaths in 2007 and 62 in 2008), were mainly due to under-registration.[9]

In November 2009 it was determined that a total of 23,731 persons were affected by HIV/AIDS, of whom over 15,000 had been diagnosed with HIV and the rest were suffering from AIDS.[10] UNAIDS has suggested that there may be an under-registration of up to 25,000 cases. Thus it would be hard to claim that the target for MDG5, halting the spread of HIV has been met. At present, the national HIV/AIDS program is only funded through the Global Fund[11], which places its continuity at risk.

In June 2009, the issue of participation and social regulation was addressed in the paper *Construyendo la esperanza*. At present, steps are being taken to constitute a National Health Forum, programmed for 2010; a body which will provide follow-up to all of these matters and will be coordinated by social organizations.

Environmental vulnerability intensifies

The damage from tropical storm IDA in November 2009 once again laid bare the country's precarious environmental situation. In four hours 355mm of rain fell all over the country – a tremendous amount, bearing in mind that during Hurricane Mitch recorded rainfall was 400mm over five days.[12] Hardest hit were the high and coastal areas of the departments of San Salvador, San Vicente, La Libertad, La Paz and Cuscatlán. Nationwide there were 198 people registered as dead, 77 missing and 7,428 families who suffered the effects of the storm. Some 14,300 evacuees were given refuge in the 117 shelters installed for the purpose. Landslides and floods caused bridges to collapse and roads to be cut, which led to the isolation of several of the country's municipalities. Heavy losses in bean, maize, sugar cane and coffee crops were also reported.

The impact of tropical storm Ida was foreseeable, given the country's serious social and environmental vulnerability, as well as the failure of previous administrations to address the environmental crisis which the neo-liberal economic model has exacerbated. Social organizations brought together in the Permanent Risk Management Board of El Salvador have denounced the lack of public policies on the subject of risk management and territorial legislation, as well as the need to amend the current Civil Protection Act for Disaster Prevention and Mitigation.[13]

Violence: an obstacle to education

In 2009 the National Civil Police recorded 4,365 murders – 1,186 more than in 2008 – that is, an average of between 12 and 13 murders a day. According to the Central America Human Development Report for 2009-2010, in 2008 the country was second only to Honduras in this regard, with 52 murders for every 100,000 inhabitants, compared to 58 in Honduras.[14] This makes it urgent to control the activities of gangs, which continue to operate with impunity.

The violence and criminality of recent years have seriously affected the country's education sector. In June 2009 alone, the Ministry of Education reported that 742 schools were at risk from crime, even more than in 2008, when 500 schools were in this situation. This reflects the serious problem of juvenile violence, which makes access to education difficult for thousands of young people, most of whom are attending Basic Plan and Middle Education levels.

According to the latest MDG report for El Salvador, issued in March 2009, among the most difficult goals is universal primary education, since child labour and poverty play a leading role in preventing children from completing primary education. With regard to eliminating the gender gap in education, while it is true as UNDP report notes that this has been achieved, it reflects only the population enrolled in the formal educational system, excluding the segment of the population which has not yet been able to obtain access to this basic human right.[15]

To address these problems the Government introduced several proposals during 2009, including the reduction of illiteracy, which is expected to drop from 16% to 3.2% in five years,[16] the school lunch program, the delivery of school packs and free uniforms to the student population and the strengthening of educational programs in order to improve the quality of education all over the country.

Gender equality a distant goal

Despite the fact that in legal terms El Salvador supports gender equity and encourages the empowerment of women, and has endorsed numerous global conventions and agreements, Salvadoran women have made scant progress in the 15 years since the Beijing Conference. The achievements that have been made are primarily due to the struggles of the women's movement and the will of some of the political parties.[17]

With regard to the commitment undertaken in Beijing to promote gender balance in its institutions, it can be seen that the State has made no effort to close the gender gap and that men still outnumber women in management positions. The share of women in Congress is at present only 9%.[18]

It is important for Social Watch El Salvador to repeat the statements made in 2004 by Ms Yakin Ertürk, Special Rapporteur on Violence against Women to the Secretary-General of the United Nations. Ertürk stated that the lack of investigation, trial and punishment of those who commit acts of violence against women gives rise to a climate of impunity and a lack of confidence in the judicial system. The result is a society in which women are subjected to ongoing sexual, economic and psychological violence, in a situation of economic disparity and a *macho* culture which limits their possibilities of achieving a decent standard of living.

Conclusion

If El Salvador wishes to attain the MDGs by 2015, it is imperative to make efforts to combat the vulnerability of a large part of its population, as well as violence and criminality in society. Vulnerability is apparent in poverty and extreme poverty rates which are still high, in the health problems caused, among other factors, by the cost of coverage and medicines, in the lack of a more effective policy for the prevention of natural disasters and in the lack of implementation of gender policies to put an end to inequity. Also, it is necessary to put an end to the activities of gangs, which behave with far too much impunity. ■

8 Asociación Demográfica Salvadoreña, *Encuesta Nacional de Salud Familiar 2008. Informe final*. Available from: <www.fesal.org.sv/2008/informe/final/default.htm>.

9 MSPAS, *Mortalidad Materna en El Salvador, años 2006 al 2009*, San Salvador, 2010.

10 *Ibid*.

11 The Global Fund was set up in 2002 in order to attract and administer resources for control and prevention of HIV/AIDS, tuberculosis and malaria, within the framework of the MDGs.

12 Maquilishuatl Foundation, *Informe de la emergencia IDA*, November 2009.

13 Available from: <www.crid.or.cr/dipecho/PDF/El%20Salvador-Ley.pdf>.

14 UNDP, *Central America Human Development Report for 2009-2010*. Available from: <www.enlaceacademico.org/uploads/media/IDHAC_2009-2010.pdf>.

15 See: <www.undg.org/docs/10225/INFORME_ODM_2009_para_web.pdf>.

16 Inter-Sectoral Association for Economic Development and Social Progress (CIDEP, in Spanish), *Balance educativo 2008-2009*.

17 Dina Sales, *Informe Beijing + 15 El Salvador*, CIDEP, December 2009.

18 Prudencia Ayala Feminist Pact; Las Mélidas; Las Dignas; Salvadoran Women's Organization, statement on *La Violencia contra la Mujer siempre es una Emergencia Nacional*, November 2009.

Held hostage by its own Government

Eritrea has been led for almost 20 years by a Government that evolved from a liberation movement and whose right to rule has not been confirmed in free and fair elections. Political repression has never been so glaring as during the first decade of the new millennium. The Government is continuously frustrating the economic and developmental aspirations of the people. In the face of new sanctions imposed by the UN Security Council in December 2009, economic recovery and social development will continue to be unreachable goals.

Eritrean Movement for Democracy and Human Rights (EMDHR)
Daniel R. Mekonnen

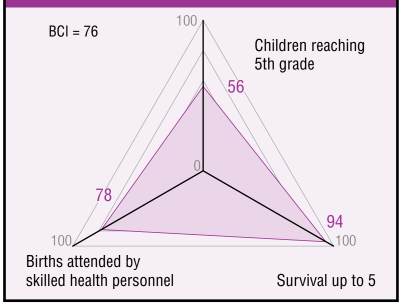
Eritrea is one of Africa's 33 least developed countries and one of the world's heavily indebted poor countries.[1] Progress towards internationally agreed social development objectives, such as the Millennium Development Goals (MDGs), is moving at a very slow pace and in several respects things have actually got worse since the situation described in *Social Watch Report 2009* (the first time Eritrea was included in that report). Abject poverty, the principal cause of hunger and under-nourishment, remains widespread.

Development policy versus human rights

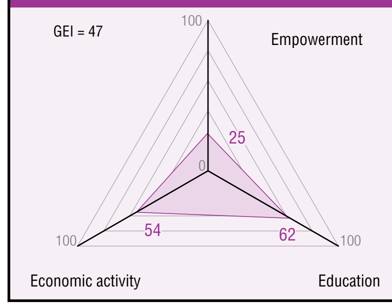
Although the aftermath of the global economic crisis has posed some challenges for Eritrea, foreign direct investment (FDI) and aid have not been seriously affected. A number of mining companies are involved in exploration for precious minerals, and there are suggestions that some will begin exporting in the near future. However, there are neither the institutional and legal guarantees nor the required transparency to ensure this has a positive impact on social development. In terms of official development assistance (ODA), the EU – the country's leading (and possibly only) international donor – signed an agreement with the Government in September 2009 that formalized the amount of EUR 122 million (USD 150 million) for development aid. These funds are being provided in the face of disapproval from international human rights groups, which are concerned about whether the money will be spent on its intended purposes, in view of Eritrea's poor record on transparency. Moreover, allocating such a large amount of money to a Government with one of the world's worst records of human rights violations sends all the wrong messages.

This is not the first time that the country has received enormous amounts of ODA. Yet, experience shows that the role of aid in changing the lives of ordinary Eritreans has been minimal due to flawed economic policies and extreme levels of political repression. There might be some progress, particularly in terms of investing in physical infrastructure such as schools, hospitals, roads and dams. Little has been invested in people, however, who should be the primary beneficiaries. All public projects in the country since 2002 have been implemented under archaic methods of manual labour, including forced labour schemes.[2] Combined with the alarming record of human rights violations, this has prompted thousands of Eritreans to flee the country. According to the UN Refugee Agency (UNHCR), Eritrea was the world's second largest refugee-producing country in 2008, with 62,700 newly registered asylum seekers.[3] A population engaged in an unparalleled and ongoing exodus is not in a position to enjoy the benefits of any physical infrastructure built in the country. This shows a development policy that is not aligned with a human rights-based approach.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Starvation and denial

Although Eritrea is located in one of the driest parts of Africa and suffers from poor and erratic rainfall, 80% of the population is dependent on subsistence farming and seasonal rains.[4] The rainy season of 2009 was no exception and, together with a steep increase in the price of staples, drought has further compounded the vulnerability of a greater proportion of the Eritrean society, particularly women and children.[5]

In its *2010 Humanitarian Action Report*, UNICEF notes that the number of children with acute malnutrition who were admitted to therapeutic feeding centres in 2009 was as much as six times higher than in 2008. It reports that children were more susceptible to diarrhoea and other infectious diseases as a result of acute malnutrition, poor sanitation and a shortage of clean water.

Lack of access to water is exacerbating the poor health and nutritional status of children and women. In 2009, most of the small-to-medium-sized dams were either dry or had little water left. Out of desperation, people began sharing their borehole drinking water sources normally reserved for the watering of their animals, putting an even greater demand on this water supply.[6]

For 2010 UNICEF has proposed a nationwide blanket supplementary feeding program targeting 1 million Eritreans – approximately a quarter of the population – with a particular focus on children under five years old.[7] Estimates by the World Food Programme (WFP) and the Food and Agriculture Organization (FAO) also reveal that since November 2009 two in

1 UN Department of Economic and Social Affairs, *Rethinking Poverty: Report on the World Social Situation,* New York, 2010. Available from: <www.un.org/esa/socdev/rwss/docs/2010/fullreport.pdf> (accessed 8 March 2010).

2 G. Kibreab, "Forced Labour in Eritrea," *Journal of Modern African Studies,* 47 (2009), 64 and 67.

3 UNHCR, "Global Trends: Refugees, Asylum Seekers, Returnees, Internally Displaced and Stateless Persons," Geneva, 2009. Available from: <www.unhcr.org/4a375c426.html> (accessed 10 September 2009).

4 Bertelsmann Stiftung, "Bertelsmann Transformation Index (BTI) 2010: Eritrea Country Report," Gütersloh, 2009, 9. Available from: <www.bertelsmann-transformation-index.de/fileadmin/pdf/Gutachten_BTI2010/ESA/Eritrea.pdf> (accessed 8 March 2010).

5 UNICEF, "Humanitarian Action Report: Partnering for Children in Emergencies," New York, 2010, 23. Available from: <www.unicef.org/har2010/files/UNICEF_Humanitarian_Action_Report_2010-Full_Report_WEB_EN.pdf> (accessed 8 March 2010).

6 *Ibid*, 24.

7 Jeremy Clarke, "UNICEF Wants $24.8 Million for Eritrean Fund," Reuters, 4 March 2010. Available from: <af.reuters.com/article/topNews/idAFJOE6230F020100304> (accessed 9 March 2010).

every three Eritreans are facing malnourishment.[8] This means that Eritrea has the second-highest percentage of malnourishment in the world after the conflict-ridden Democratic Republic of the Congo. One sign of this is the dramatic increase in the number of children begging in the streets of the capital, Asmara.[9] In spite of such alarming reports, the Government has never admitted the urgency of the crisis. President Isaias Afwerki has repeatedly denied the looming hunger in the country and stated that there is no food shortage; the latest such claim came at a briefing he gave to senior government officials on 8 March 2010.[10] The Government has also denied access to some humanitarian groups wanting to visit those areas that have been most severely affected by starvation.

Declining income and excessive military expenditure

There is no officially published national budget, making it difficult to trace the structure of Government income and expenditure. However, some sources indicate that remittances constitute as much as one-third of the national economy.[11] The country has one of the largest diaspora communities proportional to its population; more than 1 million out of around 4 million are said to be outside of the country. There are three major types of remittances from the Eritrean diaspora: money sent to relatives in the country; money officially collected by the Government in the form of a 2% income tax; and money collected in the name of support to "development projects," "national defence," "the martyrs' fund" and other causes. Money in the last two categories is collected by Eritrean embassies in major world cities. Remittances to relatives were in the past sent predominantly via Government-owned financial institutions. However due to the sustained overvaluation of the national currency, the Nakfa, many Eritreans now use alternative channels. This has caused considerable loss of hard currency to Government coffers. Moreover, due to the increased political repression, remittances in the other two categories have dropped significantly.

As the Government is one of the most secretive in the world, the Eritrean public does not know how and for what purposes money is spent. There are, however, reports indicating that the country has one of the highest military expenditures in the world. In their 2009 annual reports, the Bonn International Centre for Conversion (BICC) ranked Eritrea as the most militarized country in the world, while the International Institute for Strategic Studies (IISS) placed it second.[12] Another report shows that Eritrea has an army of 600,000 personnel divided into regular and reserve divisions.[13] Both have been under constant mobilization since the outbreak of the 1998-2000 border conflict with Ethiopia, resulting in higher levels of military expenditure at the expense of economic recovery and social development. BICC reports that 20% of Eritrea's GDP goes to military expenditure, while Christian Solidarity Worldwide (CSW) and Human Rights Concern–Eritrea (HRC–E) put the figure at up to 25% of GDP.[14] Given Eritrea's miniscule economy and population size, its military expenditure and recruitment ratio are exceedingly extravagant.

Increasing international isolation

Few developing countries can effectively tackle the challenges of economic development without international cooperation. Yet, Eritrea finds itself at odds with the international community. In the last 10 years, it has been described by the international media and observers as: "the lonely corner of the world," "the open-air prison," "the North Korea of Africa," "the insular and pariah state" and "the centre of attraction for all the wrong reasons."[15] This is mainly due to the rigid political culture of the Government, its alarming level of human rights violations, as well as its archaic and futile experiment in economic self-reliance.

At the regional and international levels, Eritrea's reputation has been tarnished irredeemably due to its destructive role in almost all of the conflicts in the Horn of Africa. This volatile region has been continually ravaged by inter-state conventional wars, guerrilla warfare, coups and revolutions. Since its independence in 1991, Eritrea has been in a war with all of its immediate neighbours – Djibouti, Ethiopia and Sudan – as well as a proxy war in Somalia, with which it does not even have a common border. The country also had an armed conflict with Yemen.

Due to the hostility of its leaders, Eritrea has been visibly isolated from major regional and international forums, from the Intergovernmental Authority on Development (IGAD) – the regional organization of the Horn of Africa countries – up to the African Union (AU) and the UN. In 2009, the level of indignation felt by the international community against the Government over its destabilizing activities in the Horn of Africa prompted the adoption of stringent punitive measures by the UN Security Council against the military and political leadership. Resolution 1907 imposed a new sanctions regime comprising an arms embargo, travel bans and freezing of assets.[16] The latter two categories target high-ranking Government officials and the financial institutions directly or indirectly controlled by them.

Resolution 1907 was initiated by IGAD and taken up by the AU, the first time a UN resolution has been formally initiated by the AU against one of its own member states. The Government has reacted with a campaign of misinformation, including the manipulation of diaspora communities to stage "mass protests" against the resolution in major world cities. There are speculations that the resolution may affect FDI as it includes clauses referring to the flow of capital by foreign citizens and companies.

Challenges ahead

No official travel and research permits are currently granted in the country to independent researchers, particularly on human rights and political development. As a result it remains extremely difficult to assess the advances made in and setbacks to the attainment of the MDGs or provide a complete picture of the real situation on the ground. In spite of such acute limitations, there are still several reliable reports compiled by independent researchers and think-tanks, and not a few of them depict Eritrea as a failed state in the making and a country already bent to the breaking point.[17]

The greatest challenge is the lack of political will on the part of the Government to facilitate democratization, respect human rights and liberalize the economy. As in previous years, the Government's track record with regard to its international commitments and obligations on poverty eradication, gender equality and the promotion of human rights has been abysmal. Eritrea suffers from repression by the ruling party, the People's Front for Democracy and Justice (PFDJ), and its flawed economic policies and from the increased levels of international isolation. Without a peaceful political transition to democracy, these challenges will continue to pose tremendous obstacles in terms of realizing Eritrea's aspirations of economic recovery and social development. ■

8 "Eritrea: Africa's Version of North Korea?" *The Christian Science Monitor*, 2009. Available from: <www.csmonitor.com/World/Africa/2009/1110/p06s12-woaf.html/(page)/2> (accessed 9 November 2009).

9 N. Hirt, "Dreams Don't Come True in Eritrea: Anomie and Family Disintegration Due to the Structural Militarization of Society," *GIGA Working Papers,* 119/2010, January 2010, 13, 26.

10 Ministry of Information, "Raising Productivity Guarantee of National Objectives and Vision: President Isaias," Shabait.com News, 8 March 2010. Available from: <www.shabait.com/news/local-news/1252-raising-productivity-guarantee-of-national-objectives-and-vision-president-isaias-> (accessed 8 March 2010).

11 *The Christian Science Monitor, op. cit.*

12 BICC, "Global Militarization Index (GMI)," 2009. Available from: <www.bicc.de/uploads/pdf/publications/jahresbericht/2009/gmi_worldmap_2009.pdf> (accessed 9 December 2009); IISS, *The Military Balance: The Annual Assessment of Global Military Capabilities and Defence Economies*, London, 2009. Available from: <www.iiss.org/publications/military-balance/> (accessed 9 December 2009).

13 Bertelsmann Stiftung, *op. cit.*, 4, 13.

14 CSW and HRC–E, "Stakeholder Report on the Human Rights Situation in Eritrea. Submitted to the Universal Periodic Review of the UN Human Rights Council," April 2009, 7.

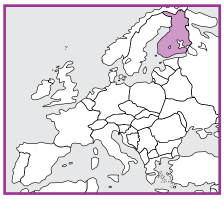
15 N. Myers, "Africa's North Korea: Inside Eritrea's Open-Air Prison," *Foreign Policy*, July/August 2010. Available from: <www.foreignpolicy.com/articles/2010/06/21/africas_north_korea?page=0,1> (accessed 8 July 2010).

R. Reid, "Traumatic Transitions: Open Season on the Eritrean State," *African Affairs,* 105 (2006), 638.

16 United Nations, UN Doc S/RES/1907, 23 December 2009. Available from: <www.unhcr.org/refworld/docid/4b66c06cd.html> (accessed on 3 June 2010).

17 The Fund for Peace, *The Failed States Index*, 2010. Available from: <www.fundforpeace.org/web/index.php?option=com_content&task=view&id=99&Itemid=140> (accessed 8 July 2010).

Aid and economic relations still lagging behind people's welfare



Although the shift in priorities of its Development Policy Program has been positive in some respects, Finland's focus on social development and social rights has diminished. There are insufficient mechanisms in place to ensure that gender equality, the rights of women and vulnerable groups, and combating HIV/AIDS are tackled. In order for development policies and cooperation to be truly sustainable, the country should increase its aid in both absolute and percentage terms. Beyond official development assistance (ODA), innovative financing mechanisms – including financial transaction taxes – should also be introduced.

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The Finnish Government's current Development Policy Programme, introduced in 2007, brought about notable changes in the country's policies in this area. It extended the previous focus on poverty reduction to sustainable development of the economy, environment, and society, and placed new emphasis on climate and environmental policies, and the role of the private sector.

Finnish NGOs have welcomed the Government's increased attention to food security, rural development, and environmental sustainability. However they have voiced concerns about the lower priority given to social development, the rights of the most vulnerable, and the poverty impacts of trade, investments, migration, and other related policies. Moreover foreign direct investment (FDI) by Finnish companies often has negative impacts on human development. NGOs want to see the Government take concrete steps to assess all policy sectors in the light of their impact on poverty in developing countries.

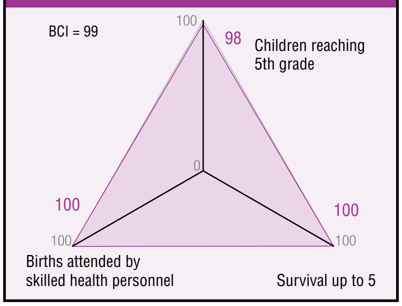
ODA: stretching does not mean increasing

Finland is one of the few donor countries that have been able to increase its percentage of official development assistance (ODA) according to international commitments. Unfortunately, however, the financial crisis has forced the Government to cut back on planned increases in absolute terms.

In 2010 development programs have been allocated a EUR 40 million increase rather than the EUR 50 million increase initially budgeted. For 2011 the Government envisions that ODA will rise to a level of 0.58% of GNI. These trends raise concerns about Finland reaching the 0.7% target by 2015.

In addition NGOs fear that ODA will be stretched to cover new policy areas, namely a larger amount of refugee costs and climate financing. The Ministry of the Interior has pushed for ODA to include not only the costs of refugees who are granted refugee status, but also the costs of cases where refugees are denied asylum. Fortunately the Government has not yet agreed to this.

Basic Capabilities Index (BCI) 2010



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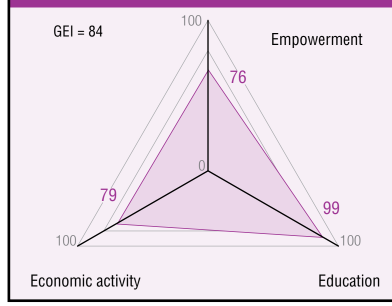


Climate financing, on the other hand, will be included in existing ODA instead of being additional to it, going against the international commitments on additionality and the recommendations of Finnish NGOs. It is still unknown how the relationship of climate financing and ODA will be resolved in practice.

It is unfortunate that despite the increasing pressures on ODA funds and the fact that Finland is a member of the Leading Group on Innovative Development Finance, the Government has not been active in proposing or backing innovative sources of finance. It remains reluctant to support the introduction of a financial transaction tax, despite broad support for this from civil society, some national parties, and several European governments.[2]

Diminishing social aid

Forests, water, and climate change are the growing sectors of Finnish aid allocation, the argument being that these are "areas where Finnish experience and expertise can be best used to support partner countries' own development programmes."[3] The proportion of aid related to these areas is increasing in all Finland's long-term partner countries. Because of this, the proportion directed to the social sector is diminishing.

Gender equality, the rights of women and vulnerable groups, and combating HIV/AIDS are supposed to be cross-cutting themes of Finnish development cooperation. However, there are virtually no mechanisms in place to ensure that they are integrated into aid programs. In fact, a recent evaluation concluded that these issues are not being well mainstreamed. Financing of specific women's rights and gender equality programs has gone down.[4]

Furthermore the Government has withdrawn from its objective to concentrate ODA on a small number of long-term partner countries. Instead it has introduced thematic cooperation, which focuses on sectors of specific importance to Finland, usually on a regional basis. The Ministry for Foreign Affairs has formulated new regional framework programmes for Africa, South Caucasus, Central Asia, Western Balkans, and the Andes.

Finally, the proportion of programmatic aid is declining relative to project aid, and the Government has capped general budget support to 25% for its long-term partner countries. This raises questions about Finland's commitment to the Paris Declaration and Accra Action Agenda on aid effectiveness. Finnish civil society organizations fear that a strong focus on thematic and project aid diverts attention from context specificity and harmonization.

Foreign direct investment

Development aid alone cannot tackle poverty. Equally important are economic relations with developing countries, including foreign direct investment (FDI). However, most FDI flows from Finland go to the developed world. The share of Finnish FDI to developing countries in 2009 was only about 6% of the total. The majority of these investments were made to China, Brazil, India and Singapore. Investments

1 The article was written by Eva Nilsson. Tytti Nahi and Niina Pitkänen also contributed to it.

2 Matti Ylönen, *Innovatiiviset rahoituslähteet ja Suomi. Lehtereiltä parrasvaloihin?* Ajatuspaja E2:n tilaisuus eduskunnan kansalaisinfossa, 10 September 2010.

3 Ministry for Foreign Affairs, Government of Finland, *Development Policy Programme 2007: Towards a sustainable and just world community*, Helsinki, 2007,17.

4 Ministry for Foreign Affairs, Government of Finland, *Cross-cutting Themes in Finnish Development Cooperation: Evaluation Report,* Helsinki, 2008, 6.

to sub-Saharan Africa have remained very low, and only about 0.02% of the total FDI base is in Least Developed Countries (LDCs).[5]

Statistics do not always tell the whole story however. It is difficult to make exact measurements of FDI flows as companies transform into multinationals. Finnish companies have been at the top of European comparisons in outsourcing their production to subsidiaries all around the world.[6] Investments can be made by subsidiaries and these are not included in Finnish statistics.

In order to increase investments in developing countries, the Ministry for Foreign Affairs has endeavoured to involve the business sector in development cooperation, forming advisory clusters of Finnish firms and institutions working on selected focus themes. The Minister for Trade and Development has also been active in visiting poor and middle-income countries to promote Finnish companies and encourage investments. Furthermore, Finland runs a business partnership programme called Finnpartnership, a concessional loans scheme, and private equity export credit funds. They are all funded with ODA.

Two thirds of Finnpartnership's funds in 2009 were allocated to business projects in Asia, with most applications in 2006–09 being for the emerging economies of China, India and Vietnam. Funding has been granted to companies of all sizes, even very large ones.[7] Finland argues that FDI should contribute to sustainable human development,[8] yet projects receiving concessional loans or export credits are not always evaluated on pro-poor standards. Furthermore, many investments made by large companies to developing countries focus on raw materials instead of productive industries. These rarely create added value for their host countries' development.

Social and environmental impacts

Public discussion about the environmental and social impacts of Finnish FDI has been lively. Several pulp companies investing in Asia and South America have been in the headlines for breaching people's land rights and harming the environment. An example is the forestry firm Stora Enso whose acquisition of land for production facilities in Brazil obliged local people to leave their homes.[9] UPM-Kymmene, another forestry giant, had to withdraw from Indonesia because of accusations of rain forest destruction and forced land acquisition from locals.

Problems with biofuel production have also gained publicity in Finland. The Finnish company Neste Oil is importing palm oil from Southeast Asia and has been accused by environmental organizations of destroying rainforests and grabbing land from indigenous peoples. Moreover controversies over cloth production have been raised by Finland's Clean Clothes campaign, launched in the spring of 2010. Many Finnish clothing companies, such as Stockmann, Seppala, Lindex, Halonen, Moda, Top-Sport and Halti, rely on workers that do not receive a living wage.

Finnish NGOs have also sought to increase discussion on tax evasion, which is a major obstacle to development. Many companies transfer production to tax-free zones and profits to offshore jurisdictions, causing developing countries to lose capital and tax income. Big Finnish companies – such as Kemira, Kone, Metsä-Botnia, Nautor, Nokia, Outokumpu, Stora Enso and Wärtsilä – have established subsidiaries in tax havens. It is difficult to find exact information on the taxes that companies pay and do not pay. When the NGO network FinnWatch researched Finnish companies' tax policies abroad, most companies refused to give out country-based or subsidiary information, arguing that it was a business secret or practically difficult.[10]

In general FDI has not fulfilled hopes it would generate economic growth, reduce poverty and provide decent work. Even so the Government has been passive regarding issues of corporate responsibility in and tax evasion from developing countries. Many problems related to tax evasion could be tackled by actively supporting the closure of tax havens and the introduction of international accounting standards on country-by-country reporting. The Government is also not actively monitoring whether Finnish companies abide by Organisation for Economic Co-operation and Development (OECD) guidelines for multinational corporations. A Committee on Society and Corporate Responsibility has been set up with a mandate to monitor and report on Finnish companies' conduct, but its resources and profile are not up to the task.[11]

Basic services threatened by trade agreements

Another part of Finnish development policy's emphasis on private sector development is trade. During the last two years the Ministry for Foreign Affairs has supported Aid for Trade and promoted developing country imports. Finland has a history of emphasising the link between development and trade, including during its EU presidency in 2006. The current Government has also committed itself to policy coherence, but it is not acting on this commitment in practice. For example, no evaluations have been undertaken on the impacts of trade agreements on long-term partner countries.

The main forums for setting Finland's trade policy are the World Trade Organization (WTO) and the EU. Although member states can influence the European Commission's negotiations, this right has rarely been used by Finland. Parliament has also been inactive. In contrast to the last electoral period, the Grand Committee of the Parliament has not set up a special working group on trade matters even though the amount and depth of trade agreements is constantly increasing. Furthermore, the Department for Trade Policy at the Foreign Ministry has been rather brief in its annual reporting on trade and development to the Finnish Parliament.

Most Finnish NGOs think that Finland should refrain from the commercialization of basic services and allow for flexibility in intellectual property rights. In Dar es Salaam, for example, the commercial capital of long-term partner Tanzania, water services have been privatized. Only a quarter of the city's population receives running water as privatization has led to an increase in prices and limited distribution. Water is one of Finland's sustainable development focuses, and it should actively ensure that such basic services really reach the poor. Another example is medicines, which due to intellectual property rights are often too expensive for most people in poor and middle-income countries.

How to tackle the challenges?

To make development policies and cooperation truly sustainable, Finland should ensure that aid is increased in both absolute and percentage terms. ODA allocations should not be used to cover issues such as refugee costs and climate financing; instead development cooperation funds should be more effectively channelled into concrete poverty reduction measures. Beyond ODA, innovative financing mechanisms, including financial transaction taxes, should be introduced by Finland so that some existing financing gaps for development could be closed.

It should also be acknowledged that Finnish expertise cannot bring added value in cases where partner country ownership and social policies suffer. Finland's own welfare state is based on equality and inclusive societal institutions as key drivers of economic and social development. This experience should be a crucial part of its added value and a solid basis of a search for more effective ways to reduce poverty and promote social protection abroad.

Furthermore the Government should monitor companies that invest in developing countries much more closely and should not be involved in investments that do not commit to socially and environmentally sustainable standards. It should support the introduction of international accounting standards on country-by-country reporting and the closing of tax havens in order to halt illicit financial flows out of developing countries.

Finally, Finland should actively ensure that trade agreements are not in conflict with human development. As the country is committed to monitoring the effects of trade policies on poor countries, the Government needs to be more proactive in guiding the work of the European Commission, drawing from experiences in its long-term partner countries. ■

5 Calculations from Bank of Finland data by economist Airi Heikkila, 10 May 2010.

6 Statistics Finland, "Suomalaisyritykset ovat ulkomaille ulkoistamisen etujoukkoa," *Tieto&trendit* 4–5, 2008.

7 Finnfund, *Toimintaraportti 2009.*

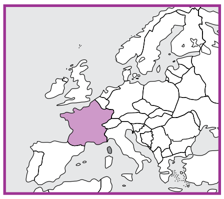
8 Valtioneuvoston kanslia, *Kohti kestäviä valintoja. Kansallisesti ja globaalisti kestävä Suomi. Kansallinen kestävän kehityksen strategia.* Valtioneuvoston kanslian julkaisusarja, 5, 2006, 25.

9 Finnwatch, *Stora Enso etelän eukalyptusmailla,* 2, 2009.

10 Finnwatch, *Köyhiltä rikkaille, Yritysten veronmaksu, kehitysmaat ja vastuullisuus,* 1, 2009, 21.

11 Eurodad, *Reality of Aid 2010.* Available from: <www.realityofaid.org/>.

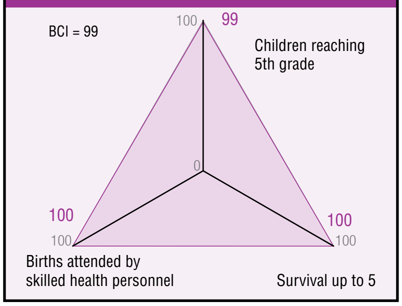
Reviving the original MDGs spirit



If we are to achieve the Millennium Development Goals (MDGs), every state must demonstrate the political will to formulate the necessary global policies as well as to improve progress on concrete indicators. This will require a new development strategy that recaptures the original spirit of the MDGs, focusing on people's needs and improving their quality of life; reaching the poorest sectors of society; promoting gender equality; and acting on the premise that the values of well-being and a better quality of life are inseparable.

French civil society organizations, NGOs, unions and territorial organizations[1]

Basic Capabilities Index (BCI) 2010



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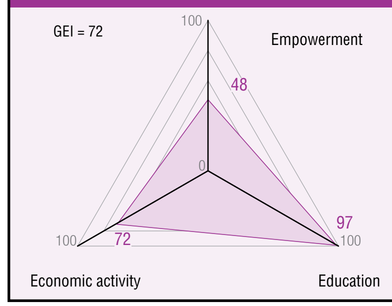


As in recent national efforts to save the banks, the primary requirement in the struggle against poverty and inequality will be political courage and engagement on the part of the leaders of France and Europe as a whole. In 2005, French civil society organizations and local governments insisted that excuses must end and the country must honour its commitments. In 2010, just five years before the MDGs deadline, these groups are demanding that their leaders finally take full responsibility for progress and commit themselves to effective action in three areas: respect for human rights; solidarity with their own people; and the inclusion of all stakeholders in development planning and implementation.

Respecting human rights

The fight against poverty and inequality is not just a humanitarian question; it also involves respect for people's dignity and therefore respect for their basic rights. It follows that efforts to achieve the MDGs must be based on the principle that all human rights are indivisible and interdependent. Consequently France must:

- Sign and ratify the Optional Protocol of the International Covenant on Social, Economic and Cultural Rights. Ratifying this Covenant will support efforts to obtain greater recognition of social, economic and cultural rights in the country's laws and courts. So far, only 32 countries have signed the Optional Protocol. In supporting the formulation of this Protocol, France made an implicit commitment to implementing the rights it establishes, but has not yet adhered to it. The Protocol will become a dead letter if not enough countries sign; 10 states will have to ratify it to guarantee active enforcement. The countries of the South are awaiting the completion of this process, which will make it possible for their inhabitants to demand that their rights be legally established.
- Sign and ratify the International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families (CTM) to ensure that it takes effect internationally, as well as within nations and communities. Immigrants frequently become scapegoats in times of high unemployment, terrorism or racial or religious intolerance. One of the primary principles expressed in the CTM is that all migrant workers and their families have fundamental rights in their new country regardless of their legal status. The Convention also guarantees protection of the supplementary rights of migrant workers who have acquired legal status, including their rights to be integrated into society in their new country and to enrich and preserve links to their country of origin.
- Support the International Labour Organization (ILO) initiative to implement the Decent Work Pilot Program. In a new study on aspects of forced labour around the world, the ILO emphasizes that in a crisis situation "it is the most vulnerable that suffer the most. In this context it is necessary to ensure that adjustments do not redound to the detriment of the guarantees that were given conscientiously to prevent forced labour and abuses in the treatment of human beings." [2]
- Ensure that companies respect basic rights. The recommendations of the special representative of the Secretary General of the United Nations specify that states have a duty to protect human rights, and this duty presupposes implementation of legal measures to defend people in the South who are victims of rights violations committed by subsidiaries of European companies. In addition, countries should monitor companies that receive public support (financial, export credits) to ensure that they respect human rights, procedures for handling complaints from the public, the basic rights of workers and environmental protection regulations.

Reinforcing solidarity

Governments demonstrated solidarity with their own people when they re-floated their banks and tried to limit the damage they had caused. We now insist on the same degree of solidarity with ordinary people to eliminate poverty and inequality.

In a world in which about 2% of the population owned 50% of all assets in 2006,[3] redistributing wealth and expanding access to public goods on a worldwide scale is imperative. The neo-liberal policies of the wealthy countries were directly responsible for the world financial, food, social, energy and environmental crisis. Yet the common people, primarily those in the South, are paying the price. Those who have been responsible for these policies should bear the consequences of their decisions.

Progress has been made towards some of the MDGs, but much more remains to be done. Linking the goals to financial mechanisms based on social solidarity and the redistribution of wealth would ensure that they are universally achieved.

This means that the MDGs will not be reached without a truly global effort to promote development, including a commitment of additional resources. The states of the South are hamstrung by unsustainable

1 *ODM 2015: Il est encore temps de agir.* Available from: <www.omd2015.fr>.

2 ILO, "The cost of coercion," Geneva, 2009. Available from: <www.ilo.org/global/What_we_do/Officialmeetings/ilc/ILCSessions/98thSession/ReportssubmittedtotheConference/lang—en/docName—WCMS_106230/index.htm>.

3 UN, "Only 2% of the population own half the world's wealth." Available from: <www.un.org/apps/newsFr/storyF.asp?NewsID=13315&Cr=UNU&Cr1>.

debt service payments and very low returns from the exploitation of their natural resources. This makes it impossible for them to finance their public services without external support. It is vital for France to:

- Reaffirm its Official Development Assistance (ODA) and channel it to social sectors in poor countries. In its forthcoming three-year public finance legislation, the Government should include a budget commitment to ODA that honours France's European and international commitment to allocate 0.7% of the country's Gross National Income (GNI) to ODA by 2015. France must coordinate its efforts with other providers of funds and with the beneficiary countries to establish a more transparent and effective allocation of resources that complies with the points in the Paris Declaration. Priority must be given to subsidizing the poorer countries, in particular their social sectors, systematically and through the allocation of increased resources to counterbalance loans that may lead to a renewed crisis–the first sign of which would be a burgeoning speculative bubble.
- Implement a mechanism to redistribute wealth by taxing financial transactions. These taxes would generate additional resources that would supplement the traditional public finance allocations for efforts to reduce inequality, ensure the MDGs are attained, adapt to climate change and preserve the world's public goods. The first stage of this program would be to levy a tax on inter-bank currency transactions in European currencies (the euro and sterling) in all parts of the world. A tax of this kind is perfectly feasible from a technical point of view; in the short term, a European currency transaction tax is more viable than world-wide taxes on all financial transactions, which could be implemented in a second stage. The United Nations should determine the sectors and institutions that receive the income from this tax, as this is the only organization that has the legitimacy to determine which financial needs should have priority internationally.
- All illegitimate debts should be cancelled. The countries of the South should be able to make investments to promote the economic and social development of their people. Many of the poorer countries are still heavily indebted. For years, loans that creditors have made without any real sense of responsibility have had little or no real positive impact on their ostensible beneficiaries. Those debts are illegitimate. In some cases the loans were secured by tyrannical regimes that simply stole the money or used it to increase their military power and oppress their subjects (this is known as "odious debt"). In other cases, the loans were obtained to finance extremely ill-conceived development projects, white elephants mired in corruption that either failed or were never completed. Far-reaching reforms in lending are essential to avoid recurring crises caused by unsustainable and illegitimate debts. They should be incorporated in a new debt framework that ensures creditors and debtors reach joint agreements based on transparency and mutual responsibility. The same principles should be applied if any problems arise, along with adherence to a sense of fairness. A related aspect of indebtedness in the South is that the many banks in the North have welcomed funds that corrupt dictators have stolen from their own people. This illegitimate wealth and the assets acquired with it should be returned to the countries that were robbed.
- Make the fiscal, social and environmental policies of companies more transparent. Achieving the MDGs, especially Goal 8, will require that companies, particularly transnationals, become more transparent. This would necessarily involve rules requiring exchange of more complete fiscal information between states. To ensure that this occurs, France and the European Union should impose a legal framework that obligates companies to disclose the impact that their activities have on development. This would include a full accounting of social and environmental impacts in each country where they have operations, provided in conformity with IASB (International Accounting Standards Board) practices and in compliance with the European directive on transparency. The framework would also reinforce the automatic exchange of fiscal information at the European and world levels. The poorer countries would not be directly involved in these measures initially, as they would be implemented progressively in Europe and then in the countries of the OECD, and would contribute to the ODA that these countries provide. The resources obtained through this process could be used to strengthen tax administration systems in the countries of the South. This would enable these countries to raise their currently low tax yields and enhance their efforts to combat fraud and tax evasion, all issues that undermine their economies.

Enabling all stakeholders to participate in development

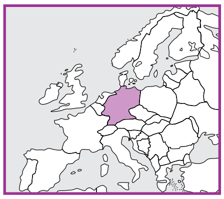
The current crisis is a unique opportunity to re-think development and growth policies and strategies and to give the people, starting with the poorest sectors of the population, a central role in the development process.

The MDGs will only be attained if the effort to achieve them focuses on meeting people's most urgent needs, reaching the poorest sectors, establishing genuine equality between men and women, and adhering to the fundamental principle that well-being and better quality of life are interdependent values.

Ordinary citizens, civil society organizations, local governments, parliaments and companies must all participate in establishing this change in perspective. It will require a new spirit of solidarity among peoples, starting at the local level, not only within each country but in relations between countries. To achieve this, we propose the following:

- Forging a systematic association between civil society organizations and populations living in poverty capable of influencing public policy formulation. We appeal to the French Government to implement public policies on the local as well as the national level that promote the MDGs and are conceived, implemented and evaluated in a way that systematically involves civil society organizations in all their diversity. In particular, these policies should ensure the participation of organizations that represent the poor and the socially excluded.
- Promoting the role of local governments in implementing a global association. The regional administrations that came together in November 2009 at the World Summit of United Cities and Local Governments in Canton unanimously agreed on a formal commitment to making local government the 9th MDG. These regional community representatives must be participants in the formulation of relevant public policies. In the international arena, France must recognize that regional governments should have an important role in development and promote decentralized action and investment administered at the local level.
- Promoting parliamentary monitoring of government commitments. As a general principle, a parliament should receive comprehensive documentary evidence and hard data that make it possible for members to evaluate and follow up on commitments their government has made to advance progress on the MDGs. In particular, France should provide for parliamentary oversight of French development cooperation policies to ensure that they promote genuine development and reduce poverty. ■

Neglecting the poor and the environment



The change of government resulting from the 2009 elections has yet to produce any benefits for the poor or others affected by the financial crisis. No new direction is discernable in the labour market or in social policy, and the impoverishment of large sections of society is continuing. Moreover, environmental issues have played a very minor role in the Government's response to the crisis. According to World Wildlife Fund, only six out of the 32 stimulus measures had a positive impact on the environment, and just 13% of them can be considered sustainable.

Social Watch Germany
Uwe Kerkow

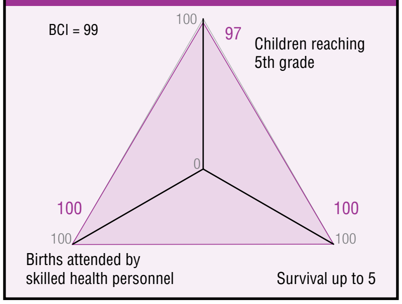
Despite the Government's support measures for banks and industry of EUR 480 billion and economic stimulus packages of EUR 107 billion, the financial crisis has clearly left its mark on the German economy. Admittedly there have been fewer job losses than previously feared, but those currently employed have to manage on less money. In 2009, for the first time in the Federal Republic's more than 60-year history, employees had to accept a 0.4% cut in real gross wages and salaries (approximately EUR 100).[1] This decrease in per capita earnings was mainly caused by the expansion of part-time work and a reduction in overtime. The manufacturing sector was particularly hard hit, with a per capita earnings decrease of 3.6% (although an increase of 4.4% could be observed based on hourly wages).

Further worsening of social conditions

Some 6.5 million people – more than one in five employees – are working for hourly amounts below the minimum wage according to a report by the Institute for Work, Skills and Training of the University of Duisburg-Essen.[2] The percentage of employees with vocational qualifications who are forced to work in the low-wage sector has also increased substantially. Workers with no formal qualifications now account for only around 20% of this sector.

The worsening conditions are affecting all the disadvantaged groups in society: by mid-2009, the number of recipients of assistance from the Tafel food bank movement rose to more than 1 million for the first time.[3] Tafel welfare initiatives operate in most German cities, receiving food donations from the commercial sector and, with the support of around 40,000 volunteers, supplying basic provisions for people who cannot meet their daily needs. The President of Bundesverband Deutsche, Tafel e.V., Gerd Häuser, has urged the Government to appoint an Anti-Poverty Commissioner "equipped with far-reaching powers to coordinate the activities of the four federal ministries[4] responsible for poverty reduction, and to act as a point of contact for private organizations such as the Tafel initiatives or welfare associations."[5]

Basic Capabilities Index (BCI) 2010



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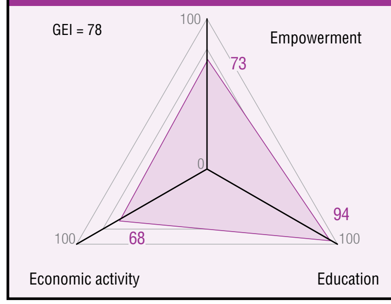


The focus on the environment is nominal

Environmental issues have played only a minor role in the Government's response to the financial crisis. Instead, the economic stimulus measures were heavily geared towards the expansion of private transport. The "cash for clunkers" component is particularly contentious. It consisted of a one-off payment of EUR 2,500 by the State to owners of older cars who purchased new vehicle and scrapped the old one. The Verkehrsclub Deutschland (German Transport Club – VCD) criticized the concept, arguing that far more could have been done to protect the environment if the allowance had been tied to environmental criteria or if the funds had been invested in alternative forms of transport. Moreover, in the VCD's view, developing public transport and retrofitting environmental technology would have had a greater impact in terms of creating jobs and improving the overall environmental balance sheet.[6]

A full analysis of the environmental impacts of the economic stimulus packages, produced by the World Wildlife Fund, found that only 6 out of 32 measures have had positive effects. In terms of the financial resources deployed, only 13% of the measures can be considered sustainable.

The only item of direct relevance to the environment, according to the report, was the investment in energy improvements in the housing sector. What was lacking entirely were "innovative approaches for traffic reduction and the promotion of energy-efficient products and resource-efficient production processes." Some 8% of the stimulus measures actually damaged the environment, and environmental aspects barely featured in the criteria governing the allocation of funds.[7]

A confusing and contradictory development policy

Germany is likely to miss, by a wide margin, the interim target for an increase in its official development assistance (ODA) to 0.51% of gross national income (GNI) in 2010. In late 2009, the new Federal Development Minister, Dirk Niebel, commented in an interview: "The EU's step-by-step plan is a declaration of intent, not an obligation under international law. With a starting position of 0.38%, there would be no way we could achieve an ODA ratio of 0.51% in just one year."[8] Germany's ODA contributions in 2009 amounted to USD 11.982 billion, down from

1 Federal Statistical Office, "Development of Earnings During the Economic Crisis in 2009," Press Release No. 117, 25 March 2010. Available from: <www.destatis.de/jetspeed/portal/cms/Sites/destatis/Internet/EN/Navigation/Statistics/VerdiensteArbeitskosten/Bruttoverdienste/Bruttoverdienste.psml> (accessed on 31 May 2010).

2 Institut Arbeit und Qualifikation, "IAQ-Report 2009-05," July 2009. Available from: <www.iaq.uni-due.de/iaq-report/2009/report2009-05.php>.

3 ARD, "Zahl der Tafel-Empfänger auf eine Million gewachsen," 12 June 2009. Available from: <www.tagesschau.de/inland/tafeln106.html>.

4 Federal Ministry of Labour and Social Affairs; Federal Ministry of Family Affairs, Senior Citizens, Women and Youth; Federal Ministry of Health; and Federal Ministry of Finance.

5 ARD, 12 June 2009, *Ibid*.

6 VCD background information. Available from: <www.vcd.org/konjunkturpaket_ii.html>.

7 Von Sebastian Schmidt, Florian Prange, Kai Schlegelmilch, Jacqueline Cottrell and Anselm Görres, "Sind die deutschen Konjunkturpakete nachhaltig?" Study commissioned by the WWF (Green Budget Germany, 12 June 2009). Available from: <www.wwf.de/fileadmin/fm-wwf/pdf_neu/Konjunkturpaket_D_V25_12-06-2009.pdf>.

8 "EU-Stufenplan ist keine völkerrechtliche Verpflichtung," Domradio online, 18 November 2009. Available from: <www.domradio.de/aktuell/artikel_58664.html>.

USD 13.981 billion in 2008. This fall of almost USD 2 billion was mainly due to the end of budget write-downs of debt relief and corresponds to a decrease in the ODA/GNI ratio from 0.38% to 0.35%.[9] Nonetheless, Federal Chancellor Angela Merkel said: "We are, and remain, committed to achieving the Millennium Development Goals for Africa. We remain committed to the goal of allocating 0.7% of our gross national income for development by 2015. This is a moral responsibility as well."[10]

In order to achieve this goal, German ODA would have to be increased by around EUR 2 billion annually with immediate effect. In 2010, however, the budget of the Federal Ministry for Economic Co-operation and Development (BMZ), which accounts for around 54% of German ODA, was increased by only EUR 256 million to EUR 6.07 billion.[11] In total, German ODA will reach approximately 0.4% of GNI in 2010.[12]

What is particularly lacking in German development cooperation at present is an ambitious commitment to protect the climate. In advance of the UN Climate Change Conference in Copenhagen, Germany pledged EUR 420 million for international climate protection.[13] In early March 2010, however, it emerged that only one sixth of this – EUR 70 million – is actually "new money."[14]

One aspect that is increasingly dominating development policy is civil-military cooperation. In Afghanistan in particular, where Germany's armed forces, the Bundeswehr, are providing part of the intervention force, there are greater efforts to dovetail German development services with military strategies. The aid organization Welthungerhilfe describes the problem as follows:

Mixing the military and reconstruction mandates has caused serious damage. Because the development assistance provided by the provincial reconstruction teams has become part of the military strategy, opposition forces are now attacking development workers as well – even though they are politically neutral and are bound solely by the principles governing the provision of humanitarian assistance.[15]

BMZ's total support for stabilization and development in Afghanistan in 2009 amounted to some EUR 144 million,[16] making Afghanistan the largest recipient of German development assistance.[17] Moreover, at the London Conference on Afghanistan in early 2010, Niebel announced that the contribution would be increased further to EUR 250 million annually. "To that end, we will use the funding of EUR 1 billion for the period up to 2013," according to a press release issued by the BMZ.[18] In comparison, the Civil Peace Service (established by Germany in 1999 as a new instrument for peacebuilding and crisis prevention) received EUR 30 million annually for its activities in both 2009 and 2010.[19]

Moving forward

The Government needs to put more emphasis on economic stimulus measures that are sustainable and that address the growing numbers of people living in poverty. Ensuring that people can meet their daily needs is a role that, according to Social Watch, is one of the core functions of the State in advanced industrialized countries.

As regards its development cooperation, Germany needs to live up to its ODA responsibilities and also commit more funding to climate protection. In the case of Afghanistan, Welthungerhilfe has called for the strict separation of mandates, with the Bundeswehr dealing with security and development workers dealing with development. In view of the financial scale of the support being provided there, this demand is gaining weight. ■

Disabled children's right to mainstream schooling is ignored in Germany

Vernor Muñoz, the UN Special Rapporteur on the right to education, visited Germany in early 2010 and once again voiced clear criticism of the education authorities' failure to provide enough places in mainstream schools for children with disabilities such as Down's syndrome. Although inclusive schooling is a requirement of the UN Convention on the Rights of Persons with Disabilities, which Germany ratified in 2007, around 400,000 disabled children (85%) attend special schools.[A]

Muñoz had already submitted a report to the Human Rights Council in 2007 on his mission to Germany the previous year. In it he stated his belief that: "the classification process which takes place at lower secondary level (…) does not assess students in an adequate manner and instead of being inclusive, is exclusive; since he could verify during the visit that, for example, poor and migrant children – as well as children with disabilities – are negatively affected by the classification system."[B]

The Government's response to this report consists of just a few paragraphs that do not address the substance of the criticism: "Compulsory school attendance applies to [disabled children] just as it applies to non-disabled children and young people. (...) Students with disabilities are taught either in mainstream schools together with non-disabled students or in special schools [Sonderschulen] or special needs schools [Förderschulen]."[C] However, it is taking the issue more seriously than the statement quoted above might suggest: in 2008, the German Institute for Human Rights was commissioned to monitor implementation of the Convention in the country.[D] The funding for this work is provided by the Federal Ministry of Labour and Social Affairs and the annual budget for the monitoring unit is currently EUR 430,000. ■

A Christian Füller, "Menschenrechte nicht für den Mond", taz.de, 9 June 2009. Available from: <www.taz.de/1/zukunft/wissen/artikel/1/menschenrechte-nicht-fuer-den-mond>.

B Human Rights Council, "Report of the Special Rapporteur on the right to education, Vernor Muñoz. Addendum: Mission to Germany, 13–21 February 2006," A/HRC/4/29/Add.3.

C Federal Ministry of Education and Research, "Bericht des UN-Sonderberichterstatters für das Recht auf Bildung." Available from: <www.bmbf.de/de/7763.php>.

D See <www.institut-fuer-menschenrechte.de/de/monitoring-stelle.html>.

9 Organisation for Economic Co-operation and Development (OECD), "Development Aid Rose in 2009 and Most Donors Will Meet 2010 Aid Targets," press release, 14 April 2010. Available from: <www.oecd.org/document/11/0,3343,en_2649_34487_44981579_1_1_1_1,00.html>.

10 Federal Government "Regierungserklärung von Bundeskanzlerin Merkel im Wortlaut," policy statement, 10 November 2009. Available from: <www.bundesregierung.de/Content/DE/Regierungserklaerung/2009/2009-11-10-merkel-neue-Regierung.html>.

11 BMZ, "In Spite of Difficult Environment, Germany's Development Ministry Takes Germany's Commitments Seriously," press release, 19 March 2010. Available from: <www.bmz.de/en/press/pm/2010/march/pm_20100319_45.html>.

12 EU, "Where is the EU in Terms of Financing for Development and Where Should the EU Go?" press release, 21 April 2010. Available from: <ec.europa.eu/development/icenter/files/europa_only/twelve_points_MDG_en.pdf>.

13 Focus online, "Deutschland zur Zahlung von 420 Millionen für Klimaschutz bereit," 11 December 2009. Available from: <www.focus.de/politik/weitere-meldungen/klimagipfel-deutschland-zur-zahlung-von-420-millionen-fuer-klimaschutz-bereit_aid_462180.html>.

14 Spiegel online, "Regierung Knausert bei Klimaschutz-Zahlungen an Arme Länder," 5 March 2010. Available from: <www.spiegel.de/wissenschaft/natur/0,1518,681989,00.html>. See also: <www.wir-klimaretter.de/nachrichtensep/politik-nachrichten/5463-neuer-haushalt-neues-glueck>.

15 Welthungerhilfe, "Entwicklungshelfer in Afghanistan: 'Nie war die Sicherheitslage so explosiv wie jetzt.'"Available from: <www.welthungerhilfe.de/afghanistan-sicherheit-entwicklungshelfer.html> (accessed 12 April 2010).

16 BMZ, "Additional Funds for Stabilisation Measures in Afghanistan and for Fostering Good Governance in Pakistan," press release, 24 November 2009. Available from: <www.bmz.de/en/press/pm/2009/november/pm_20091124_103.html>.

17 Terres des Hommes and Welthungerhilfe, "Kurs auf Kopenhagen," *Die Wirklichkeit der Entwicklungshilfe*, 17 (2009), 57. Available from: <www.tdh.de/content/themen/weitere/entwicklungspolitik/shadow-dac/index.htm>.

18 BMZ, "Civilian Reconstruction in Afghanistan to Be Strengthened," press release, 28 January 2010. Available from: <www.bmz.de/en/press/pm/2010/january/pm_20100128_15.html>.

19 *Ibid.*, 55.

■ GHANA

MDGs remain elusive

Ghana's dependence on foreign aid and international financial institutions over the last three decades or more has led to mass unemployment, huge balance of payments deficits and low manufacturing and agricultural output. The 1992 constitution and other national, regional and international instruments provide the legal basis and specific policies to enhance the welfare and protection of women and children. However, the Government's minimal investment in education, health, water resources and rural development show the low priority it places on these goals. The likelihood of achieving the Millennium Development Goals by 2015 remains remote.

Social Watch Coalition-Ghana

The Ghanaian economy is totally dependent on foreign aid from the World Bank, the IMF and donor countries and agencies. As in other developing countries, most of this aid is tied to projects chosen by the donor. This arrangement reinforces dependency, and prevents the country from investing these financial resources in sectors that are critical for improving the lives of its citizens.

The Growth and Poverty Reduction Strategy (GPRS II), the main development policy tool, provided macroeconomic targets and strategies for the period 2006-09.[1] Its primary goal was to accelerate economic growth, enabling Ghana to achieve middle-income status by 2015. Nevertheless, a UNICEF study[2] showed that important social protection innovations such as the National Health Insurance Scheme (NHIS), the Education Capitation Grant and the Livelihood Empowerment against Poverty (LEAP) cash transfer programme would be insufficient to overcome the financial barriers that the barriers that reduce the access of women and children to healthcare and education. On the 2009 Human Development Index (HDI), Ghana ranks 152 with 0.526 points. This indicates the challenges that the Government is facing in its attempt to meet the eight Millennium Development Goals (MDGs) by 2015.

Revenue mobilization and budget deficits

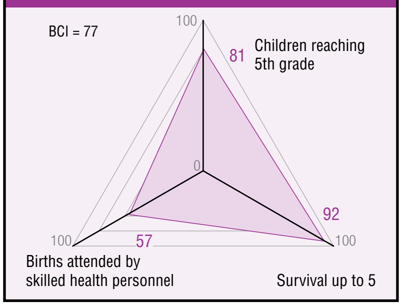
Achieving the MDGs has become a major development strategy in Ghana's quest for middle income status by 2015 and the elimination of all forms of discrimination. These ideals are elucidated in Ghana's development frameworks, particularly GPRS I and II. Achievement of these goals, however, requires efficient mobilization of financial resources (government revenue, donor funding and private investments). While the targeted allocation of Highly Indebted Poor Countries (HIPC) and Millennium Challenge Account (MCA) funds for social protection programmes has been laudable, the Ghanaian Government has fallen short in revenue mobilization, and run perennial budget deficits. The deficit reached 15% percentage of GDP in 2008, though it fell to9.4% in 2009, and was projected to be down to 6.0% in 2010.[3]

1 National Development Planning Commission, "Implementation of the Growth and Poverty Reduction Strategy 2006-2009," *Annual Progress Report* 2008.

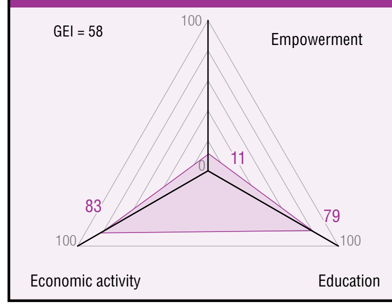
2 "Social protection to tackle child poverty in Ghana," Briefing Paper, UNICEF, February 2009. Available from: <www.unicef.org/wcaro/wcaro_32_UNICEF_ODIbriefing_paper__Ghana_LOW.pdf>.

3 Ministry of Finance and Planning, *Budget Statement and Economic Policy of the Republic of Ghana, Fiscal Year 2010.*

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The 2010 budget statement notes that "for the whole 2009 fiscal year, total revenue and grants were projected at GHC 7.2 billion (USD 5.1 billion), indicating a drop of 3.5% below the original budget estimate." The shortfall has been attributed to a 2.8% drop in domestic revenue and 6.5% drop in grant disbursement. The 2010 budget projects revenues of USD 6.8 billion, with annual inflation of 10.5%. Failure to meet these projections would not be unusual and would lead to continuing Government reliance on IMF loans, which typically come with "restricted spending clauses" that target social protection programs.

Generally, Financing for Development (FfD) in Ghana either fails to meet targeted goals due to shortfalls in revenues or misapplication of funds in an unstable macroeconomic environment. GDP growth and inflation have fluctuated, especially in the year 2008-09. The potential of Government spending to stimulate economic growth through job creation and improved living standards cannot be overstated. Ghana exceeded its targeted per capita GDP growth of USD 624.36 for 2008, achieving USD 712.25.[4] Annual inflation, however, climbed from 14.8% in 2005 to 18.1% in 2008, a long way from the 2008 goal of under 10%.

An inconsistent macroeconomic environment hampers the consolidation of development gains—particularly for the poor, who typically bear the brunt of cost of living increases. The Government shifted from spending to consolidate gains in poverty reduction to curtailing expenditures on major social protection programmes. This reduced GDP growth from 7.3% in 2008 to 4.7% in 2009. The budget projections for 2010 promise inflation will ease downward and intersect with the GDP growth trend in 2011, providing macroeconomic stability to help consolidate the gains of economic growth.

4 National Development Planning Commission, "Growth and Poverty Reduction Strategy–GPRS II (2006 – 09)," Available from: <www.ndpc.gov.gh/GPRS/The%20Architects%20by%20DR%20ADUTWUM.pdf>.

The Government anticipates that its total revenue will climb steadily, from USD 5.28 billion in 2009 to USD 9.3 billion in 2012, though its estimates have proved overly optimistic in the past. The increase is expected to come from regular donor grants and projected revenue from the emerging oil and gas industry, with a modest boost from 2011 to 2012. The 2010 budget statement laid out a progressive restructuring of the tax regime. This is of utmost importance for the economically disadvantaged, as indirect taxes have tended to weigh more heavily on the poor than the rich.

Foreign direct investment

Foreign Direct Investment (FDI) has become an important source of private foreign capital and development of human resources. Net inflows jumped from USD 970 million in 2007 to USD 2.1 billion in 2008.[5] In the third quarter of 2009, FDI soared 262% over the previous quarter. This spurt is expected to create about 12,000 jobs.[6] Although FDI has poured into all sectors, in the past year agriculture received the most attention, though mining and construction got the most money. While FDI has helped to provide much-needed employment, its commercial focus and overly generous tax exemptions, stability clauses and environmental degradation erode development gains, particularly for the economically vulnerable. Until recently, mining companies paid a 3% royalty, far below the 10% levied internationally. Stability clauses hinder the achievement of equitable rent

5 *Ibid.*

6 Ghana Investment Promotion Centre, Third Quarter 2009 Investment Report, December 2009. Available from: <www.gipc.org.gh/UploadFiles/Publications/Q3Report2009231209f100202174453.pdf>.

from exploited resources. Establishing the right prices for natural and environmental capital is essential.

The primary beneficiaries of FDI have been foreign investors. Comparative studies covering the period 1960-1990 indicate that growth rates in countries with poor resources were two to three times higher than those in countries with abundant resources.[7] Nearly half of the 48 countries studied scored in the bottom third of the UNDP 2002 HDI. Oil made up more than 30% of their total exports between 1965 and1995.[8]

Civil society campaigns in Ghana focus on adoption of the Extractive Industry Transparency Initiative (EITI)–especially for the emerging oil and gas industry–and the Right to Information Bill (RTI), both of which could improve monitoring of financing for development and ensure appropriate business practices and the observance of economic, social and cultural rights.

Health sector investment

The health sector has been predominantly financed by Government funds, user fees, donor funding and the National Health Insurance Scheme (NHIS). The Health Sector report 2008 raised concerns about the failure of new health spending, which was just short of the target of 15% of government expenditure agreed at the Africa Summit on HIV in 2001.[9]

The country has only 1,439 health care facilities and 1,500 doctors for a population of 22 million. Maternal mortality continues to increase. Ghana's reproductive health indicators over the last 20 years have seen little improvement or deteriorated. Only 35% of all deliveries are supervised by qualified medical practitioners; 65% of women either deliver at home or seek traditional help. Infant mortality decreased marginally from 64/1,000 live births in 2003 to 50/1,000 live births in 2008;[10] while maternal mortality deteriorated from 214/100,000 live births in 2003 to 580/100,000 in 2008.[11] Home-based deliveries remain quite high (43%), partly due to the continuing rural-urban disparity in health care provision; 84% of urban births occur at a health facility, compared to only 43% in rural areas. In the northern regions, the death rate among pregnant women reaches 700 per 100,000 live births, rendering Ghana's ability to meet MDG 5 a chimera. Child mortality remains similarly elevated, at 120 deaths per 1000 live births.[12] Modern contraceptive usage is actually declining, dropping from 19% in 2003 to 17% in 2008.[13] This could lead to an increase in unplanned births and unsafe abortions, particularly among young women.

Even though health sector funding has gradually increased over the years, the percentage that goes into actual service delivery remains low. About 90% of the health sector budget is spent on salaries and wages; since 2006 the share allocated to capital spending has dropped.

7 Ministry of Finance and Economic Planning, *Oil and Gas Revenue Management International Experience: A Source Book In View of the Broad National Consultation*, GEITI, 2008.

8 UNDP, *Human Development Report-Ghana*, 2002.

9 See: <www.un.org/ga/aids/pdf/abuja_declaration.pdf>.

10 Ghana Demographic and Health Survey (GDHS) 2008.

11 Ghana Maternal Health Survey 2007, *op. cit.*

12 "With six more years to 2015, will MDGs be a dream or reality?" *Public Agenda,* 18 December 2009.

13 GDHS 2003/2008.

Education financing

In 2009, the Government revised the Education Strategic Plan (ESP) 2003-15 in response to new opportunities and challenges as well as national, regional and global agreements, including the Education Act 2008 (Act 778), Education for All (EFA), the Education Sector Annual Performance Reviews (ESAPR), and the MDGs. The guiding principles of the new ESP (2010-20) include the elimination of gender and other disparities and efforts to make the education system more efficient.[14]

The country has made some progress: in 2007/08, the primary education gross enrolment rate (GER) reached 95.2%, the primary completion rate was up to 88% and gender parity was 0.96. The Government believes most of the ESP targets will be achieved by 2015. In recent years, however, progress has slowed. For example, although the GER for primary education increased by 8% between 2004 and 2008; achieving the ESP goal of universal primary completion (UPC) by 2012 would require an average annual improvement of 3%, which has not occurred.

Progress in reaching targets for girls has been particularly low. Gender parity is higher at lower levels of the education system such as kindergarten and declines after that. For example, only 32% of girls are enrolled in secondary school.[15] In 2008, 80% of boys completed primary school, and only 76% of girls. A number of factors cause the high dropout and low retention of girls, including the absence of adequate toilet facilities in 52% of primary schools.[16]

Education spending increased significantly, from 4.7% of GDP in 2002 to 10.6% in 2006, however the proportion dropped to 8.4% in 2009. More than 92% of the education budget goes to pay personnel, leaving a huge funding gap in critical areas such as infrastructure, teaching and learning materials, in-service training, facilities and targeted programs for neglected groups (a large proportion of girls). This gap is estimated at over USD 500 million.[17]

The Government's response to the global economic crisis is to cut spending. Although the education sector will not be targeted directly, the ESP plans to promote efficiency in the education system through the removal of the "subsidy culture." These planned cost-cutting strategies will impose additional financial burdens on the population, particularly on poor families already hard hit by the economic downturn.

Climate change

Like many countries in sub-Saharan Africa, Ghana has been battered by growing climate volatility, including continued flooding and droughts, as well as an increase in temperature and a concomitant reduction in rainfall in its agro-ecological zones. An apparent rise in the sea level has led to coastal erosion at a rate of three meters annually along the eastern shore, particularly in the Keta area. Climate change is a significant threat to Ghana's sustainable development progress, livelihoods and poverty reduction, especially given the importance of agriculture to the economy.

14 *Education Strategic Plan 2010-20–Vol 1, Policies Targets and Strategies.*

15 "Overcoming Inequalities: why governance matters," EFA Global Monitoring Report, 2009.

16 Ghana National Education Campaign Coalition (GNECC), "The impact of rural urban divide on quality basic education in Ghana," 2009.

17 GNECC, "Ghana Education Financing Brief," October 2009.

The agriculture sector is the largest contributor to GDP (35.7%) and employs about 60% of the labour force; 52% of agricultural workers are women, who produce about 87% of food crops. They are among the country's poorest and most vulnerable groups due to their low literacy rate and limited access to and control over productive resources such as land and livestock. They are highly dependent on the ecosystem to provide food, energy, water and medicine, and this ecosystem is under threat.

Since 2007 civil society organizations (GrassRootsAfrica, CARE, ActionAid Ghana, Abantu for Development, FoodSpan Network, SEND Ghana) have been helping rural women and farmers through projects to integrate traditional coping strategies and climate change knowledge into local government development plans.[18]

Recommendations

- In order to accelerate progress on achieving the MDGs, the Government should:
- Focus on strengthening the local economy by emphasizing investments in the social sector that promote the advancement of women and children's rights.
- Derive a higher proportion of revenue domestically, but avoid taxes that place a heavy burden on people with limited incomes; allocate a percentage of oil revenues to a fund for the education sector.
- Provide the girls' education unit with the human and financial resources necessary for effective campaigns and devise comprehensive and localized strategies to improve girls' retention, progression and completion.
- Develop climate change indicators that take account of gender disparities in formal and informal labour sectors, care work, land ownership and energy usage.
- Integrate climate change concerns into development planning, with attention to gender-differentiated impacts.
- Link national adaptation and response measures to livelihoods and challenges such as HIV/AIDs, land degradation, deforestation and biodiversity loss.

For these to be effective, however, several other changes should also take place. At the international level, a gender perspective must be integrated into a new financial and economic architecture based on a balance between the production system and non-profit activities that safeguard the environment. In addition, the WTO round of trade negotiations must be conducted in a transparent and democratic manner, taking into consideration special and differential treatment, people's livelihoods, gender equality and environmental sustainability.

Finally, in Ghana as elsewhere civil society organizations should continue to play a "watch dog" role to ensure government accountability in meeting commitments and transparency in financial management. At the same time, these organizations should step up their efforts to work with governments, sharing best practices that will ensure the achievement of these targets. ■

18 Rudolf S. Kuuzegh, "Ghana's Experience at Integrating Climate Change Adaptation into National Planning," 12 November 2007.

GUATEMALA

Food security: the challenge for effective aid

Food insecurity is a national scourge, one which calls for urgent, coordinated, effective and sustainable measures, in the planning and execution of which civil society must take part. It is not enough to declare a State of Public Calamity – as the Government did in September 2009. The first step in reducing poverty and achieving economic and social development is breaking the hunger cycle. National policies and international financial assistance must be coordinated, prioritizing the urgent needs of the Guatemalan population. Otherwise, achieving the MDGs will remain a distant goal.

Coordinación de ONG y Cooperativas (CONGCOOP)
Norayda A. Ponce Sosa
Helmer Velásquez

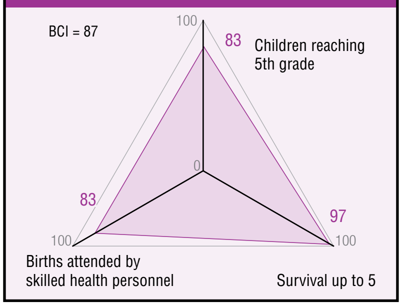
Food and nutrition insecurity in Guatemala is widespread, resulting in high indices of morbidity and mortality, inadequate infant and child growth and development, school learning difficulties and low adult productivity. Poor, rural, illiterate and indigenous populations are those most affected.

The causes of this insecurity are social, economic and environmental; they include poverty, inadequate housing and sanitation, low levels of schooling, domestic and foreign migration; highly unequal land ownership and access, persistent unemployment, increased prices for basic food basket items and a scarcity of basic grain products – all of which are exacerbated by the international economic crisis, climate change and desertification and the El Niño and La Niña phenomena.

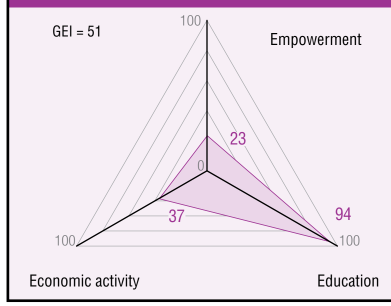
A few figures

- Guatemala is ranked 122 out of 182 countries in the Human Development Index.[1] It is a middle-income country with vast differences in wealth: 20% of the population enjoys 60% of the national income.
- Of just over 14 million inhabitants, 50% are indigenous and 54% are rural.[2] Fully one half the population (7,140,000) live in poverty, including some 2 million in extreme poverty.[3]
- Declining foreign remittances, especially in the last year, have added to the poverty risk. At present some 850,000 people are at risk of falling below the poverty line and 733,500 in danger of descending into extreme poverty.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



- In some areas of the country malnutrition reaches 75%, one of the highest rates in the world.
- According to the World Food Program (WFP), Guatemala has the highest rate of child malnutrition in the region (1 child in 4, up to age 5).[4] In addition, although chronic child malnutrition reaches 43%, in the “dry corridor”, the eastern region of the country which was hit the hardest by the 2009 drought, figures rose from 1% to 10% for children and to 14% for young mothers.
- Between 1994 and 2004, over 500,000 children under age five died from malnutrition, 77% of whom would otherwise be alive.[5]
- According to the Food Security Secretariat (SESAN), some 145,000 families lost their crops in 2009 due to the lack of rain and are currently in need of food aid.

Government action

The Cabinet, along with the Social Cohesion Council[6] play an important part in defining and implementing programs designed to guarantee food and nutrition security through social funds and welfare programs such as: *Bolsas Solidarias* (“Solidarity Sacks”), *Mi Familia Progresa* (“My Family Moves Forward”) and *Mi Familia Produce* (“My Family Produces”). They developed an Inter-Sectoral Food and Nutrition Security 2010 Annual Operational Plan with five strategic objectives and a budget of about GTQ 2.218 billion (USD 272,000). Some additional agencies are also included, such as the FNS Sectoral Board[7] and the National Food and Nutrition Security Commission.[8]

On 11 September 2009 the Government of President Álvaro Colom presented the Intervention Plan to Guarantee FNS in the priority “dry corridor” departments – El Progreso, Baja Verapaz, Zacapa, Chiquimula, Jutiapa, Jalapa and Santa Rosa – which will allocate USD 17.5 million for immediate food delivery, the development of productive projects and the organization of medical days for checking and monitoring vulnerable groups. In the department of Guatemala, 50,000 Solidarity Sacks are delivered monthly to an equal number of families in deprived urban settlements.

The projected budget to fulfil the objectives of the Strategic Plan for Food and Nutrition Security (PESAN) during 2009 was USD 269.2 million, including USD 2.82 million for strengthening capabilities in order to combat food insecurity.[9]

International aid fails to address structural problems

Programs to implement PESAN 2009 were financed as follows:

1 UNDP, *2009 Human Development Report. Overcoming Barriers: Human Mobility and Development,* Guatemala, 2009. Available from: <www.hdr.undp.org/en/media/HDR_2009_EN_Complete.pdf>.

2 Presidency Secretariat for Planning and Programming (SEGEPLAN), *Informe de Avances 2010. Objetivos de Desarrollo del Milenio*, Guatemala, 2010. Available from: <www.segeplan.gob.gt/downloads/Nota_Conceptual_ODM_%20SEGEPLAN_271009.pdf>.

3 National Institute of Statistics, National Survey on Living Conditions 2006. Available from: <www.ine.gob.gt/index.php/demografia-y-poblacion/42-demografiaypoblacion/64-encovi2006>.

4 Food and Nutrition Security Secretariat (SESAN). Report presented at the Conference on Food Insecurity and Social Cost in Latin America and the Caribbean: Context, Consequences and Challenges. Guatemala, November 2009.

5 *Ibid.*

6 Coordinated by the First Lady.

7 Set up in September 2009 and composed of the President and Vice-President of the Republic, SESAN, international development cooperation ambassadors and representatives, SEGEPLAN, Social Cohesion, the Ministry of Foreign Affairs and the FNS National Committee.

8 Part of the structure of the National System for Food and Nutrition Security. System for Food and Nutrition Security Act, Decree 32.2005 of the Congress of the Republic of Guatemala.

9 Zully Morales, based on data from the Strategic Food and Nutrition Security Plan 2009-2012.

- Funds implemented by SESAN: USD 1.62 million, from the Inter-American Development Bank, UNICEF and the EU.
- Funds administered and coordinated by SESAN: USD 32.48 million, from USAID, FAO, the EU, the WFP, the World Bank, PAHO and the UN system.

In response to the El Niño and La Niña emergency in, several multilateral institutions allocated resources to investment in agriculture, education, health, improving the situation of children and women of childbearing age, food security, nutrition and the donation of food. These included:

- UN system – USD 34.1 million.
- UN Central Emergency Response Fund – USD 5 million.
- PAHO, WHO, UNFPA – USD 5.7 million.
- FAO – USD 5.454 million.
- EU – USD 31.4 million.
- WFP – 200 tonnes of food.
- MDG Achievement Fund, which supported several programs to improve the situation of children, food security and nutrition.

During 1990-2008 a net total of about USD 5 billion in Official Development Assistance (ODA) was received for development, particularly rural development programs. Some 85% came from countries belonging to the Organisation for Economic Co-operation and Development (OECD), including 54% from EU countries; multilateral aid amounted to 15% and the United Nations system supplied 5%.

Although international development aid has contributed to combating some of the social problems, the structural problems which are particularly evident in the inequality of wealth and income distribution have not been addressed. This has made it difficult to develop an effective fight against hunger, which continues to represent a systematic violation of human rights in the country. Thus, the impact of this development aid has been slight, particularly as regards the poverty reduction strategy, the peace program and the fulfilment of the Millennium Development Goals (MDGs).

The situation in Guatemala requires effective inter-sectoral dialogue that can enable a critical debate, with wide stakeholder participation, on the issue of international development cooperation. Development funding has consistently been one-sided, based on the interests of international financial institutions, concerned more with balance of payments than the well-being of the population. In the case of bilateral cooperation, it is usually guided by the will of the government in power and not by State policy, and therefore does not take civil society organizations into account.

Another problem concerns the timelines for aid delivery, which are designed according to the priorities of the donors and not the specific needs of either the Government or of the population.

The appointment of the Council for International Cooperation[10] is the outcome of the Declaration of the High-Level Meeting between the Government and the G-13 Dialogue Group in 2008.[11] The Council is responsible for developing a joint plan which will make it possible to coordinate aid delivery and management with national development plans, in accordance with the Paris Declaration[12] and the Accra Agenda for Action (2008), particularly with regard to direct budgetary support and sector-wide approaches – with emphasis on health, education and security-justice. It is not known what progress has been made to date in this respect.

MDG 1 – closely related to food security – stipulates that extreme poverty and hunger must be eradicated. It is estimated that halving the number of persons living in poverty by 2015 requires urgent and transforming measures to address the urgent needs of the 29% of the population, and 32% of the rural population living in extreme poverty (particularly indigenous groups), especially in Alta Verapaz and El Quiché, where 8 out of 10 people are poor.

With only five years to go to the target date for achieving the MDGs, 2015, MDG 1, reducing poverty and hunger is a long way from being attained:

- The effects of extreme poverty continue to display significant disparities.
- Overall malnutrition (in low-weight children under age 5) was reduced from 34% to 24% between 1987 and 1998 in global terms, but in the northeast it rose from 27% to 28% in the same period. In 1998 malnutrition was 33% in the northwest and 19% in the metropolitan region.
- In general, unequal progress is evident in achieving the eight MDGs, owing mainly to inequality, exclusion and the inequitable distribution of income, which limits the consumption capacity of the vast majority of the population.

The great challenge

As long as the availability of food locally and nationally is limited – a situation which could be remedied by storing food in silos or warehouses – it will be very difficult for the population living in poverty and extreme poverty to take control of the means of production and achieve adequate access to foodstuffs available on the market. This limits their consumption and their chances of enjoying the minimum services which enable them to lead a decent life.

The Government, as well as civil society and international cooperation organizations, have been weak with regard to harmonization measures to progressively guarantee the right to food for the most vulnerable population. The Government's response to economic or environmental crises continues to be short-term and based on welfare, and is more sensationalist than effective – as in the case of the State of Calamity decree.[13]

Although fully one half of the country's population is indigenous, international aid has neglected to take into account the realities of ethnic or other form of social, cultural or economic differences, in part due to the failure of the Government to propose the allocation of assistance according to these realities. As a result, improving aid effectiveness continues to pose a challenge. It is imperative that a greater commitment towards the social purposes of aid be undertaken, so that it does not respond only to geopolitical o economic interests (whether of the government or of the donors) that have little to do with genuine development. ■

10 The Council for International Cooperation includes the Presidency's General Secretariat for Planning and Programming (SEGEPLAN), the Ministry of Public Finance and the Ministry of Foreign Affairs.

11 Composed of Guatemala's nine highest donors (Canada, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, the US), together with the Inter-American Development Bank, the World Bank, the European Commission, the IMF, the UNDP and the OAS.

12 The Paris Declaration promotes the principles of ownership, alignment, harmonization, results-based management and mutual accountability, in order to achieve greater effectiveness and impact in development aid; the Accra Action Agenda specifies actions needed in order to fulfil these principles.

13 Government of Guatemala. Decree Nº 10-2009 of 8 September 2009, extended by Decree Nº 11-2009 of 7 October 2009. Available from: <www.guatemala.gob.gt/docs/Acuerdo%20Calamidad.pdf>.

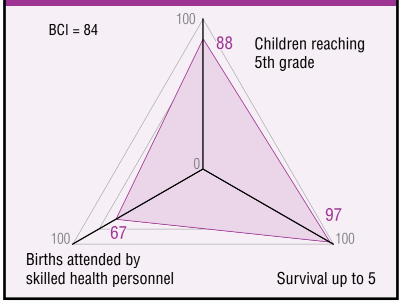
■ HONDURAS

Far from the MDGs but near a strong people's movement

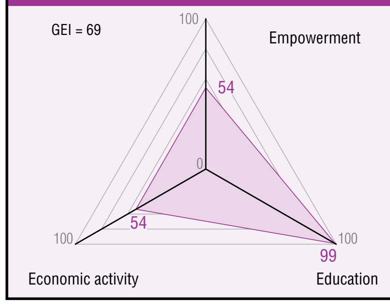
In the wake of the 2009 coup d'état the country is in serious regression in all aspects but mainly as regards human rights, which are being violated with impunity. A people's movement quickly came together to resist the oppression and a National Front against the Coup was formed, but in the corridors of power there is no political will to pursue remedy social ills or pursue the Millennium Development Goals (MDGs). In this situation what Honduras needs is not just to implement a reform but to lay new foundations for the State.

Centro de Estudios de la Mujer Honduras
Suyapa Martínez
Ana Ferrera

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



On 28 June 2009 there was a coup d'état backed by the Honduran oligarchy in alliance with ultra right wing sectors in Latin America and the United States. The constitutionally elected President of the Republic, Manuel Zelaya Rosales, was overthrown by force of arms, and the people of Honduras are still resisting in the streets.

The Zelaya Government had been promoting a series of measures such as increasing the minimum wage from USD 176 to USD 285,[1] that met very strong opposition from private enterprise. In addition, it signed the *Alternativa Bolivariana para los pueblos de las Américas* (ALBA) (Bolivarian Alternative for Latin America and the Caribbean), which raised great expectations above all among the common people because it promised medical and education services and donations of machinery and equipment.

Another measure the Zelaya Government took was to approve the Petrocaribe initiative whereby Honduras could purchase oil with long-term financing and very low interest rates, and the savings this yielded would enable the Government to set up a trust fund to finance social development projects. These policies linked Zelaya more and more with the lower classes of the country, and this alliance was sealed when he organised a general people's vote called the "fourth ballot box".

As part of this shift to the left, the President advanced proposals for a reform to the Constitution because, as it now stands, there are fundamental articles that effectively bar the people of the country from participating in local and national decision-making and problem-solving processes. The President held talks about this reform with various sectors in the country and even with the other political parties, and from these discussions there emerged the idea of a National Constitution Assembly and to introduce a "fourth ballot box" in the elections of 29 November to ask the people whether they wanted a Notional Constitution Assembly to be convoked to draft a new constitution.[2] This initiative turned into a public opinion poll that was to be held on 28 July, but on that day the coup d'état took place.

The people's movement reacted immediately: on that very day masses took to the streets and kept up their resistance for more than 200 days of demonstrations. The National Front against the Coup D'état was formed, and today is known as the National People's Resistance Front (FNRP–Frente Nacional de Resistencia Popular).

A few months after the coup there was a very questionable election. This took place in the context of an extremely militarised situation, just like in Iraq, with constant human rights violations, and in November 2009 Porfirio Lobo Sosa became President. He is from the National Party which, along with the leaders of the Liberal Party, instigated and organised the coup d'état.

The new Lobo Government has made a big effort to obtain international recognition, but it has not been accepted in strategic organizations in the region like the SICA or the OAS. The President talks a lot about his intention to pursue reconciliation and establish dialogue but this is contradicted by the facts. Without consultation he has unilaterally implemented the so-called Law of the Vision of the Country, the National Plan, the formation of the Truth Commission and the non-recognition of the FNRP.

In the face of this situation the Inter-American Commission on Human Rights (IACHR) has expressed serious concern over the fact that high ranking army officers and ex-members of the armed forces, who have been charged with taking part in the coup, are in public office managing departments in the Porfirio Lobo Government. For example, Major General Venancio Cervantes, who was the vice-head of the Joint Chiefs of Staff at the time of the coup, is today the general director of the Direction of Migration and Foreigners; Brigadier General Manuel Enrique Cáceres is the director of Civil Aviation; ex-General Nelson Wily Mejía is in charge of the Merchant Marine Administration, and ex-General Romeo Vásquez Velásquez, who was Commander in Chief of the armed forces at the time of the coup, is now manager of the Honduran State Telecommunications Enterprise.[3] In addition, the public prosecutor and judges at the Supreme Court, who were physically and intellectually involved in overthrowing constitutional rule in the country, are still in the same positions of responsibility as before.

The Lobo Sosa Government has been in office for seven months but the country is still completely polarised politically and there is resistance from the people's front in various sectors. For example, the teachers' union (80% of whose members are women) took to the streets to demonstrate against the privatisation of the Teachers' Retirement Fund and to try to prevent the State from implementing a general education law that would abolish preschool and the basic secondary cycle in public education.

Another focus of opposition to the Government is the collection of women's organizations that make up Feminists in Resistance (Feministas en Resistencia), a movement that sprang up after the coup. They are defending the progress that had been made in women's rights, which was threatened when the ruling junta issued decrees banning emergency contraceptive pills, for example, and cut back the Second Equal Opportunities and Gender Equity Plan.

In this context of ongoing turbulence and social confusion, the FNRP is getting stronger and stronger. This is made up of all the organizations in the social movement in Honduras, and their common aim is to

1 "Gobierno decreta salario mínimo en 5,500 lempiras" (The Government decrees a minimum wage of 5,500 lempiras), *La Prensa.hn*. Available from: <www.laprensa.hn/content/view/full/97312>.

2 Golpe de Estado en Honduras, Un Análisis Jurídico por Edmundo Orellana, (Coup D état in Honduras, a legal analysis by Edmundo Orellana), University professor, 27 September 2009

3 Inter-American Commission on Human Rights, Preliminary Observations of the Commission on its visit to Honduras, 15 to 18 May 2010.

call a National Constitution Assembly to draft a new constitution that would include women, young people, the population of African descent, indigenous people and other groups that have always been excluded. The ultimate aim is that these changes would enable the country to lay new foundations to build on in the future.

Economic impact of the coup d'état

In 2009 the country's economy was battered from two directions: not only was it suffering the effects of the world economic crisis, which brought a fall in family remittances and also job losses in the *maquilas* (manufacturing plants that import and assemble duty-free components for export), but it was also reeling under the impact of the crisis caused by the coup d'état.

Initially in 2009 it was expected that the Zelaya Government's plan to cope with the international crisis would enable the country's economy to grow by 2% or 3%.[4] But then came the coup, and the international community reacted with economic pressure by freezing cooperation funds (which amounted to around USD 500 million) and at the same time blocking access to loans from the multilateral organizations. These measures had a very serious impact on the country's budget as external financing had been covering 16.4% of the central administration's budget and 56% of the funds for public investment.[5]

Another very negative factor that exacerbated the situation in the wake of the coup was that 60% of the productive businesses and enterprises in the country closed down for approximately two weeks, and according to the Tegucigalpa Chamber of Commerce and Industries, this caused losses of around USD 52.6 million. At that time, there was resistance in parts of the capital city and in the north, which caused further losses of at least USD 6.6 million. On top of that the Central American countries closed their borders with Honduras to put pressure to reverse the situation, and this has resulted in losses of around USD 3,000 million.[6]

The two economic sectors that have been hit hardest are construction and trade. In July alone the construction sector shrank by around 50% and trade by 11%, and in September trade decreased by a further 17%.[7] From January to December the country's internal debt increased by USD 505.5 million, two thirds of which went to maintaining the administration of the de facto Government.[8]

Regression in human rights

While the international financial crisis undoubtedly caused serious problems for Honduras, the armed forces takeover of 28 June amounts to a very serious regression in the field of human rights. In the period from 3 July 2009 to 20 June 2010, various mass media enterprises were shut down and more than 86 people were murdered for opposing the military coup, including 9 women and 20 members of the lesbian, gay, transsexual, transvestite, bisexual and intersex community.[9]

4 Grupo Sociedad Civil, 2009.

5 Grupo Sociedad Civil, 2009.

6 Interview with Marvin Ponce, Deputy for Unificación Democrática.

7 Interview with Sergio Castellano, Deputy for Unificación Democrática.

8 Interview with Martin Barahona, economics analyst.

CHART 1. Literacy rates by sex

	1990	1995	2001	2006	2009
Total	87.4	90.1	91.2	92.5	94
Women (%)	88.4	91.6	92.7	94.4	95.3
Men (%)	86.4	88.4	89.7	90.5	92.6
Relation(*)	1.07	1.09	1.08	1.11	1.04

Source: MDG Report 2009. Author's preparation based on INE 1990-2009.

CHART 2. Monthly income in dollars disaggregated by gender and context

	Urban	Rural
Women	304	135
Men	386	147

Source: MDG Report 2009. Author's preparation based on EPHPM, INE, 2009

The murders are perpetrated by paid killers and they are almost a daily occurrence: "In 2010 at least seven journalists in Honduras have been killed for reasons connected to their professional work."[10] As of May 2010, nine leaders of the people's movement had been executed.

During the demonstrations by Hondurans resisting the Government, women suffered various kinds of sexual aggression: they were attacked with gas, beaten with clubs and even sexually abused to humiliate them as punishment for opposing the coup. Some 240 cases of repressive violence of this kind have been reported and in 23 of these cases the women claimed there had been sexual aggression of various kinds, including seven cases of rape perpetrated by armed forces personnel.[11]

Following the coup a whole series of measures were taken that amount to serious regression in the institutional mechanisms to promote and defend women's human rights, and these are still in force. They include the ruling junta's cuts to the second Gender Equality and Equity Plan. This involved eliminating important aspects of the six core elements of rights, mainly in the areas of sexual and reproductive health, violence against women and women's participation in politics. By executive decree the Government banned the distribution and sale of emergency contraceptive pills, and it reformed the Municipal Councils Law so as to convert municipal offices for women's affairs into general management spaces that cater to all kinds of populations.

The MDGs and women

Millennium Development Goal number 3 is to promote gender equality and the empowerment of women by 2015. There has been some progress, for example in literacy in the 15 to 24 age bracket , where the rate among women increased from 88.4% in 1990 to 95.3% in 2009, but women's progress in the last three years has been slower than progress among men.

Women are better educated than men; this is reflected in girls' attendance rates at school, which have always been higher than the rates for boys. In 2009, for example, girls' attendance was 0.28% higher in secondary education and 0.37% higher in tertiary education.[12] However, when we cross-check education levels against income we find the balance is unfairly tilted against women as men are still paid more for the same job even though women have better professional training.

The country has a democratic representation quota system, but the political parties have never complied with the rule that at least 30% of elected positions should go to women. Since the coup this situation has deteriorated still further because today women candidates are not allowed to campaign and more than 50 have dropped out because there is no guarantee of transparency in the process. Added to this, there is generalised insecurity brought about by the constant human rights violations and the militarization of the country. At the local level, women's representation in city councils slipped from 9% after the 2005 elections to just 6% after the 2009 elections, and in legislative bodies it dropped from 25% to 19.53%.

All things considered, it is clear that Honduras is a very long way from fulfilling its international commitments because there is no political will to pursue these goals, and the clearest sign of this is the coup d'état itself. The people of the country are demanding that the constitutional rules be changed completely so that Honduras can start to build on new foundations. This is far more than just a cosmetic reform to continue disguising the fact that the country's wealth is concentrated in very few hands and the neo-liberal-patriarch system has not changed at all. ■

9 Taken from the lists of the Comité de Familiares y Desaparecidos en Honduras COFADEH, Comité de Derechos Humanos CODEH, and Defensores en Línea.

10 Inter-American Commission on Human Rights, Preliminary Observations of the Commission on its visit to Honduras, 15 to 18 May 2010.

11 Report "Las Violaciones a los Derechos Humanos de las Mujeres después del Golpe de Estado" (Violations of Women's Human Rights after the Coup D'état), Feministas en Resistencia, 2009.

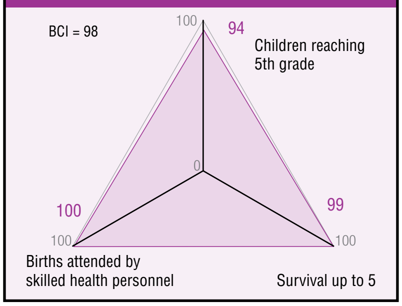
12 United Nations round table for the MDG report, 2009.

Neoliberal's best student is the weakest link in the crisis

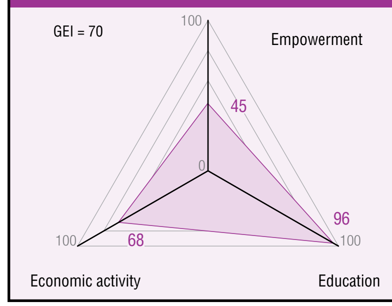
Despite the fact that it was the first country in Eastern Europe to adopt International Monetary Fund prescriptions in 1982 and that it was more highly developed than its neighbours when it embraced a market economy, Hungary is now the weakest economy in the region. The reasons for this are manifold and have led the country to waver between potential social upheaval – if a change of direction is not made – and the total collapse of a very vulnerable economy. The phantom of right-wing extremism lurks in the background, fed by popular discontent.

ATTAC HUNGARY
Matyas Benyik

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Hungary has a unicameral parliamentary system dominated by two parties – the Hungarian Socialist Party and the right-wing Hungarian Civic Union. Democratic institutions seem robust and likely to remain so, despite reckless party politics, intolerant rhetoric, high-profile corruption, and radicalization of the political Right aimed at the minority Roma population. The political elite is engaged in slandering itself and ready to launch more reforms according to the International Monetary Fund (IMF) dictates, but the people strongly resist, as shown by protests following the recent health care reform.[1]

There was little novelty in the intervention of the IMF in 2008. However, what is different from other crises is the response of the international financial institutions (IFIs), which supported stabilization against the unprecedented hysteria of transnational private finance. As Hungarian economist and European Bank for Reconstruction and Development former board member László Andor[2] points out, "an explicit objective of the intervention undertaken by the IFIs is to prevent the escalation of the social crisis, to protect the business structures of the Hungarian economy, including the significant role that some Hungarian corporations have acquired in the wider region."[3]

In mid-October 2008 a EUR 20 billion credit package was announced, based largely on orthodox stabilization prescriptions. Apart from helping Hungary, the package was a message for the region as a whole. Although Hungary has been probably the only country that went for such pro-cyclical tightening in this period, the IMF originally demanded further deficit reduction (in October 2008). In April 2009, when the new Government assumed power, the IMF and the EU agreed to lift the deficit target for 2009 from 2.9% to 3.9% of GDP – and to 3.8% for 2010.[4]

The best student

While most of the former socialist countries joined the IMF and the World Bank after 1989, Hungary did so in 1982, enabling it to push forward some market reforms that its neighbours had not yet adopted. This allowed Hungary to become Eastern Europe's model student of neoliberalism. However, this did not help the country to get out of its massive foreign debt. The country joined the "new system" with the highest per capita foreign debt but, unlike Poland, the Government decided to refrain from any potential debt reduction schemes.

Although Hungary was the most developed of the new EU member states, it remained the most financially vulnerable. In the early transition period, the debt-to-GDP ratio did not decrease but increased in the early transition period, and the "Maastricht debt ratio" was only reduced (to about 51%) thanks to a period of extraordinary foreign direct investment in the late 1990s.[5]

Andor affirms that "there are further reasons why Hungary has turned out to be the region's weakest link in the current international financial crisis." Since GDP caught up with the 1989 level only in 1999, he points out, successive governments turned to risky financial solutions to improve the feel-good factor. One government unleashed reckless subsidy schemes for home builders and buyers; another increased by 50% the public sector wages. Meanwhile, an ambitious road construction program equipped Hungary with the best highway network in the region, but at the price of skyrocketing state debt.[6]

Apart from fiscal policy, monetary policy also played its role, and contributed to the economy's fatal fragility. The inflation targeting paradigm – which was never intended for small, open economies, dependent on flows of foreign trade, investment and finance – was adopted by Hungary's Central Bank, the Magyar Nemzeti Bank (MNB) in 2001. The MNB did not abandon this orthodoxy even when central banks around the world had repeatedly reduced interest rates in an attempt to avoid recession in the spring of 2008. Only in July 2009, the MNB started to lower interest rates. In January 2010, the inflation rate increased – from 4.2% in 2009 to 6.4%.[7]

Similarly, nothing happened to reduce the amount of foreign exchange-based domestic lending, despite the fact that excessive currency substitution was identified by international observers as a source of financial instability, contributing to the unsustainable strength of the forint. According to Andor, Hungary has been the country in the region hardest hit by debt since the second half of the 1970s. This is why it has fallen prey to the two great financial crises of the past 30 years. And also the reason why it became a target of panicky speculation and capital withdrawal again in early October 2008, even though the budget rigour imposed since June

1 This report was prepared in February 2010. In the parliamentary elections held in April the ruling Socialists were defeated, the far-right Jobbik party gained strength and the Hungarian Civic Union (Fidesz) reached a landslide victory. The new government has promised a lot of changes, but once in power it has been following the neoliberal agenda and dictates of the IMF and EU.

2 In February 2010 Laszlo Andor became the new EU Commissioner responsible for Employment, Social Affairs and Inclusion.

3 László Andor, "Hungary in the Financial Crisis: A (Basket) Case Study," *Debatte: Journal of Contemporary Central and Eastern Europe* 17, no. 3 (2009). Available from: <www.informaworld.com/smpp/content~content=a917910016?bios=true&db=all#b917910016>.

4 *Ibid.*

5 The Maastricht debt is that determined for the excessive deficit procedure. Its ratio to GDP is one of the criteria by which to evaluate public finance in EU Member States. See: L. Andor, "Hungary's boomerang effect," *The Guardian*, 29 October 2008. Available from: <www.guardian.co.uk/commentisfree/2008/oct/29/creditcrunch-eu>.

6 *Ibid.*

7 *Ibid.*

2006 had considerably improved the fiscal balance (from about 10% to close to 3% of GDP).[8] Andor states that "the austerity measures of the 2006-2008 period, which imposed massive sacrifices socially and in terms of forfeited growth, were insufficient to mitigate the mistakes of the previous five years, nor did they improve the overall picture, since the level of debt (as compared to GDP) did not decline even during the time the austerity measures were imposed."[9]

Challenges

The financial crisis constitutes a complex challenge for Hungarian economic policy and politics in general. The Government now faces some important challenges, to resolve which it must:

- In the short run, mitigate the fall of the economy and ensure the expansion of liquidity.
- In the medium term, create a framework for more dynamic economic growth.
- In the long term, achieve some kind of consensus about how the Hungarian financial system could be made less extroverted in order to reduce the vulnerability of the economy and the probability of similar crises in the future.

As Andor concludes, "Eurozone convergence will probably lie at the heart of this program, although the Irish and the Greek example illustrate that having the Euro alone does not save a country from financial turmoil if fundamental imbalances are not eliminated."[10]

According to the Hungarian Central Statistical Office, in 2009 the number of unemployed people was 28% higher than in 2008. The unemployment rate went up from 7.9% to 10.1% over a year. The net loss of 98,000 jobs involves various costs for the Government – such as less revenue, social welfare expenditures, early pensions and unemployment benefits. But there is also an additional cost to society in terms of health care, vandalism and petty crime.

In this context, some of the Government's austerity measures – which will affect most of the key social programs – will almost certainly make the employment situation worse. To give only one example: budget cuts to support programs to incorporate mentally and psychologically disabled persons into the labour market will make training such persons enormously difficult and will, therefore, limit their chances of finding work.

Public services and corruption

The situation is no different for three of the main public transport companies, namely, the Budapest Transport Company, the State Railroad and Hungarian Airlines. To their condition of near bankruptcy and the impossibility of operating without receiving external funding is added, in the case of the last two, appalling mismanagement and extremely corrupt administrations. Cutting financial aid could be disastrous.

At a local level, the municipalities are undergoing a similar situation. Some of them have already declared insolvency, others have been forced to go into debt in order to provide basic services and yet others have begun to fail to discharge these services due to lack of funds.

In addition, despite continuous parliamentary efforts to provide the country with a legal framework which would make it possible to fight corruption at the highest levels according to international standards, things have changed little in this regard.[11] There has been no significant progress in the investigation of old scandals and new cases come up regularly. In Hungary, the scourge of corruption is far more widespread than in any of the other EU countries.

The economy

The main problem currently affecting the economy is its overdependence on imports. Not only have no measures been taken to change this situation, but it has been enabled and reinforced by the unusual and unjustified strength of the forint, the laxness of taxation and the existence of import incentives, all of which conspires against the competitiveness of national production.

A further complex and unfathomable matter which the country has been unable to overcome and which makes the task of rising above the economic crisis little less than impossible, involves soaring interest rates. In this, the IMF plays a pivotal role. Every time the Government attempts to lower the interest rates, the forint rapidly begins to weaken to alarming levels, which forces the MNB to raise interest rates once again. Thus, the Hungarian economy has operated as a large reserve fund for foreign investors seeking guaranteed high returns, something which no longer happens in their own countries.

One way in which the Government can prevent monetary speculation and the excessive increase of interest rates is to establish some form of control over the inflow and outflow of foreign capital. However, the IMF, which the country was forced to resort to in order to overcome bankruptcy, has traditionally prohibited such measures as restrictions on economic freedom.[12] The threat of a sudden currency devaluation – which would have a disastrous effect on savings and on property values, and which would increase poverty dramatically – has backed the country into a dead-end road.

Stable consumer prices, which are essential for any economy to function efficiently, are non-existent in Hungary. Most worrying is the increase in the price of electricity and natural gas, which, added to the drop in income, has led many families to stop paying for these services – despite the credit facilities offered by the utility companies in an attempt to maintain supply.

The risks of discontent

Two of the most visible consequences of this state of affairs are the huge unpopularity of the present socialist government and the rapid growth of anti-multinational feeling among the population.[13] With pressure on the increase in every sector of society, a social outbreak would appear to be imminent. This, however, does not imply that the population will set in motion a sudden mobilization which would require the Government to abandon IMF directives or that economic stimulus reforms will be introduced (examples abound of countries which have imposed IMF directives despite protests and even popular uprisings).

Among Hungarians, economic insecurity has led to both apathy on the one hand, and extremism on the other, as manifested, for example, by the growth of Jobbik, an ultra right-wing party. The most extreme cases of emerging right-wing groups and a strong trend towards historical revisionism which looks back with nostalgia on the days of the fascist movements and their symbols are to be found in Hungary at present.

Intolerance of minority groups and the radical tendencies of the right have intensified since 2006. There have been assaults against the Roma, including the death of six persons and several armed attacks. The Hungarian Guard – an openly xenophobic, anti-Semitic and anti-Roma movement, with close links to the Jobbik – continues to recruit members and strengthen its self-defence system against what they call "gypsy criminality," despite having been dissolved and prohibited by the Metropolitan Court of Budapest in 2008. ■

8 Andor, "Hungary in the Financial Crisis: A (Basket) Case Study," *op. cit.*

9 *Ibid.*

10 *Ibid.*

11 One of the most notorious cases involved a director of the MNB and the present Prime Minister, Gordon Bajnai, who transferred a large portion of their fortunes to offshore accounts.

12 Recently the IMF has acknowledged the advantage of some capital controls, although this may not benefit Hungary.

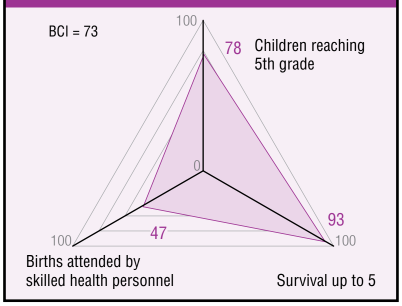
13 The notion that not everything should be in private hands was made very clear in the southern town of Pecs, where the municipality took control of the waterworks, closing the way to the French company Suez.

Emerging trends in financing for development

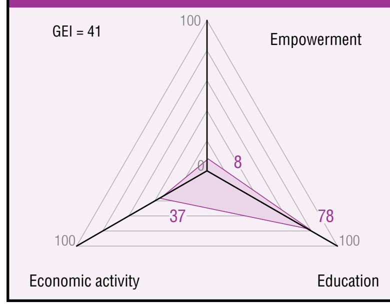
Donor resources for financing development in most countries are closely linked to progress on commitments agreed by national governments. This fails to include the concept of citizen participation and stresses the role of the private sector. Civil society in India has been demanding greater attention to social considerations in implementing national development plans and the matching budgetary allocations. The People's Mid Term Appraisal of the 11th Five Year Plan demonstrates that there is urgent need for a greater involvement by civil society in formulating and designing public policies.

Social Watch India
Himanshu Jha

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Speaking to the UN General Assembly in September 2008, Indian Prime Minister Manmohan Singh stated that developed countries should honour their commitments to global development. However, the Government's own commitments are still not met, as shown by the latest poverty figures. The Planning Commission Expert Group report on poverty in November 2009 calculates that 37% of the Indian population currently lives below the poverty line, far above the official poverty estimate of 27.5%. The situation in rural areas is even worse, with 42% of the population living below the poverty line.[1]

India accounts for 1.95 million deaths of under-five children every year, one of the highest rates in the world,[2] which is up to 60% higher in rural areas.[3] There is also a substantial gender gap, with 70 deaths per 1,000 males and 79 deaths per 1,000 females.[4] According to UNICEF less than 25% of the rural population use toilets and only 4 out of 10 girls complete eight years of schooling.

These trends are alarming in view of the global commitment to the Millennium Development Goals (MDGs) and the Government's own national commitments as articulated in the National Development Goals. In this context it is pertinent to look at how India intends to finance the achievement of its development goals, particularly with regard to foreign direct investment (FDI), Official Development Assistance (ODA) and public expenditure on the social sector.

FfD through FDI: a mechanism for growth and equity?

In recent years there has been a renewed emphasis on attracting FDI as a way to finance development, especially by the least developed, developing and transitional economies. India has shown a similar interest in attracting FDI through market liberalization of various kinds, opening markets on finance and trade and relaxing labour and environmental standards. Policies include allowing 100% foreign enterprise ownership through what is known as the "automatic route," which includes increasing caps on foreign equity, removing restrictions on specific kinds of investment and extending these FDI offers to retailing and agriculture.[5] As a result, India has seen a constant increase in foreign equity flows in recent years; in 2009-2010 investment inflows totaled USD 22.96 billion, compared to USD 4.34 billion in 2005-2006.[6]

Whether this increased inflow is resulting in the desired "spill over" effect is a different story. In the 2009 UNCTAD Investment Climate Report, India is categorized as an "under performing" country. While the importance of regional trade blocs is growing as a means of enhancing intra-regional trade relations, it is clear from the list of major investing countries (Mauritius, Singapore, USA, UK, Netherlands, Cyprus, Japan, Germany, United Arab Emirates and France) that India has been slow to enter into regional trade dynamics, in spite of forging alliances with the Association of Southeast Asian Nations (ASEAN). At the regional level, the South Asian Free Trade Agreement (SAFTA) has completely failed. On the other hand, it is precisely because its economy –particularly its financial sector–is not completely open that India has been able to withstand the global and regional economic crises.

Part of the logic behind efforts to attract FDI is to develop regions of the country that have been left out of socio-economic development. However, the emerging pattern is not very encouraging, since regions which are already developed (mainly Mumbai and Delhi) continue to attract more FDI than do less developed regions such as states in the northeast. Indeed, the latter continue to be outside the mainstream, in spite of the fact that the Government has offered concessions to both domestic and foreign investors in the form of excise exemptions, income tax exemptions and investment subsidies for promoting industrial activities in these regions.

As a part of its move towards market liberalization, the Government has eagerly pursued the establishment of Special Economic Zones (SEZs) across the country, which has negatively impacted millions of farmers and marginalized communities. Estimates show that close to 114,000 farming households and another 82,000 families dependent on farming would be displaced by SEZs. This amounts to a complete collapse of rural economies in these areas, motivating large-scale protests in West Bengal, Orissa, Maharashtra, Andhra Pradesh and other regions.

A substantial proportion of FDI goes to the services sector, knowledge based industry and the manufacture of relatively low tech consumer goods. FDI is also adding to the "jobless growth" phenomenon as most of it is providing jobs in the organized sector which accounts for mere 7% of the total workforce.

The recent move towards attracting FDI in the retail sector has generated much debate and discus-

1 Indian Planning Commission, Report of the Expert Group to Review the Methodology for the Estimation of Poverty, November 2009. Their methodology is expanded to include health and education along with income. Available from: <planningcommission.nic.in/reports/genrep/rep_pov.pdf> (accesed 27 May 2010).

2 Save the Children-India, "Child Survival 2009," 2009. Available from: <www.savethechildren.in/resources/position-papers.html>.

3 Government of India, National Family Health Survey-3, 2007. Available from: <www.nfhsindia.org/nfhs3.html>

4 Missing females are discriminated against either before birth so that they are never born, or thereafter in such a way that does not allow them to survive. See: "India: the accumulated effects of inequality," Social Watch Report 2005, Roars and Whispers. Available from: <www.socialwatchindia.net/commit_5.htm>.

5 Ministry of Finance, Union Budget and Economic Survey 2007-2008. Available from: <indiabudget.nic.in/es2007-08/esmain.htm> (accessed 27 May 2010).

6 Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, FDI Fact Sheet 2010.

sion. The move is posing a serious threat to small retailers – small time traders who are 15 million in all and constitute 98% of the total retail trade in the country, contributing 10% of the GDP.[7] This will have serious implication considering the fact that this section of the retail trade also employs 10% of the total labour force (the second largest after agriculture). From the consumers' point of view this also means serious implications for accessibility and affordability since poor and low income households might find it comparatively easier to approach the local retailer.

Even though FDI inflows have increased over the years, its ability to deliver genuine (and inclusive) financing for development remains in doubt. In order to make sure it benefits the country as a whole, including domestic businesses and local communities, the country's economic structures must facilitate the creation of the enabling environment needed to promote greater FDI spillover effects, both to domestic business and to local communities.

Trends in external aid: India as a recipient and a donor

India is one of the top recipients of Official Development Assistance (ODA), with 2% of the total disbursed worldwide.[8] External assistance, which includes both loans and grants, has increased exponentially from the early 1990s which was also the period when India adopted a Structural Adjustment Policy promoted by the International Financial Institutions (IFIs). The bulk of external assistance is still in the form of loans, which contradicts an earlier commitment by donors to keep loans to 35% of external aid, while the rest – 65% – was to be in grants.

The reduction of bilateral grants has adversely affected development work at the grassroots level, where the majority of NGOs are active. An estimated 1.2 million NGOs are currently working across the country with a total annual income of 17,922 Crores (USD 16 million).[9] The financing for these NGO "partners in development" (viewed as such by the Government and increasingly by the groups themselves) has been shrinking over time, and is likely to be further reduced in the future.

The utilization of external assistance has been a constant problem in India, especially in the light of its Federal governance system. Estimates of external aid received by the Government for 2010-2011 show that the Ministry of Health and Family Welfare and the Ministry of Urban Development received the largest amounts of external aid, while the Ministry of Women and Child Development received a mere 0.95% of the total.[10] There are considerable regional variations as well; for instance, in 2007-2008 some relatively better off states, such as Andhra Pradesh, Tamil Nadu and West Bengal received the largest amounts of centrally disbursed assistance for externally aided projects. Other regions, especially in the Northeast, received little or no funds from this budget.

From aid recipient to aid donor

India's position as an aid recipient country shifted in late 2003 when the government then in power decided to limit the receipt of bilateral grants to five countries (US, UK, Japan, Germany and the Russian Federation) and the European Union. Other countries could route funds through the multilateral agencies directly to civil society organizations, which involved the latter in more rules, including permits to operate and receive foreign funds. Many also find their freedom to operate curtailed, delays in sanctions and execution at various levels and considerable increase in their administrative costs.

Recent trends confirm India's orientation as a donor country. Its 2010-2011 total in grants and loans to foreign governments was INR 23.83 billion (USD 509 million). Among the recipients, Bhutan received the largest amount with USD 149 million, Afghanistan received USD 53 million and Africa USD 32 million.[11]

India also provides training to scholars, bureaucrats and officials from other developing countries under the Indian Technical and Economic Cooperation (ITEC), a foreign aid program established in 1964.[12] Allocations for this program have increased over the years, reaching USD 21 million in 2010-2011.[13] Contrary to popular belief, this trend is not new; India helped countries such as Nepal and Myanmar long before ITEC was established. The criticism of India as a donor, however, is that it attaches the same conditions to its external aid that it refuses to accept as a recipient country, typically linking assistance to the purchase of Indian goods and services.[14]

The mantra of public-private partnerships

The model promoted under the mantra of public-private partnership (PPP) aims to increase national ownership of development through more inclusive participation by civil society organizations, local and grassroots representatives, public agencies and private players. As it has evolved, the model has dropped most of the public part of the partnership and focused primarily on the private aspect. The examination of "management contracts" shows that "the risks are borne by the Government while the companies do not invest a penny… the companies simply provide 'super managers,' with complete control over the management, finances and assets of the utility and get a fat annual fee."[15]

Jawaharlal Nehru Urban Renewal Mission, a flagship government program for urban infrastructure and basic services for the urban poor reflects this model, as almost all of its funds have attached conditionalities. The reforms are linked by the states and the urban local government to funding grants and loans which violates the "subsidiarity principle" (by which reforms, loans and grants should run their own separate course) and is highly coercive. The City Development Plans, which are meant to be formulated in partnership with various actors, including civil society, are developed without any citizen interface.

A case in point is the privatization of certain activities of the Delhi Water Board, which proceeded solely on the blueprint provided by the World Bank, ADB and USAID. As a result, most of the costs are borne by the Government including the difficult task of cost recovery; the process of privatization has resulted in a decline in the Board's assets and the overall value of its services, resulting in the takeover of Board assets and functions by multinationals. Another problem was that the World Bank intervened at every stage of the implementation of the project, such as, for example, deciding the eligibility and selection criteria for bidders and awarding consultancy contracts.[16]

Similar trends can be seen in the health and education sector, despite the failure of this model in Punjab, one of the first states to initiate reforms. In its first five year review of the program in Punjab, the State public disinvestment commission recommended that it be closed down, citing the inept administration and favouritism in the health department.[17] Yet it is evident in 2010 that the PPP model remains dominant.

Conclusion

Financing for development in different countries is inextricably linked to progress governments have made on its commitments. Civil society in India has been demanding greater attention to program implementation and matching budgetary allocations. There is great need for civil society to become more engaged in the FfD process, not only at the implementation or the outcome level but also in formulating and designing public policies, as shown by the People's Mid Term Appraisal of the 11th Five Year Plan. The Appraisal, organized by CSOs and supported by the Planning Commission, is an example of greater involvement at the policy level and of how and in which direction the CSOs should move. ■

7 E A S Sarma, "Need for Caution in Retail FDI," *Economic and Political Weekly*, New Delhi, November 2005.

8 OECD, "ODA to the Developing World: Summary, Development Aid at a Glance 2007," 2007.

9 Society for Participatory Research in Asia, *Invisible, Yet Widespread: The Non-Profit Sector in India,* December 2002.

10 Government of India, Estimates of Provision for Externally Aided Projects in Central Plan Included in Budget Estimates 2010-11, Expenditure Budget Vol-I, 2010-11. Available from: <indiabudget.nic.in/ub2009-10/eb/stat19.pdf> (accessed 28 May 2010).

11 Government of India, Expenditure Budget -2010-11, Grants and Loans to Foreign Governments, 2010.

12 Dweep Chanana, "India as an Emerging Donor," *Economic and Political Weekly*, New Delhi, 21 March 2009. See also: <www.itec.mea.gov.in>.

13 Government of India, Grants and Loans to Foreign Governments, *Op. cit.*, various years.

14 Sonia Cahturbedi, "India's double standard on international aid as donor and receiver," *India Daily.* Available from: <www.indiadaily.com/editorial/09-27b-04.asp> (accessed 28 May 2010).

15 Bhaduri Amit and Arvind Kejriwal "Urban Water Supply: Reforming the Reformers," *Economic and Political Weekly,* New Delhi, 31 December 2005.

16 Social Watch India, "Citizens Report on Governance and Development 2007," New Delhi 2007.

17 *Ibid.* The People's Mid Term Appraisal of the 11th Five Year Plan, held in New Delhi on 4-5 February 2010, was organized by the Centre for Budget and Governance Accountability, the National Social Watch Coalition and Wada Na Todo Abhiyan, among others.

■ INDONESIA

More is needed

The global financial crisis has placed an additional burden on Indonesia, which was already facing problems such as a large foreign debt, corruption and macroeconomic policies that have failed to take concrete action towards poverty elimination. The severest effects have been felt by workers, since companies lay off their employees as a first option to save their assets. Civil society insists that the Government must take strategic steps to integrate poverty elimination into the national budget.

Social Watch Indonesia
M. Firdaus (ASPPUK)
Wahyu Susilo (INFID)
Nani Zulminarni (PEKKA)

Although Indonesia performed better than its neighbours during the global recession, the country is still suffering from the impacts of the financial crisis that shook the world economy in the middle of 2008. Also, despite the fact that the Central Bank estimated growth of 5.6% for 2010 and as much as 6.5% for 2011, the announcement of several policy decisions seem to reflect the Government's anxiety. These decisions, aimed at giving some security to economic actors and investors, failed to have this impact and instead created uncertainty regarding the national economy.

One reason that the country outperformed its neighbours is that it is less reliant on exports. Nevertheless, many sectors – such as rubber and palm plantations, the wood and furniture industries, mining, manufacturing (especially textiles and garments), the automotive industry, electronics and crafts – were severely hit. The SMERU Research Institute, which registered the different levels of impact in 2009, has noted that the crisis hit the hardest among people with the lowest income.[1] Instability in the labour market led to a reduction in wage levels and an increase in informal jobs. Women have suffered more than men from income declines or job losses – for instance, many women have already lost their employment in the handicraft and furniture industries in Lombok Barat and Jepara. Things could become much worse if the garment industry collapses since most its workers are women.[2]

An additional obstacle to poverty elimination

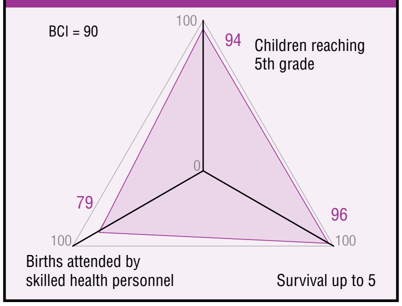
Before the global crisis hit the Government had increased its poverty elimination budget from Rp 51 trillion (USD 5.5 billion) in 2007 to Rp 58 trillion (USD 6.3 billion) in 2009.[3] Unfortunately, the level of results does not match the size of the budget: poverty was reduced by less than 2%.

1 SMERU, "Monitoring the Socioeconomic Impact of the Global Financial Crisis in Indonesia." Available from: <www.smeru.or.id/crisismonitoring_reportintro.php?id=4>.

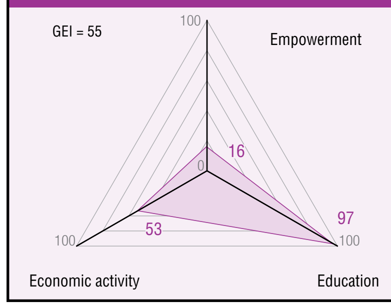
2 *Ibid.*

3 Dian Kuswandini, "Fixing poverty: In numbers we trust?", The Jakarta Post, 27 December 2008.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The percentage of people living below the poverty line (out of the total of some 230 million inhabitants) has been fluctuating: 15.97% in 2005, 17.75% in 2006, 16.58% in 2007, 15% in 2008 and 14.5% in 2009.[4]

The Government goals for reducing the poverty rate were 9.5% in 2005, 8.9% in 2006, 7.9% in 2007 and 6.6% in 2008.[5] The initial goal of 8.2% in 2009 was subsequently adjusted to 12%-14% but the real poverty rate was still higher.[6] Poverty elimination programs in many government institutions at the national and local level will not be able to resolve the problem of poverty without bureaucratic reform and more political will.

At the same time, the effects of the global crisis make the reduction of poverty more difficult since Indonesia is facing such problems as a large foreign debt, corruption and a lack of consistency between macroeconomic policy on the one hand, and concrete actions to reduce poverty on the other. In August 2009, Bank Indonesia reported that the country's foreign debt had reached USD 165 billion.[7] Budget statistics issued by the Ministry of Finance show that the budget for foreign debt payments is bigger than the budget for the education or health sectors: USD 10.4 billion was allocated for foreign debt payment and interest in 2009 while only USD 9 billion was allocated for education and USD 1.7 billion for health.[8]

4 National Development Planning Institute, *Indonesia MDGs Report 2009*, Jakarta.

5 *Tempo*, 26 October 2008.

6 Dian Kuswandini, *op. cit.*

7 Wahyu Susilo, "5 years to Millennium Development Goals deadline", GCAP-SENCA, 29 October 2009. Available from: <www.gcap-senca.net/index.php?option=com_content&task=view&id=208&Itemid=1>.

Impact on workers

A number of recent controversies regarding Government favouritism are reminders that in times of crisis it is the workers rather than the powerful who pay the costs. The corporations insist in laying off their workers in order to save their assets, with the support of the Government's policy.[9] In addition to 250,000 jobs lost since September 2008, the International Labor Organization predicted that 170,000 Indonesian workers were laid off in 2009 as a result of the global financial crisis. The unemployment rate in Indonesia last year was estimated to be more than 8% and rising.[10]

For example, special treatment was given to Bumi Resources, the largest mining company in Indonesia, when the company's share price fell dramatically and many voices in the Government insisted on stepping in to save it. Its major shareholder is PT Bakrie & Brothers Tbk, a corporation chaired by Aburizal Bakrie, who is also the chairman of the Golkar party (part of the ruling coalition).

The financial crisis is also a threat to Indonesian migrant workers since it has caused their countries of residence to employ more local workers. The Indonesian Labor Union Confederation warned that some 300,000 migrant workers were expected to return to Indonesia by the end of 2009 after being

8 *Ibid.*

9 Ames Gross and Andrew Connor, "Indonesia in the Global Financial Crisis: What HR Managers Need to Know", Pacific Bridge, March 2009. Available from: <www.pacificbridge.com/publication.asp?id=127>.

10 *Ibid.*

laid-off in host countries such as South Korea and Malaysia.[11]

The Government wrongly expected that remittances sent from abroad by migrant workers would provide an alternative source of revenue during the crisis. Some analysts and policy makers even argued that the Government should seek to increase the number of those earning overseas so that remittances could help reduce volatility in the Indonesian rupiah.[12] Indonesia expected remittances from its overseas workers to rise to around USD 10 billion in 2010.[13]

The MDGs in Indonesia

Recently, the National Development Planning Institute recognized that Indonesia would not achieve the Millennium Development Goals (MDGs) by 2015, especially those related to maternal mortality rates, HIV and the environment.[14] According to UNDP – Indonesia:[15]

- More than 35 million people or 15.4% of the population live below the national poverty line.
- The proportion of the population with sustainable access to clean water and sanitation has not increased significantly.
- More than 30% of people in urban areas and 50% in rural areas do not have access to piped drinking water.
- Indonesia's maternal mortality rate of 307 per 100,000 remains one of the highest in Southeast Asia.
- HIV and AIDS infections are accelerating sharply across the country, with Papua and high-risk urban areas of particular concern.
- Approximately 95% of children enrol in primary school but only 81% continue to secondary school.
- Between 1997 and 2000 Indonesia lost 3.5 million hectares of forest annually.

Tackling poverty: more efforts needed

Besides the increase in budgeting and fiscal stimulus, the Government has taken some steps in order to reduce poverty including Law 40 2004 regarding the National Social Security System.[16] This law aims to provide social security for all citizens, not just those who are registered as poor in the National Statistics Office. It establishes five national social security programs covering health insurance, work accident insurance, old age pensions, pension insurance and life insurance. The law calls for a mechanism to be set up to collect funds from compulsory contributions to ensure that all citizens are able to provide for their minimum basic life needs, including access to health care. However, the Government has only applied one regulation, concerning the procedures and organization of the Social Insurance Committee, while other important aspects – such as establishing the Social Insurance Administration Office to implement the law – were ignored. Thus, the old insurance system is still working as usual.

Poverty has been reduced very slowly and without leading to improvements in human development in 2009 and 2010. In the 2009 UNDP Human Development Report,[17] Indonesia is considered a country with several problems and a decreasing quality of life for its population. Its ranking in the Human Development Index has slipped from 107 in 2005 to 111 in 2009, worse than the Philippines (105) and Palestine (110).

The Government must take strategic steps to tackle this situation. First, it must integrate poverty elimination into the national budget, supporting the efforts of civil society organizations and avoiding overlapping and ineffective programs. Second, Government reforms must include the eradication of corruption and the establishment of good governance. The existence of a strategic plan for debt reduction and efforts to avoid new indebtedness are fundamental to facilitating sustainable development. ■

11 Hera Diani, "Future Looks Bleak for Laid-Off Indonesian Workers", *The Irrawaddy*, 19 November 2009. Available from: <www.irrawaddy.org/article.php?art_id=17254>.

12 Reuters, "Indonesian Migrant Workers Expected to Send More Money Home in 2010," *The Jakarta Globe*, 30 October 2009.

13 *Ibid.*

14 "RI to miss MDGs target", *The Jakarta Post*, 20 April 2010.

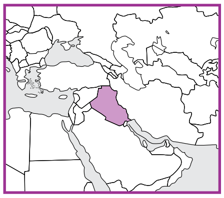
15 See: <www.undp.or.id/mdg/>.

16 Available from: <www.sjsn.menkokesra.go.id/dokumen/publikasi/buku_reformasi_sjsn_eng.pdf>.

17 UNDP, *Human Development Report,* New York, 2009. Available from: <www.hdr.undp.org/en/reports/global/hdr2009/>.

IRAQ

Persistent gender-based violence an obstacle to development and peace



The fragile political situation and weak rule of law have transformed Iraqi society into an unsafe environment for development and stability. Iraqi women face difficult conditions, bearing more responsibilities and responding to numerous challenges. Every day women and girls are forced into marriages, murdered for the sake of "honour," coerced into committing suicide, beaten, raped, trafficked into sex work and restricted in their autonomy and mobility. Arising opportunities must be seized not only to promote the social rehabilitation of the country but also to encourage and support new institutional structures, legislation and its enforcement for the protection of women's political, economic, social and cultural rights.

Developing Programs for Women and Youth
Iraqi Al-Amal Association
Basma AlKhateeb

While Iraqi women have generally played an active role in their society, the long years of conflict and international sanctions have had a heavy impact on them. They have suffered from violence and the destruction of the country's socio-economic fabric. A survey conducted in 2008 by Oxfam and the Al-Amal Association estimated that 35.5% of women were acting as heads of households, primarily as a result of the conflict.[1] Especially in the rural areas, women were undertaking tasks that were traditionally performed by men while also carrying out their traditional roles and struggling daily to meet even the most basic needs.

Women are guaranteed equality before the law under the 2005 Constitution (Art. 14). This also guarantees their right to life and personal security (Art. 15) and prohibits violence (Art. 29). The right to liberty and dignity (Art. 37) reinforces these principles, while the prohibition against punishment except as provided by law (Art. 19) reinforces the illegality of "honour killings." Despite these protections, however, increased conservative male-dominated values, continuing armed conflict and a flawed law enforcement system expose women and girls to many forms of violence.

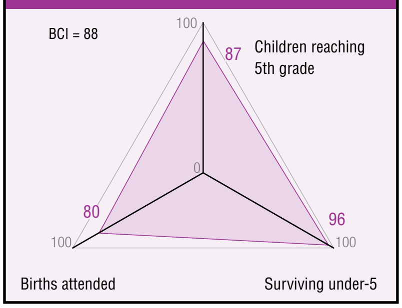
Gender-based violence

Local and national surveys indicate that violence against women and girls in Iraq is widespread, with regional variations, and occurs at all levels of society. Much of this relates to long-standing cultural practices and the ongoing challenges in establishing the rule of law. The most common reported forms include beatings, burns, female genital cutting (in the north of the country), forced and early marriage, and emotional, psychological and physical violence including honour crimes.

A survey conducted at the national level showed that 83.1% of women reported at least one form of marital controlling behaviour, 33.4% reported at least one form of emotional or psychological violence and 21.2% reported experiencing physical violence.[2] According to a UNICEF survey, 59% of girls and women aged 15-59 believe that a husband is justified in beating his wife.[3] The percentage of women married before the age of 18 was 26.8% in 2006; for urban women it was 25.8% and for rural 28.9%.[4]

1 Oxfam International, *In Her Own Words: Iraqi women talk about their greatest concerns and challenges – A survey*, 2009. Available from: <www.oxfam.org.uk/resources/policy/conflict_disasters/iraq-in-her-own-words.html>.

Basic Capabilities Index (BCI) 2010



There are also problems in the law itself. Although Iraq is a party to international human rights treaties including the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), there are still provisions within the national law that either excuse the rape, abduction, assault and murder of women and girls or provide mitigated sentences for perpetrators. Under the pretext of restoring honour and maintaining order within the family, such national laws subordinate women to men and perpetuate violence within the family and society.

Sexual violence

It is extremely difficult to get accurate data on the number of cases of rape and sexual violence in Iraq since statistics are not maintained by the medical or judicial authorities. There are only a handful of shelters for women outside of Iraqi Kurdistan and survivors do not report to the medical centres or the police for fear of reprisal by their families. In light of the security, social and cultural context, as well as of experiences from other conflict situations, it is reasonable to assume that cases are significantly under-reported.

A review of reports from human rights organizations and newspaper articles over the period March 2003-May 2008 gives an indication of the magnitude of the problem. A 2005 study by the Ministry of State for Women's Affairs, reported some 400 cases of rape documented between the fall of Saddam Hussein's regime (April 2003) and the time of the study.[5] A report for the period April 2004-September 2005 (17 months) gives a figure of about 400 rapes of females and 35 rapes of males.[6] Yet, another report states that between February and June 2006 (5 months), approximately 60 females were raped in Baghdad alone while another 80 were "sexually abused in other ways."[7]

Notwithstanding the guarantees contained in the Constitution, the Iraqi Penal Code of 1969 and subsequent orders of the Revolutionary Command Council (RCC) contain provisions that condone violence against women by providing for shorter sentences and, in some cases, impunity regarding the perpetrator's criminal responsibility. Under the Penal Code, rape is a private offence, meaning that the State cannot take any action without the consent of the complainant or a legal guardian. One of Code's most controversial provisions is Article 398, by which the perpetrator can be excused of rape and sexual assault if he marries the victim. In the absence of any provision to the contrary, this mechanism applies even in cases where the victim is a minor.[8]

2 Ministry of Health, Ministry of Planning and Development Cooperation and World Health Organization, *Republic of Iraq – Iraq Family Health Survey Report 2006/7*. Available from: <www.iauiraq.org/reports/ifhs_report_en.pdf>.

3 UNICEF, *Progress for Children: A World Fit for Children – Statistical Review*, No. 6, December 2007.

4 *Ibid.*

5 American Bar Association and Iraq Legal Development Project (ABA/ILDP), *The Status of Women in Iraq: Update to the Assessment of Iraq's* De Jure *and* De Facto *Compliance with International Legal Standards*, December 2006. Available from: <www.abanet.org/rol/publications/iraq_status_of_women_update_2006.pdf>.

6 IRIN, "Iraq: Focus on increasing cases of abused women," 14 September 2005. Available from: <www.irinnews.org/report.aspx?reportid=25476> (accessed 7 July 2010).

7 IRIN, "Iraq: Local NGO warns of rising cases of sexual abuse," 14 June 2006. Available from: <www.irinnews.org/report.aspx?reportid=27013> (accessed 7 July 2010).

8 The law provides that the sentence will be reinstated or proceedings will resume if the defendant divorces the victim without legal justification during a period of three years after the end of proceedings.

Advocates of this provision argue that it protects the interests of the victim as her honour may be restored by virtue of the marriage, thus avoiding a potential "honour killing" by the family or community. In reality, however, it serves to institutionalize the shame and dishonour associated with rape and thus further jeopardizes the victim's life and safety.

Murder with mitigating circumstances

Honour crimes occur for a range of reasons including adultery, refusal to marry a man chosen by the family, attempting to marry someone of whom the family does not approve, having pre-marital sex, being a victim of rape or even the suspicion of committing any of these acts. They most commonly involve killings but also include other forms of violence such as mutilation.

The Iraqi Penal Code treats honour killings differently from other murders. Laws permitting mitigated sentences for honour crimes were suspended in Iraqi Kurdistan in 2000 but remain in effect in the rest of Iraq. RCC Order No. 6 of January 2001 gave effect to a broader category of honour crimes by permitting mitigated sentences for the killing of a wife or close female relative when it relates to honour. Under Article 130 of the Penal Code, such reduced sentences may be as low as one year (where the full penalty would have been death), or six months (where the full penalty would have been life imprisonment). This is inconsistent with the illegality of the practice and serves to enforce it as a form of extra-judicial punishment, which is prohibited by the Constitution.

The CEDAW Committee has expressed its deep concern regarding honour killings in Iraq.[9] In coordination with a number of national and international stakeholders, Iraqi women activists are campaigning to change the law, advocating for parliament to drop the "honour killings" statute so that perpetrators are prosecuted for murder. However, there is great scepticism, given the weakness of the Government and the conservatism dominating parliament that reform will happen any time soon.

Many other crimes go unpunished

There are others crimes of gender-based violence where the existing law does not protect the victim. On the contrary, in most cases the perpetrators go unpunished or their sentences are mitigated. These include:

- *Kidnappings and abductions*. Under Article 423 of the Iraqi Penal Code the abduction of a woman carries a maximum prison sentence of 15 years; however, as in the case of rape and attempted rape, the penalty is voided by the abductor's marriage to the victim.

9 CEDAW Committee, "Summary record of the 468th meeting," CEDAW/C/SR/468, 14 June 2000. Available from: <www.un.org/womenwatch/daw/cedaw/cedaw23/Iraq%20as%20adopted.html> (accessed 7 July 2010).

- *Domestic violence*. Under Article 41 of the Code a husband is legally entitled to punish his wife; while the law specifies that such punishment is permissible "within certain limits prescribed by law or by custom," there are no specified legal limits and the customary limits are undefined.
- *Trafficking and prostitution*. While the Constitution prohibits trafficking of women and children and prostitution is a criminal offence, women and girls sold into prostitution have little, if any, recourse. Moreover, trafficking crimes are not specifically enumerated in the Ministry of the Interior statistics on criminal activity and are not covered in police training curricula.
- *Female genital cutting (FGC)*. Although not a common practice in the south of Iraq, there are reports that FGC has resurfaced in the north. There are no specific laws against the practice and although the Ministry of Health states that doctors are not permitted to perform such procedures there is no legal mechanism to enforce this prohibition.
- *Religiously motivated violence and tribal practices*. An ABA/ILDP Report in 2006 stated that amidst the mounting sectarian tensions in Iraq extremist Sunni and Shiite groups were demanding that women wear the hijab and avoid "immoral" or "un-Islamic" behaviour or face violent consequences.[10] In Basra, Iraq's second largest city, 133 women were killed and mutilated in 2007, their bodies dumped in trash bins with notes warning others against "violating Islamic teachings." [11]
- *Violence against women in detention*. While media coverage of prisoner abuse at Abu Ghraib focused on the torture, sexual abuse and humiliation of Iraqi men, a variety of sources suggest that female prisoners suffered similar treatment, including rape. According to a Human Rights Watch report the secrecy surrounding female detentions "resulted from a collusion of the families and the occupying forces:" families feared social stigma and the Multi-National Force in Iraq feared condemnation by human rights groups and anger from Iraqis.[12] According to the US State Department, abuses of women such as threats, intimidation, beatings and the application of electric shocks also occurred at the hands of the Iraqi police.[13]

Emerging opportunities

"Gender justice" remains largely an illusion in post-conflict societies such as Iraq, although some progress is being made. The term means far more than courtroom justice for crimes against women and girls; it encompasses equitable treatment and participation of women in the negotiation of peace agreements, the planning and implementation of peace operations, the creation and administration of the new Government (including agencies and institutions focused on the needs of women and girls), the provision of the full range of educational opportunities, participation in the revival and growth of the economy, and the fostering of a culture that enhances the talents, capabilities and well-being of women and girls.

Crises can break down social barriers and traditional patriarchal patterns, providing windows of opportunity for the construction of a more just and equitable society where women's rights are protected and gender equality becomes the norm in institutional and social frameworks. Such opportunities must be seized not only to promote social rehabilitation but also to encourage and support new institutional structures, legislation and its enforcement for the protection of political, economic, social and cultural rights.

10 ABA/ILDP, *op. cit.*

11 MADRE, "Who is Killing the Women of Basra?" 9 January 2008. Available from: <www.madre.org/index/resources-12/madre-articles-35/news/who-is-killing-the-women-of-basra-71.html>.

12 Human Rights Watch, "Climate of Fear: Sexual Violence and Abduction of Women and Girls in Baghdad," *Iraq*, 15(7), July 2003. Available from: <www.hrw.org/en/node/12305>.

13 US Department of State, *Iraq Country Report on Human Rights Practices 2005*, 8 March 2006. Available from: <www.state.gov/g/drl/rls/hrrpt/2005/61689.htm>.

Recommendations

The following actions suggest how the international community – the UN, donor states and international agents – can provide support to Iraqi women:

- Negotiate terms with the Iraqi Government to fulfil its commitments and obligations concerning human rights issues and empower women to participate in political power, peace-building and national reconciliation processes.
- Prioritize financial support for gender equality training in the Ministries of Interior and Justice, the Judicial Institute, universities and law schools and NGOs.
- Provide legal awareness training for Iraqi civil society organizations, in particular on UN Security Council Resolution 1325 (SCR 1325)[14] and fund advocacy and lobbying training, workshops, conferences and media campaigns.
- Assign a gender advisor to diplomatic missions in Iraq in order to follow up the international and national commitments on gender issues in the country.
- Render relief assistance to Iraqi refugees in Jordan and Syria, where the majority are women and children, and facilitate measures of asylum for those who have applied for refuge in European and North American countries. ■

14 SCR 1325, adopted by the Security Council on 31 October 2000, was established to address the impact of war on women and increase women's contributions to conflict resolution and sustainable peace. Available from: <www.un.org/events/res_1325e.pdf> (accessed 7 July 2010).

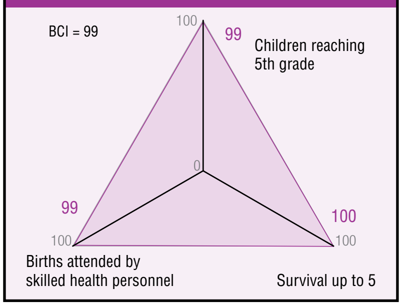
ITALY

The dismantling of development cooperation

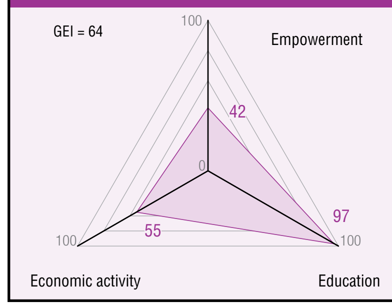
The Italian society has been hit hard by the financial crisis. The Government's main response was to cut resources in key sectors including education, health, welfare and funds for local authorities. Financing for development has also suffered a drastic reduction, and Italy is not meeting its international commitments. The Government's disregard for development cooperation in the same year as the Italian presidency of the G8 is not surprising to civil society organizations, which have been criticizing the country's lack of strategies in terms of the financing for development agenda.

Italian Social Watch Coalition[1]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The social impact of the financial crisis has been huge in Italy. It has affected not only the country's economy in general – the national deficit increased 5.2% in 2009 and over 9,000 enterprises closed (23% more than in 2008[2]) – but workers and families in particular. The unemployment rate increased to almost 8%[3] and a third of households are experiencing difficulties in reaching the end of month without going into debt.[4] Among them, migrants have been the hardest hit.[5]

The banking system has not been particularly affected, nor has it applied the incentives it received from the Government to help businesses and individuals with credit facilities. At the same time, the Government has cut resources in many key sectors such as education, health, welfare and funds for local authorities. In 2009, the G8 meeting took place in the Italian town of L'Aquila, which had recently been devastated by an earthquake, amid criticism of Italy's lack of strong leadership in the pre-summit process and recent cuts to its aid budget. It was a year of further privatization of public companies and infrastructure together with more corruption and tax evasion (corruption cases increased 229% over 2008, while it is estimated that a third of Italians avoid paying taxes).[6]

Disregard for development cooperation

Recent State budgets have decreed the dismantling of development cooperation. For the 2009-2011 period EUR 321.8 million, 331.26 million and 215.7 million (USD 398 million, 409.73 million and 266.63 million) have been allocated, respectively, representing a cut of 56% in the resources available for the Ministry of Foreign Affairs' cooperation projects. The Government's actions in this area in the same year as the Italian presidency of the G8 might seem contradictory; however, it is not surprising considering the expense of organizing the G8 event itself – which cost far more (an estimated USD 600 million[7]) than the annual allocations for international cooperation.

According to the Organisation for Economic Co-operation and Development (OECD), 74% of Italian official development assistance (ODA) is channelled through the multilateral system. This means that adequate transparency and democratic accountability are lacking on the effectiveness of the country's participation in international institutions managing financing for development. In 2010, Italian ODA will be well below the commitment of 0.50% of GNI, leading Europe to miss the collective target of 0.56% despite the good performance of countries that have already gone beyond it.[8] An attempt to reform the system of development cooperation – necessary to ensure greater effectiveness, coherence and resource stability – was started during the former legislature but has now been abandoned.

In January 2010, the first OECD report in six years on development cooperation in Italy (the so-called *Peer Review*) was presented in Rome. In 2004 the Development Assistance Committee (DAC) had suggested 13 essential reforms to be implemented by 2009. These included, among others, an increase in the resources committed and in their reliability, better prioritization, recruiting new experts, streamlining administrative procedures and setting up the monitoring, evaluation and approval of a new law defining a regulatory framework for the Italian system of cooperation. Unfortunately, the 2004 recommendations were largely ignored and the list simply grew. The recommendations have become 19,[9] including the continuing need for a new law, adjusting the volume of resources to commitments made at the international level, paying attention to policy coherence, and the implementation of monitoring and evaluation processes.

The financing for development agenda: lacking strategies

Notwithstanding the shrinking role of the G8 and the emergence of the G20 as the new international forum, the Government has tried to use its presidency of the

1 Jason Nardi wrote the introduction; "Disregard for development cooperation" was written by Tommaso Rondinella, "The financing for development agenda" by Andrea Baranes (CRBM) and Roberto Sensi (MAIS), "Violations of human rights abroad" by Alessandro Palchetti (Amnesty International – Italian section), "MDG3: Lack of strategies for gender equity" by Beatrice Costa (Coord. Campagna 30 anni CEDAW–Lavori in corsa) and "MDG7: A referendum for public water" by Tommaso Fattori (Forum Italiano dei Movimenti per l'Acqua).

2 *La Stampa*, "Crisi, nel 2009 picco di imprese fallite," 1 March 2010. Available from: <www.lastampa.it/redazione/cmsSezioni/economia/201003articoli/52697girata.asp>.

3 The unemployment rate for Italy in 2009 was 7.8% compared to 6.8% in 2008. The projected rate for 2010 is 10.5%. See: EconomyWatch, "Italy Economic Statistics and Indicators." Available from: <www.economywatch.com/economic-statistics/country/Italy/>.

4 Keynesiano, "Crisi: Duro impatto della recessione sul mercato del lavoro," 29 January 2010. Available from: <keynesiano.wordpress.com/2010/01/29/crisiduro-impatto-della-recessione-sul-mercato-del-lavoro>.

5 According to major money transfer operators, during the first part of 2009 remittances decreased by between 10 and 15% with respect to 2008. See: Giulio Giangaspero, "Le rimesse dall'Italia in tempo di crisi," *Working Paper Cespi,* 63/2009. Available from: <www.cespi.it>.

6 NPR, "Culture of Corruption Creeps into Italian Life", 12 March 2010. Available from: <www.npr.org/templates/story/story.php?storyId=124366357&ft=1&f=1004>.

7 Anuradha Mittal, "G8 Summit: Feed the Hungry or Fuel Hunger?" Foreign Policy in Focus, 8 July 2009. Available from: <www.fpif.org/articles/g8_summit_feed_the_hungry_or_fuel_hunger>.

8 See: OECD, *Italy: Development Assistance Committee (DAC) Peer Review 2009*. Available from: <www.oecd.org/dataoecd/54/59/44403908.pdf>.

9 OECD, "Italy (2009) DAC Peer Review–Main Findings and Recommendations" (2009). Available from: <www.oecd.org/document/60/0,3343,en_2649_34603_44387452_1_1_1_1,00.html>.

former to reinforce its public image, both domestically and internationally. However, Italy kept an extremely low profile during the main multilateral summits in 2008-2009 dedicated to financing for development and the impact of the global crisis on development.[10] The only original proposal it put forward was the idea of establishing "Global Legal Standards," a set of rules intended to regulate finance, limit speculative activities and help the global recovery after the crisis. So far, this proposal – the content of which is still being finalized – has not obtained sufficient international backing or led to major action towards much-needed tougher regulation of financial markets.

Within the framework of the EU Aid for Trade initiative, developed in 2007 with the *Joint Aid for Trade Strategy,* Italy's aid programmes do not yet include any specific strategy about trade. The European Commission's *Aid for Trade Monitoring Report 2009*[11] notes that aid for trade is part of the assistance strategies for less than 25% of Italian partner countries. There are also many concerns related to the quality, quantity and objectives of the programmes.

Most aid for trade goes to infrastructure, which together with capacity building accounted for 76% of the total spending during the 2002-2006 period. Italy is at the forefront in promoting private companies' investment in infrastructure projects with both bilateral and multilateral aid programmes, in particular with the European Investment Bank. The latter is financing controversial projects in African countries, such as dams (Gigel Gibe in Ethiopia and Bujagali in Uganda) and extractive activities (Democratic Republic of the Congo and Zambia), without clear developmental, social or environmental benchmarks.

More broadly it is still unclear whether, in the aftermath of the financial crisis and of recent mergers and acquisitions affecting Italian multinational companies, the Government is willing to review bilateral investment treaties that have had severe implications for developing countries in the last few years. At the same time the Government is not taking any meaningful leadership in promoting higher standards for export credit agencies that back Italian companies' investments worldwide, often with negative consequences in the global South.

Violating human rights abroad

In its report on the oil industry in the Niger Delta,[12] Amnesty International documents the impact on the local population and the environment of exploration and petroleum production activities conducted by multinational petroleum companies. One those most active in Nigeria is the Italian company Eni, which has a presence in 77 countries and is the fifth largest oil group in the world after Exxon Mobil, BP, Royal Dutch Shell and Total.

The petroleum industry in the Delta involves the Nigerian Government and subsidiary companies controlled by multinationals such as Eni, Shell and Total, as well as local companies. The huge oil fields have produced billion-dollar profits for the country, but most of the people residing in the extraction areas live in poverty. Pollution and environmental damage have had a profound impact on the land, water and air, violating the human rights of the Delta's population. Amnesty maintains that the extraction companies operating within the Delta, including Eni, must start clean up activities, consulting the communities and keeping them updated about the results. Companies must also make public all the information regarding the impact of their activities on human rights, including environmental impact assessments or any other study conducted on the effects of their operations on local communities.

A look at the Millennium Development Goals (MDGs): civil society in action

MDG 3: Lack of strategies for gender equity. Civil society's timely analysis of reports and planning documents is very important in the area of gender equality policy, where vagueness prevails and information and sharing of actions, results and strategies are lacking. A good example was the preparation of the dossier for Beijing+15 and Convention on the Elimination of All Forms of Discrimination against Women (CEDAW); although it was accurate in terms of Italy's compliance with global commitments, it showed huge gaps in terms of consultation with civil society and the transparency of the process. In particular the report on CEDAW did not respond to the areas about which the CEDAW Committee had expressed concerns at the time of the 2005 report, namely the health of migrant women, the persistence of gender stereotypes in the media and the inadequate political participation of women at the local and national level. The recent report lacks a strategic vision and a systemic policy to promote equal opportunities and the empowerment of women; it lists measures, laws and data without a clear timeline and shows slight concrete progress on issues that need greater institutional commitment.

In November 2009 the Ministers of Equal Opportunities and of Welfare presented the plan *Italy 2020: Programme of Actions for the inclusion of women in the labour market.* Most of these actions are based on part-time jobs, assuming that the reconciliation of work and care responsibilities should continue to be resolved largely, if not exclusively, by women themselves.

MDG7: A referendum for public water. The right to access to water is covered by a number of international commitments. MDG 7 calls for reducing the proportion of people without sustainable access to safe drinking water and basic sanitation. The United Nations Economic Commission for Europe Convention on the Protection and Use of Transboundary Watercourses and International Lakes promotes public participation in relevant decision-making processes,[13] and the EU Water Framework Directive states that "water is not a commercial product like any other but, rather, a heritage which must be protected, defended and treated as such."[14]

For 15 years, in Italy there has been a process of gradual privatization of the management of integrated water services (IWS) as an autonomous initiative by local authorities or through national laws that have pushed in this direction. Half the Italian population is now served by mixed-ownership (public-private) joint-stock companies and the other half by totally publicly owned joint-stock companies. In cities such as Arezzo and Aprilia, where private partners first became involved, there has been an exponential increase in prices and a sharp reduction in investment. In the last decade, prices went up by 62% (compared with inflation of 25%) and investments fell by two thirds from EUR 2 billion to EUR 0.7 billion. Consumption of privatized water is expected to grow close to 20% in the next 10 years.

In reaction to the disastrous effects in social and environmental terms, and with respect to the right to water in Italy and worldwide, a strong Italian movement has grown over the past decade, bringing together hundreds of national and local organizations, associations and committees. In 2007, over 400,000 signatures were collected in support of a law proposed by the people – which Parliament did not take up – that outlines a new model of public ISW management. At its heart it is the democratic participation of citizens rather than the maximization of profit. Then, in 2010, a campaign was launched and collected over 1 million signatures for a referendum in 2011 on public and participatory management of water as a common good.

Alongside the civil society movement many local authorities are also taking action. The Puglia Region, for example, has adopted a resolution against the privatization of AQP, the largest aqueduct in Europe, and outlined future ISW management through instituting a law on public management.

Conclusion

The current financial crisis has led to drastic cuts in the development cooperation sector. Italy's proposal for "Global Legal Standards" has received limited attention so far and much-needed financial sector reform has been delayed. As the country grows poorer and more xenophobic,[15] with migrants and especially Roma people suffering continuous discriminations and violence, civil society organizations are attempting to defend constitutional rights under attack, such as free press and an independent judicial system.

If Italian cooperation does not fulfil the OECD recommendations, its contribution to the MDGs will be almost irrelevant or even counterproductive, since it will be slowing European action and global leadership. In particular, the first target of MDG 8 (to "address the special needs of the least developed countries, landlocked countries and small island developing states") needed a significant increase in ODA. As a result of Italian policies, this target now looks even further away from achievement. ■

10 At the Global Financial and Economic Crisis Conference in June 2009, where many countries were represented at ministerial level or above, the Italian delegation was headed by an official at the Foreign Affairs Ministry.

11 Available from: <ec.europa.eu/development/icenter/repository/COMM_NATIVE_SEC_2009_0442_4_Aid-for-Trade-monitoring-report-2009_EN.pdf>.

12 Amnesty International, *Nigeria: Petroleum, Pollution and Poverty in the Niger Delta,* London, 2009. Available from: <www.amnesty.org/en/library/asset/AFR44/017/2009/en/e2415061-da5c-44f8-a73c-a7a4766ee21d/afr440172009en.pdf>.

13 Available from: <www.unece.org/env/water/>.

14 Available from: <ec.europa.eu/environment/water/index_en.htm>.

15 Grazia Naletto, ed., *Rapporto sul razzismo in Italia* (Rome: Manifestolibri, 2009).

KENYA

A victim of skewed power relations

The global financial crisis has led to endemic unemployment, a growing budget deficit and a rise in the country's debt. The Government must implement a fiscal policy that stabilizes the economy while altering the amount and structure of taxes and expenditures, as well as the distribution of wealth. It must also ensure efficient allocation of public resources and social transformation in all spheres of life. At the same time, development financing should be tied to democratic reforms. The process should challenge the centralizing logic of power, emerging from a public discussion mediated by values of equity and dignity.

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SEATINI KENYA
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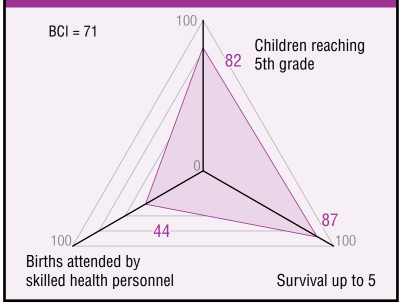
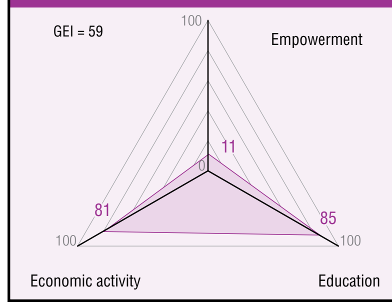
Vitalice Meja
BEACON
Rebecca Tanui
Daraja–Civic Initiatives Forum
Don Bonyo
Social Watch/Futa Magendo Chapters
James Maina Mugo
Elimu Yetu Coalition
Opiata Odindo
Kenya Treatment Access Movement (KETAM)
James Kamau

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The current crisis of neo-liberalism gives development policy actors an opportunity to reenter the debate on public policy and open a discussion about the kind of development we want and how such development should be financed in a sustainable way. It also impels us to re-think the financial requirements for development in the context of dwindling official and private financial inflows, a mounting debt burden and an increasing budget deficit. This re-examination must begin with a recognition that at both global and national levels, finance is a function of power relations rather than a neutral resource. It has to look at both money as value and at the institutions that control it, primarily corporations, financial institutions and government agencies that deal with the critical functions of regulation, budgeting, expenditure and auditing.

Since its adoption as a policy framework for international cooperation in financing development in 2002, the Monterrey Consensus has become the major reference point of resource mobilization for the development of Southern economies. All six areas elaborated in the consensus rely on traditional market-based methods for raising development finance, with a formal commitment to process and implementation. However, the 2008 Doha review conference on Financing for Development (FfD) failed to provide the necessary traction. It did not address the contradictions between financial capitalism, caught up in a speculative frenzy, and the ethical imperatives of equitable social development. A new FfD consensus is needed, based on new perspectives.

The quest for a link between financing and development

Mainstream perspectives on financing for development have been excessively focused on financing instruments, volume of resources mobilized – both domestic and international –, debt sustainability and systemic and coherence issues. These are diversions from the real imperative: creating a viable nexus between finance and development.

For the past 20 years, Kenya has been attempting to write a new Constitution that would re-define power relations between citizens and their government. This constitutional review process has been held hostage by tribal competition for power. At a time, when inter-ethnic conflict is a real danger, Kenyan authorities are reluctant to inform the public about the deleterious effects of the global financial crisis on the national economy.

The crisis has led to endemic unemployment, a growing budget deficit and a rise in the debt portfolio. In 2008, the growth rate declined to 2.1%. In the first quarter of 2009 it climbed to 4%, but dropped to 2.1% in the second quarter. This slowdown in economic growth has reduced employment and increased poverty.[1] To mitigate the effects, the Government has introduced measures such as the Stimulus Package, which targets various sectors of the economy. The funding allocations, however, have apparently been made without regard to sectoral priorities; they implement a development policy strategy created without broad based consultation. Shaping an effective strategy would require a redefinition of power relations centered on values of equity, dignity, participation and devolution. This would make it possible to establish a social contract that could be the framework for a people-driven financing for development process.

Cross-generational poverty

The current Kenyan constitutional order was inherited from the colonial government. It perpetuates a culture of political and economic supremacy of the privileged sections of society, subjugating the majority of the population in a life of poverty from one generation to the next, despite the illusion of change in every successive election. In an otherwise inherently peaceful society the recent post-election violence and earlier intermittent violent conflicts have been generated by tribal competition for patrimonial authority in the country's successive post-colonial republics.

Despite its difficulties, the country enjoys a high tax yield, with a tax-to-GDP ratio of over 20%. It is able to finance a large share of its budget; external donor support finances a much smaller proportion than in other countries in the region. On the revenue side, the Government has continued its efforts to mobilize domestic resources for poverty reduction efforts by broadening the tax base through tax policy reforms and modernization of domestic tax and customs administration. However, this efficiency in revenue generation and tax collection has not been sufficient to guarantee poverty reduction.

The Government needs a fiscal policy that stabilizes the economy and establishes controls over the amount and structure of taxes and expenditures while promoting redistribution of wealth. This policy must also ensure efficient allocation of public resources essential to economic development and

1 Francis M. Mwega, "Paper 17: Kenya," Overseas Development Institute, Global Financial Discussion Series. Available from: <www.odi.org.uk/resources/download/4723.pdf>.

social transformation in all spheres of life. Revenue generation should move beyond the administration, compliance and monitoring of the tax system. The citizenry must demand transparency and accountability over the use of public resources in improving public service delivery. The chart 1 demonstrates how skewed revenue composition is.

The Constituency Development Fund Act: cementing the power structure

Attempts have been made to shift the focus of power to the grassroots level. This shift embraces the notion of subsidiarity to signify a shift of power from the Central Government to local levels of public authority. However, the implementation of the concept has not been altogether successful. Such is the case with the introduction of devolved funds and, more specifically, with the Constituency Development Fund (CDF), established under the CDF Act of 2003[2]. This legislation is intended to affirm the rights, roles and responsibility of citizens, especially at the grassroots level, in determining priorities and finances for development. It was originally conceptualized and designed to address historical injustices in resource allocation by the Central Government, especially during the eras of presidents Jomo Kenyatta and Daniel Moi (1963 to 2002), when resource distribution was based on political allegiance. At its inception in 2003 after the defeat of the Moi regime, the CFA was lauded for its boldness in shifting development priority planning from the Central Government to the constituency level. It became a fundamental pillar in the reform process that was meant to discipline neo-liberal democracy in favour of the logic and principles of subsidiarity.

The CDF was established to help subregions that had been starved of development finance as a punitive measure and to control imbalances in regional development generated by partisan politics. Ultimately, it cemented the domination of the ruling elite over livelihoods and community life. In most cases, the devolved funds have elevated Members of Parliament who are in-charge of the colossal kitty into life lords. The Member of Parliament, as the Patron of the fund, is given power to appoint the Constituency Development Funds Committee and the Accounting Officer.[3] This absolute power over resource allocation at the grassroots level reflects the current paradigm of neo-liberal democracy, which is based on the putative efficacy of market forces.[4] In practice, it ensures that the Member of Parliament has the power and resources to sustain a culture of patronage and clientelism and, by extension, perpetuates the patronage culture of earlier regimes, which starved political adversaries and opposition zones of much needed development funds.

Citizens must be involved

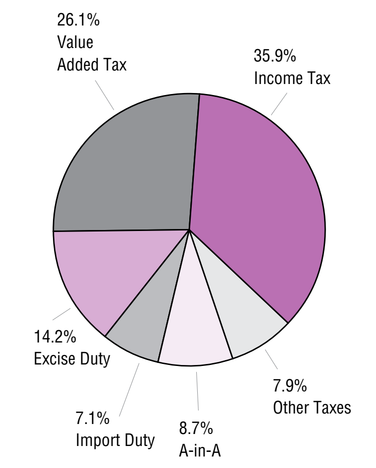
The danger of not involving citizens in resource mobilization and allocation to the local level is that it has an adverse effect on the livelihood systems of communities at the household level. Members of Parliament have been known to allocate resources such as infrastructural development funds to their homes areas and political strongholdsand to divert education bursary funds to their political supporters[5]. The Constituency Funds Committees charged with responsibility for managing the kitty are also filled with relatives and friends. For instance Transparency International survey in the Coast Province found that 73% of respondents were not familiar with the operation of these funds. The same survey reported that 60% of residents attributed their lack of involvement in CDF projects to their political filiation.[6] During the seven years that the funds have been allocated, despite economic growth of 6%[7] in the first five years of post-Moi era, poverty has not only escalated, it has intensified and has recently become even worse: over 56% of the Kenyan population lives below the poverty line, a sharp rise from 42% in 2007.[8]

Devolution of resources without devolution of power to determine how these resources are to be used is merely an extension of the current paradigm of development in countries like Kenya and those of the Global South. This raises the question of whether there is real interest in empowering communities to control their own destinies.

Policies of Western development partners that link financing for development to democratic reforms, do not generate new power arrangements that could lead to equitable and effective use of resources, which would improve community life. In fact, such development financing, especially when it is funneled through civil society organizations to promote local development, is tied to an aid paradigm that, in most cases, has actually been an attempt to shift power to foreign government and companies

The current FfD paradigm should be recast to challenge the centralizing logic of power and decentralize it to the communities and collectives. The centralizing logic within the notion of liberal democracy has an implicit bias toward marginalizing and oppressing the majority. A new paradigm is needed that aspires to create a world that inspires growth of both individuals and collectives rather than profit or gain.

CHART 1. Composition of ordinary Revenue 2008-2009



Source: Ministry of Finance, Budget Statistics 2008-2009.

This new FfD paradigm must be created through a popular conversation mediated by values of equity and dignity. Every individual man, women, youth and child should be asked to contribute to the process and help determine development goals.A new paradigm developed through this process would create devolved levels of power that would inform a new development logic based on the social development needs of all citizens. ■

2 CDF Act, *Kenya Gazette Supplement* No. 107.

3 *Ibid.*

4 Corinne Kumar. "South Wind, Towards A New Political Imaginary," in *Dialogue and Difference* ,(London; Palgrave Macmillan, 2005).

5 George Ochieng, "CDF Social Audit Report-Nyanza,"2009.

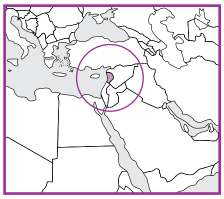
6 Pwani Coalition on Good Governance, *Citizen's Monitoring Report 2010.*

7 Budget Speech of the Minister of Finance, 2007. Available from: <www.treasury.go.ke> (accessed 20 February, 2010).

8 Available from: <www.kbc.co.ke/story.asp?ID=62203>.

■ LEBANON

A new set of goals is needed



Lebanon has one of the highest debt-to-GDP ratios in the world and lacks a comprehensive vision and action plan to increase productivity and efficient resource allocation for pro-poor growth. Since 1992 the post-war financial architecture has combined expansionary reconstruction policies with restrictive monetarist ones, leaving narrow fiscal spaces for socio-economic development. In order to respond to the priorities of reducing poverty and discrimination, a more contextualized set of development goals is needed in which long-term financing for development is part of an overall strategy for growth.

Lebanese Union for People with Disabilities (LPHU)
Rabih Fakhri

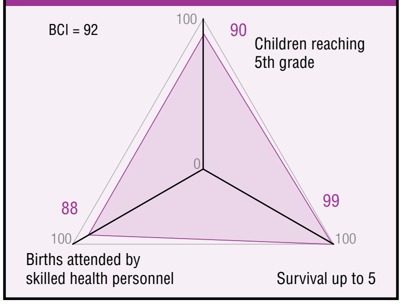
On the tenth anniversary of the Millennium Development Goals (MDGs) they remain a priority for Lebanon. This was reflected by their integration into the Social Action Plan (SAP), a pillar of the economic reform plan submitted by the Government to the Lebanon Donors Conference (LDC) Paris III in 2007. SAP identified social reforms and outlined a variety of interventions such as safety net mechanisms, cash transfers and the overall reform of education and health services. However, although an inter-ministerial committee was established to oversee SAP's implementation, three years later the plan is in the pilot stage and the committee is inactive due to the political instability.

The latest MDGs report (2008) highlights that Lebanon is on track to fulfil the goals related to education and child and maternal mortality. Yet poverty persists as a serious challenge to development efforts. A recent study found a modest decline in the percentage of people living in extreme poverty from 10% in 1997 to 8.5% in 2007 (although it had dropped to 8% in 2005), while 28.5% are defined as poor. A fifth of the population lives between the lower and upper poverty thresholds.[1]

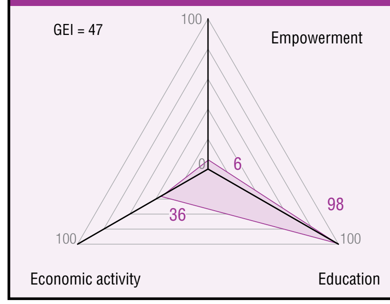
There is a correlation between poverty and regional disparities, lack of education, gender and unemployment. Findings show that 82% of the extremely poor and 78% of the poor are concentrated in the North, Mount Lebanon and the Bekaa Valley; both the North and Bekaa had the lowest share of per capita nominal expenditure in 2004–2005. One out of five among the poor is illiterate while the average is one out of eight among the better off. The gender gap in education continues, with illiteracy among females twice that among males at 11.8% and 5.6%, respectively.[2]

Unemployment is much more widespread among the poor – 14% compared to 6.7% for the non-poor – with rates of poor unemployed women almost double that of men (26.6% and 13.5% respectively).[3] Unemployment among youth (15-24 years) is another factor that correlates with poverty, since 48.4% of the unemployed are young people.[4] The poor are under-represented among salaried employees; they are most likely to be active in non-waged jobs – two third of the poor are in this situation – which increases their vulnerability.[5]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Development should be rights-based

Rights-based development is needed for people to live decent lives. Lebanese laws remain discriminatory against marginalized groups and gender gaps in policy-making hinder the process of reform. Women still cannot confer their nationality on their children, and other articles of the penal code continue to tolerate "honour crimes" and marital rape.

People with disabilities are another group suffering from systematic discrimination. Half of people with disabilities in Lebanon are illiterate and only 26% of those capable of work are employed.[6] Disability rights advocates continue to lobby for laws that would guarantee their access to education, employment, health and financial assets. As Houda Boukhari has stated, it is not physical impairment but cultural bias that makes the lives of people with disabilities more cumbersome: "In the Lebanese cultural context the birth of a disabled child is seen by many as not only a misfortune, but as shameful and embarrassing."[7]

The Lebanese financial architecture

Rebuilding the State apparatus and the country's physical infrastructure was at the core of post-war reconstruction plans implemented in the early 1990s. During the early post-war period of 1992-1997 the macroeconomic model relied heavily on the flow of foreign capital. It is estimated that the direct cost of the first period of reconstruction exceeded USD 4 billion.[8] Lebanese financial authorities adopted a fixed exchange rate policy in order to control inflation; as a result the country over-borrowed in order to accumulate reserves needed to defend its monetary policy and interest rates jumped to previously unknown levels (35% on 12-month treasury bills in 1995).

The growth generated by the reconstruction boom ended abruptly in 1997. Simultaneously, public debt skyrocketed with interest payments accounting for more than the half of State revenues. By 2004 public investment in the State apparatus was 107% of the initially planned investment and in the infrastructure it was 190%. At the same time, the resources allocated to social and productive sectors did not exceed 50% and 90%, respectively, of what was planned.[9]

The Government has sought Official Development Assistance (ODA) as a key factor in sustaining financial stability – debt restructuring, currency appreciation and current State expenditure. In 2002 it was able to

1 Heba Laithy, Khalid Abu-Ismail and Kamal Hamdan, *Poverty, Growth and Income Distribution in Lebanon* (Brasilia, Brazil: International Poverty Centre, 2008). Available from: <www.ipc-undp.org/pub/IPCCountryStudy13.pdf>.

2 *Ibid.*

3 *Ibid.*

4 UNDP Lebanon, *Millennium Development Goals Report 2008: Lebanon,* Beirut, 2008. Available from: <www.undp.org.lb/communication/publications/downloads/MDG_en.pdf>.

5 *Ibid.*

6 Data from the Lebanese Physical Handicapped Union.

7 Houda Boukhari, "Invisible Victims: Working with Mothers of Children with Learning Disabilities," in *Gender and Disability: Women's Experiences in the Middle East,* ed. L. Abu-Habib (Oxford: Oxfam, 1997), 37.

8 Ghassan Dibeh, *Foreign Aid and Economic Development in Postwar Lebanon*, United Nations University – WIDER Research Paper No. 2007/37, June 2007. Available from: <www.works.bepress.com/cgi/viewcontent.cgi?article=1001&context=ghassan_dibeh>.

9 Ghassan Dibeh, *The Political Economy of Postwar Reconstruction in Lebanon*, United Nations University – WIDER Research Paper No. 2005/44 , July 2005. Available from: <www.works.bepress.com/cgi/viewcontent.cgi?article=1000&context=ghassan_dibeh>.

collect around USD 10.1 billion during LDC Paris II; later in 2007 an amount of USD 7.5 billion was pledged as foreign aid (grants and soft loans) in LDC Paris III. In the latest progress report – December 2009 – the Ministry of Finance highlighted the receipt of USD 3.7 billion out of USD 5.87 billion agreed. Figures show that over half of these funds go to budget support.

Spending and development

A breakdown of public expenditure shows that debt servicing and public services consumed the bulk of public resources between 1997 and 2006. Yet spending on education and health represented only 15% and 6%, respectively. Furthermore 88% of spending on education went as wages for public servants while 86% of the resources allocated to health financed hospitalization of individuals in private commercial hospitals.[10] Resources allocated for the development of these two sectors were minimal.

The Lebanese taxation system was reformed in early 1990 towards the supply side. The top income tax rate went down from 32% to 10% and taxes on financial companies became a 10% flat rate – with a reduction to 5% for companies involved in construction. The productive sector pays a progressive tax rate of between 3% and 10% on profits.[11] Value added tax (VAT) was introduced in 2001 as a 10% flat rate.

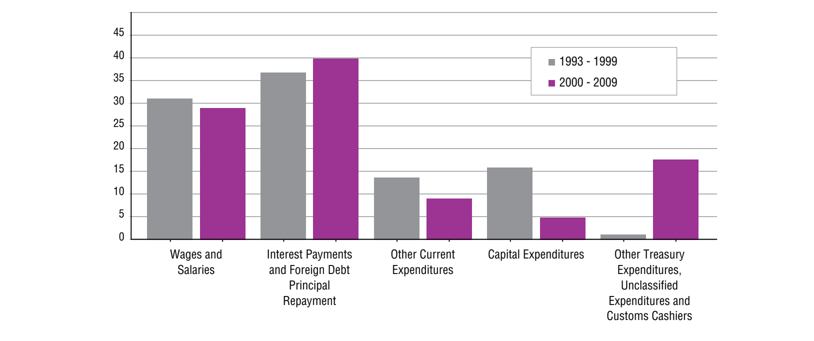
However, rent-based activities such as real estate transactions, banking and financial activities are exempted from VAT, in addition to gambling activities and air transport for goods and persons. A close review of public revenues shows that taxes contributed 67% for the period 2000–2009, with indirect taxes making up the major share. In 2009 indirect taxes represented 75% of overall tax revenues – VAT 32%, gasoline 11%, customs 11% and other 21% – while taxes on profits, wages, gains, interests and real estate registration account for only 25%.

Such a regressive taxation system, together with 10 years of wage freezes and restrictive monetarist policies, has worsened the living conditions of middle- and low-income workers. Wealth concentration increased during this period as the poorest 20% of Lebanese consumed only 7.1 % of total consumption while the richest 20% consumed 43.5%.[12] Some 2% of depositors hold 59% of bank deposits.[13]

Foreign direct investment (FDI)

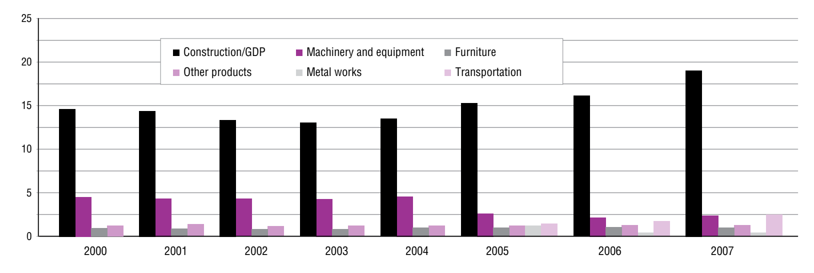
Between 2000 and 2007 Lebanon attracted important amounts of FDI – for example, 28% of the overall FDI

CHART 1: Public expenditure by type (1993-2009)



Source: Author's calculation based on data available at the Ministry of Finance.

CHART 2: Gross fixed capital formation by type of GDP for the period (2000-2007)



Source: Author's calculation based on Lebanese National Accounts (2000-2007).

that flowed to the Economic and Social Commission for Western Asia region in 2003 – with the highest FDI-to-GDP ratio.[14] However, FDI is rarely oriented to the real economic sector (in which good and services are produced); instead, real estate, banking and tourism consume most of it (almost 90% in 2007).[15] Construction permits jumped from 9 million square metres in 2007 to 16.1 million in 2008.[16] This correlates with the growth of USD 918 million in the inflow of Arab FDI between 2007 and 2008.[17] Likewise the value of transactions in this sector grew an average of 17.6% per year for the period 2003-2008 (and 54.4% in 2008 alone).[18] Chart 2 shows that most of the gross capital formation in 2000-2007 was generated by the construction sector. However these profits are exempt from taxes.

Concluding remarks

Since Lebanon's debt-to-GDP ratio (153% in June 2009) is among the highest in the world, it is imperative for a debt management strategy to point the way for ODA to invest in increasing productivity rather than its exclusive use in the debt restructuring process. Also, a dynamic counter-cyclical financial architecture has to be implemented. Government must provide more incentives for FDI to invest in labour-intensive economic activities rather than this being exclusively allocated to real estate and financial activities.

A poverty reduction strategy should go beyond achieving MDG 1. SAP is only a limited, short-term intervention. Development policies have to promote job creation for middle- and low-skilled labour. They have to ensure decent work conditions for the poor – in this context waged jobs are still a key factor for poverty reduction. Finally, the structure of taxes has to be reformed towards more direct taxes on profits generated out of transactions in real estate and the financial sector. A more equal taxation system is needed to enhance the re-distributional effect of resources. ■

10 R. Fakhri, *Efficiency of public expenditures in Lebanon and other transitional democracies*, Beirut, 2010.

11 Wassim Shahin, "The Lebanese Economy in the 21st Century," in *Lebanon's Second Republic,* ed. K. Ellis (Gainesville, FL: University Press of Florida, 2002).

12 Laithy *et al.*, *op. cit.*

13 Fafo, Ministry of Social Affairs and UNDP, "Al-Wadeh Al-Iktisadi Al-Ijtimai, Dirassa L Ahwal L Maisha," 2004, 55–57.

14 Economic and Social Commission for Western Asia, *Foreign Direct Investment Report 2008.* Available from: <www.escwa.un.org/information/publications/edit/upload/edgd-08-tech1-e.pdf>.

15 Investment Development Authority in Lebanon, *Advantages of Investing in Lebanon.* Available from: <www.slideshare.net/mhdbadr/investing-in-lebanon-new-presentation-restructured-presentation>.

16 Bank Audi, *Lebanon Real Estate Report,* July 2009. Available from: <www.menafn.com/updates/research_center/Lebanon/Economic/audi220709e.pdf>.

17 *Ibid.*

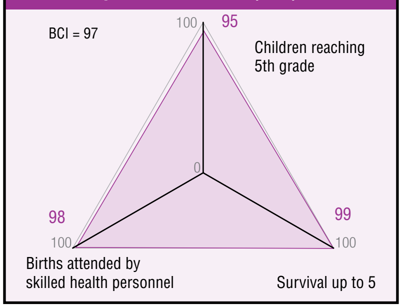
18 *Ibid.*

Some progress, multiple challenges

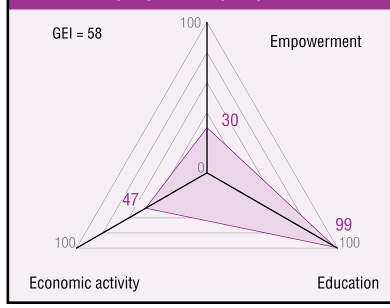
Malaysia is officially aiming to become a developed country by 2020. However, although the living standard of the population has seen improvement in terms of essential services and employment, the country is riddled with corruption, affecting implementation of development projects that seek to provide basic needs such as drinking water, sanitation, education, health care and food security, as well as monthly financial assistance to households living in extreme poverty. Also, the conversion of tropical forests into plantations, particularly oil palm,threatens indigenous peoples' livelihoods and the country's biodiversity.

Third World Network

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



According to government data compiled by UNDP in 2005,[1] Malaysia claimed to have achieved all the Millennium Development Goals (MDGs) except for MDG 6 and 8 where it was reported to have insufficient information.

The first 10 years of the MDGs fell within the 8th and 9th versions of the Malaysia Plan, the country's five-year development blueprint since its inception in 1966. During this period, Malaysians (a population of 26.7 million) have generally seen improvement in essential services and employment. However, the problem of corruption remains, affecting implementation of projects to provide potable water, waste management, basic sanitation, education, health care, and rural roads as well as monthly financial assistance to households living in extreme poverty.

While both the 8th and 9th Plans firmly acknowledged the need to promote an equitable society by eradicating poverty and reducing imbalances among and within ethnic groups as well as regions, they were skewed towards narrowing income inequality between the *Bumiputra* (a Malay term implying being native which includes *Orang Asli* and *Orang Asal*) and the Chinese, the second largest ethnic group (25% of the population), and had emphasized increased *Bumiputra* corporate equity ownership. The target of reaching 30% of equity ownership in all economic sectors by 1990, was missed.

Due to a major change in national politics after the 2008 general election– when for the first time the ruling coalition lost its two-thirds control of Parliament – the 10th Malaysia Plan (2011-2015) sought to reform the economy in a more "inclusive" manner by means of a New Economic Model.[2] This Model, which was formulated by the National Economic Advisory Council in 2010, presents an overall framework for transforming Malaysia from a middle-income to an advanced nation by 2020. It assesses the country's strengths and weaknesses, taking into account the effects of the financial crisis.

Country-specific targets

Malaysia has made considerable progress towards developing its own targets and indicators to suit its situation and specific needs. A High Level Policy Dialogue, organized by the Malaysia Human Rights Commission and UNDP in July 2005,[3] recommended that a human rights approach to development should be mainstreamed into national policies and programs and country-specific MDGs targets. It called for the 9th Malaysia Plan to present disaggregated data for poverty and inequality to better identify the most vulnerable groups, such as the *Orang Asli* and *Orang Asal*, who are still deprived of their basic right to an adequate standard of living.

While development programs outlined in the three Malaysia Plans covered a large number of MDGs targets, they acknowledged that poverty still remains in different regions, in both rural and urban areas. Rapid industrialization has also brought with it the problem of urban poor and a growing migrant population, estimated at 2 million in 2009, increasing demands for housing and education. Anti-poverty policies focus on self-help and income generation among poor households, largely through land development schemes, but results have been mixed; in some places these have had negative social impacts and further disempowered people.

Land development schemes in Peninsular Malaysia spearheaded by the Federal Land Development Authority (FELDA) have been credited with raising rural living standards through the creation of rubber plantations (1960 to 1980) and oil palm plantations (from mid-1970s). According to the last three Malaysian Plans, the incidence of poverty fell from 7.5% in 1999 to 5.1% in 2002 and to 3.8% in 2009. Extreme poverty – generally associated with rural communities and urban squatters – decreased from 1.4% in 1999 to 1% in 2002 and to 0.7% in 2009.

Poverty and indigenous communities

Nevertheless, media reports on the plight of indigenous communities, the urban poor and plantation workers of Indian origin reveal that living standards for these marginalized groups have remained unchanged for decades. Most rubber and oil palm plantations still use the colonial wage system, determining daily wages by amount harvested and their respective prices on the world market rather than by the hours worked. Wages as low as RM 12 (USD 3.75) per day are commonly offered by logging and plantation companies to rural indigenous peoples in Sabah and Sarawak. Minimum monthly wage demands by 180,000 plantation workers in the National Union of Plantation Workers (NUPW) have been unsuccessful for 60 years.[4] In the last 20 years, workers have became even more vulnerable as employers can easily replace them with cheaper foreign workers who are not allowed to form unions.

Indigenous communities, which account for 12% of the population, are neglected in many parts and increasingly face displacement from their forested homeland to make way for development projects such as mega dams and vast monoculture plantation schemes, leading to escalating land conflicts.[5] A report by the Human Rights Commission of Malaysia in 2007, following an investigation of such conflicts experienced by the

1 UNDP Malaysia, *Malaysia: Achieving the Millennium Development Goals – Successes and challenges*, Kuala Lumpur, 2005. Available from: <www.undp.org.my/mdgs/malaysia-mdg-report>.

2 Economic Planning Unit of the Prime Minister's Department, *10th Malaysia Plan 2011–2015*, Putrajaya, 2010. Available from: <www.epu.gov.my/html/themes/epu/html/RMKE10/rmke10_english.html>.

3 UNDP Malaysia, Human Rights Perspectives on MDGs and Beyond, Kuala Lumpur, July 2005. Available from: <www.undp.org.my/a-human-rights-perspective-on-mdgs-and-beyond>.

4 A. Sivarajan, "Monthly Wages...What Monthly Wages?," Indian-Malaysian Online, 8 April 2002. Available from: <www.indianmalaysian.com/monyhly_wages.htm>.

5 For more information on indigenous people's land conflicts, see the Forest Peoples Program: <www.forestpeoples.org/documents/asia_pacific/bases/malaysia.shtml>.

Penans, an indigenous tribe in Ulu Belaga, Sarawak, noted that the Government's poverty eradication program did not reach the community, which lived in abject poverty.[6]

Food security remains a challenge

The success of Malaysia in its export-oriented manufacturing and agricultural commodities sectors has resulted in a lower priority for food production. Rice – the staple food – is the only crop that has been targeted for some degree of self-sufficiency. With agricultural development largely focused on export-oriented crops such as oil palm, which had an export value of USD 15.6 billion in 2009,[7] there is less land for food production. Of the 6.4 million hectares of agricultural land, 4 million and 1.3 million are cultivated with oil palm and rubber respectively.

Ageing farmers, abandoned rice fields, and years of insufficient priority on food production caused a panic during the global food crisis in 2008, when Thailand and Vietnam reduced their rice export. This is despite the fact that under the 9th Malaysia Plan, a target had already been set to raise Malaysia's rice self-sufficiency level to 90% by 2010 from 72% in 2005. However, in the 10th Malaysia Plan the target has been revised downward to 70%.[8]

Over the last 10 years, Malaysia's has experienced a growing food import bill, which rose steadily from USD 3.44 billion in 2000 to USD 9 billion in 2009.[9] Meanwhile, encroachment of large-scale oil palm monoculture into the interior of Sabah and Sarawak is also affecting the food production of the indigenous peoples who still practice subsistence agriculture.

Education and health

Most young Malaysians (aged 7 to 12) receive a full primary education. Enrolment increased from 2.9 million students in 2005 to 3 million in 2010 against an estimated 2.5% decline in the birth rate.[10] Various educational support programs – such as a textbook loan scheme, subsidized meals, and boarding facilities – assist those from low-income households. While there have been efforts to improve educational services in rural areas and close the rural-urban performance gap, little information is available on the implementation of these strategies.

The Malaysian public health service is generally regarded as one of the best in the developing world. A comprehensive immunization program from birth until age 15 ensures a low under-five mortality rate. The childhood immunization program against most vaccine-preventable diseases is provided free in all government facilities.

Statistics show that the rate of HIV-infection has continued to decline from the peak of 6,978 cases (28.5 cases per 100,000 population) in 2002 to 3,692 (13.3 cases per 100,000) in 2008.[11] The Ministry of Health estimated a notification rate of 10.0 cases per 100,000 in 2009. However, the profile of the epidemic is changing, with more women being infected. In 1990 only 1.1% of reported HIV cases were women, but this increased to 9.0% in 2002 and to 19.1% in 2008.[12]

In 2003, following the 2001 WTO Doha Declaration on Trade-Related Intellectual Property Rights (TRIPS) and Public Health, Malaysia became the first country in Asia to issue a "government use" compulsory license for selected antiretroviral (ARV) drugs patented by corporate drug giants, owing to their exorbitant costs, which drastically limited access. Generic versions of the drugs were imported from the Indian company Cipla for use in public hospitals and clinics for a period of two years beginning 1 November 2003. The effect was to reduce the monthly cost of treating a patient from USD 375 to USD 63-69, a drop of between 68% to 83% depending on the combination of drugs. Another effect was that the patent holders lowered their own prices, benefiting patients who receive private treatment.

The Government is considering privatizing health care through a health insurance financing scheme, although 70% of the population relies on affordable public health care. With a Gross Domestic Product (GDP) of USD 157 billion, the country's 2009 health care budget (USD 4.3 billion) is far below the 6% of GDP recommended by the World Health Organization.

Environment, biodiversity and safe drinking water

Although environmental policy-making has improved and a full-fledged environment ministry is now in place, environmental protection still takes a back seat to the quest for industrialization and wealth creation, in spite of many promising conservation policies and legislation.

Timber extraction has largely been carried out in an unsustainable manner so that production has declined over the years, necessitating the import of round logs and sawn timber to meet the demand of local sawmills. In 2005, the timber industry and the Government entered into a plan under which, to continue supporting the industry that had destroyed the forests in the first place, plantation forests would be developed by private companies with Government soft loans and tax-free incentives. These plantations have expanded nearly 30-fold in three years from 1,626 hectares to 44,148 hectares in 2009.[13] According to 2005 forestry data over 1.5 million hectares of Malaysia are plantations, comprising 7.5% of its tree-covered areas.

The Association for Tropical Biology and Conservation (ATBC) has sounded an alarm that the conversion of tropical forest into plantations, particulary oil palm threatens indigenous people's livelihoods and the country's biodiversity and endangered species, and also releases significant greenhouse gases.[14] Many of the country's iconic mammals such as the rhinoceros, elephant, tiger and orangutan are threatened by shrinking habitats, contributing to human-wildlife conflicts. Scientists have warned that these species will be extinct in less than 20 years if deforestation continues at the present rate.

Besides terrestrial biodiversity loss, marine fisheries resources have been depleted since 1970, so much so that fish biomass declined as much as 90% between 1971 and 1997 in some fishing areas. According to a Department of Fisheries' survey, these resources on the west and east coasts of Peninsular Malaysia, Sabah, and Sarawak were already over-exploited in 1997.[15]

Malaysians have one of the highest water consumption rates in the world at an average of 300 litres per person per day – exceeding the UN recommendation of 165 litres per person per day. But that is only for populations that are connected to the potable water network. Vulnerable groups such as those living in squatter colonies and indigenous communities have to contend with less in terms of both quantity and quality. Rural and indigenous communities that once relied on rivers for drinking water increasingly have to turn to harvesting of rainwater as most rivers are contaminated by industrial logging and pesticide run-off from plantations.

In Selangor, the most industrialized state, the water privatization agreement has been challenged in court for its lopsided terms that ensure high profits for the concessionaires and a disproportionate burden on the poorest in society. For years, conservationists have called for a demand management approach towards water, with inculcation of water conservation habits and rainwater harvesting at the household level, so as to avoid the financial and environmental cost of dam construction. However, government policies have been slow to respond.

Conclusion

While the official Malaysian Plan reports paint a rosy picture, highlighting achievements but not acknowledging failures, there continue to be concerns as to the accuracy of Government statistics and assessments. It remains to be seen whether the Government's development agenda, particularly for vulnerable groups, will be carried out as planned given the minimal monitoring and accountability over allocation both from the Federal and state coffers. ■

6 Human Rights Commission of Malaysia (Suhakam), *Penan in Ulu Belaga: Right to Land and Socio-Economic Development*, Press Statement, Kuala Lumpur, 2007. Available from: <www.mvfra.org/penansuhakam.pdf>.

7 "Malaysia aims for record palm oil exports in 2010," Commodity Online, 9 March 2010. Available from: <www.commodityonline.com/news/Malaysia-aims-record-palm-oil-exports-in-2010-26281-3-1.html>.

8 Economic Planning Unit of the Prime Minister's Department, *op. cit.*

9 Austrade, "Processed food to Malaysia: Trends and opportunities," Australian Government website, 30 April 2010. Available from: <www.austrade.gov.au/Processed-food-to-Malaysia/default.aspx>.

10 Ministry of Education. See: <www.moe.gov.my>.

11 Malaysian AIDS Council. See: <www.mac.org.my/v2/hidden/malaysian-statistics/>.

12 Ministry of Health, "2010 UNGASS Country Progress Report – Malaysia," March 2010. Available from: <data.unaids.org/pub/Report/2010/malaysia_2010_country_progress_report_en.pdf>.

13 J. Hance, "Scientists warn that Malaysia is converting tropical forests to rubberwood plantations," Mongabay, 24 June 2010. Available from: <news.mongabay.com/2010/0624-hance_rubber_malaysia.html>.

14 Association for Tropical Biology and Conservation, "The Conversion of Malaysian Native Forests – Resolution opposing conversion of Malaysian native forests to non-native rubberwood plantations." Available from: <tropicalbio.org/index.php?option=com_content&view=article&id=171:malaysian-native-forests&catid=51:resolutions&Itemid=79>.

15 For more information, see: <www.dof.gov.my/home>.

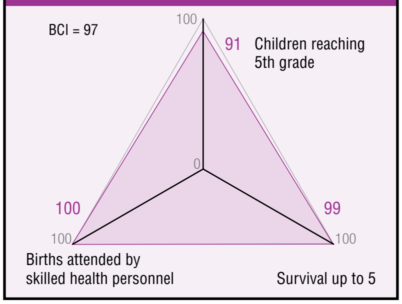
■ MALTA

Measuring the real commitment to development aid

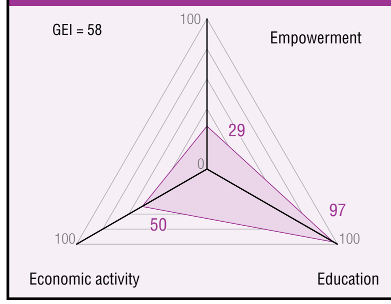
Since Malta's accession to the EU, there has been significant progress in official development assistance (ODA). This increased by 65% in 2009 over the previous year. The country has created a promising framework for its commitment to poverty eradication in developing countries, the achievement of the MDGs and the promotion of good governance and respect for human rights. On closer examination, though, is not clear whether Malta is willing to implement its development agenda fully or only partially. The Government should develop clear criteria and processes with regard to project selection, expenditure and evaluation.

Kopin Malta
Joseph M. Sammut

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Malta joined the EU in 2004 and has subsequently made efforts to reach a level of official development assistance (ODA) amounting to 0.17% of its gross national income (GNI) by 2010 and to increase its ODA/GNI ratio to 0.33% by 2015. Malta is also a signatory of the UN Millennium Declaration in which it promised to work towards achieving the Millennium Development Goals (MDGs).

Is Malta honouring these promises? Significant progress can be seen in the short span of five years (2004–2009) immediately following the country's accession to the EU and its consequent shift to donor-country status. The Government established a written policy regarding overseas aid and became "partially" transparent in showing how the ODA funds are being distributed.

A good framework for development cooperation

In October 2007 the Government launched its first Overseas Development Policy document.[1] It is based on the values that underlie Malta's Foreign Policy: solidarity, respect for the international rule of law – including humanitarian law – and the furtherance of democracy, human rights and good governance. In accordance with the European Consensus on Development,[2] the Policy has as its overall objective the pursuit of poverty eradication in the context of sustainable development, including the achievement of the MDGs, as well as the promotion of good governance and respect for human rights.

The document also acknowledges the important role played by non-state actors – the private sector, social and economic partners and civil society in general – who have become major players in international development cooperation. It provides the basis for a healthy dialogue between Government and civil society and offers the latter an opportunity to put into effect its valuable knowledge, experience and expertise. Like other NGOs worldwide, many of those in Malta have years of experience and fieldwork and run more development projects and programs than those funded by official aid agencies. The Ministry of Foreign Affairs (MFA) has invited NGOs recognized by the Government to submit small grant proposals for "on the ground" projects in the Global South.

The Policy acknowledges that development, especially economic development, cannot come about unless there is a secure and stable political climate in the countries receiving development assistance. It also recognizes that the lack of good governance, development and security are factors that contribute to migration as well as a brain drain in the developing world, especially if economic problems such as a high rate of inflation and unemployment prevail. Thus, the Policy provides a framework for humanitarian assistance in which Malta recognizes the continuum between emergency relief, rehabilitation and development. Post-emergency rehabilitation assistance, including reconstruction and reconciliation efforts, forms an intrinsic part of the country's humanitarian response.

Thus, the Overseas Development Policy in itself is a good document emphasizing all important aspects of development cooperation. The question is whether the MFA is willing to implement it fully or only partially.

Not all aid is development aid

In 2004 and 2005 the European Commission (EC) showed Malta to be the highest donor among the 10 new member states with an ODA contribution of 0.18% of GNI. However, the 2006 Aid Watch Report by CONCORD,[3] states that Malta's ODA has been deceptively doubled by including spending on refugees inside the country. Genuine ODA is understood to be money allocated as development aid to improve the welfare of the poor in developing countries and not money spent on refugees or foreign students attending school in the donor country. In addition, Malta wrote off EUR 6.5 million in debt owed by Iraq in 2004, and this was included as part of its ODA for 2003–2005.[4] The MFA refuses to issue a clear and transparent breakdown of the declarations it made to the EC on its ODA.[5]

Statistics on ODA in 2006 show a figure of EUR 6.8 million, equivalent to 0.15% of GNI. That was a decrease from previous years. In 2007, the EC said that Malta had spent EUR 7.5 million (0.15% of GNI) in ODA, while budgetary estimates show that the MFA only approved EUR 209,000 for this. NGOs believe that the rest of the money was used for other purposes such as the detention of asylum seekers. Only two out of 11 grants focused on Africa: a Rotary Club project for a telecoms centre in Eritrea and a contribution to a Belgian Red Cross HIV action plan in Libya. The other aid outlays included assistance for the construction of playgrounds in Bethlehem and a container sent to Albania; donations to the Commonwealth Secretariat, international institutions such as the United Nations and related relief funds; conferences; and money for a Tunisian Christian cemetery and the Diplo Foundation. Another donation was to a private company for the construction of the MFA stand for the European Development Days held in Lisbon.[6] Maltese NGOs working on development aid

1 Available from: <www.foreign.gov.mt/Library/PDF/Malta%27s%20Overseas%20Development%20Policy%20eng.pdf>.

2 Adopted during the European Council on 15-16 December 2005. Available from: <www.enpi-programming.eu/wcm/dmdocuments/EU-consensus-development.pdf>.

3 The report on Malta is authored by SKOP, a national platform of Maltese NGOs. See: CONCORD, Aid Watch 2006. Available from: <www.concordeurope.org/Files/media/extranetdocumentsENG/NavigationSecondaire/WorkingGroups/Aidwatch/new_website/reports/final_reports/European-Aid-Report-2-5-2006.pdf>.

4 C. Calleja, "Blessed are the poor," *Times of Malta*, 16 April 2006.

5 *Ibid.*

6 M. Vella, "Malta aid figures show little cash reaches world's poorest," *Malta Today*, 16 November 2008. Available from: <www.maltatoday.com.mt/2008/11/16/t8.html>.

have therefore accused the Government of inflating its aid figures.[7]

The figures for 2006 and 2007 were also highly criticized by Concord[8] since the ODA seems to have been primarily spent on migrants, either on services during their first year in Malta or on their repatriation. This money is not helping any country to develop and thus should not be counted as ODA. In addition, a number of scholarships are given each year to people from developing countries with no mechanism to indicate whether these are contributing to poverty alleviation.

Transparency is needed

During discussion with European institutions and in international meetings, Malta's Minister of Foreign Affairs started pushing conditionality of development aid to include the repatriation of migrants.[9] SKOP, the National Platform of Maltese NGOs, has serious reservations about the proposal and considers that it undermines the rightful focus of ODA, namely tackling global poverty. Concord's Aid Watch 2007 report further states that NGOs currently have no access to official information from the Maltese authorities and describes the possibility of an independent evaluation of figures given by the Government as "non-existent." SKOP has also been asking the Government for a transparent breakdown of Malta's ODA, but this has not been released. The lack of transparency and of the timely and independent evaluation of Maltese aid compromises NGO engagement on development cooperation issues.

Dr Tonio Borg, the Minister of Foreign Affairs, stated during a seminar on the MDGs that "there is nothing essentially wrong in using ODA money towards refugees because we are offering assistance – whether it is search and rescue, accommodation or food – which covers the livelihood of people who are in need and who arrived in Malta and who will, ultimately, be released." [10] This confirmed the concerns that NGOs have long been expressing. Moreover, referring to Malta's official policy, the CONCORD report states that the Government has also indicated that more aid funds will be allocated for technical assistance. NGOs are concerned that, in general, technical assistance does not respond to the real needs of developing countries and suffers from low accountability.

CHART 1: Malta Official Development Aid

Year	Total ODA (EUR million)	% ODA/GNI*	ODA per capita (EUR)**	Accounted /transparent ODA (EUR)
2004	7.8	0.18	19.9	
2005	7.0	0.18	19.8	
2006	6.8	0.15	17.2	
2007	7.5	0.15	19.6	175,618
2008	5.4	0.11	13.5	233,000
2009	11.0	0.19	27.5	237,000

*ODA as share of GNI.
**ODA per capita in donor and recipient countries.
Source: Eurostat.

Replying to a parliamentary question tabled by Labour MP Leo Brincat in June 2008,[11] the Minister said that Malta's only obligation was to inform the EC of the global ODA figure and what it amounted to in relation to the GNI, to ensure the country was abiding by its commitments enshrined in the MDGs.

In 2009, Malta pledged EUR 11 million in ODA, an increase of 65% over the previous year. The Government accounted for EUR 237,000 to finance 80% of projects by Maltese development NGOs.[12] The Ministry requires civil society organizations to finance 20% of their respective projects from alternative sources. The funds were provided to nine local NGOs to carry out projects in Africa and one in South America to help in fighting poverty. Two donations of EUR 12,750 and EUR 12,224, respectively, were made to the Bethlehem University and to a hospital in Jerusalem, both of which offer their services to local residents regardless of their race, religion or nationality.

Recommendations

Malta must keep its promises towards the poor countries in the Global South. ODA has to focus on contributing to the eradication of poverty in the least developed countries. The Government should work to increase the delivery of genuine aid resources to meet the respective 2010 and 2015 targets. The country should devise a development strategy having poverty reduction goals as the main criteria for the allocation of aid and a specific focus on gender-related issues such as commitments towards gender equality and women's empowerment.

ODA should not be inflated by adding the costs of housing refugees. Instead, the Government should make full use of the aid offered by the EU for refugees and asylum seekers. During his visit to Malta in 2009, Jacques Barrot – then EU Justice Commissioner – reiterated that the island had been allocated over EUR 126 million in funds to spend from 2007 to 2013 in the field of asylum, immigration and borders. Barrot observed critically that the country had only spent EUR 18 million. According to estimates published in the local press, Malta was allocated EUR 24.4 million in 2007, EUR 32.5 million in 2008 and EUR 18 million for each year until 2013, plus other entitlements and grants for situations that may arise. This aid should be fully utilized.[13]

The MFA should develop clear criteria and processes with regard to project selection, expenditure and evaluation. Consultation with receiving countries' governments and civil society is important for quality development aid. It is necessary to establish a binding timetable in order to achieve the agreed targets with real aid resources, and to ensure that steady increases in their aid budgets allow the recipients to reach the targets by the agreed deadlines. Transparency is a major factor in a democratic country. Citizens have the right to be informed what tax money is being spent on, which includes a clear analysis of the ODA figures. This will also serve as an example of good governance for the receiving countries.

Global citizenship and development education should be integrated into the teaching of Maltese students. Education should help to increase young people's sense of responsibility for eradicating world poverty by teaching them democratic principles, nurturing respect for the rule of law and human rights, showing solidarity and joining others in efforts to strengthen global partnership. This should help to raise their sense of connectedness with sisters and brothers in developing countries and improve the effectiveness of development cooperation. ■

7 I. Camilleri, "Malta accused of inflating its development aid," *Times of Malta*, 23 May 2008. Available from: <www.timesofmalta.com/articles/view/20080523/local/malta-accused-of-inflating-its-development-aid>.

8 See: <www.concordeurope.org/Files/media/internetdocumentsENG/Aid%20watch/1-Hold_the_Applause.FINAL.pdf>.

9 *Ibid.*

10 C. Calleja, "Refugees get lion's share of funds meant for overseas aid," *Times of Malta*, 18 October 2008. Available from: <www.timesofmalta.com/articles/view/20081018/local/refugees-get-lions-share-of-funds-meant-for-overseas-aid>.

11 L. Brincat, Malta Parliament, 2008. Available from: <www.parliament.gov.mt/file.aspx?f=545>.

12 "Overseas Development Aid 2009," 3 November 2009. Available from: <www.foreign.gov.mt/default.aspx?MDIS=21&NWID=664>.

13 "Only EUR 18 million spent from EUR 126 million in EU migration funds," *Malta Today*, 18 March 2009. Available from: <www.maltatoday.com.mt/2009/03/18/t2.html>.

MEXICO

Unequal progress

The official line is that Mexico is solidly on tract to reach the Millennium Development Goals (MDGs) by 2015. However, while there has been progress in health and education and a reduction in extreme poverty, many problems still remain, including serious inequalities across different regions of the country. Mexico City, for example, has development rates comparable with some countries in Europe, but there are states in the south with indicators more like those of the poorest parts of the world. A study of how resources are applied shows that Mexico needs competent public management in public expenditure that is geared to the real priorities.

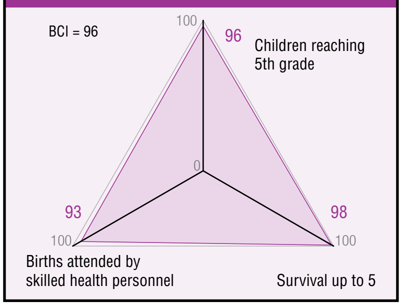
Equipo Pueblo[1]
Areli Sandoval Terán, and Espacio DESC

Until the first half of 2010, there was little official information about Mexico's progress towards the MDGs; the last available progress report was for 2006.[2] Using the *2005 Population and Housing Survey* and income, spending, employment, nutrition and health surveys from that year, the Federal Government at that time emphasized the progress that had been made since 1990 in extreme poverty reduction; reducing illiteracy; reducing the rates of HIV/AIDS, malaria and tuberculosis; reducing maternal mortality; improving gender equity in schools and extending access to potable water and sewage services.

However, the report also lists some problems that have not been tackled after years on the agenda. For example, it noted that not enough attention was being paid to environmental aspects of development policies, and that social policies were inadequate, since programs were not coordinated and the problem of deficient social protection, especially against unemployment and collective risks, had not been dealt with. It also pointed out that most of the budget and most of the programs targeted people employed in the formal sector, and that social exclusion posed a threat to the consolidation of democracy.

The 2006 progress report also contains some additional goals and indicators that are considered more suitable and relevant for Mexico as a middle-income country. For example, as regards Goal 1, the eradication of extreme poverty and hunger, and the first target, "to cut by half the percentage of the population whose income is less than one dollar a day in the 1990 to 2015 period", the Government view is that the country is doing well in terms of the indicator of the proportion of the population with a per capita income of less than one dollar a day. It has therefore added a goal "beyond the Development Goals," which is to cut by half, in the 1990 to 2015 period, the proportion of people suffering food poverty in rural and urban areas, which is still a big development challenge.[3]

Basic Capabilities Index (BCI) 2010

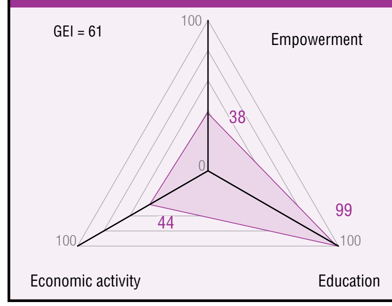


Inequality

Another big problem is inequality. UNDP reports on Mexico's human development since 2002 show enormous differences among the 32 Federal States, particularly on the indicators for health, education and income. This despite the fact that Mexico is near the threshold of the more highly developed countries in terms of the Human Development Index (HDI).

The region with the highest HDI rating is the northeast, where one state, Nuevo León, is second only to the Federal District in terms of HDI and is nearly equal to some European countries. By contrast, the south has the lowest HDI ratings, particularly the states of Chiapas and Oaxaca, with indicators nearly as low than the occupied territories of Palestine. According to the UNDP these serious inequalities result from the fact that investment is precarious and that the local administration is fraught with cronyism and ineptitude, which hampers people from exercising their rights and enjoying full individual freedom. One consequence of the regional inequality is that there is a high level of internal and external migration; in fact, regional differences are such that "there are areas that offer better conditions of life than those prevailing in some people's places of origin."[4]

Gender Equity Index (GEI) 2009



Poverty

The executive report on the 2007-2012 National Development Plan, which was drawn up by the National Council for Evaluating Social Development Policies (CONEVAL),[5] highlights the contrast between Chiapas and Nuevo León in terms of their food poverty rates, capabilities poverty rates and patrimony poverty rates.[6]

From 2006 to 2009, in an attempt to bring its poverty estimates in line with the provisions of the General Social Development Law, the CONEVAL developed a new multi-dimensional methodology, in which poverty is estimated not only in terms of income but also in terms of territory and human rights. This has involved setting new thresholds for well-being and minimum well-being, and adopting specific criteria, such as social deficiency indicators that define the minimum or essential elements for some social rights. In this new approach, "a person is in a multidimensional poverty situation when the exercise of at least one of his social development rights is not guaranteed and if he has insufficient income to acquire the goods and services that are essential to meet his needs."[7]

1 Equipo Pueblo is the focal point of Social Watch in Mexico and is part of Espacio DESC, the reference group for Social Watch.

2 Social and Human Development Cabinet, *Los Objetivos de Desarrollo del Milenio en México: Informe de Avance 2006,* Mexico City, 2006. Available from: <www. objetivosdelmilenio.org.mx/PDF/ODM%202006.pdf>.

3 Food poverty was defined by the Technical Committee for Poverty Measurement (CTMP) as the inability to obtain a basket of basic foodstuffs with the total disposable household income.

4 UNDP, *Informes sobre Desarrollo Humano en México,* 2006-2007. Available from: <www.undp.org.mx>.

5 CONEVAL, *Informe Ejecutivo de Pobreza en México,* June 2007. Available from: <www.coneval.gob.mx>.

6 Capabilities poverty was defined by the CTMP as having insufficient disposable income to pay for a foodstuffs basket and afford the necessary expenditure for health and education even when all the disposable income of the household is spent on these things. Patrimony poverty was defined as having insufficient disposable income to pay for the food basket and to be able to afford the minimum expenditure needed for health, clothing, housing, transport and education, even when all the disposable income of the household is spent exclusively on acquiring these goods and services.

7 Methodology of Multidimensional Measurement of Poverty in Mexico. Available from: <www.coneval.gob.mx/contenido/med_pobreza/8803.pdf>.

The table below shows the CONEVAL figures for multidimensional poverty in the country as a whole, and between Nuevo León and Chiapas.

Financing for development strategy

In the light of the social panorama outlined above and the economic crisis the country and the world are undergoing, we should also look at the ways in which the State applies the resources. According to an analysis of the fourth quarterly Treasury and Public Credit Secretariat report on the 2009 budget by the FUNDAR Analysis and Research Centre, both in planning and execution the Federal Government failed when it came to channelling resources in an effective and efficient way to reactivate the economy and protect the population. This report makes it clear that the resources essentials for social protection decreased while spending that benefited the bureaucratic apparatus increased. The tendency to under-expending resources in key secretariats continued until December (with big shortfalls for programs to fight poverty and for infrastructure projects).[8] Some of the most important points in this analysis include:

- Expenditure on infrastructure for social development fell by 14.5% in real terms compared to 2008; especially serious were reductions in urbanization, housing and regional development (21.4%) and in social assistance (56.7%).
- In the last quarter of 2009, contract remuneration under federal jurisdiction had an annual increase of 4.1% in nominal terms, the most noteworthy examples being in the areas of sovereignty, order, security and justice. By contrast, in October and November 2009, real pay for people employed in the manufacturing sector decreased by 0.6% per year: wages for workers fell by 2.1% and those of administrative employees by 0.8%.
- An annual budget execution progress report for 75 programs shows that only 24 executed 100% of their allocated budget and 23 more than 100% of the original allocation. It appears that only 32% of priority programs expend their budget allocations in time. The other 26 executed less than 90% of their original budgets. Among the programs that had low budget execution by the last quarter of 2009 were: a) a program to extend irrigation infrastructure, with only 33.2%; b) economic infrastructure projects for potable water, sewage and sanitation systems, with 39.5%; c) a food support program administered by Diconsa, with 69.6%; d) rural roads, with 73.5%; e) the education component of the opportunities program with 79.5%; f) the provision of health services at various levels with 85.2%; d) the potable water, sewage and sanitation program for urban areas, with 86.4%.

CHART 1. Percentage of the population in poverty (2005)

Federal Body	Food poverty	Capabilities poverty	Patrimony poverty
Whole country	18.2	24.7	47.0
Chiapas	47.0	55.9	75.7
Nuevo León	3.6	7.2	27.5

Fuente: elaboración propia con base en estimaciones del CONEVAL según el *II Conteo de Población y Vivienda 2005 y la Encuesta Nacional de Ingreso Gasto de los Hogares (ENIGH) 2005.*

CHART 2. Multidimensional poverty in Mexico (2008)[9]

	Whole country		Nuevo León	Chiapas
Rate indicators	%	# in millions	%	%
Multidimensional poverty				
Population in multidimensional poverty	44.2	47.19	21.5	76.7
Population in moderate multidimensional poverty	33.7	35.99	18.9	41.3
Population in extreme multidimensional poverty	10.5	11.20	2.6	35.4
Population vulnerable due to social deficiencies	33.0	35.18	37.4	16.2
Population vulnerable due to income	4.5	4.78	7.0	1.5
Non-poor and non-vulnerable multidimensional population	18.3	19.53	34.1	5.5
Social privation				
Population with at least one social deficiency	77.2	82.37	58.9	92.9
Population with at least three social deficiencies	30.7	32.77	12.4	57.0
Social deficiency indicators				
Education regression	21.7	23.16	14.9	37.8
Access to health services	40.7	43.38	28.3	52.1
Access to social security	64.7	68.99	43.9	85.3
Housing quality and space	17.5	18.62	8.2	38.2
Access to basic household services	18.9	20.13	8.3	36.3
Access to food	21.6	23.06	10.6	26.3
Well-being				
Population with income below the well-being line	48.7	51.97	28.5	78.2
Population with income below the minimum well-being line	16.5	17.64	6.2	47.9

Source: CONEVAL estimates based on the Socioeconomic Conditions Module (MCS) and ENIGH 2008.

This means that of the MXN 188,395 million (USD 14,848 million) allocated to the main programs to combat poverty some USD 1,322 million has not been expend. The worst examples of this resource under expenditure are in the food support program run by Diconsa S.A. of C.V.– a company devoted to social development, whose major stakeholder is the State – the employment support program, the young rural entrepreneurs program and the land fund, in which the payment shortfalls amount to 30%, 38% and 56%, respectively. There have also been under expenditures in key secretariats, the most serious ones being health, which expend USD 784 million less than the modified budget up to December 2009, and the Social Development Secretariat with an under expenditure of USD 306 million.

These examples do not just illustrate how defective the management of public resources is in Mexico, they also highlight the fact that the State's obligation to allocate the maximum available resources to progressively achieve implementation of the rights stipulated in the International Covenant on Economic, Social and Cultural Rights goes much further than merely allocating budget resources for social development and poverty reduction. There also has to be competent public management of State funds so that genuine national priorities receive resources in ways that are congruent and transparent. ■

8 FUNDAR, "Informe Sobre la Situación Económica, las Finanzas Públicas y la Deuda Pública," No. 99, February 2010. Further information in: <www.fundar.org.mx>.

9 <www.coneval.gob.mx>.

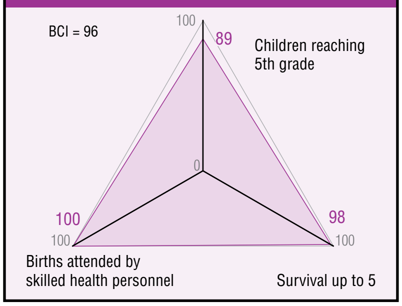
MOLDOVA

Critical days

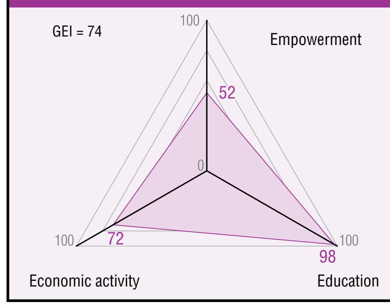
The political and economic situation in Moldova – one of the weakest European countries in attracting Foreign Direct Investment – is critical and sets the scene for long-term development trends. Progress towards the Millennium Development Goals (MDGs) is currently at risk owing to the impact of the economic crisis. Out of 28 national targets set by the Republic of Moldova, six are likely to be missed by 2015. Efforts to strengthen civil society involvement in development policies have been quite effective, increasing the potential for independent analyses and diagnoses of important national trends.

Partnership for Development Center

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Although on the surface Moldova's economic performance over the last few years looks quite successful – with an average GDP growth rate of 5% between 2006 and 2008 and monetary and fiscal indicators kept in check – this growth was based largely on consumption, mostly of imported goods, and fuelled by remittances from abroad, which accounted for 30% of GDP in 2008 (among the highest in the world) and registered double-digit growth rates for most of the decade.[1] However, the global economic crisis had a major and abrupt impact on the economy of the country. In 2009 remittances fell 27%, reflecting plunging economic activity in countries with large numbers of temporary Moldovan workers.[2]

Moldova has been one of the weakest countries in Central and Eastern Europe in attracting Foreign Direct Investment (FDI); weak private-sector companies currently generate only 65% of GDP. This is very low when compared to private sector contributions in European transition countries: 70% of GDP in Latvia, Romania, Slovenia; 75% in Bulgaria, Croatia, Kyrgyzstan, Lithuania, Poland; and 80% in Czech Republic, Estonia, Hungary, and Slovakia.[3]

Foreign Direct Investment

Over the long term, FDI has played a major role in the country's economic growth. The share of foreign companies and enterprises in GDP increased from 1% in 1995 to about 19% in 2008 and many sectors, such as mobile telecommunications were started or – like energy production and distribution – were saved from collapse by companies with foreign capital. Also, in the period 2004-2008, foreign companies achieved a higher sales volume than did domestic companies. In addition, sectors with the strongest growth in sales revenue during 2004-2008 were those with relatively high or very high share of FDI. Nevertheless, foreign-owned firms still have a modest role in creating jobs for Moldovans (although this role is increasing, from 9.3% in 2004 to 14.3% in 2008).

During the period 2005-2008, FDI increased and diversified. While at the end of 2005 it was largely concentrated in manufacturing, electricity, gas and water, and also in wholesale and retail trade, repair of motor vehicles, motorcycles, household and personal goods, then at the end of 2008 has increased the share of financial activities and securities transactions, renting and business activities of enterprises. However, it should be pointed out that these investments were not allocated to sectors that produce export goods and services. Indeed, as only 16.8% of the total stock goes to manufacturing, it is clear that FDI plays a modest role in developing the country's international competitiveness.

According to Expert-Group (an independent Moldovan think-tank), in order to increase the volume of FDI in the national economy, the Government must continue to privatize state-owned enterprises and implement reforms to develop the country's most precious resource: human capital. It should also lift the ban on foreign purchase of agricultural land and make it simpler to take land out of fallow, remove bureaucratic barriers in construction and the creation of industrial parks, particularly in the beverage and food industries.

Debt and international assistance

Official Development Assistance (ODA) per capita to Moldova has risen constantly – from 18.2% in 1995 to 33.7% in 2000 and 269.2% in 2007. An analysis of debt sustainability made at the beginning of 2008 concluded that Moldova's external debt outlook is favourable, with a low risk of debt distress, and qualifying Moldova as a "low indebted" country. However, with the willingness of country development partners to provide around USD 2.6 billion (for financing development, half of which in grant, the rest being in concessional loans) to support Moldova during 2011–2013, expressed during the Consultative Group Meeting on March 2010, Moldovan foreign debt will increase dramatically.

Also, it should be noted that international assistance has not always been translated into efficiency gains.[4] Moreover, the provision of loans under non-preferential conditions at the outset of transition brought external debt to increase dramatically: by 2000, gross external debt had climbed to 133% of GDP, while external government debt stood at 60.4%.[5]

In the 2000s Moldova incurred a high level of external debt, exceeding 100% of GDP. This was due largely to economic decline in the previous decade, and to significant exchange rate depreciation. While the nominal value of the external debt stayed broadly constant over the period, strong economic growth combined with a real exchange rate appreciation helped to bring the ratio of external debt stock to GDP to 56% as of 2005.[6] After a peak in 2006, external debt service declined significantly in 2007. Servicing of foreign public and publicly guaranteed debt declined from close to 10% of public sector revenues to well below 5% in 2007.[7]

1 Government of Moldova, *Rethink Moldova*, Report for the Consultive Group in Brussels, March 2010. Available from: <siteresources.worldbank.org/INTMOLDOVA/Resources/Rethink-Moldova-2010-2013-Final-edit-110310.pdf>.

2 *Ibid.*

3 See: <expert-grup.org/library_upld/d265.pdf>.

4 See: <rapc.gov.md/file/ECOSOC%20Report_discutions.doc>.

5 *Ibid.*

6 See: <webcache.googleusercontent.com/search?q=cache:2jn0xzkSg9sJ:particip.gov.md/files/Raport_ECOSOC_FINAL.pdf+According+to+a+recent+IMF+study,+the+Gross+External+Debt+in+2010+constitutes+78.6%25+of+GDP+and+is+expected+to+rise+to+85.9%25+of+GDP+by+2012.&cd=5&hl=es&ct=clnk&gl=uy>.

7 See: <ec.europa.eu/economy_finance/evaluation/pdf/moldova_eval_en.pdf>.

According to a recent IMF study, Moldova's Gross External Debt in 2010 constitutes 78.6% of GDP, and is expected to rise to 85.9% of GDP by 2012. Its structure is as follows:[8]

- The share of public debt decreased over the last five years, reaching 25.4% in 2009. Since the external debt is contracted from IFIs on concessional terms, at below market interest rates, there are no budgetary pressures to service this debt.
- Long-term debt is increasing, representing a higher level of trust in the country.
- The external bank debt is to parent companies and IFIs. It might go even higher, as foreign capital is cheaper and may help reduce the cost of lending to the economy.

All these factors are relatively stable and have long-term or no maturity. However, the risky part of external debt is short-term debt, as it can flow out of the country very rapidly. In recent years, the Government has made sustained efforts towards settling both gross external debt and external government debt, reducing these to 67.5% and 12.9% respectively in 2008. Furthermore, as a result of the world financial crisis, the rise in gross external debt level has been much higher in some developed countries than in Moldova (Luxemburg 3,733% of GDP, Ireland, 881% and UK 338%).[9]

Over the first nine months of 2009, budget revenue dropped over 10% relative to 2008 due mainly to a decline in VAT receipts, non-tax revenue and import duties. A number of wage and pension increases were enacted by the former Government, draining limited budget resources even further. The fiscal deficit increased from 1% of GDP in 2008 to about 6% of GDP between January and September 2009, financed mainly by a drawdown of previously accumulated balances in budget accounts and heavy domestic borrowing. [10]

MDGs at risk

For Moldova, a transition country, the creation of development partnerships is crucial both to attain higher population living standards and for the country's integration into the EU.[11] But this implies constant cooperation among the countries aiming to achieve the first seven MDGs as well as to achieve progress in important domains that are not covered by the MDGs, such as foreign trade, transport and communications infrastructure.

The MDG agenda, which seemed to be within arm's reach in 2007, is currently at risk due to the economic downturn. Out of 28 national targets set by the Government six – pertaining to education, HIV/AIDS, access to water and sanitation – are unlikely to be reached by 2015.[12]

The MDGs translate the most urgent national problems into concrete, measureable development targets, with gender equality central and cross-cutting all of these goals.[13] While education, public health and social protection are the sectors that consume most public expenditure in Moldova, expenditure across these sectors is far from optimal. According to the Government, "Efficiency gains in education spending would arise from school optimization. Similarly, there are savings to be produced through healthcare reform but the initial costs for the modernization of the hospital system are high. With regard to social protection, the challenge is to direct social assistance to the neediest and away from the outdated system of 13 different social assistance programs. Moldova allocated 1.8% of GDP in 2007 to spending on social assistance programs and 8% of GDP to education on average for the 26 transition countries)."[14]

Gender equality

Since 2006, gender equality is of particular concern for the Government and has been addressed through the signing of a number of international documents, the ratification of treaties and a formal commitment to achieving the MDGs. The Government reported in 2010 that a series of actions have been realized: "the Gender Equality Law and the Law on preventing and combating domestic violence were adopted; the Governmental Commission for Equality between Women and Men and the Department of Policies for Ensuring Gender Equality and Prevention of Violence have been established; the National Program for Ensuring Gender Equality (NPEGE) 2010-2015 and the Plan of Actions for implementing the NPEGE for the period 2010-2012 have been adopted; gender statistics were developed and disseminated (more than 250 sex-disaggregated indicators)."[15] However, there are still many obstacles to achieving the desired results:

- Although the share of women's seats in Parliament has reached 30%, there are limited possibilities for women's equal participation in the labour market;
- Work-life balance is a challenge, as 97% of childcare leave is taken by women;
- Women are mostly employed in the low-paid sectors (education, healthcare, social assistance) and occupy lower positions in any of the considered domains;
- The share of women employed in own-account work is increasing;
- The number of women who have dropped out of the labour force is increasing.[16]

Development and civil society

PASOS, the Policy Association for an Open Society, has stressed that the current political and economic situation in Moldova is critical and is setting the scene for long-term development trends in the country. The process of strengthening civil society involvement in development policies has progressed well, increasing its ability to produce independent analyses and diagnoses of various national trends.[17] Despite the need to further improve the quality of the contribution provided by NGOs, and to make their inputs more consistent and recommendations more realistic, there are already many examples of civil society participation in public life, including changes in major problematic areas in society.

Outstanding concerns are first of all in the areas of human rights, justice and economic development as well as corruption and media freedom. In 2009 many civil society organizations have been very active and often pro-active in all these spheres. In early 2010 a National Participation Council composed of 30 national NGOs was set up in order to facilitate government dialogue with civil society on various policy issues. However, as NGOs often look at such issues through the lens of their own missions, there is a tendency to cover a rather narrow spectrum and a resulting lack of a holistic vision.[18] It is to be hoped that such a vision will soon emerge. ■

8 See: <pc.gov.md/file/ECOSOC%20Report_discutions.doc>.

9 *Ibid.*

10 *Rethink Moldova*, *op. cit.*

11 *Ibid.*

12 *Ibid.*

13 National report of the Republic of Moldova on the implementation of the Millennium Development Goals.

14 *Rethink Moldova*, *op. cit.*

15 See: <www.un.org/en/ecosoc/julyhls/pdf10/moldova_presentation_ecosoc.pptx>.

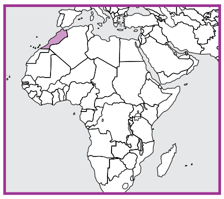
16 National Voluntary Presentation on MDGs achievement, Government of the Republic of Moldova, ECOSOC, New York, 2010.

17 Valeriu Prohnitchi, Alex Oprunenco, *Moldova 2009: State of the Country Report*, PASOS, 8 April 2010. Available from: <www.pasos.org/content/view/thematic_area_folder_filter_full/134?Area=596&Class=policy>.

18 *Ibid.*

MOROCCO

Not enough aid and very slow progress



According to official follow-up reports on the Millennium Development Goals (MDGs), Morocco has made progress towards several of the goals and is on the way to achieving others. However, this conclusion is based on a purely quantitative focus and does not reflect the real human development situation in the country. There are problems in the implementation of the scant official development assistance (ODA) that Morocco receives. In education, these impede any concerted efforts by the Government and civil society organizations to eliminate illiteracy and provide universal access.

Espace Associatif
Said Tbel

Various development plans have been abandoned and the public administration does not act in accordance with the Government's policy commitments, but the Millennium Development Goals (MDGs) are still the main frame of reference for civil society organizations and the country's people – who are demanding better performance and more progress. One aspect of the Millennium Declaration is that it includes a follow-up mechanism to monitor policy implementation. This involves periodic reports from governments, which are drawn up with the help of the UN, about progress towards the MDGs. In Morocco, the reports from the High Commissioner for the Plan insist on a quantitative approach that usually results in the same old clichés, such as "We have reached some Goals and we are well on the way to attaining the others."

Development assistance: a small share of the budget

The 2009 country report on progress towards the MDGs emphasizes that Morocco, which endorsed the Paris Declaration on aid effectiveness, participated in the second follow-up survey in 2008 that was carried out under the aegis of the Organization for Economic Co-operation and Development (OECD) working group on aid effectiveness and, more specifically, the Development Assistance Committee (DAC).

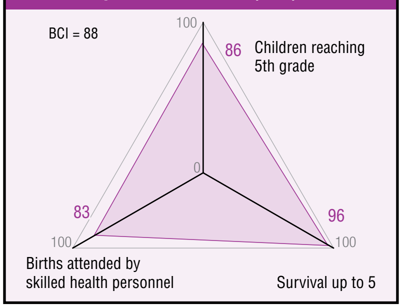
This study shows that the official development assistance (ODA) that Morocco receives – a total of USD 2.3 billion in 2007 – amounts to only 12.6% of the country's budget (some USD 18 billion).[1] The World Bank is presented as the country's main financial partner with 18.8% of total ODA (USD 426 million). Next are the European Union with 13.6% (USD 308 million) and then the European Investment Bank with 9.7% (USD 221 million). The UN contributes only 1% of total ODA (USD 22.5 million) and the US provides 0.9% (USD 20 million).[2]

Civil society organizations have stressed how small the share of ODA is in financing development in Morocco, and point out that ultimately it is the State and the people themselves who have to carry the biggest part of this financial burden.

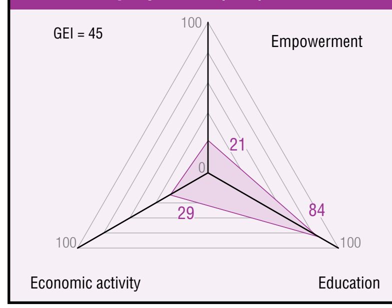
1 High Commissioner for the Plan, *National MDG Report*, Morocco, 2009.

2 *Ibid.*

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



World Bank "assistance"

There is no explanation as to why the World Bank figures so prominently among the organizations providing assistance for development in Morocco. This is a bank, after all, and most of the funds it provides are loans rather than grants so they have to be repaid with interest. In addition, part of the meagre grants from this institution, and from many other international financial institutions, go to finance technical studies to prepare for the allocation of loans for development.

Some projects of a social nature that have World Bank support are:

- improving basic training for adults, Alpha Morocco (USD 4.1 million);
- supporting the reorganization of basic education (USD 80 million);
- improving the quality of the education system (USD 130.3 million);
- reforming teaching in higher education (USD 76 million); and
- the National Initiative for Human Development Support Project (INDH). This loan is aimed at reducing poverty, vulnerability and social exclusion and strengthening institutional capacity (USD 100 million).[3]

There has also been yet another in an apparently endless series of initiatives to reform the country's education system: the Urgency Plan (PU), which is budgeted at USD 5.3 billion. The persistent inability to tackle the far-reaching problems in this area casts serious doubt on the effectiveness of the World Bank and discredits its constant propaganda about good governance in development projects. Many civil society organizations have criticized the distribution of large amounts of resources for projects whose ultimate quality is in doubt and for which future generations of Moroccans will have to pay.

3 World Bank Rabat Office, *Nawafid Maghreb*, no. 6, December 2007.

Questioning where ODA is spent

In 2007 the US signed a compact with Morocco in the framework of the Millennium Challenge Corporation (MCC) for USD 697.5 million, which was the largest amount that the MCC had committed up to that point.[4] These funds were intended to raise productivity and improve employment opportunities in sectors with the best potential, and thereby to generate an annual GDP increase to the tune of USD 118 million. According to the General Director of the MCC, John J. Danilovich, this would directly benefit 600,000 Moroccan families.[5]

More than two years after this initiative went into operation, Salua Karkri Belkeziz, a Deputy (member of parliament) from the Socialist Union of Popular Forces[6] claimed that only USD 50 million had so far been received. The rate at which these projects developed would therefore be far slower than the objectives that had been set. Deputies have

4 The contribution from the US Government to this program is estimated at around USD 250 million.

5 Maghreb Arabe Presse, Press Conference in Washington on 15 September 2007.

6 The Socialist Union of Popular Forces is a political party that has been represented in the Government of Morocco since 1998.

also questioned the selection, organization and land distribution criteria employed in key projects.

During discussions about the structure of ODA expenditure distribution, civil society organizations have also pointed out several key issues to bear in mind when considering the aid policies:[7]

- What should be the level of ODA?
- What should be its priorities?
- Which procedures should be put in place for its implementation?
- What should be done to make the aid process more participative while ensuring better governance?

Lack of coordination

ODA in Morocco is not coordinated or harmonized. There are numerous agencies, foundations and other structures for social development with similar mandates (including the Ministry of Social Development, the Social Development Agency, the Agencies for Northern, Southern and Eastern Development and the Rural Development Agency). Moreover, international cooperation programs and projects very often overlap. All of this rebounds to the detriment of the effective implementation of aid for development in general. In response to this situation the idea emerged to set up a "thematic group to harmonize fund providers," which is an aid coordination group with a dozen members.

The main objectives of this control structure are to propose paths and avenues to improve aid; to publish a good practices guide for the technical and financial partners that operate in Morocco; and to make concrete proposals to the Government to optimize aid coordination mechanisms. However, the place and the role of the Moroccan counterpart in all this are not clear: it seems not to figure in the structure when one would suppose it should be directing the thematic group.

At the same time, the Ministry of Economics and Finance, in association with UNDP and with financial support from France and Spain, has since 2008 been drawing up a Map of Development Projects through a system of geographical information. This is intended to provide "a database to ensure the integrated management of information about development [and] enable the group of members to access in the middle term complete, reliable data about interventions implemented as part of public aid for development and of structural development projects in Morocco, thus enhancing the visibility of the aid the country receives."[8] The project is defined as a tool for communication, for publishing information, for teamwork and for coordination.

The impact on education

The education sector is notorious for taking a large part of the budget and it is also the sector that benefits most from international cooperation and ODA.[9] But while the quantitative results seem to be on course and acceptable, they are seriously deficient from the quality point of view. International studies about the evaluation of knowledge acquired at school make it clear that the performance of Moroccan children in sciences, mathematics and reading is dismal.[10]

For example, the average score in mathematics of 4th year primary school pupils in Morocco was 347, which is far below the international average of 495. Some 61% of schoolchildren cannot meet the minimum mathematics requirements laid down by the Trends in International Mathematics and Science Study (TIMSS). In sciences the average score of Moroccan pupils was 304, which is also very low compared to the international average of 489. Some 66% of schoolchildren do not meet the basic requirements for sciences set by the TIMSS.

The Government has shown evident concern about the critical situation in education, which it has given high priority on its agenda. As mentioned above, the Urgency Plan has a large budget allocation. Some positive effects have included the construction or renovation of many schools, under the INDH, and the participation of civil society organizations in the management of pre-school education in remote parts of the country. In addition, information and communications technologies (ICTs) are being progressively introduced into education practices. Even at the level of non-formal education it is noteworthy that ICT departments and literacy programs are in operation.

However, the reform introduced through the national education and training plan failed and there continue to be a number of weaknesses in this area. In terms of the PU, the French language (which not everyone in the country speaks) is frequently used in technical documents on PU projects and the projects are often prone to improvisation. There is also a lack of rationalization in the management of human resources, and many places have no teachers. This means that the possibility of schooling in remote parts of the country is limited. In spite of the many literacy programs, illiteracy is still widespread in Morocco compared to other countries at a similar level of development and there is a lack of suitable premises for literacy courses. There are many economic hindrances and also socio-cultural resistance to training for adults, and the content of literacy programs is not adapted to the specific needs of the different regions.

Conclusion

The MDGs in Morocco are mainly used as a slogan when the time comes periodically to draw up and issue international reports. Apart from that, nobody talks about them, neither the public authorities nor most civil society organizations. In any event, civil society organizations have very little power to act directly and intervene in the fund provision process. In spite of the fact that international aid is so scarce, however, it still provides a kind of vigilance mechanism that pushes the public authorities to exercise control and respond to demands, which is essential to the main principle of the Paris Declaration—nationally owned development. ■

7 Among participants in the discussions were civil society organizations (AMSED, OMDH, AMDH, UAF, CARREFOUR, FLDDF, Transparency, UMT) and college professors: Moussaoui Mohamed, Nadia Cebti, Maati Mounjib, Mustpha Bouhadou, Fatima Chahid, Meriem Benkhouya, Aziz Chaker, Abdellah Saaf, Saad Belghazi, Fillali Meknassi Saad, Khadija Ghamiri, Aicha Dariti, Youssef Chiheb, Najia Zirari, Samira El Ghazi, Fatma Outaleb, Aziz Chaker, Ahmed Bencheich.

8 High Commissioner for the Plan, *op. cit.*

9 See above for examples with the figures of loans from the World Bank to finance education reforms that range from literacy classes to higher education.

10 TIMSS and Progress in International Reading Literacy Study (PIRLS) International Study Center. See: <timss.bc.edu>.

NEPAL

The need for a new development program

After years of political turmoil and armed conflict, Nepal urgently requires good governance. The recent progress in health, education and other sectors does not diminish the need for a social agreement that would place primary responsibility for overall development in the hands of the citizenry. Donors and the Government must agree that donors commit to a specified level of aid for at least a decade. Microfinancing should be strengthened to channel the growing flow of remittances into productive investments.

Rural Reconstruction Nepal (RRN)
Abhas Ghimire
Sarba Raj Khadka

Nepal, one of the poorest countries in the world, is in the throes of a tumultuous socio-political transition. One of the most inclusive Constituent Assemblies the country has ever seen is writing a new Constitution that will dismantle a historical legacy of exclusionary and centralized development policies. The country's political instability is readily apparent: in the last 20 years, 19 governments have held office.

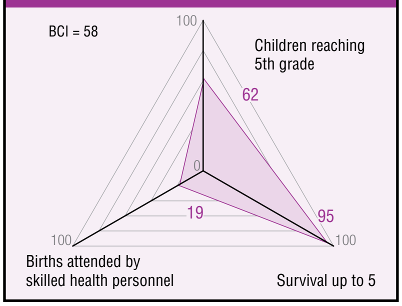
Despite the turmoil, Nepal has made remarkable strides in areas such as health, education and gender equality, primarily due to the foreign aid that provides financing for all of the country's development programs. Overall, progress has been uneven. Beset by political instability and economic depression, the country is unlikely to achieve the goals envisioned in the Millennium Declaration. Achieving the minimal Millennium Development Goals (MDGs) and ensuring dignity and justice for all will require adequate and predictable financing from development partners, as well as good governance and respect for human rights.

The Monterrey Consensus that came out of the 2002 UN International Conference on Financing for Development gives precedence to mobilizing domestic financial resources for development and increasing Foreign Direct Investment (FDI) and other private flows, rather than emphasizing international financial and technical cooperation for development. However in Nepal, as in other least developed countries, domestic resources and private capital flows are extremely limited, and the Government invariably regards human rights and dignity for all as less important than economic growth. Official Development Assistance (ODA) is typically channeled into a limited range of projects and programs, often those in which progress can be judged by measurable results. Human rights are never on top of the agenda in discussions of development financing.

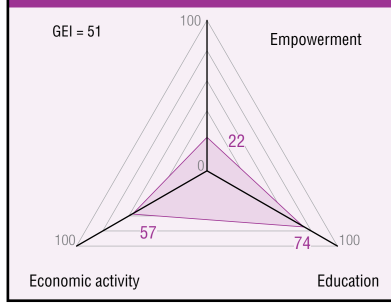
Diminishing poverty, growing inequality

Despite the unstable political situation and a decade of armed conflict, Nepal has made significant progress towards the MDGs. With the necessary focus and determination, along with matching support from development partners, the country could be a global leader in the effort to achieve these goals by 2015. At its current rate of progress, Nepal is likely to cut extreme poverty in half by 2015. Between 1995-1996 and 2003-2004, the percentage of the population living on less than USD 1 per day plunged from 34% to 24% and the poverty rate dropped from 42% to 31%.[1] However, during this same period the Gini coefficient of inequality increased from 34 to 41; the Human Development Report 2009 put it at 47.3.[2] This means, paradoxically, that Nepal halved its poverty rate while doubling its income inequality.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Cutting the incidence of extreme poverty in half is only one of the targets under MDG 1. Target 1B, full and productive employment for all, including women and young people, is unlikely to be achieved, and domestic discourse will probably ignore this failure. Rather than create an environment in which businesses and industries can take root, flourish and employ the country's wasted human resources, the Government is devoting its energies to persuading foreign countries to open more doors for Nepalese workers. In the short term, this has an economic logic: remittances from workers abroad already pour in at a level three times ODA receipts, and are perceived to be the glue that holds the country (barely) together. In the long run, however, this strategy will leave the country devoid of a skilled, technical human resource base. The consequences would be disastrous should a day come when Nepalese workers are no longer needed in foreign countries.

Increased social spending in the health and education sectors over the last 15 years has spurred remarkable progress in both. The ratio of girls to boys in primary schools is almost one to one, and a record high 92% of all children attend.[3] However, Nepal's rugged terrain and resource constraints make reaching the last 10% a significant challenge. Similar barriers have hobbled efforts to achieve universal access to reproductive health. A woman in Nepal is still 100 times more likely to die from her pregnancy and related complications than a woman in the UK. The "Aama" (Mother) Program, co-funded by the UK Department for International Development (DfID) and the Nepalese Government, offers financial incentives of up to 1,500 Nepalese rupees (USD 20) to women who give birth in a medical facility.[4] Although many women and families have taken advantage of this welcome incentive, the programe has not significantly lowered the number of women dying in childbirth. A high rate of structural poverty, the low level of education, the small number of health centers, the poor state of the roads, and, most importantly, the inferior status of women in rural societies all combine to deter women from obtaining maternal care from skilled health professionals.

ODA and development

The lack of predictability in development aid has made it difficult for the Government to develop effective long run plans. Eliminating poverty, malnutrition and other social problems takes a long time. Donors and the Government must agree on a long term aid memorandum that commits donors to a specified level of aid for at least 10 years. That would make it possible for the Government to develop programs and strategies based on precisely

1 Central Bureau of Statistics, Government of Nepal, 2004.

2 *Human Development Report 2009*. Available from: <hdr.undp.org/en/reports/global/hdr2009/>.

3 Ministry of Education, *Statistics of Nepal*, Kathmandu 2008.

4 Alison Buckler, "Dying for children," *The Guardian,* 21 November 2009. Available from: <www.guardian.co.uk/journalismcompetition/amateur-dying-for-children>.

what the aid component will be and where it is to be spent. The effectiveness of this approach is evident in the significant improvements in primary education and maternal health, both sectors in which long term commitments on the part of developing partners have been complemented by positive initiatives by state actors. The share of the National Budget devoted to social sectors has jumped from 21% in 1991 to about 40% today.[5]

Although the decade-long armed conflict has ended, the political environment remains volatile. Better security is essential to promoting foreign investment and reducing the widespread violations of human rights that occur daily at the grassroots level. Although Nepal boasts one of the most liberalized economies in South Asia, security concerns and rampant corruption at almost all levels of Government have prevented a flow of FDI sufficient to generate a level of growth in jobs and technical knowhow that would improve livelihoods, stimulate construction of critical infrastructure, and provide employment for thousands of young people who currently go abroad in search of work. Most of the people who emigrate come from poor socio-economic backgrounds and have low education levels and skills. They typically end up in what are sometimes called 3D jobs – dirty, dangerous and demeaning–in places with weak or no laws protecting work. Serious violations of human rights have occurred in places where workers have been trafficked across borders, abused or even enslaved. The bodies of a staggering number of Nepali migrant workers are stranded at various morgues in the Middle East. In 2009 alone, at least 600 Nepalese died in the Gulf States and Malaysia.[6]

The National Human Rights Action Plan

The Universal Declaration of Human Rights has not only enshrined the right to life, but the right to food, education, information, employment, and social security. Sectors of society have been deprived of these basic rights; the State has not taken serious action to address violations. Historically marginalized and oppressed groups, including women as well as low-caste *dalits* and indigenous nationalities, or *janajatis*, still yearn for the basic rights necessary for a dignified life.

Following a participatory process that included consultations at the district, regional and national levels with representatives from governmental organizations, NGOs, human rights and civil society organizations, legal practitioners, media people, experts and professionals,[7] the Government presented a National Human Rights Action Plan (NHRAP) in April 2004. Like most such declarations and documents in Nepal, the plan has not been effectively implemented due to sheer negligence on the part of successive governments.

Prospects for microfinance

Microfinance is a promising strategy that has not been fully utilized. Remittance income has been an inclusive development: Many migrant workers come from the so-called lower castes and lesser educated population, which received little help or attention from the Government. Their remittances are reaching even the most marginalized groups in the remotest areas. However, the country has no channels for funneling that income towards productive investment.[8] Banks are usually located in big cities. Cooperatives have sprung up in districts around them and in some rural areas, but microfinance programs are lagging far behind. To date, rights to inclusive financial services such as savings and investment and easy access to loans seem to have been neglected.

Energy security and climate change

Energy security is another area essential to development and human rights that has not garnered the attention it deserves. Although Nepal has huge hydroelectric potential, estimated at about 83,000 megawatts annually,[9] a majority of the population lacks energy security. This is a major barrier to development in these communities. Affordable energy is essential to each of the MDGs, so investing in energy is a way of promoting all of them at the same time.

Insufficient energy production touches every aspect of rural lives. Access to electricity could encourage children to read, make it possible for people to communicate easily and provide access to all of the resources available through modern technology, including hospitals with safe reliable equipment. It could even reduce deforestation. Investment in alternative energy sources would provide abundant energy in eco-friendly ways, create thousands of "green jobs" and develop the human resources required to construct a Green Economy. By realizing its hydroelectric potential, Nepal would supply the energy needs of its population and provide the region with a dependable source of clean energy.

Nepal is highly vulnerable to devastation from climate change. Despite its narrow width from north to south, the country spans a remarkably wide altitude range, from slightly above sea level to the peaks of the Himalayan range. Despite its negligible contribution to greenhouse gases (GHGO), Nepal's economy and the livelihood of its people could suffer greatly from climate change. The agricultural system is heavily dependent on rainfall; any variations in the hydrological cycle could deal a severe blow to the nation's economy and individual livelihoods. Should one of the country's 2,000 glacial lakes burst its banks, the resulting floods could cause havoc downstream.[10] To avoid cutbacks in other development programs, donors must provide additional support for new programs that help the country mitigate and adapt to climate change. Environmental sustainability is linked to all of the other MDGs. A climate fund would ensure progress toward all of the goals while reducing near-term risks stemming from climate change.

Lack of good governance

As long as rampant corruption permeates all aspects of society the country has little hope of achieving long-term sustainable development, no matter what model of development it pursues. At present, Nepal does not have any elected local government bodies that can act as intermediaries between the grassroots, the National Government and international development partners. Frustration with the State's ineffectiveness and the weak security apparatus has led to the emergence of several violent criminal groups that commit murder and armed robbery, extort money and generate a climate of fear in many areas. The State has so far been unable to suppress them, or to calm the fears of ethnic violence that seem to be brewing in some parts of the country. Whether political parties are in the Government or the opposition, they seem preoccupied with benefiting themselves rather than delivering the kind of governance that the people of Nepal expect and need. ■

5 National Planning Commission, Government of Nepal, *National Development Strategy Paper 2009*.

6 Deepak Adhikari, "A Casket of Dreams," *The Kathmandu Post*, 20 February 2010. Available from: <www.ekantipur.com/2010/02/20/most-popular/A-casket-of-dreams/308742/>.

7 Government of Nepal, *National Human Rights Action Plan 2004*. Available from: <www2.ohchr.org/english/issues/plan_actions/docs/Nepal_NHRAP.pdf>.

8 "Remittance has not been channelised into productive sectors," *The Kathmandu Post*, 18 June 2010. Available from: <www.ekantipur.com/2010/06/18/business/remittance-has-not-been-channelised-into-productive-sectors/316632/>.

9 Dilli Prasad Bhattarai, *Nepal at the First and Second Crossroads: Opportunities for a Win/Win in the New Development Context*. Available from: <www.ifa.org.np/pdf/new1.pdf>.

10 Madan Koirala, Ranjana Bhatta, *Communities Challenging Climate Change*, CRSC / NEFEJ, 2010. Available from: <www.nefej.org/pdf/climate_change_book_final.pdf>.

The (limited) time of the so-called "demographic bonus"

The Government is not taking advantage of the so-called "demographic bonus," which offers a historic development opportunity in the next 20 years. Since the share of the population that is under 18 years is falling each year, now is the time to invest in educating the new generation so that it can increase per capita income levels. Development planning should prioritize public education and allocate at least 7% of Gross Domestic Product (GDP) to this sector over the next 10 years in order to achieve basic education goals. If Nicaragua does not invest in education now it will be too late.

Coordinadora Civil[1]
Adolfo Acevedo

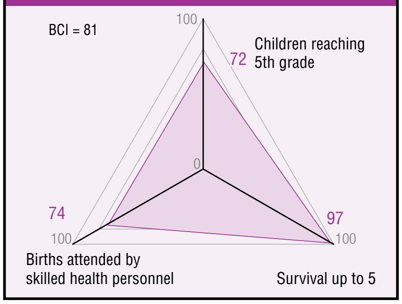
The education system in Nicaragua is very backward not only in terms of coverage but also in terms of quality. Only 86% of school age children actually enrol in primary school and only 40% of those who enter first grade reach sixth grade.[2] A mere 45% of young people of secondary school age enrol at this level and only 44% who do so manage to complete their studies.[3] When we consider that completing secondary education is the minimum necessary threshold to begin to rise above the poverty line, there is only one possible conclusion: Nicaragua is not preparing its people for the life that they should have.

This has very negative consequences for the country's development, especially in view of the current demographic situation. According to the 2005 population census,[4] the working age population (aged 15 to 59) is increasing rapidly. From 1995 to 2005 this group grew by an unprecedented 29.2%, with an annual rate of increase of around 2.6%, far above the average of 1.78% growth for the total population. In 1990, some 46% of Nicaraguans were under 15 years old, 49.3% were of working age and only 4.8% had reached retirement age. That is, for every child under 15 there were 1.1 adults of working age.

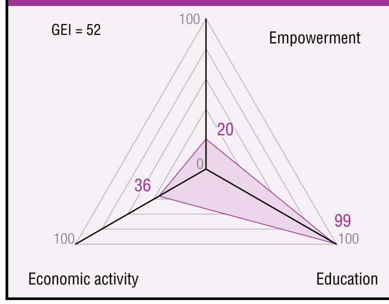
However, today the under-15 population is much lower as a percentage of the total, and this is a fall in absolute terms. In 2005 only 34.6% of the population were children under 15, and at the same time the working age population had increased to 56.5% of the total and people over 60 years of age made up the remaining 5.6%. This means that in 2005 for every child under 15 there were 1.53 people of working age.

The most important aspect of this demographic shift is that while the dependent child population is shrinking fast as a percentage of the total, the number of people coming of age and joining the labour pool is increasing at a tremendous rate.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The "demographic bonus" and poverty reduction

It is estimated that an average of 118,000 young people in Nicaragua reach working age every year, the greatest increase in the working age population in the country's history. This process is known as "the demographic bonus" (or "demographic dividend"), and it is taking place not only in urban areas but in rural areas as well, although in the latter it is not quite so marked.

In macroeconomic terms, if this burgeoning workforce can find high productivity jobs, the country's rate of economic growth may increase. If this happens, while the population growth rate is falling the people's average or per capita income will go up, and because there are fewer and fewer children this raises the possibility of increasing investment in education per child. Thus more rapid economic growth could be combined with a significant reduction in poverty.

An example where this policy has been implemented is South Korea. In the 1950s this country was poorer than most countries in Latin America, but in just a few decades it has almost completely eliminated poverty.

However, a necessary condition for taking advantage of this "demographic bonus" is not just that the working population should grow rapidly but also that a higher percentage of this population should in fact join the labour market. One of the most serious restrictions on this in Nicaragua, is the low level of women's participation in the labour market due to their need to take care of dependent children. Only 36.7% of working age women is in the labour market.[5] This means that 63% of working age women lack any source of income earnings, which limits their autonomy along with their ability to influence how household resources are used.

But if the country is to take advantage of this "demographic bonus" in order to reduce poverty, as Southeast Asian countries have done relatively quickly, working age people must receive suitable education and training to be able to do high productivity jobs that are well paid. In addition, the formal sector must be able to effectively provide this kind of work.

Bonus or social catastrophe?

In Nicaragua, most people who are or soon will be of working age have had a low level of education and one which is also of poor quality. This is evident when we consider that the average years of schooling in this age group, in the lowest income distribution strata, is between 3.2 and 5.1 years.[6]

According to the latest World Bank "Report on Poverty" in Nicaragua, people who have not completed secondary education, that is, those with less than 11 years of schooling, are almost certainly condemned to a life below the poverty threshold.[7] It is only when individuals have 11 years of schooling, that is, have completed secondary school, that their job earnings begin to (just about) rise above the poverty threshold.

1 Coordinadora Civil is made up of some 600 NGOs, networks and individuals throughout Nicaragua.

2 IPS, "A la caza del último analfabeto,"20 July 2007. Available from: <www.ipsnoticias.net/nota.asp?idnews=41582>.

3 *La Prensa*, "Nicaragua con bajo acceso a educación secundaria" (Nicaragua has low access to secondary education), 14 March 2010. Available from: <www.laprensa.com.ni/2010/03/14/economia/19086>.

4 National Census and Statistics Institute, *VIII Censo de Población y IV de Vivienda*, May 2006. Available from: <www.cies.edu.ni/documentos/censo2005/Informe%20Resumen%20del%20VIII%20Censo%20de%20Poblacion.pdf>.

5 "Nicaragua desperdicia sus mejores años," *La Prensa*, 16 July 2010. Available from: <www.laprensa.com.ni/2010/07/16/nacionales/31702>.

6 Adital, "Nicaragua en la encrucijada de la 'transición demográfica'," 3 November 2009. Available from: <www.adital.com.br/site/noticia.asp?lang=ES&cod=42527>.

7 See "7% del PIB a Educación nos sacará de la pobreza," *El Nuevo Diario*, 12 March 2010. Available from: <www.impreso.elnuevodiario.com.ni/2010/03/12/nacionales/120649>.

Some 76% of the under-18 population, that is, most of the country's young people, live in the 60% poorest households. This means that the vast majority of young people have very low levels of schooling. Taking to account the strong correlation between average education levels and work earnings, this means that most of these people will work in precarious jobs in the informal economy for the next 50 years, never rising above the poverty line.

An analysis of the structure of the labour market in Nicaragua shows that nearly 70% of the jobs in the informal sector are precarious. Today some 65% of employment is accounted for by the self-employed or people who work in small economic units that may be individual or family, urban or rural, that have no access whatsoever to resources, and that employ only 1 to 5 people. This reflects a national profile in which most households have to undertake some kind of economic activity on their own account just to survive.

This situation is the result of the development model based on "comparative advantage" that has prevailed in the country for over two decades, in which there is a comparatively abundant supply of labour but which is also very low-skilled, making for rock bottom wages. One consequence is that poverty and inequality are inevitably passed on from one generation to the next.

The greatest working age population increase in the country's history could potentially provide an opportunity to reduce poverty levels within a relatively short time. But this opportunity is not being seized, primarily for the two reasons mentioned above. First, because most young people who reach working age have very low levels of schooling, which condemns them to poor quality jobs. And second, because only 53% of the working age population are actually in the labour market, owing to the very low level of female labour force participation.

The effects of this failure to take advantage of the demographic bonus go far beyond the immediate or even middle term consequences. Nicaragua is not only wasting this opportunity, it is also sowing the seeds of future socio-demographic catastrophe.

The bonus and the demographic disadvantage

In Nicaragua, only 20% of the labour force participates in the social security system, so when 80% of the working population reach retirement age they have no savings or support and have to depend on family members or on public assistance in order to survive. This dependence could be exacerbated by the pension system in which current payouts are mainly covered by contributions from working people. In the years ahead the number of retired people, and the amounts paid out in benefits, are going to increase until the point at which the contributions from working people will not be enough to cover payout obligations.

According the limited information available, starting in approximately 2016 the Institute of Social Security (INSS) will no longer be able to cover payouts with current contributions causing a payments deficit which will steadily increase. To meet its payout obligations, the INSS will have to use the technical reserves it has accumulated, but it is estimated that these reserves will only last until about 2020. There have been proposals to "reform the parameters," but the best this might do is enable the system to last for 20 more years.

If this situation does not change, within 25 or 30 years, when the ageing population trend really begins to bite, people who reach retirement age are going to have to depend more and more for their survival and basic needs on people of working age. But by then the percentage of the population in this age bracket will have started to decrease.

When the majority of working age people reach retirement age they will probably be in informal and precarious employment and thus condemned to poverty. The "demographic bonus" will have passed its peak as the percentage of working age people stops increasing compared to the dependent population and in fact starts to decrease. As the proportion of dependent people (mainly older people) increases, there will be progressive reduction in their labour income earnings, causing per capita household income too fall. Thus the democratic bonus will give way to one of accentuated "demographic disadvantage."

The future must change now

According to Jorge Campos, with the UNFPA in Nicaragua, "The demographic opportunity that is opening up will only happen once and it will last for a limited period of time. In order to take advantage of it, the State will have to invest sufficient funds in the right way starting now. In addition, there will have to be suitable public policies to ensure that young people can enter the labour market and that they can do so with good levels of education, training and health. If the country does not do this in time, in other words starting today, the opportunity will mutate into a social catastrophe with high levels of unemployment and citizen insecurity, and mass emigration that will no doubt aggravate the situation."[8]

An investment of at least 7% of GDP in the public education system is needed to reach basic education goals[9], including:

- 100% net enrolment in primary education.
- An 80% completion rate for primary education.
- A 75% completion rate for secondary education.
- An average of nine years of schooling among the population as a whole.

In order to reach an investment level of 7% of GDP the current budget allocation to the Ministry of Education needs to be doubled, or least brought up to the equivalent of 6% of GDP. But according to official budget projections, the budget for this Ministry, which in 2009 amounted to 4% of GDP,[10] will not only stop increasing but will actually decrease in the years ahead; in 2013 it will come to only 3.55% of GDP. This dismal situation will arrive only two years before the deadline for reaching the Millennium Development Goals (MDGs).

The MDGs target is that by 2015 all children should be able to complete the primary education cycle. At present this deadline is totally unrealistic; a massive investment effort in education is needed to bring about a radical change in this scenario for the future. Sadly, this bleak outlook seems inevitable as the country is not making even the least effort to rectify the situation.

The proportion of young people in Nicaragua's population is decreasing; there are fewer children and adolescents to invest in, and these are the people who could pull the country out of poverty. The time to invest in the young population and change the country's prospects is now. If this is put off till tomorrow it will be too late. ■

8 Adital, *op. cit.*

9 El Observador Económico, "Sociedad civil demanda 7% del PIB para educación", 4 September 2009. Available from: <www.elobservadoreconomico.com/articulo/846?>.

10 *Ibid.*

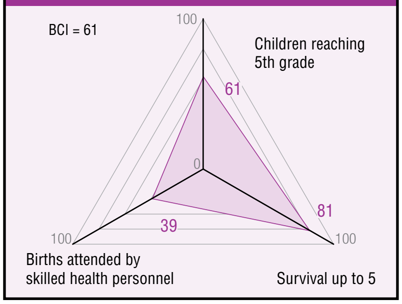
NIGERIA

The quest for foreign direct investment

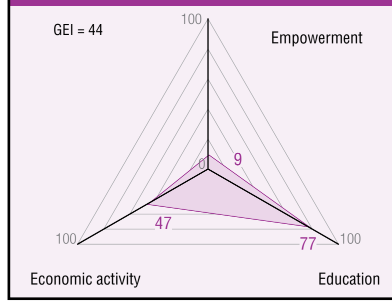
Although there have been some improvements in foreign direct investment (FDI) in Nigeria, their impact is not yet being felt by the poor. Legislation favouring FDI should be accompanied by mechanisms that guarantee transparency. Despite the Government's allocation of financial and other resources to combat poverty, the sad fact is that poverty has continued to grow at a fast pace over the last 15 years. Civil society organizations have pointed out that practically all projects focused on achieving the Millennium Development Goals (MDGs) are lagging behind.

Socio Economic Rights Initiative
Ray Onyegu
Centre for Peace and Development
Luke Chukwu
Legal Defence and Assistance Project (LEDAP)
Women and Youths in Africa
Judith Ogunniran
Nigerian Trade Network
Chris Kaka
Civil Society Coalition for Poverty Eradication
Dr. Dom Okoro

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The 1999 Constitution ushered Nigerians into a new democratic era and promised that "the security and welfare of the people shall be the primary purpose of government."[1] The Government is also obliged to control the national economy in such a manner as to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity. Furthermore, suitable and adequate shelter, suitable and adequate food, a reasonable minimum wage, pensions and elder care, unemployment benefits, sick benefits and welfare of the disabled are to be provided.

Adequate financing for development is mandatory in order to respect, protect and fulfil these human rights obligations. The Government of Nigeria, through its Central Bank, reinforces this point by stating that the supply of finance to diverse sectors of the economy will promote the growth of the economy as a whole, which in turn will improve development and welfare at a faster rate.[2] The Government has also declared that sustaining democratic principles, enhancing security for life and property and rebuilding and maintaining infrastructure are necessary for the country to attract FDI.

Poverty

The Government has taken a number of measures to try to reduce poverty. The 1997 budget expressed a clear intention to enter into investment production agreements – that is, bilateral, regional and multilateral treaties – with foreign governments and private organizations. Nigeria was also one of the countries that committed in 2000 to the achievement of the MDGs by 2015.

However, ongoing policy measures and programmes do not seem to be enough to rescue this oil-exporting country from an unbroken story of want and penury. According to UN HABITAT, the poverty rate has spiralled from 46% in 1996 to 76% in 2009.[3] Poverty has exacerbated crime, prostitution, HIV and AIDS, general frustration and loss of confidence in the economy. For the majority of Nigerians life is palpably the same: one of fear, depression, despondence, bitterness and self-deprecation.

Foreign direct investment

Until recently the Nigerian economy was driven largely by domestic investment.[4] An investigation on the impact of FDI between 1970 and 2001 found that both private capital and foreign capital had only had a small effect on economic growth.[5] Yet the country possesses multiple positive attributes for investment in the energy and other sectors and there is growing consensus that FDI is essential to realizing its vast potential.[6] Although laws were introduced in 1965 to internationalize the capital market and remove restrictions on FDI and promote the free inflow and outflow of capital – including in the petroleum sector, hitherto jealously guarded – the absence up to now of adequate mechanisms for making the procedures transparent has delayed the inflows of much-needed investment.[7]

FDI is largely tied to trade expansion and export orientation. Nigeria suffers a major disadvantage in this regard due to a consistent record of negative trade and export flows over the years compared to more developed trading partners. Its primary products, including oil, are subject to the volatility of international prices. While a recent report in one of the national dailies claims that there was a significant increase in FDI in 2008 – an aggregate inflow of USD 20 billion according to the Executive Secretary of the Nigerian Investment Promotion Commission[8] – the effects of this have yet to be felt on the economy. Moreover, the economic meltdown of 2008 led to capital flight. It appears that the country's strongest option for private capital for development will remain loans rather than bonds, portfolio investment or FDI.

Weak economic cooperation

At the regional level the African Economic Community Treaty, signed at Abuja in 1991, has not moved beyond rhetoric. The Treaty was expected to boost Africa's share of world trade with the establishment of an Assembly of Heads of State and Government, a Council of Ministers, a Court of Justice, a General Secretariat and seven Specialized Technical Committees to deal with integrative economic activities

1 Government of Nigeria, *Constitution of the Federal Republic of Nigeria 1999*. Available from: <www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm>.

2 See the Central Bank of Nigeria website at: <www.cenbank.org/devfin/devfinhome.asp>.

3 Onyebuchi Ezigbo, "MDGs – Poverty rate rises to 76 per cent," *All Africa.com*, 27 February 2009. Available from: <allafrica.com/stories/200902270161.html>.

4 Risikat Oladoyin S. Dauda, "Trends, Behavioral Patterns and Growth Implications of Foreign Private Capital Flows in Nigeria," *IUP Journal of Financial Economics* IV, no. 3 (2008): 29–40.

5 A. Enisan Akinlo, "Foreign direct investment and growth in Nigeria: An empirical investigation," *Journal of Policy Modeling* 26, 5 (July 2004): 627–39.

6 See: <www.state.gov/r/pa/ei/bgn/2836.htm>.

7 Bolaji Owasanoye, "Sub-Saharan Africa and Development Finance," in *Selected Essays on Development Finance and the Role of the Lawyer in International Debt Operations* (Geneva: UNITAR, July 1999), 193. Available from: <www2.unitar.org/dfm/Resource_Center/Document_Series/Document6/SubSaharan/6Private.htm>.

8 Dele Ogbodo, "FDI: Nigeria's Aggregate Now $20bn", *This Day*, 1 March 2010. Available from: <www.thisdayonline.com/nview.php?id=167519>.

such as the rural economy and agriculture; monetary and financial affairs; trade, custom and immigration; industry; science and technology; energy, natural resources and the environment; transport, communication and tourism; health; labour and social affairs; and education, culture and human resources.

Unfortunately, the laudable ideas conveyed by the Treaty have yet to effectively materialize. Regional economic cooperation also remains weak and divided along ex-colonial lines. For example, the Economic Commission of West Africa has not achieved as much as it should have done in this regard due in part to Anglophone and Francophone colonial influence.

Towards the MDGs

The Government has taken a number of steps towards achieving the MDGs. One is the creation of the Office of the Senior Special Assistant to the President on the Goals (OSSAP-MDGs). Another is the execution of projects specifically targeted to meeting the Goals through Debt Relief Gains (DRGs) funding. The DRG funds derive from the debt relief Nigeria obtained from the Paris Club group of donor nations in September 2005. This released about USD 1 billion per year in debt savings, which allowed the Government to channel the funds to pro-poor MDGs-related expenditures and projects.

The DRG projects are spread across several sectors including education, youth, health, defence, agriculture, water resources, social safety nets, housing, environment, women's affairs, conditional grants scheme (CGS) and "Quick Wins" (quick and positive impact initiatives). They are executed jointly by the Federal Government and the other federating units such as the state and local governments. The CGS takes a bottom-up approach to development, which requires prior consultation with local communities where the projects will be located in order to identify their needs.

In 2007 the OSSAP-MDG began to commission independent technical consultants and civil society organizations to monitor the implementation of MDG-related projects. According to the Office over 14,500 projects/programmes were sponsored in the 2008 federal budget through relevant ministries of the Federal Government. The CGS and Stepping Stone Nigeria (SSN, a UK-based registered charity working to protect, save and transform the lives of vulnerable and disadvantaged children in the Niger Delta) ensure that projects are implemented not only at the federal but also at the states and local government levels.

The OPEN initiative: monitoring and evaluation

The Overview of Public Expenditure (OPEN) in the National Economic Empowerment and Development Strategy (NEEDS), Nigeria's official poverty reduction paper, involves:

- Nigeria's Virtual Poverty Fund (VPF), a mechanism for tagging and tracking the performance of specific poverty-reducing expenditure in the budget.
- A mechanism for monitoring budget line items in key sectors aimed at meeting the MDGs and reducing poverty.
- A wider process of strengthening public expenditure management to leverage additional external resources.
- Improving the effectiveness and efficiency of existing allocations to ministries, departments and agencies.

Monitoring and evaluation exercises are part of the OPEN initiative. These are undertaken to periodically assess the level of execution of projects and to ensure their compliance with project plans as well as guarantee their sustainability. Specifically related to the MDG-DRG 2008 projects, their purpose is to:

- Ensure proper channelling of resources voted for MDG projects and programmes.
- Ensure strict adherence to the implementation plans of approved ministries, departments and agencies for MDG projects in terms of coverage, quality, outputs and outcomes at local levels.
- Demonstrate transparent use of Government resources, especially the DRG funds, to Nigerians and the international community.

Data are collected at project sites during visits from construction workers as well as beneficiaries and potential beneficiaries of the projects such as teachers, community members and students. Data collected are both quantitative and qualitative and involve taking notes at project sites, interviews with workers and project beneficiaries. The quantitative data involve information on construction of toilets, borehole taps, hospital beds and other equipment supplied. The qualitative data involve information on the functionality of a project – for instance, whether a water borehole is working well or a toilet is being used. In the case of hospital equipment, it is always necessary to find out if this is in good order and can be used by hospital workers.

Feedback from civil society

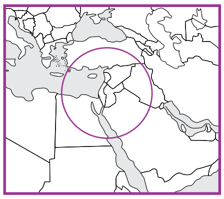
Civil society organizations in Nigeria have been deeply involved in governance matters. Several of them are engaged in the monitoring and evaluation of allocation and management of pubic expenditure. For example, the Socio Economic Rights Initiative has been monitoring and evaluating MDG projects in the six geopolitical zones in the country. Other organizations are doing similar things in different parts of the country in various sectors. Feedback shows that almost all the projects expected to contribute to meeting the MDGs suffer from delays in execution and huge obstacles remain in all sectors.

In the health sector the chances of meeting the MDGs are remote considering the non-implementation of the intervention projects, especially capacity-building for health workers and provision of equipment to strengthen the Primary Health Centres. This project has the potential of lifting the health status of Nigerians, especially in the rural areas where PHCs are very poorly equipped.

In the education sector the state of infrastructural decay in the schools visited is alarming. Classrooms and teachers' furniture are in most cases in a decrepit state. So too are school buildings. The sanitation situation in those schools without a water supply, even when they have toilets, is deplorable. So the concern should move beyond merely meeting the MDGs for this sector in terms of numbers to include ensuring also that pupils receive a quality education. ■

■ PALESTINE

The mirage of economic growth



The socio-economic situation in the occupied Palestinian territories (oPt) has shown some apparent improvement due to an injection of donor assistance in the West Bank, but the overall picture remains fragile. This is particularly true in the Gaza Strip, where the continued Israeli siege and blockade undermines prospects for development, perpetuating a deepening humanitarian crisis.

Palestinian NGO Network
Allam Jarrar

CHART 1. Labour market – Percentage distribution of population 15 years and above in the Palestinian territory by labour force status and region (ILO Standards), 2009.

Labour Force Status	Palestinian Territory	West Bank	Gaza Strip
Full Employment (working full time: 35 hours and above per week)	28.9	33.3	21.0
Working less than usual (lack of employment)	1.7	2.0	1.0
Working under poor conditions or for insufficient income	0.8	0.7	1.0
Did not work and seeking job	10.2	7.8	14.5
Did not work and did not seek job due to discouragement	3.3	3.2	3.4
Did not work – Old or illness	6.1	6.2	5.9
Did not work – Home duties	27.7	27.0	28.8
Did not work – Students	21.3	19.8	24.4
Total	100	100	100

Source: Palestinian Central Bureau of Statistics, May 2010.

Despite renewed donor assistance to the West Bank, resulting in an apparent increase in economic growth, real GDP growth the occupied Palestinian territories remains unchanged, and the overall socio-economic situation in remains fragile. This is particularly true in the Gaza Strip, where the continued Israeli siege and blockade undermines prospects for employment and growth. Since the blockade was imposed in June 2007, the number of refugees living in abject poverty has tripled.[1] According to the UN, 60.5% of households in the Gaza Strip are currently "food insecure."[2]

Unemployment in oPt dropped marginally in the third quarter of 2009 compared to the same period in 2008, to 31.4%. However, unemployment among young people stood at 67%.[3] Just one woman in seven was working. Fully 70% of families were living on less than USD 1 a day in May 2008, according to the World Health Organization (WHO). In the third quarter of 2008, 51% of Palestinians lived below the poverty line (56% of Gazans and 48% of the West Bank population), with 19% living in extreme poverty.

The International Labour Organization (ILO) attributes the improvement to an accelerated growth rate and a slightly higher rate of employment, although the rate is still exceptionally low by international standards – roughly 15% in both Gaza and the West Bank.[4] The unemployment rate in the West Bank is 23% and more than 50% in the Gaza Strip, according to the Palestinian Central Bureau of Statistics.[5] The Gaza rate is among the highest in the world.

The strip is also considered the most aid-dependent area in the world; according to the World Food Program, more than 80% of the population relies on food aid.[6] In the second half of 2008, 33% of households in the West Bank and 71% of those in Gaza received food assistance, with food accounting for roughly half of total household expenditures. In May 2008, the UN estimated that 56% of Gazans and 25% of West Bank residents were "food insecure."[7] At the same time, chronic malnutrition has risen in Gaza over the past few years to reach 10.2%.[8]

Gaza and the West Bank: a twofold reality

Israel's blockade of the Gaza Strip, which has 1.5 million inhabitants, has caused the shutdown of 98% of industrial operations since 2007, as well as acute shortages of fuel, cash, cooking gas and other basic supplies.

The ban on imports of building materials has prevented the rebuilding of some 6,400 homes destroyed or severely damaged by Israel's military operation in Gaza in 2008-09[9] and prevented the construction of some 7,500 homes needed for an expanding population. Some 3,500 families are still displaced.[10]

The blockade and Israel's military operation destroyed the water and sanitation infrastructure, including reservoirs, wells, and thousands of kilometers of piping. Water-related health problems are widespread. Gaza is also suffering an electricity crisis. The network is only able to meet 70% of demand due to insufficient funds to buy fuel for the power plant and a lack of spare parts, which is causing technical failures.[11]

On the other hand, the West Bank economy has appeared to be growing since the beginning of 2009, partly due to an influx of donor funds but also because movement restrictions have been eased there and an improved security environment has increased investor confidence and boosted economic activity. The International Monetary Fund pegged growth at 7% in 2009.[12]

1 Amnesty International, "Suffocating Gaza–the Israeli blockade's effects on Palestinians", 1 June 2010. Available from: <www.amnesty.org/en/news-and-updates/suffocating-gaza-israeli-blockades-effects-palestinians-2010-06-01>.

2 FAO/WFP, *Socio-Economic and Food Security Survey Report 2 – Gaza Strip*, November 2009. Available from: <www.unispal.un.org/UNISPAL.NSF/0/3C23530865719829852577 1A00688E0F>.

3 IRIN News, "OPT: West Bank health and economy up a bit, Gaza down," 18 May 2010. Available from: <www.irinnews.org/Report.aspx?ReportId=89169>.

4 ILO, Annual report on the situation of workers of the occupied Arab territories, 10 June 2010. Available from: <www.ilo.int/global/About_the_ILO/Media_and_public_information/Press_releases/lang—en/WCMS_141537/index.htm>.

5 See: <www.pcbs.gov.ps>.

6 "International aid agency: 80 percent of Gazans now rely on food aid", *Haaretz*, 3 April 2007.

7 WFP, FAO and UNRWA, *Joint rapid food security survey in the Occupied Palestinian Territory*, May 2008. Available from: <www.unispal.un.org/pdfs/RapidAssessmentReport_May08.pdf>.

8 FAO and WFP, *Occupied Palestinian Territory–Food security and vulnerability analysis report*, December 2009. Available from: <www.unispal.un.org/UNISPAL.NSF/0/FC44A5D7F00AA567852576960059BEB4>.

9 See "Poor and imprisoned," *Social Watch Report 2009: People First*. Available from: <www.socialwatch.org/node/871>

10 IRIN News, *op. cit.*

11 *Ibid.*

12 "Signs of Hope Emerge in the West Bank," *New York Times*, 16 July 2009. Available from: <www.nytimes.com/2009/07/17/world/middleeast/17westbank.html>.

Gaza: a blockade on people's health

A failing economy, rising unemployment and deteriorating power, sanitation and health facilities are steadily worsening the living conditions and health of Gaza's population, according to the World Health Organization (WHO).

In a press statement released on 1 June 2010, WHO renewed its call for Israel to allow unimpeded access into the Gaza Strip for life-saving medical supplies, including equipment and medicines, as well as freer movement for healthcare devices needing repair and people entering and leaving the territory for medical training. [1]

Hundreds of items of equipment procured by WHO and other humanitarian organizations have been held outside Gaza for up to a year, according to Tony Laurance, head of the WHO office for Gaza and the West Bank. Among them are CT scanners, x-rays, fluoroscopes, infusion pumps, medical sterilization gasses, laboratory equipment, uninterrupted power supply batteries and spare parts for support systems such as elevators.

"It is impossible to maintain a safe and effective healthcare system under the conditions of siege that have been in place now since June 2007," Laurance protested. "It is not enough to simply ensure supplies like drugs and consumables. Medical equipment and spare parts must be available and be properly maintained."

The blockade of Gaza is debilitating the healthcare system, limiting medical supplies and the training of medical personnel and preventing people with serious medical problems from travelling outside the Strip for specialized treatment.

Israel's 2008-09 military operation damaged 15 of the Gaza's 27 hospitals and damaged or destroyed 43 of its 110 primary health care facilities, none of which have been repaired or rebuilt because the blockade includes a ban on importation of construction materials.[2] Some 15-20% of essential medicines are commonly out of stock; essential spare parts for many pieces of medical equipment are frequently unavailable.[3]

This strangulation of the medical system has stalled a steady decline in the infant mortality rate over the past few years. The rate may have even risen in Gaza, where it is about 30% higher than in the West Bank.[4] Among reportable infectious diseases, watery and acute bloody diarrhea and viral hepatitis have become the major causes of morbidity in Gaza.

"Very often journalists ask me whether I define the crisis in Gaza as humanitarian and I give this reply: It's far beyond humanitarian. It's much more serious," declared Filippo Grandi, Commissioner-General of the UN Relief and Works Agency for Palestine Refugees (UNRWA).[5] "You can address a humanitarian crisis with medicines and food; this is far more serious. It's a crisis of the economy first of all–people are very poor. It's a crisis of the institutions and it's a crisis of the infrastructure. This requires years to fix." ■

1 WHO, "Unimpeded access of medical supplies needed for Gaza," Press statement, 1 June 2010. Available from: <www.emro.who.int/palestine/reports/advocacy_HR/advocacy/WHO%20-Press%20statement-June2010.pdf>.

2 IRIN News, "OPT: West Bank health and economy up a bit, Gaza down," 18 May 2010. Available from: <www.irinnews.org/Report.aspx?ReportId=89169>.

3 *Ibid.*

4 *Ibid.*

5 *Ibid.* For more information on UNRWA work see: <www.unrwa.org>.

Healthcare services also have improved in the West Bank over the past year due to the easing of movement restrictions and the efforts of the Palestinian Ministry of Health, with support from donors and other stakeholders. However, the impact of Israel's "Separation Wall" and restricted access to hospitals in East Jerusalem, where nearly 50% of Health Ministry referrals were directed in 2009, remain areas of concern (see box).[13]

Movement and isolation

Restricted access remains the main factor limiting economic growth. Sporadic closures and unstable political conditions in the West Bank continue to disrupt work and curtail productivity.

Restrictions on access and movement in the West Bank, including East Jerusalem, include the separation wall, checkpoints and other physical obstacles, together with an increasingly sophisticated permit system. The number of checkpoints and physical obstructions climbed above 620 during the year 2009, according to the UN Office for the Coordination of Humanitarian Affairs (OCHA). These impediments continue to choke economic activity and damage the social fabric, along with the well-being of the population.

Israeli efforts to reduce the number of Palestinians living and working in East Jerusalem are steadily isolating it from the rest of the West Bank. The Arab inhabitants of East Jerusalem face multiple forms of discrimination. In Israel as a whole, unemployment is much higher among Arab citizens, and discontent has been growing. A recent survey by the University of Haifa revealed that 48% of Israel's Arab citizens are dissatisfied with their lives in the Jewish State, compared to 35% in 2003.[14] One factor has been the Israeli Government's announcement that it will continue with the expansion of settlements in East Jerusalem, despite the protests of civil society organizations.[15]

Challenges ahead

The bleak economic, social and humanitarian situation in the OPT violates citizen rights and human dignity on a daily basis, closing off all opportunities for economic advancement.

While aid remains essential for economic and social development, the major challenge confronting Palestinian society remains the Israeli occupation. Therefore the purpose of any support provided to the Palestinians apart from humanitarian assistance should be to assist the Palestinian community in achieving national development. The challenge is to open up this process by ensuring that Palestinians are included in the process and participate in shaping the development agenda. This would reorient cooperation between local and international actors to ensure that their policies more closely reflected people's aspirations and needs.

The development process must include more inclusive economic and social policies and at the same time bring about dialogue and understanding between the peoples in the region. Economic and social development that ensures the well-being of the Palestinian people requires a political solution to the conflict based on the creation of an independent, democratic and viable Palestinian State living in peace and security with all its neighbours. ■

13 IRIN News, *op. cit.*

14 Sawsan Ramahi, "Israel's discrimination against its Arab citizens," *Middle East Monitor*, June 2010. Available from: <www.middleeastmonitor.org.uk/resources/briefing-papers/1230-israels-discrimination-against-its-arab-citizens>.

15 "Netanyahu: Israel will keep building in Jerusalem," *Haaretz*, 15 March 2010. Available from: <www.haaretz.com/news/netanyahu-israel-will-keep-building-in-jerusalem-1.264791>.

Growth should follow social justice

Paraguay's current Government has set three priority focus areas: social and human development, a productive economy and institutional policy. Thanks to increased income from taxation and plans for development assistance, there are now more resources to meet the needs of the people, invest in infrastructure and still comply with debt commitments. The Government should also revise the existing development model in order to bring about a fairer distribution of wealth and provide better protection for vulnerable population sectors. To do this, the State will have to coordinate its efforts with organizations from all sectors of society.

DECIDAMOS, Campaña por la Expresión Ciudadana
María Magdalena Molinas Maldonado[1]
José Guillermo Monroy Peralta[2]

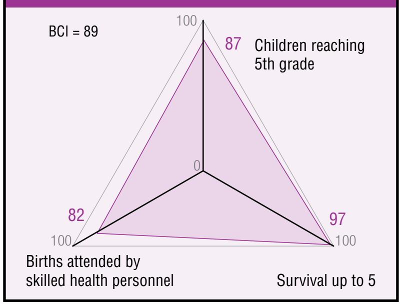
At the end of 2000, the Government of Paraguay started to formulate a national strategy to combat poverty, which by the end of 2003 had become concrete document with plans and programs for the period 2003-2008, although the time frame for some of its goals extends to 2015. The main aim is to cut extreme poverty by half by 2015, and the plan establishes public policy to bring this about. It consists of nine programmes to generate economic opportunity and social protection and improve the situation as regards clean water, universal education, maternal mortality and under-five child mortality. It also aims at reducing illiteracy by 50%, providing more options for primary education, and making reproductive health services accessible to the whole population.[3]

Economic recovery

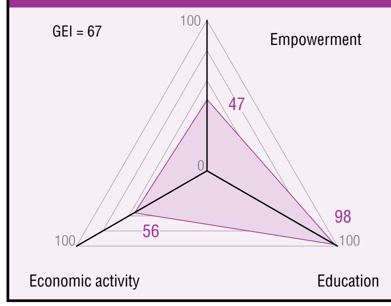
The first 10 years of the 21st century has been a period of steady economic recovery for Paraguay. After decades of stagnation and negative variations in gross domestic product (GDP), the country's real product has increased consistently since 2000. The average growth rate in 2003-2008 was 4.8% per year, far above the annual rate of 0.85% in the period 1995-2002.[4]

However, according to Minister of Public Finance Dionisio Borda, this growth has not been enough to generate decent jobs, and this is clear, for example, from the fact that under-employment increased from 24.2% to 26.5% in the period 2004-2008. These inconsistencies reflect the dual nature of the economy – part formal, part informal, part mechanized and part artisan – and in times of prosperity economic growth does not generate sufficient employment or reduce under-employment.[5]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The country's economic recovery was based on increased production of its main crops (e.g. soybeans), growth in the construction sector (public and private), higher production in the livestock sector, a greater volume of trade and an expansion in transport. All these activities were stimulated by a high level of domestic financial liquidity, competitive international prices, the recovery of foreign markets and, above all, the fact that the main nominal variables have been predictable, thanks to macroeconomic stability in recent years, which is vitally important for enterprises to be able to calculate their costs.[6]

Alongside this economic recovery, the tax yield has also been increasing steadily, providing the State with greater resources to address the population's social needs, invest in economic infrastructure and meet debt service commitments.

However, the country has serious problems in that the economy is rather uncompetitive due to poor road infrastructure, technological backwardness and low levels of education among the workforce.

- Only 6,700 of the 60,000 kilometres of roads can be used all the year round, and each year only 100 kilometres are provided with all-weather surfaces.
- Average schooling among people over 25 years old is a paltry 7.5 years.
- Some 90% of people aged 19 to 25 in the poorest quintile do not receive any training (567,000 people).
- In 2007, the illiteracy rate was still very high at 5.4%.[7]

Debt and growth

According to the Central Bank, as a result of the international crisis the country's GDP at the end of 2009 showed a negative growth rate (-3.8%) compared to the previous year, but the forecast for 2010 is favourable (up to 6% growth). Per capita GDP also went down, the rate was -5.5%, and in real terms this amounted to USD 1,471 in 2009 as against USD 1,557 in 2008. This negative change in 2009 was partly the result of a fall of around 20%, in constant terms, in external demand, and the value of the country's exports in dollars has deceased considerably because prices for its main export products have fallen.

In 2009, the agriculture sector's share of GDP decreased from 20.2% to 16%, and commerce, with an 18.1% share, now ranks higher than agriculture or industry and is the country's most important economic activity.

In September 2009, Paraguay's external debt stood at USD 2,270 million.[8] For the sixth year in succession, foreign public debt, as a percentage of GDP, has decreased: in 2005 the rate was 52.1% and in 2009 it was estimated at 20.5%. This was made

1 Maestra en Ciencias Sociales por la FLACSO-México, Especialista en políticas sociales, monitoreo y evaluación de programas sociales.

2 Doctor en Ciencias Sociales por la FLACSO-Argentina.

3 UNICEF-Paraguay, *Inversión en la Infancia en Paraguay y análisis de su impacto en algunos indicadores relacionados con la niñez*. Asunción, September 2007. Available from: <files.consejonya.webnode.com/200000031-eb36cec30d/Plan%20Estrat%C3%A9gico%20SNNA%202009-2013.pdf>.

4 Government of the Republic of Paraguay. *Informe de Gestión de Gobierno 2003-2008*. July 2008, 16.

5 Dionisio Borda, "Paraguay: Efectos macroeconómicos e impacto social de la crisis global," study presented at the seminar Social Policies in Times of Crisis, Asunción, 6 August 2009). Available from: <www.segib.org/upload/File/Dionisio_Borda.pdf>.

6 Central Bank of Paraguay. *2010 GDP Estimations*. Asunción, March 2010. Available from: <www.bcp.gov.py>.

7 Dionisio Borda, *op. cit.*

8 Central Bank of Paraguay. *2008 Preliminary Economic Report*. Available from: <www.bcp.gob.py>.

possible thanks to amortizations, which have been steadily reducing the balance of the debt.[9]

Social investment

The current Fernando Lugo administration (2008-2013) has undertaken to work in three broad areas: social and human development, a more productive economy and institutional policy. This plan is structured in three phases: the period of crisis (which means starting from a low position), national adjustment to cope with the crisis, and the 2013 legacy, and it is made up of projects that will mostly be consolidated in 2011, which is also the bicentennial of the country's independence.

Programs already in place include: the maintenance and expansion of the social protection network, the introduction of primary health care as a priority model to reach the sectors most in need, the Programme of Integrated Attention for Children living on the streets with no family links, the National Plan for Food and Nutritional Sovereignty and Security, the Emergency Action Plan for indigenous populations, an agriculture reform policy that will give peasants access to land and the establishment by the Presidency of a human rights network.

Various studies of the budget by UN agencies in Paraguay show that in recent years social investment in areas connected to the MDGs has increased. For example, according to data from the Organization for Economic Cooperation and Development, social investment in 2008 amounted to 7,089 million Paraguayan guarani (some USD 1,470 million), which was around 48% of the budget for general expenditure. This was much higher than the figure for social investment in 2003, which was just over USD 550 million and accounted for 36% of the budget that year.

Financing for development

Cooperation and aid for development is provided by a range of public and private actors in higher income countries, and its purpose is to promote sustainable economic and social progress to bring the countries of the South into a more balanced relation with those of the North.

In Paraguay, information about the forms development aid takes is not systematized or published, but according to European Union documents in the period 2000-2006 the EU contributed funds for the following:

- To modernize the State and develop its institutions (11.6%).
- To develop production, increase competitiveness and promote integration into the Southern Common Market (Mercosur) (42%).
- For social development and to reduce poverty (46.4%).

Between 2007 and 2013 the EU will provide funds of just under USD 149 million, which will go mainly to the following areas:

- Education (primary, secondary and vocational) 81.2%.
- Regional and international integration 18.8%.

For the period 2007-2011 the UNDP in Paraguay is concentrating on three spheres of services, and its strategy is based on consultancy support for the formulation of public policies and the provision of development services.[10]

The German Agency for Technical Cooperation (GTZ) has more than 30 years of experience in development cooperation and is one of the oldest agencies in Paraguay. In the most recent bilateral negotiations, in October 2006, GTZ agreed to provide assistance until 2010 for the modernization and decentralization of the State, including poverty reduction.

The US Agency for International Development (USAID) is also active in Paraguay. Its assistance comes through a number of channels including private US and Paraguayan institutions and local and international NGOs. Its strategic plan for 2001-2006 focused on the following:

- Democracy – to institute key democratic practices for improved governance.
- The environment – to improve the sustainable management of globally important eco-regions.
- Health – to increase the voluntary use of reproductive health services.
- Economic growth – to raise poor people's incomes in selected areas.

In cooperation with the Millennium Challenge Corporation, USAID is promoting the Threshold Programme, an attempt to tackle corruption by attacking impunity along with informality in the economy. The program was approved by the Corporation's directing council in February 2006 and has approximately USD 35 million in funding.

In November 2009 Spain and the Inter-American Development Bank (IDB) allocated USD 52 million to help expand access to potable water and sanitation services in small rural and indigenous communities. The funds include a donation of USD 40 million from the Spanish Cooperation Fund for Water and Sanitation in Latin America and the Caribbean and a loan of USD 12 million from the ordinary capital of the IDB. The IDB has programmed global cooperation amounting to some USD 1,000 million during the Lugo administration. These loans will be used to build roads and infrastructure and to provide social assistance.

MDGs: analysis and challenges

According to the Statistics, Surveys and Census Office, in 2008 some 37.9% of the total population of the country were living in poverty – some 19% in extreme poverty.[11] To make matters worse, the 2009 world economic crisis resulted in an additional 300,000 people living below the poverty line. This makes it unlikely that Goal 1, to reduce the proportion of people in extreme poverty by half will be attained.

With regard to Goals 2 and 3 (achieving universal primary education and promoting gender equality and empower women), gender parity in primary and secondary education, girls are nearly on an equal footing with boys, but there are still problems of a lack of schools in some areas, poor infrastructure and children dropping out of school.

In addition, Paraguay needs policies and programmes to empower women by enabling them to fully exercise citizenship and be equally represented in public decision-making arenas. It is urgent to bring a gender perspective into the mainstream and make it effective in the policies the State designs and implements, and there should be a budget to finance action to institutionalize gender equality.

With regard to Goals 4 and 5, to reduce maternal and infant mortality, policies are needed in order to improve access to health services, widen coverage, and provide better attention during pregnancy, at birth and in the post-natal care period. It is important to strengthen the design, collection, processing and opportune publication of data in this area.

As regards Goal 6, although a big effort has been made to reduce the spread of HIV and AIDS, there is still discrimination against people living with HIV and not all those affected have access to antiretroviral medicines. Other MDGs that seem nearly as far away as ever are Goal 7, environmental sustainability and Goal 8, the global alliance for development.

To sum up, it is clear from the way the present Government has put concrete plans and programs onto practice that their intentions are to make every effort to improve the social situation of the people and work towards achieving the MDGs. However, this is itself is not enough, and there will have to be greater and more effective coordination not only between government and donors, but also and particularly between government and civil society actors. ■

9 Government of the Republic. Secretariat for Social Action and UNDP, *National Strategy to Reduce Poverty and Inequality. "Jahapo'o Teko Asy"*. Asunción, 2003.

10 UNDP-Paraguay, *Document of Programme for Paraguay 2007-2011*.

11 Dirección General de Estadística, Encuestas y Censos. *Estadísticas Recientes sobre Pobreza. Encuesta Permanente de Hogares 2007*, Asunción, August 2008 and *Mejora de la metodología de medición de pobreza en Paraguay. Resultados 1997-2008*. Asunción, 2009.

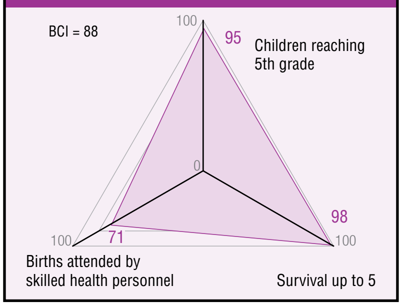
PERU

More money but the same social injustice

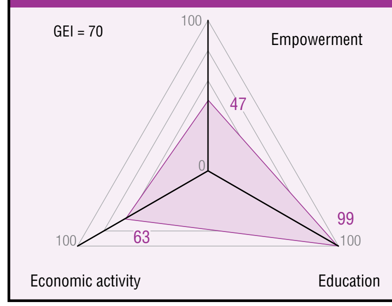
In spite of marked growth in the country's Gross Domestic Product (GDP) and an increased public sector budget, which has doubled in the last 20 years, social investment in Peru has actually fallen. Since 1990 the influence of the international financial institutions on social policies has not only failed to significantly reduce extreme poverty and hunger; it has served as an excuse for the Government to do nothing in this area. The State has not undertaken a much-needed reform of the tax system, organized a universal social security system financed from taxes nor made budget allocations to tackle issues related to gender or the environment.

Comité de Social Watch en Perú
Centro de Estudios para el Desarrollo y la Participación (CEDEP)
Héctor Béjar

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



While State expenditure has doubled in the last 20 years, public investment in this period has been so small as to be insignificant. The State has not given priority to the needs of the most vulnerable sectors of the population, claiming to be following guidelines laid down by the international financial institutions. These guidelines have also led to favourable conditions (such as tax breaks and a lack of labour regulation) for private investment, which has increased over the period. But the conditions that the multilateral aid organizations have imposed on Peru in exchange for resources – that is to say, the country's commitments to external bodies – should not be used as an excuse for the State's failure to discharge its responsibility to pursue the greatest possible well-being of the country's people.

It is absolutely essential for the country to adopt a change in policies, a far-reaching tax reform so that wealth is redistributed in a much more equitable way, a universal social security system, greater independence in terms of setting priorities for public investment and for how aid resources are used, and awareness-raising among all stakeholders about the importance of incorporating measures to protect the environment and promote gender equality in the national budget. If the country does not start to do this it will not be able to reduce real poverty and will not make progress towards the Millennium Development Goals (MDGs).

What the State costs

It is almost impossible to make an efficient evaluation of the budget because of the lack of transparency. In practice, it is managed through supplementary credits granted by Congress, which gives the Executive the freedom to act outside what has been passed in the budget law. The official figures that are issued are thus no more than general indications.

For example, according to official figures, the country's GDP in 2009 was PEN 411 billion (a little over USD 140 billion) and the budget in that year was USD 24.6 billion, which was a big increase over the 1990 figure of USD 10 billion. This growth in expenditure was presented to the public as social investment, but that was just a smokescreen to conceal what really happened, which was that the State took over the debts of the social security system. By rights these should have been passed on to the new pension funds, the Administradoras de Fondos de Pensiones (AFP), but these private organizations have only taken on the assets (and not the liabilities) of the previous system. What is more, the current Government has taken advantage of the situation to report a figure for social expenditure that is higher than what was in fact invested (in hospitals and schools, for example).

Some 12.5% of the budget – over USD 3 billion – was allocated to foreign debt payments,[1] and according to the Ministry of Economy and Finance (MEF) a similar amount was spent on pensions. But the Government itself acknowledges that in recent years real debt service payments exceeded the figure specified in the budget and the difference was made up by re-financing operations carried out by the MEF without any kind of consultation or debate.[2]

The resources

The Peruvian State has two sources of finance: income from taxation and loans placed on the international and domestic markets in the form of "sovereign bonds." Out of the total budget in 2009 – USD 24.6 billion – just under USD 21 billion came from various kinds of taxes, including municipal taxes and levies or "canons," which are payments made by foreign enterprises operating in the country.[3] The rest was obtained through various credit operations. In other words, while from the accounting point of view it was a balanced budget, in practice there is a permanent deficit that is covered by loans contracted in the domestic market and abroad.

Tax pressure in Peru is 14%, which is four points lower than the average in Latin America. The main taxes are on income, imports, production, consumption and fuel. Physical persons pay more on their income than legal entities, and production and consumption are taxed at a higher rate than income. There are no taxes on wealth and property. The tax on income covers 20% of the public sector budget.

Thanks to Legislative Decrees No. 662 for the Promotion of Foreign Investment and No. 757, the Framework Law for Private Investment – both from 1991 – enterprises are guaranteed the following:

- A special regime in company income tax.
- Free availability of foreign currency.
- Freedom to remit profits, dividends and other income.
- The use of the most favourable exchange rates.
- The right to contract workers under any modality without being subject to any law, including under conditions that contravene legal regulations.

Under this regime, 278 large enterprises have been able to reduce the amount they pay in income tax by up to 80%, costing the State at least USD 375 million a year.[4]

1 Public sector law for the 2009 fiscal year.

2 Armando Mendoza, *Campaña por un Presupuesto con derechos 2009* (Lima: Red Jubileo Perú, 2009).

3 According to a report by the National Society of Mining, Petroleum and Energy, *Mundo Minero* in May 2007, in the 2006 fiscal year the mining canon yielded some USD 1,225 (50% of the tax on income). The income from both the mining canon and fees was subsequently distributed by the State among 22 departments and regions and 1,753 municipalities.

4 National Tax Administration Superintendent, *Estimación de los efectos de los convenios de estabilidad tributaria*, September 2002.

Lost capital

Peru is a forced exporter of capital. It sends abroad an average of USD 2.5 billion per year in foreign debt service payments and USD 3.2 billion in the form of profit remittances.

On 30 September 2009, Peru's public debt amounted to USD 31.3 billion (USD 20.3 billion in foreign debt and about USD 11 million in domestic debt). In addition, the country has immobilized reserves of USD 35.4 billion. Since 2000 Peru has paid some USD 50 billion to the Paris Club, the United States Treasury and the head offices of the transnational enterprises that operate in the country.[5]

Investment and espionage

According to the Central Reserve Bank, private investment amounts to 16% of GDP while public investment comes to only 2.8% of GDP. On top of that the actual payment of public expenditure is extremely slow; according to Red Jubileo Perú, an NGO network specializing in public debt, for example, by October 2009, only 30% of the budget allocations for that year had been paid.[6]

Private investment

At the present time Peru has 45 contracts for gas and petroleum exploration in force and a further 19 for exploitation of these resources, which together generate investments of around USD 4 billion. In addition, 19 more lots have been put out to tender, of which 12 are in the Amazon region.

Deforestation and the poisoning of water and the atmosphere are everyday occurrences in Peru, and people in the Andes and Amazon regions are rising up in protest. Private investment in oil, gas and mining has led to widespread corruption in the government sector, and this has spawned a range of illegal activities including the tapping of rival enterprise and State telephone and Internet communications, bribing judges and public officials, buying journalists, private armies of spies, shock troops and threats against opponents and critical members of the press.

Social investment

According to UNICEF the proportion of GDP allocated to social public expenditure increased from 7.9% of the public sector budget in 2000 to 9.2% in 2005, while according to the MEF social expenditure went up to 6% of GDP in 2009.[7] One way or another approximately half of public spending goes to social sectors. But the figures issued by international organizations include expenditure on pensions for state employees and this masks the real situation. Net social expenditure (non-provisional social spending) is much less and in fact amounts to only 27% of the budget today in contrast to 37% in the 1990s, so in relative terms it has actually decreased.

Budget conditioning

For many years the international financial organizations have directed and placed conditions on social policy in Peru. For example, continuation of the "Juntos" (Together) Program was one of the IMF/World Bank conditions for renewing financial assistance to the country in 2008.[8] This year the World Bank approved a loan of USD 330 million for Peru to finance social expenditure and anti-cyclical measures to cope with the impact of the world financial crisis. The Bank stated that this was the second programmed loan for social sector reform geared at supporting education, health services and social programs including "Juntos."

These organizations are also promoting a scheme called Budget by Results. In article 13 of the 2010 Budget Law, Budget by Results is established for the following:

- Non-transmissible diseases, tuberculosis, HIV and metaxenic diseases and zoonosis (which will be the responsibility of the Ministry of Health).
- Learning achievements in primary education and alternative basic education (Ministry of Education).
- Child labour (Ministry of Labour).
- Domestic violence, sexual violence and food security (Ministry of Women and Social Development).
- Environment sustainability (Ministry of the Environment).
- A widening of the taxbase (National Tax Administration Superintendent).

Inequality

Income levels in the poorest sectors of society have risen but the income gap has widened. While opening up trade has served to reduce inequality, opening up the financial sector (through foreign direct investment) and technological progress have increased the rewards for the more highly skilled while limiting opportunities for economic progress. In Peru, 35% of income goes to the top decile of the population and a meagre 1.6% to the lowest decile.[9]

Implementation of the Law of Equal Opportunities for Men and Women,[10] which is an attempt to establish a suitable regulatory framework for gender equality based on budget allocations, has been impeded, paradoxically, by the lack of specific budget allocations in this area.

The environment problem

The main consequences of global warming in Peru will be that the glaciers will retreat, the El Niño phenomenon will become more frequent and more intense and the sea level will rise.

According to the National Environment Council, in the last 22 to 35 years some 22% of glacier surface area has been lost, which is equivalent to 7 billion cubic metres of ice or 10 years of water consumption in the city of Lima, and this effect is more marked in small glaciers and those lower down. Projections indicate that by 2025 all glaciers in the country under 5,500 metres above sea level will have disappeared.

Specialists have calculated that the economic cost of damage to the environment amounts to 3.9% of GDP, and the effects are felt mainly by the very poor. A study sponsored by the World Bank estimated that the economic cost of damage to the environment, the reduction in natural resources, natural disasters and inadequate environmental services was in the region of USD 2.8 billion in 2006.[11] However, in the period 1999 to 2005, public expenditure on the environment came to a mere 0.01% of GDP, a figure that shows only too clearly that there is no political will to halt or even try to slow down the current rate of environmental deterioration. ■

5 MEF, Economics Transparency Portal. Available from: <www.mef.gob.pe/DNEP/estadistica_cp.php> (accessed 15 April 2010).

6 Armando Mendoza, *op. cit.*

7 Dirección de Presupuesto del MEF (MEF Taxation Office).

8 Juntos was set up in 2005 as a national program to provide direct support for the very poor. It is aimed in particular at rural families to combat chronic child malnutrition and extreme poverty by the payment of a monthly conditional cash transfer of USD 34.

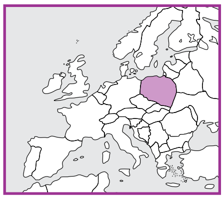
9 IMF, *World Economic Outlook,* 17 October 2007.

10 Congress of the Republic. Available from: <www.mimdes.gob.pe/files/DIRECCIONES/DGM/ley28983.pdf>.

11 World Bank, *Análisis ambiental del Perú: Retos para un desarrollo sostenible* (Washington, DC: World Bank, May 2007).

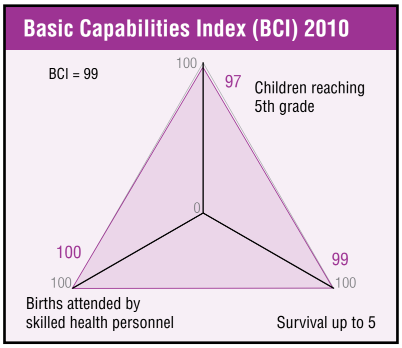
■ POLAND

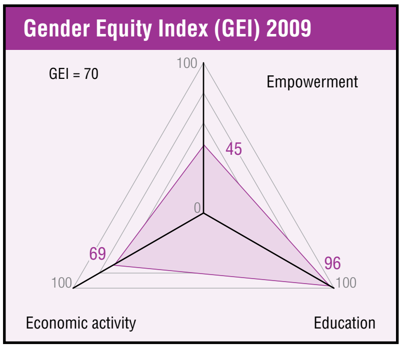
Aid for development without clear guidelines



A former recipient of development assistance and now a donor country, Poland is a player in reducing the world development gap. However, despite this new role on the international political scene, the country is still facing side effects of the transition into a market economy. In addition, the impact of the world financial crisis is becoming noticeable in the national economy and, in consequence, by households.

Network of East-West Women / NEWW-Polska
Agnieszka Nowak
Monika Popow





At the start of the economic transition in 1989, Poland's Gross Domestic Product (GDP) fell sharply and the rate of poverty increased significantly. The National Statistical Office estimates the rate of extreme poverty at 5.6% in 2008 compared to 6.6% in 2007. The relative poverty rate was 17.3% in 2007 and 17.6% in 2008. The percentage of people living in households with expenditure levels lower than the poverty threshold was 10.6% in 2008 and to 14.6% in 2007.[1]

However, differences among social groups are widening. It is highly probable that the current decrease in family income will cause further pauperization of the middle and lower class. The increasing social exclusion influences the democratic process: only 25% of Poles feels they can have an effect on the State; 72% claims it is beyond their capabilities.[2]

The groups most endangered by social exclusion include poor families, single parents, orphans, disabled, chronically ill and elderly people. Since women are predominantly responsible for taking care of children as well as elderly or disabled members of their families, it may be assumed that poverty affects women more than men.[3]

According to the National Statistics Office, the registered unemployment rate amounted to 8.5% at the end of 2009 – 8.2% for men and 8.8% for women.[4] What should be added is that Poland is lacks effective recruitment of women, especially those over 50 years old, into the economy as well as regulations that counteract discrimination against women in the labour market, such as the reluctance to employ them because of their maternal role.

1 National Statistics Office. Household situation in 2008 in the light of household budget research. Available from: <www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_wz_sytuacja_gosp_dom_2008.pdf>.

2 Public Opinion Research Center. Available from: <www.cbos.pl/SPISKOM.POL/2009/K_020_09.PDF>.

3 Feminoteka Foundation. *Women in Poland during transition 1989-2009*. Available from: <www.feminoteka.pl/downloads/raport_20lat_www.pdf> [in Polish].

4 National Statistics Office. Monitoring the Labour Market. Quarterly information on the labour market. Available from: <www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_pw_kwartalna_inf_o_rynku_pracy_4k_2009.pdf>.

Education

Poland has high levels of enrolment throughout the education system. Universal access to education is guaranteed, with literacy rates nearing 100%. Among the population over 16 years old, women are better educated than men: 19.5% of females received secondary education, and 9% higher education (compared to 16.4% and 14.8% of males respectively).[5]

In spite of this, the Polish educational system continues to be discriminatory in terms of gender, especially at the tertiary level. Women constitute half of the students, sometimes even more, but they do not participle in decision-making processes. Additionally, the gender gap in salaries, promotions, work conditions and degrees is widening. Also, the problem of balancing professional career and family life is neglected in higher education. Female scientist discrimination is clearly illustrated by the fact that, in spite that 65% of all graduates are female, women's participation in the academy decreases after the first degree: 49% of PhD-graduates are women and the habilitated female professors reach 35%, while only 16% get a full professorship.[6]

Health

The health care system is publicly financed. Despite the fact that private and public institutions cooperate with the State in health care provision, the system continues to be underfunded. Some services need to be additionally paid for. Only a small group of people can afford expensive medical care and the vast majority of the population is excluded from high quality services.

There is large deficit regarding sexual and reproductive rights in Poland. The limited access to contraceptives, the lack of family planning counseling and high-quality maternal care for all women all violate human rights. The country has received several admonishments from international agencies in this regard. The Committee on the Elimination of Discrimination against Women (CEDAW) instructed Poland to implement measures aimed at expanding women's access to health care, and urged that research be carried out on the extent, causes and consequences of illegal abortion and its impact on women's health.[7]

At the same time, services such as birth delivery or epidural anesthetics on demand without medical prescriptions are paid extra cash. Women have to bear the high cost of childbirth if they want their partner to be present during the birth, or get anything other than the standard anesthetic. This deepens de divide between the rich and the poor.

Immigration

Compared to other EU countries Poland has a relatively short immigration history. For years Polish migration policy focused on the outflows rather than inflows. During the period 1989-2004 immigration policy became more reactive, driven by the preparations for the accession to the EU. Immigration was discussed mostly in terms of human rights and

5 National Statistics Office, Incomesand living conditions of the population report from EU-SILC survey of 2007 and 2008. Available from: <www.stat.gov.pl/cps/rde/xbcr/gus/PUBL_wz_dochody_i_warunki_zycia-rap_2007-2008.pdf>.

6 Andrea Rothe, et al., "Gender Budgeting as a Management Strategy for Gender Equality at Universities," Munich, 2008, 22.

7 Agnieszka Nowak, "Women's status in Poland: a permanent crisis," in *Beijing and beyond: Putting gender economics at the forefront*, Social Watch, 2010. Available from: <www.socialwatch.org/node/11595>.

refugee protection, border protection and the repatriation of ethnic Poles from countries belonging to the former Soviet Union, rather than in terms of social or economic policy.[8]

Since Poland is a relatively poor country, immigration problems are underestimated by the authorities. In theory Poland pursues a policy of integration based on European standards; in fact, foreigners who manage to integrate do so mainly due to their own determination and actions.[9]

Accession to the EU in May 2004 required the incorporation of EU norms and rules into domestic legislation, and the development of institutional capacity in this policy area. In June 2004, the Act on the Promotion of Employment and Institutions of the Labour Market came into force. It specifies who can be granted a work permit, a temporary residence permit, a 'tolerated stay' or 'temporary protection' status. Despite institutional and legislative adaptation to EU standards, Poland has not yet developed an immigration policy that includes the integration of foreigners. Policies have instead concentrated on refugees, the repatriation of ethnic Poles and foreign spouses of Polish nationals.[10]

There are no structures enabling immigrants to influence political decisions at any level. There are no consultative bodies, nor immigrants' parties. Also, the question of voting rights at the local level for non-citizens is not being discussed – either by the Government or political parties, NGOs or the immigrants themselves.[11] So far, active civic participation of immigrants is limited to activities aimed at improving the immigrant communities' social and economic situation, and at maintaining ethnic, religious and cultural identity.

Development aid

In 2008, Polish Official Development Assistance (ODA) amounted to PLN 900 million (USD 272.6 million), equivalent to 0.08% of GNI. In 2006 ODA amounted to PLN 922.2 million (USD 279.3 million). This means that, for the first time since Poland accessed the EU, the level of Polish ODA has decreased. In 2008 the country made no progress in ensuring a steady increase of ODA funding. This despite the fact that in 2010 Polish ODA is targeted to reach 0.17% of the GNI, increasing to 0.33% by 2015.[12]

Polish ODA consists of multilateral assistance (provided through international organizations) and bilateral assistance (provided directly through Polish institutions, organizations and other bodies). Multilateral assistance consists of payments made into the EU budget and that of other international organizations, and of funds such as the United Nations agencies, the European Development Fund (EDF), the World Bank, the International Monetary Fund (IMF), the European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB). Bilateral assistance is coordinated by the Ministry of Foreign Affairs, but includes expenditures by other Polish ministries, such as the Ministry of Labour, the Ministry of Education and others. These funds are allocated in co-financing projects conducted by public administration bodies and NGOs.[13]

The channels for providing Polish foreign assistance are: food aid, scholarships, financial assistance, technical assistance and humanitarian aid. In 2006, Poland ratified the Food Aid Convention, although so far the country has not provided any foreign food aid within the framework of development cooperation.

A large amount of Polish ODA is allocated in scholarships for students from developing and transition countries. The K. Kalinowski Scholarship Program, established in March 2006 by Prime Minister Kazimierz Marcinkiewicz, is addressed to Belarusian students, who have been expelled from Belarusian universities due to their defense of democratic values. The program is implemented in co-operation with the Ministry of Education and Science and coordinated by the Centre for East European Studies of the Warsaw University.[14] Although such expenditures are being reported as ODA, they do not fulfill the OECD DAC criteria.[15]

Technical assistance is intended to support the development of human resources, increasing the qualifications and technical and productive capacities of developing countries. This kind of assistance takes various forms including training, delegation of experts, study tours, scholarships and other activities undertaken within the framework of projects implemented by government administration bodies, local governments and NGOs.

Humanitarian aid comes from the State budget target reserve administered by the Development Cooperation Department of the Ministry of Foreign Affairs. Humanitarian aid is carried out in line with the principles of the Good Humanitarian Donorship and the European Consensus on Humanitarian Aid. Poland's priority countries for humanitarian aid are Sudan, Chad and Iraq. At the same time Warsaw often cooperates directly with humanitarian organizations operating locally in time of disasters as well as with local NGOs.

Since 2008 the Polish army has been involved in the distribution of development aid, particularly in Afghanistan. According to some NGO critics, "choosing the military as an implementing agent for aid activities undermines the effectiveness of development cooperation, which is heavily dependent on the approach, motivations and goals of those responsible for aid implementation."[16]

The objectives of Polish ODA

Poland's main foreign assistance goals are the reduction of poverty and the fulfillment of other MDGs in countries receiving Polish assistance; and ensuring democracy, the rule of law, civil society development and respect for human rights in Eastern Europe.

Priority countries for Polish foreign assistance are Ukraine, Moldova, Belarus, Afghanistan, Iraq, Georgia, Angola, Vietnam and the Palestinian Authority. Bilateral assistance addressed to priority countries goes primarily to the Newly Independent States (NIS): Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

The premises of Polish ODA are consistent with the MDGs and the development policy of the European Union. Its main objectives include "support for sustainable economic growth, respect for human rights, democracy, rule of law and good governance, promotion of global security and stability, transfer of experiences from the field of Polish political trans-formation, development of human resources, support for development of the public administration and local structures, environmental protection and prevention of environmental problems and providing emergency humanitarian and food aid."[17]

Polish development cooperation, and the implementation of its foreign assistance program, are new areas of foreign policy which have not been covered by comprehensive legislation. In addition, the data is not disaggregated by sex. The usual procedure of the Ministry of Foreign Affairs is to sum up the amounts of Polish foreign assistance and announce them in relation to the countries and not to particular actions.

Polish foreign assistance lacks some basic definitions. There is a strong need to assure properly coordinated development assistance (in compliance with the requirements of the EU) as well as the need to create effective and efficient financial mechanisms and of creating a clear institutional and legal framework. Solutions successfully tested in other developed countries should also be implemented and applied in order to guarantee the continuity of the Polish development policy and the effective achievement of the set goals. ■

8 K. Iglicka, "Poland: *Waiting for immigrants. But do we really want them?"* Centro Studi Di Politica Internazionale. Available from: <www.cespi.it/WPMIG/Country%20mig-POLAND.pdf>.

9 *Ibid.*

10 See: <www.developmentandtransition.net/index.cfm?module=ActiveWeb&page=WebPage&DocumentID=580>.

11 Iglicka, *op. cit.*

12 Zagranica Group, Polish Development Assistance 2008. Independent Report of Non-governmental Organizations. Available from: <www.trialog.or.at/images/doku/polish-oda-2008-ex_summary_eng.pdf>.

13 See: <www.polskapomoc.gov.pl/The,Ways,of,Providing,Polish,Foreign,Assistance,166.htm>.

14 Polish Aid. See: <www.polskapomoc.gov.pl/Scholarships,179.html>.

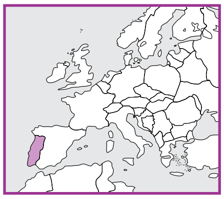
15 Zagranica Group, *Polish Development Assistance 2008, op. cit.*

16 *Ibid.*

17 Justification of the Act on Polish Development Assistance. See: <globalnepoludnie.pl/New-strategy-for-Polish-foreign>.

PORTUGAL

Assistance for development must be increased and improved



Portugal has pledged to fulfil its international commitments regarding Official Development Assistance (ODA). However, the effects of the worldwide economic crisis make this questionable. As well as increasing the volume of assistance, the transparency of the process must improve, the target sectors must be selected with more human rights criteria and greater medium as well as long-term predictability must be achieved. To this end, civil society should take on a more active and, above all, more constant role in monitoring ODA decisions.

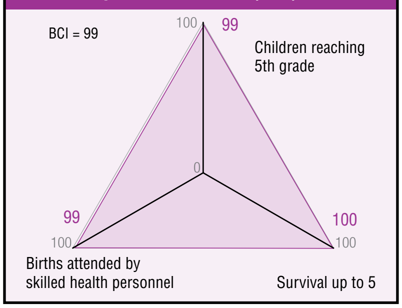
Social Watch Portugal; Oikos
João José Fernandes[1]
Catarina Cordas[2]

The Millennium Declaration, signed in 2000, was followed by a series of international conferences devoted to financing for development and aid effectiveness, which resulted in a variety of pledges to improve the amount and quality of development assistance in order to promote more equitable global development. The outcome of the Financing for Development (FfD) conferences in Monterrey (2002) and Doha (2008), as well as the Paris Declaration (2005) and the Accra Action Agenda (2008) contain significant commitments to this effect.

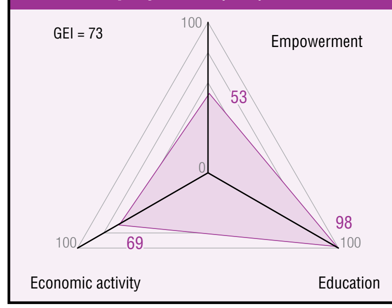
In the Major Planning Options for 2005-2009 the Portuguese Government declared that one of the objectives of its development cooperation would be to "fulfil international commitments regarding the quantity and quality of ODA, since the current international context (…) requires strongly dynamic and efficient measures on the part of Portugal in particular, in an attempt to give shape to the achievement of the Millennium Development Goals" (MDGs).[3] Similarly, the new Major Planning Options for 2010-2013 state that one of the Government's objectives is to "gradually increase Portuguese ODA, in accordance with the objectives and the schedule established within the European ODA framework and to strengthen Portugal's negotiating position in multilateral discussions, particularly regarding the MDGs, which should be addressed during the whole of 2010."[4]

However, the effects of the worldwide economic crisis in Portugal have made it increasingly unlikely that the country will be able to fulfil its aid commitments. The quality as well as the amount of its aid should be reviewed since according to civil society allegations, for example, the percentage devoted to the promotion of human rights is very small. Another complaint is that the transparency and medium and long-term predictability of ODA are not sufficient.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



ODA in figures

Despite its commitments, Portugal has made no substantial increase in the volume of aid between the 1990s and the 2005-2008 period (see Figure 1). With the exception of 2008, when ODA represented 0.27% of Gross National Income (GNI), this percentage has fluctuated between 0.21% and 0.23%. Intermediate targets established for 2006 (0.33%) and 2009 (0.30%) have not been reached. In 2009 ODA fell 15.7% and represented barely 0.23% of GNI.

In order to fulfil its promise to increase ODA to 0.7% of GNI by 2015, Portugal drew up a new timetable in 2009 which anticipates gradual increases in assistance and sets an intermediate target of 0.34% of GNI by 2010.[5] However, keeping in mind the worsening economic crisis in Portugal – with cuts and restrictive budgeting policies intended to control the public accounts deficit– it appears to be practically impossible for the country to reach this objective. For the same reason, it is unlikely to reach 0.7% by 2015.

Allocation and distribution of ODA

Although the greater part of ODA is supplied bilaterally, significant efforts have been made since 2002 to increase multilateral contributions, which represented 43% of the total Portuguese ODA between 2005 and 2008, compared to 27.4% in 1990 and 34% in 2000.

Most multilateral assistance goes to the European Development Fund (EDF) and to the European Commission's foreign aid budget, which provides funds for developing countries not covered by the EDF. In the last four years, these two bodies have absorbed close to EUR 405 million in contributions, which represents an annual average of 33% of Portugal's ODA.

Bilateral ODA is devoted mainly to former Portuguese colonies, the PALOP countries[6] and Timor Leste. Although most of these are in Sub-Saharan Africa (except for Timor Leste) and with the exception of Cape Verde, are categorized as least developed countries, island States (Timor Leste, Cape Verde) or post-conflict States[7], it is their historical, linguistic and cultural bonds with Portugal that constitute the criteria for selecting them.

The Government sets its foreign policy priorities with an eye to defence and to strengthening the Portuguese language and culture, which is why it continues support to Portuguese-speaking countries. The sectors which Portuguese aid tends to concentrate on are mainly education, support for governance[8] and technical cooperation, with scant emphasis on social services – which barely exceeded 3.1% of the total bilateral ODA between 2007 and 2008.[9]

The quality of aid

Support provided to productive sectors is almost residual compared to that going to technical cooperation, leading some civil society critics to conclude

1 Director, Oikos.

2 Volunteer, Oikos.

3 Ministry of Finance, *Major Planning Options for 2005-2009*. Available in Portuguese from: <www.gpeari.min-financas.pt/arquivo-interno-de-ficheiros/gop/GOP2005_2009_AR.pdf>.

4 Ministry of Finance, *Major Planning Options for 2010-2013*. Available in Portuguese from: <www.min-financas.pt/inf_economica/OE2010/GOP_2010-2013.pdf>.

5 Ministry of Finance, *State Budget Report for 2009*. Available in Portuguese from: <www.portugal.gov.pt/pt/GC17/Governo/Ministerios/MFAP/Programas_e_Dossiers/Pages/20081014_MEF_Doss_OE_2009.aspx>.

6 African countries in which Portuguese is the Official Language (PALOP, in Portuguese) include five former Portuguese colonies (Angola, Cape Verde, Guinea-Bissau, Mozambique and Santo Tomé and Príncipe).

7 Angola, Timor Leste and Guinea-Bissau have suffered violent conflict within the last ten years.

8 Institutional training programs various public administration sectors and other State entities.

9 Portuguese Institute for Aid to Development. See: <www.ipad.mne.gov.pt/index.php>.

that Portuguese ODA lacks effective direction with regard to poverty eradication. A particularly negative aspect is the limited amount of support to agriculture and fishing, both essential to promoting food security in developing countries. To a large extent, it is non-governmental organizations (NGOs) that provide this support, although they do receive a small amount of bilateral ODA (1.9% in 2008).[10]

Another criticism of Portuguese development cooperation – by Portuguese NGOs and by the confederation of European NGOs (CONCORD) – is the weight of lines of credit in bilateral ODA. In 2008, for example, close to 25% of bilateral ODA was linked to the accounting of EUR 66 million in a line of credit to Morocco. A further negative element is the provision of aid tied to the acquisition of goods and services from Portuguese companies. In fact, tied aid rose from 17% in 2006 to 42% in 2008. This increase is closely linked to the accounting of the concession of lines of credit.[11]

One positive element which should be noted since 2005 is the efforts made to improve aid planning and a growing openness to dialogue with the various interested parties, in particular by means of the establishment of the Cooperation for Development Forum and the annual celebration of a national cooperation day, known as "Development Day." In fact, in addition to a global strategy for Portuguese cooperation,[12] several sectoral strategies are also being prepared – in areas such as health, education, gender equality, governance and rural development – some of which had already been finalized by late 2009 or early 2010. It should also be noted that the National Strategy for Education for Development was approved in November 2009.

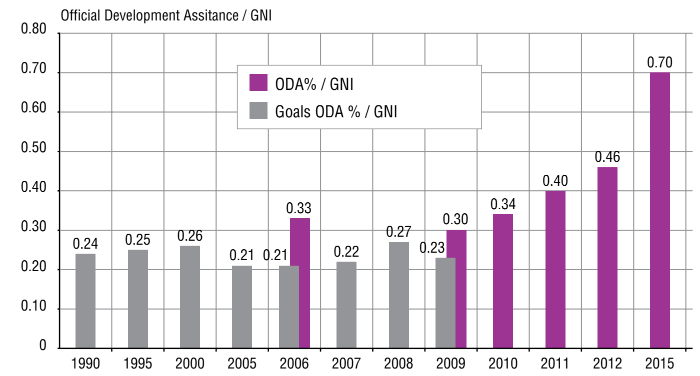
Nonetheless there is still a long way to go in the areas of planning and predictability. Amongst the principal deficiencies of Portuguese cooperation are the total absence of a guiding strategy regarding humanitarian aid, and the limited predictability of aid in the medium and long term. Overcoming these two deficiencies is not only a matter of increasing resources, but also of clearly defining institutional organization. Legally, the coordination of Portuguese cooperation is within the purview of the Ministry of Foreign Affairs and Cooperation, through the Secretariat of State for Cooperation and the Portuguese Institute for Aid to Development. However, in matters related to the predictability of aid, the power of decision lies mainly with the Ministry of Finance, whilst in matters related to humanitarian aid, the Ministry of Domestic Administration, as well as Civil Protection, are acquiring an increasingly prominent role.

10 *Ibid.*

11 *Ibid.*

12 Resolution Nº 196/2005, available from: <www.ipad.mne.gov.pt/images/stories/Publicacoes/Visao_Estrategica_editado.pdf>.

CHART 1. Portugal's ODA shown as a percentage of GNI



Sources: Development Aid Committee and Portuguese Institute for Aid to Development (IPAD, in Portuguese).

CHART 2. Bilateral and multilateral ODA

	2005	2006	2007	2008
Multilateral ODA	**42%**	**47%**	**43%**	**40%**
United Nations	3%	3%	3%	2%
European Commission	34%	31%	30%	26%
IMF, World Bank And WTO	3%	4%	4%	7%
Regional Development Banks	1%	8%	4%	4%
Other Multilateral Institutions	1%	1%	2%	1%
Bilateral ODA	**58%**	**53%**	**57%**	**60%**
PALOP and Timor Leste	74%	75%	61%	49%
Others	26%	25%	39%	51%

Source: IPAD.

Finally, one of the demands civil society is making with regard to Portuguese ODA is that transparency should be increased. One significant step should be to endorse the International Aid Transparency Initiative. It is essential to shed light on the accounting criteria used for ODA and set a deadline for the presentation of a breakdown of data, mainly regarding such controversial issues as the accounting of the expenses of the Armed Forces during peace missions, the cost and criteria of Civil Protection humanitarian missions, the outlay of Portuguese universities in support of students from Portuguese-speaking countries, the accounting of the granting of lines of credit with conditional aid and the addition of financial support measures for the fight against climate change.

The role of civil society

In the last five years mobilization campaigns have been carried out and supported in connection with the MDGs and the eradication of world poverty – among them the "Zero Poverty" campaign, coordinated by the NGO Oikos,[13] or the UN's "Target 2015." However, according to the Portuguese development NGOs platform,[14] a "regular aid culture" is non-existent in Portugal. This means, for example, that when a natural catastrophe occurs Portuguese citizens react in a strongly emotional and supportive manner, but in the life of development NGOs and other organized civil society movements concerned with the eradication of extreme poverty in the world, citizen participation is sporadic and unclear. ■

13 See: <www.pobrezazero.org>.

14 See: <www.plataformaongd.pt/>.

SENEGAL

More challenges than progress

Senegal faces a number of problems that are reducing its chances of reaching the Millennium Development Goals (MDGs) by 2015. Poverty is increasing, with over 60% of the population currently living in poverty or extreme poverty. The health and education systems are inadequate and water and sanitation services cannot meet people's needs. Despite some progress towards gender equality, the country is still a long way from reaching the relevant targets, including: education, employment, reproductive health or political representation, which requires far-reaching structural changes.

Social Watch Senegal[1]
Seydou Ndiaye

Senegal has not escaped the impact of the current crisis in the world economy. Poverty is increasing: according to UNDP some 60.3% of the population were poor in 2009,[2] up from 52.5% in 2005.[3] Other pressing problems include the effects of climate change, the food security situation, the HIV/AIDS pandemic and governance concerns, all of which are impeding progress towards the Millennium Development Goals (MDGs); unless the country can implement a new development model, based on economic effectiveness, social equity and environmental sustainability, these goals will not be reached.

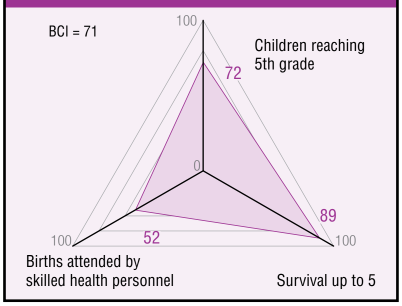
Aid and public finances

According to the annual review for 2009, implementation of the second Poverty Reduction Strategy Paper (PRSP-2) has yielded only moderate results.[4] This is the overarching scheme for all of the Government's economic and social investments and the basis on which it is trying to obtain assistance from donors. The country has also implemented various policies and programs such as the Accelerated Growth Strategy to create suitable conditions for greater productivity and provide a solid economic and social base with a growth rate of between 7 and 8%. Another initiative is the National Strategy for Equity and Gender Equality.

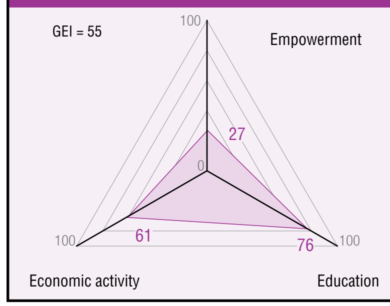
In spite of some reforms however there is still an uncontrolled internal debt that continues to hamper economic activity, and economic agents are nervous about the State's financial capacity to honour its commitments.

The State has adopted a series of measures as part of PRSP-2, including setting up an institutional follow-up mechanism with its technical and financial partners and with civil society organizations, so as to comply with its international commitments and improve the ways in which official development assistance (ODA) resources are managed.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



According to the April 2010 follow-up report on the MDGs, external financing for development projects (excluding budget support) was over XOF 258.000 million (some USD 489 million). In addition USD 35 million was committed as part of the Heavily Indebted Poor Countries Initiative with an additional USD 47 million to follow. The amount of sector budget support was USD 107 million in 2009, a decrease of nearly 30% from the 2008 figure. In 2007 remittances came to around USD 865 million (three times more than foreign direct investment) and this increased again in 2008 by 7.2%. Overall remittances have increased more than 20% in the last 30 years and made a strong contribution to the fight against poverty.[5]

Of the 2009 USD 489 million in gross ODA, USD 256 million was in the form of loans and USD 233 million in subsidies. This aid was distributed to the social sectors: education, health and nutrition, the rural and urban water supply and sanitation systems.[6]

Agriculture and dependence

More than 60% of the population is directly supported by the agricultural sector, 90% of which consists of family farms.[7] The sector is afflicted by numerous problems including low prices for export products, difficulties in accessing land–specially for women–and agricultural inputs, the increasing indebtedness of the rural population and soil degradation. To make matters worse there are also repeated commercialization campaigns that place a large part of the crop and also many of the producers in the hands of speculators and other intermediaries. This makes the rational, sustainable management of natural resources very difficult. Incomes keep falling and farmers are trapped in a vicious cycle of poverty, indebtedness and hunger that is hard to break out of.

Poverty is spreading, and is also becoming feminized and is mostly rural.[8] The vast majority of working women are in agriculture, with women comprising only 11% of workers in other sectors.[9] Between 78 and 80% of the rural population are poor.[10] This poverty makes itself felt in many spheres of life as it means privation, reduced internal consumption, greater difficulty in accessing credit and less coverage by basic services. Moreover, despite low incomes and food insecurity in urban areas, the capital city of Dakar ranks number 32 on a list of the most expensive cities in the world.[11]

The ways in which local development is financed are fraught with structural weaknesses, which affect the quality of the services provided, in particular public lighting, sanitation systems and the collection and

1 Member organizations: Cultural Association for Educational and Social Self-Promotion (ACAPES), Youth and Environment Action (AJE), Enda Graf Sahel, African Youth Coalition against Hunger (AYCAH) Senegal, National Associations for the Disabled of Senegal (ANHMS), Democratic Union of Teachers (UDEN) and Syndicate of Professors of Senegal (SYPROS). Seydou Ndiaye is the network coordinator.

2 UNDP, *Human Development Report 2009. Overcoming Barriers: Human Mobility and Development,* New York, 2009. Available from: <hdr.undp.org/en/reports/global/hdr2009/>.

3 Mohamed Ould Maouloud, *Case Study Senegal: Evaluation of the National Human Development Report System*, New York: UNDP Evaluation Office, 2006. Available from: <http://www.undp.org/evaluation/documents/thematic/nhdr/SENEGAL.pdf>.

4 Available from: <www.imf.org/external/pubs/ft/scr/2007/cr07316.pdf>.

5 Government of Senegal, *2010 Follow-up Report on the MDGs*, Dakar, 2010.

6 NGO Council for Support for Development (CONGAD),"Water, life and human development: national report on access to water and sanitation services," Dakar, 2009.

7 "Follow-up Call for the fight against Poverty Program," *People Survey 2009*.

8 Government of Senegal, *op. cit.*

9 Ricardo Hausmann, Laura D Tyson and Saadia Zahidi, *Global Gender Gap Report 2009*, Geneva: World Economic Forum, 2009. Available from: <www.weforum.org/pdf/gendergap/report2009.pdf>.

10 *Ibid.*

11 See: <www.citymayors.com/features/cost_survey.html#Anchor-Mercer%27s-47857>.

treatment of household waste. Another very negative factor is climate risk: flooding and erosion on the coast affect thousands of people and cause deaths, the displacement of local populations, the destruction of houses and other infrastructure, the loss of crops and health problems.

Education: numerous challenges

When the second phase (2005-2008) of the 10-year education and training program came to an end and the third phase began, the sector was seen to have progressed in terms of access to education but it was still plagued with difficulties regarding the quality of the system and how it was managed.

There are continual delays in the construction of new classrooms and the provision of equipment, and this means that teachers have to do the best they can in precarious "provisional" shelters. In 2009, more than 15% of primary education was in this situation and around 49% of schools do not have running water. Moreover the drop-out and repetition rates are very high, 11.5% and 7.7% respectively at the primary level, and less than 60% of children complete their primary schooling.[12] Vocational training is limited because of problems of integrating trainees into the labour force, low levels of internal and external effectiveness and overcrowded teaching premises.

Another cause for concern is the country's literacy level and education in this area for young people over 15 years of age. According to the Government, some 3.5 million people are illiterate but in 2009 the literacy programs reached only 77,000 out of a target population of 92,000. Even if literacy education could be provided for 100,000 people a year it would still take 35 years to cover the 3.5 million who need help.[13]

Spending on education from the four main sources of finance – the State, households, local communities and foreign agents – more than doubled in the 2003-2008 period (from USD 344 million to USD 793 million), which is an increase from 3.6% to 4.8% of Gross Domestic Product (GDP). However the household share increased from 22.7% in 2003 to 24.2% in 2009 while the State share fell from 73.5% to 69.2%. This shows a trend towards the commercialization of education, which will inevitably lead to greater inequalities in the population.

Access to water and sanitation facilities

The main obstacles to access to water have to do with the costs of connection and of the service (billed every two months), with the lack of networks in poor neighbourhoods (especially on the outskirts of urban areas) and with insufficient information about the connection programs.

Significant progress has been made in the sanitation network but this is still not satisfactory. Only 6 of the 21 urban centres have a collective network, 31.3% of people in rural areas do not have access to a sanitation system and access to improved latrines remains expensive.[14]

Changes to the institutional framework for water services and sanitation in urban areas is under consideration, but it is feared that the cost of water will rise if the opinions of workers' unions and consumers are not taken into account in the reform process.

Health

According to UNICEF, maternal mortality decreased in the 2005–2008 period (from 980 to 400 per 100,000 live births) but it is still very high.[15] Two of the most serious problems are the very low rate of births attended by skilled health personnel (52%, according to UNICEF) and the large number of deaths caused by malaria.[16] There are only 125 gynaecologists – mostly in the cities – in a country where 49% of women are of childbearing age.[17]

The incidence of HIV/AIDS is low among the general population (0.7%) but the illness has become feminized; in 1996 four times as many men as women were infected but in 2005 there were twice as many women as men.

The situation of women

There has been some progress towards gender equality insofar as women now have improved access to education and increased participation in the armed forces and police. However, their access to power, land and jobs is still limited; they form an important part of the informal sector (41%) but make up only 17% of the formal sector.[18]

Women constitute 52% of the population but are under-represented in politics: they account for only 23% of the seats in the National Assembly, 10% in central Government, 13% in regional councils, 20% in municipal councils and 27% in rural councils. The country has had one woman prime minister. With the announcement of a proposed bill to establish gender parity in elected positions the State seems to be starting to implement legal and regulatory reforms in the spirit of the principles laid down in the new Constitution of 2001.

Slow progress towards the MDGs

There is little chance of Senegal achieving progress on the various dimensions of MDG 3–to promote gender equality and empower women— by 2015 unless structural changes are made, strong programs implemented and resources allocated in line with the economic and social policy reference framework for 2011–15 (PRSP-3). It is also very unlikely that the MDGs in the health area (goals 4, 5 and 6) will be achieved.

According to the World Bank Senegal is on track to meet two goals: MDG 2 on education for all and MDG 7 on protecting the environment.[19] To improve the education sector civil society organizations are promoting the following:

- Far-reaching reforms and a change in focus to better adapt to the needs of the community and the economy.
- Urgent implementation of good governance and management geared to results that will institutionalize accountability in schools, in school administration and in the education system in general.
- Pacification of the social climate and atmosphere in the education system through the Government honouring its commitment to the actors involved (pupils, students and teachers), especially those concerning ending violence against girls.
- Improving the Government's contribution to public education.
- Developing a dynamic association that can achieve a consensus and mobilize people to improve the situation in education.
- Working for a nation-wide consensus about the measures and inputs needed to improve the quality of education and training (including aspects of human resources management, learners completing their study programs at all levels and the introduction of teaching in various national languages).
- Strengthening the synergy between the different actors (NGOs, unions, students' associations, parents' associations, grassroots community associations, etc.) to improve their contribution to follow-up on State policies through well-argued proposals. ■

12 Department of Educational Planning and Reform (DPRE), "National Report on the Situation of Education," Ministry of Education, 2009.

13 *Ibid.*

14 CONGAD, 2009, *op. cit.*

15 See: <www.unicef.org/infobycountry/senegal_statistics.html>.

16 *Ibid.*

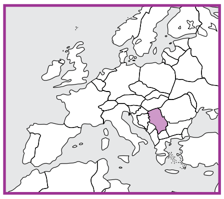
17 US Agency for International Development, "Family Planning: Senegal has only 125 gynaecologists". Available from: <senegal.usaid.gov/en/node/44>.

18 Sigrid Colnerud Granström, "The Informal Sector and Formal Competitiveness in Senegal," *Minor Field Studies* No. 194, University of Lund, 2009. Available from: <www.nek.lu.se/Publ/mfs/194.pdf>.

19 International Development Association and International Monetary Fund, "Heavily Indebted Poor Countries (HIPC) Initiative and Multilateral Debt Relief Initiative (MDRI) – Status of Implementation," 15 September 2009, 34. Available from: <www.imf.org/external/np/pp/eng/2009/091509.pdf>.

SERBIA

No strategy to counter economic and social insecurity



Serbians are facing increasing economic and social insecurity due to the lack of decent jobs, rising unemployment, high levels of corruption and deficient rule of law. The flow of foreign direct investment has slowed as a consequence of the global financial crisis, making the economy more fragile and unstable. Anti-crisis measures are based on taking out new loans from the international financial institutions and cutting public expenditure on education, health care and pensions–all of which risk pushing even more people into poverty.

Association Technology and Society
Mirjana Dokmanovic, PhD
Danica Drakulic, PhD

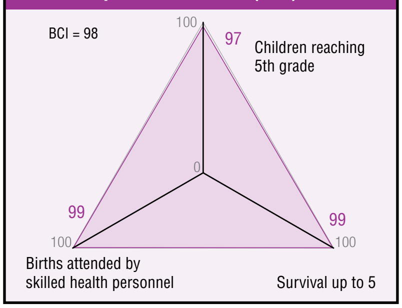
The global financial and economic crisis struck a heavy blow to Serbia's already weak and unstable economy. Low levels of investments and exports and increasing unemployment and illiquidity became the main problems. Foreign direct investment (FDI) in 2009 was only USD 1.5 billion, while at least USD 5-7 billion per year is needed to provide long-term macroeconomic stability and economic growth of 5%. The share of FDI in the gross domestic product (GDP) was 3.9% and a significant decrease of 25.2% was recorded within the framework of domestic demand.[1] High investment risks, corruption and weak institutions are the main barriers to capturing FDI together with a shrinking of financial sources at global level.

The decrease in economic activity in 2009 was 12.1% (industry), 25.1% (civil engineering), 12.3% (retail trade) and 8% (tourism). Foreign trade exchange went down in both exports (19.7%) and imports (28%). The positive aspect of this was a smaller foreign trade deficit, amounting to USD 7 billion (39.9% less than in 2008)[2], and a higher value of exports over imports of 53.4%.[3] The foreign trade debt made up 70.4% of GDP,[4] the budget deficit amounted to 3.2% of GDP and the public debt was 31.3% of GDP.[5] Turnover value in the Belgrade Stock Market fell 41.9% compared to 2008. The rate of unemployment was around 15%, an increase of almost two percentage points over 2008.

The economic slowdown was somewhat checked in the second part of 2009 by a number of Government economic and monetary measures. These included:

- Reduction of public expenditure by freezing pensions and salaries in the public sector.
- An IMF credit stand-by arrangement of USD 3.85 billion.
- Financial support from the World Bank, European Bank for Reconstruction and Development and the EU, as well as Russia and China support to infrastructure projects.
- A fiscal deficit increase from 3% GDP to 4.5% approved by the IMF in October 2009 and agreed in the 2010 Serbian macroeconomic budget framework.
- A second credit installment from the IMF worth USD 470 million for strengthening foreign exchange reserves and the stability of foreign exchange rates.
- Measures to increase economic liquidity.

Basic Capabilities Index (BCI) 2010



In 2009 the banks approved a credit of EUR 1 billion (then around USD 1.3 billion), of which USD 1.15 billion was for liquidity and the remainder for subsidizing consumer credit. These stimulus measures stopped the drop in industrial production and the foreign trade exchange. However the Serbian economy is still not attractive to investors. The National Bank of Serbia estimates the degree of economic openness of the economy at 6.3.[6] Serbia is ranked 93 out of 134 countries in the World Economic Forum's Index of Global Competitiveness.

Economic activities are burdened by the high indebtedness of companies and the lack of cheap credits to stimulate the export of goods. The budgetary revenue at the beginning of 2010 was 10% less than in the same period in 2009. Current revenues decreased 7.8% while tax revenues fell 7.8% and non-tax revenues fell by 8.1%. Significant revenues based on taxes, excluding excise taxes, decreased in relation to 2008, while the nominal revenue growth from excise taxes was 22.4% and social contribution was 1.9%.[7]

The Government has recently announced a new anti-crisis package, which is seen by many as political posturing in view of the upcoming election. Thus Serbians have heard contradictory statements by Prime Minister Mirko Cvetkovic, who in October 2009 stated that Serbia had emerged from the crisis[8] and six months later announced that there was no evidence of this.[9]

Increasing poverty

According to the Ministry of Labour and Social Policy, the number of poor people increased in 2009, with almost 700,000 people below the poverty line and 160,000 receiving social benefits.[10] However, the real number of people living in poverty is higher, up to 60%,[11] since the official data do not take into consideration indicators such as the availability of and access to health care, childcare, education and decent jobs.

Children are particularly vulnerable. A Conference on Children and Poverty – organized in Belgrade in October 2009 by the Serbian Ministry of Labour and Social Policy, the European Commission's Technical Assistance and Information Exchange (TAIEX), UNICEF and the Serbian Parliament – stressed the need to monitor the effects of the economic crisis on children and families and to continue the reform of social policy.[12] Decreasing livelihoods are accompanied by increasing violence against women and children, reduced attendance at schools and declin-

1 National Bank of the Republic of Serbia, "Report on Inflation," 2009.

2 Ministry of Finance, "Bulletin of Public Finances," 2009.

3 Ministry of Finance, "Analysis of Macroeconomic and Fiscal Trends in 2009."

4 National Bank, *op. cit.*

5 Ministry of Finance, "Bulletin of Public Finances," *op cit.*

6 *Ibid.*

7 Ministry of Finance, "Bulletin of Public Finance," *op. cit.*

8 Economist Media Group, "Cvetkovic: Serbia at the End of the Economic Crisis," *EMportal*, 16 October 2009. Available from: <www.emg.rs/vesti/srbija/101568.html> (accessed 10 March 2010).

9 Economist Media Group, "Cvetkovic: There is No Reliable Evidence about Coming out of the Crisis," *EMportal*, 9 March 2010. Available from: <www.emg.rs/vesti/srbija/115224.html> (accessed 10 March 2010).

10 See: <www.danas.rs>.

11 Aleksandar Rodic, "Life on Soup from Thrown Out Vegetable," *Blic Online*, 28 February 2010. Available from: <www.blic.rs/Vesti/Tema-Dana/178682/Zivot-na-corbi-od-bacenog-povrca> (accessed 28 February 2010).

12 Economist Media Groups, "Number of Poor is Increasing, Children Particularly at Risk," *EMportal*, 19 October 2009. Available from: <www.emg.rs/vesti/srbija/101841.html> (accessed 10 March 2010).

ing quality of childcare. The Millennium Development Goal (MDG) Monitor for Serbia highlights the continuous deepening of the education gap between children from different socio-economic and ethnic groups, revealing the inadequacy of the current education system to fully implement an inclusive education.

Increasing poverty was one of the top issues in the debate between governmental officials and representatives of business at the Business Forum in March 2010. Although all of them agreed that the eradication of poverty primarily depends on the Government's economic policies, no concrete proposals were put forward on what these should be, besides the announcement of a new Law on Social Security to be adopted in 2010 that would increase the level of social security benefits and the number of recipients. [13]

Growing unemployment, strikes and protests

Human rights NGOs, such as the Belgrade Centre for Human Rights, warn that economic and social rights are deteriorating and that vulnerable groups – including Roma, children, disabled people and women – are particularly at risk. [14]

Facing difficulty surviving the impact of the crisis, many companies have gone bankrupt or have tried to minimize costs, by reducing workers' wages and benefits, among other measures. Companies have cut salaries (promising that this would be a temporary measure) or stopped paying pension insurance contributions. More than 133,000 Serbians lost their jobs in 2009 and early 2010. The estimate for 2010 is that over 100,000 workers – some 450 a day – will lose their jobs,[15] while the possibility of finding work in the informal economy is also shrinking due to the negative effects of the economic crisis on construction and farming.[16]

The minimum hourly wage in March 2010 was USD 1.16, an amount that has not increased for more than a year as the Association of Employers has refused to agree to trade union demands. Due to the lack of social dialogue, tens of thousands of workers staged strikes in 2009 and at the beginning of 2010. In reaction to the seeming indifference of the Government and employers, workers often adopt extreme forms of protest including hunger strikes and blockages of roads and railways. As a way to reduce layoffs, a Bill on Amendments to the Labour Law was adopted in July 2009. It extended the period during which employers may send employees on paid leave to more than 45 days during a year. However this measure has not yet had any effect. Trade unions warn that they have no means to push for positive changes other than more strikes.

Credit arrangements and public services

The reduction of public spending, primarily pensions and salaries, is a dominant issue in the negotiations between Serbian officials and international financial institutions (IFIs).[17] Albert Jaeger, Chief of the IMF Mission in Serbia, said that the lending institution requires the Government to present clear plans for public spending cuts, "reforming the State administration, the pensions system, education and health care," if it wants to successfully re-open the credit arrangement.[18] The Government dropped the IMF's proposal to raise value added tax (VAT) and reduce pensions and salaries in the public sector and has instead proposed to reform the public sector.

In August 2009, after a program review by the IMF, the Government adopted the Social Care Plan based on "reforms," which in this case means cuts in the budget for health care and education and reduction of the number of employees. The plan also includes reducing the number of teachers, classes and elementary schools and closing specialized schools for children with disabilities. As a result of this "reform" 11,000 classes out of 90,000 will be closed, making it more difficult for children in rural areas and children with disabilities to access elementary education. Similarly, the "reform" in the health system will be based on reducing the number of health care workers, reviewing subventions and closing a number of health care institutions, all allegedly to "save" money in the budget.

Legislation is being changed or adapted according to the policies guided by the IFIs, abolishing rights that had previously been gained. The new Serbian Law on Employment, passed on May 2009, abolished the right of women who lose a job during pregnancy to receive paid benefit during the unemployment period for more than one month. The Law introduced stricter conditions for receiving the right to unemployment subsidies if a worker loses a job during a period of sick leave. Pregnancy is considered as 'sickness' so it is not excluded.[19]

The global economic crisis can only partly be blamed for the many layoffs. According to trade unions and economists, job losses are also due to irresponsible economic policies as well as bad privatization models. [20] The media has reported many cases of dubious privatizations. The Directorate for Prevention of Money Laundering has estimated that more than USD 2 billion a year is laundered, mostly through the privatization of firms; [21] it has filed more than 1,700 cases of dubious privatizations, but until now only one privatization case has been overturned. Moreover corruption remains widespread. A 2009 survey showed that education, health and the judiciary were perceived as the most corrupt areas, and that one out of five people had paid for a (supposedly free) health service she or he needed.[22]

The Government's macroeconomic strategy is aimed at decreasing the structural fiscal deficit through limiting pensions and public salaries while increasing investment in infrastructure approved by the IMF. [23] However there is still no vision and no comprehensive and multisectoral strategy on how to protect the economic and social rights of citizens, securing them decent jobs and livelihoods. ■

13 B92, "How to Decrease Poverty in Serbia," *B92 Online,* 11 March 2010. Available from: <www.b92.net/info/vesti/index.php?yyyy=2010&mm=03&dd=11&nav_category=9&nav_id=417055> (accessed 11 March 2010).

14 Belgrade Centre for Human Rights, *Human Rights in Serbia 2009: Legal Provisions and Practice Compared to International Human Rights Standards,* Belgrade, 2010.

15 B92, "Fight for Working Places," *B92 Online,* 29 March 2010. Available from: <www.b92.net/info/vesti/index.php?nav_id=421112&dd=29&mm=03&yyyy=2010> (accessed 29 March 2010).

16 I. Radisavljevic, "Army of Poor is Increasing," *Blic Online*, 28 March 2010. Available from: <www.blic.rs/Vesti/Drustvo/182724/Raste-armija-siromasnih> (accessed 28 March 2010).

17 Economist Media Group, "Jelasic: Reduction of public expenditure – main topics of talks with IMF," *EMportal,* 12 February 2010. Available from: <www.emg.rs/en/news/serbia/113366.html> (accessed 20 February 2010).

18 I. Jovanovic, "IMF tells Serbia to slash spending," *SETimes.com,* 9 September 2009. Available from: <www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/features/2009/09/09/feature-02> (accessed 20 September 2009).

19 J. Popadic, "Law Induces White Plague," *Politika,* 14 August 2009. Available from: <www.politika.rs/rubrike/Drustvo/Zakon-podstiche-belu-kugu.sr.html> (accessed 20 August 2009).

20 Union of Independent Trade Unions of Serbia, *Privatization in the Republic of Serbia 2002–2009,* Belgrade; and Economist Media Groups, "58 layoffs an hour in Serbia during 2009," *EMportal,* 30 March 2010. Available from: <www.emg.rs/en/news/serbia/117661.html> (accessed 30 March 2010).

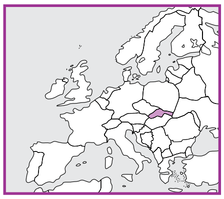
21 T.N. Djakovic, "Mafioso Launders billions of euros through privatization," *Blic Online,* 4 March 2010. Available from: <www.blic.rs/Vesti/Tema-Dana/179212/Mafijasi-oprali-vise-milijardi-evra-kroz-privatizacije> (accessed 4 March 2010).

22 Belgrade Centre for Human Rights, *op. cit.*

23 Economist Media Group, "Serbia will pull 180 billion euros from the IMF on 6 April," *EMportal,* 1 April 2010. Available from: <www.emg.rs/vesti/srbija/117929.html> (accessed 1 April 2010).

■ SLOVAKIA

The tiger is limping



Slovakia's unemployment rate reached 12.9% in January 2010 due to the negative impacts of both the global financial crisis and the Government's ineffective policy responses. While the country has performed well in terms of some of the Millennium Development Goals (MDGs), there are still some disparities and pending issues, including gender equality and development assistance. At the same time, the Slovak social and political climate is mired in corruption, bribery and cronyism, and the ruling coalition continues to govern through the "tyranny of the majority," oppressing the political opposition, controlling the media and exciting xenophobia, intolerance and discrimination against minorities.

Slovak Political Institute
Faculty of Economics, Technical University of Košice
Daniel Klimovský

As portrayed by an article in the *Financial Times* in July 2009, "Slovakia's reign as Central Europe's leading tiger economy is over, as exports have plunged, unemployment has increased and the deficit has grown, forcing the country back into the role it thought it had left behind – one of Central Europe's laggards."[1]

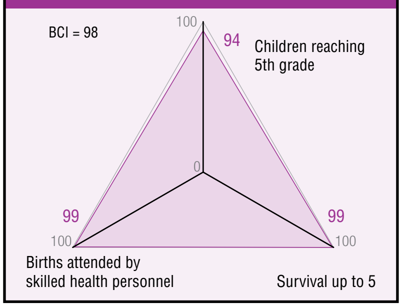
The country's unemployment rate was 9.9% in August 2008 but jumped to 12.9% in January 2010 due to the negative impacts of both the global financial crisis and ineffective policies and measures by the Government. The number of registered unemployed persons at the beginning of this year was 346,379, an increase of more than 100,000 in comparison with January 2009.[2] Moreover, the labour market is still battling long-term joblessness, which has been a problem since the early 1990s.

The State budget deficit was low in previous years (1.9% of GDP in 2007 and 2.2% of GDP in 2008) but the Ministry of Finance has stated that it is expected to reach 5.5% of GDP in 2010.

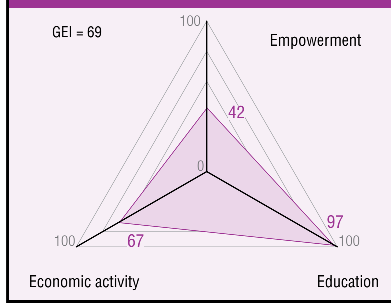
The global financial crisis has highlighted the Slovak economy's dependence on the car industry. Like the governments of some other EU countries, the Government introduced "car-scrapping bonuses" (which reward trading in old cars for new ones) in March and April 2009 in order to revive the local car industry and rejuvenate Slovakia's fleet of passenger cars. More than EUR 55 million was allocated to this project, subsidizing the purchase of 44,200 new cars. During the first half of 2009 sales increased by 18.4% compared to the same period in 2008. However according to some experts the project has had only a small impact on the local car industry[3] (and nearly 5,000 bonuses were not used).

Since the Slovak economy depends on international trade, the country's economy will revive only when Western Europe, and particularly Germany, starts to grow again.[4]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



MDGs: disparities and pending issues

Slovakia is a member of the EU and the Organisation for Economic Co-operation and Development (OECD), and in terms of the MDGs it ranks on some indicators among highly developed nations. The maternal mortality (6 per 100,000 births) and under-five mortality (8 per 1,000) rates are very low,[5] the country has a low incidence of HIV/AIDS (110 cases according to AIDSGame)[6] and basic education is compulsory up to 10 years. However three goals still remain to be achieved: to promote gender equity and empower women (Goal 3); to ensure environmental sustainability (Goal 7); and to develop a Global Partnership for Development (Goal 8).

Concerning Goal 3, the Constitution prohibits all forms of gender discrimination. There are 29 women in the 150-seat Parliament[7], 36 in the 70-seat Supreme Court and 2 in the 16-member Cabinet. Approximately 20% of mayors are women, although all the eight chairs of the superior territorial units are men. Rape victims have access to shelters and counselling offered by various NGOs and government-funded programs. Prostitution – on which reliable data are lacking – is legal, although operating a brothel, knowingly spreading sexually transmitted diseases and trafficking in women are prohibited.[8]

However, domestic violence against women is a major problem. It is legally prohibited but recent studies show that one out of five women in the country has suffered some form of domestic violence (although more reliable data are needed on this topic). Another problem is inequality in the workplace: women' salaries and wages are generally 25% lower than those of their male colleagues.

As for the Goal 7, at the beginning of 2010 the Government approved the closing of the Ministry of Environment as a measure to save financial resources. Several experts criticized this decision because of its lack of planning and the potential danger it poses in terms of lack of environmental protection. Currently there is evidence (e.g., repeated floods in the countryside, planned as well as incidental reduction of forests, and groundwater loss and pollution) pointing to problems in the near future.

Regarding Goal 8, the Government approved the Medium-Term Strategy for Official Development Assistance 2009-2013 on 4 March 2009.[9] The new Programme countries are Afghanistan, Kenya and Serbia while the Project countries are Albania, Belarus, Bosnia and Herzegovina, Montenegro, Ethiopia, Georgia, Kazakhstan, Kyrgyzstan, Macedonia, Moldova, Mongolia, Sudan, Tajikistan, Ukraine,

1 Jan Cienski, "A victim of its own success," *Financial Times*, 28 July 2009. Available from: <media.ft.com/cms/df4c1042-7b80-11de-9772-00144feabdc0.pdf>.

2 Zuzana Vilikovská, "Slovak unemployment rate grows to 12.89 percent in January," *The Slovak Spectator*, 18 February 2010.

3 Jana Liptáková, "Car-scrapping bonus boosts car sales in Slovakia," *The Slovak Spectator*, 13 July 2009. Available from: <www.iness.sk/modules.php?name=News&file=article&sid=2300> (accessed on 12 March 2010).

4 Jan Cienski, *op. cit.*

5 UNICEF, "At a glance: Slovakia." Available from: <www.unicef.org/infobycountry/slovakia_statistics.html>; UNICEF, *The State of the World's Children 2009: Maternal and Newborn Health,* New York, 2.

6 See: <www.aidsgame.com/statistics.aspx?statistics=HIV%20COUNT%20BY%20COUNTRY>.

7 This report was completed on 15 March, i.e. a few months before the 2010 parliamentary elections.

8 U.S. Department of State: Bureau of Democracy, Human Rights, and Labor, "2009 Human Rights Report: Slovakia," in *2009 Country Reports on Human Rights Practices*. Available from: <www.state.gov/g/drl/rls/hrrpt/2009/eur/136057.htm> (accessed on 13 March 2010).

9 Slovak Aid, "Medium-Term Strategy for Official Development Assistance of the Slovak Republic for the years 2009-2013." Available from: <www.slovakaid.mfa.sk/en/index.php/article/articleview/102/1/2>.

Uzbekistan and Vietnam. The document provides a more precise definition of this assistance as contributing to reducing poverty and starvation in developing countries through goal-directed and efficiently provided development and humanitarian aid.

The Slovak Aid Project Committee approved 26 projects during its meeting on 25 August 2009: four each for Kenya and Serbia, three each for Afghanistan, Sudan and Ukraine, two each for Georgia, Mongolia and Vietnam, and one each for Belarus, Kyrgyzstan and Moldova. The entire budget dedicated to all those projects is EUR 4.33 million, a decline from the number in the plan approved by the Government in May 2009.[10]

Corruption, bribery and cronyism

The corruption perception index (CPI) had been slowly but surely improving since 2000. However suspicions about the connection of the current governmental structures with corruption and cronyism became more widespread in 2009 and Slovakia fell from 52 to 56 among countries ranked in this index.[11] Prime Minister Róbert Fico, as well as Minister of the Interior Robert Kaliňák, reacted by saying that the director of Transparency International Slovensko, Emília Beblavá, was the wife of an opposition party member (also a state deputy at the Ministry of Labour, Social Affairs and Family during the previous Government) and therefore these results are not trustworthy.

For its part, Transparency International Slovakia has given five reasons for the drop: two out of three ruling coalition parties are led by politicians who are unable to explain their property and financial status; public procurement contracts (both at local and national level) are usually concluded in a non-transparent way; there are insufficient autonomous control mechanisms; there is polarization within the judicial system; and political attacks (especially from the highest representatives of the ruling coalition) have been made against social activists and journalists, followed by hindered access to information.[12]

Also, since 2009 there has been a wave of corruption scandals.[13] For instance, there was the "bulletin board" scandal, a call for applications linked to a contract of more than EUR 100 million that was announced only on a bulletin board inside the Ministry for Construction and Regional Development in an area not normally accessible to the public. Later, there was a scandal involving the Ministry of Environment linked to the sale of carbon dioxide emission allocations to an unknown foreign firm, established only months before the public tender and whose registered address was a lock-up garage.[14] And there was also the case of some unexplained financing of the opposition party, the Slovak Democratic and Christian Union (SDKÚ), which led to the resignation of the opposition leader and former Prime Minister Mikuláš Dzurinda.[15]

There have also been doubts about the independence of the judicial system after last year's publication of an open letter, signed by 15 judges, warning about what they called abuse of disciplinary proceedings against certain judges who had criticized the former Minister of Justice and present Chairman of the Supreme Court, Štefan Harabín.[16] In addition, 105 judges had earlier signed the so-called "Five Sentences" petition to initiate a serious debate about the state of the country's judiciary.

All these events have caused great debate among Slovak citizens and the media, while the ruling coalition continues to govern the country under the same "tyranny of the majority" that it practiced during 2007and 2008[17] as a way to oppress political opposition and dissent with the involvement of the state-owned media.[18]

Authoritarism, discrimination and xenophobia

One of the most respected Slovak thinktanks, Inštitút pre Verejné Otázky (Institut for Public Affairs) has stated that the quality of Slovak democracy declined from 2.9 points (average rank in 2008) to 3.3 points (average rank in 2009); an optimal rank is 1.0 point, with the worst situation ranking at 5.0 points. The most deterioration was detected in the sphere of media independence and democratic institutions.[19]

The Press Act, adopted in 2008 and intended to curb media freedom, caused a big controversy. Condemned both by Reporters Without Borders and the Organisation for Security and Co-operation in Europe (OSCE), this law flouts the separation of powers, with Article 6 giving the Government direct control over the media on a number of sensitive issues. An automatic right of reply to anyone believing, rightly or wrongly, that somebody has defamed or insulted him/her and heavy fines for failing to publish replies has already limited the freedom of the press. Since this instrument has been used by many high-ranking politicians in recent months, it is considered to be a serious obstacle to investigative journalism.[20]

Discrimination against minorities is another worrying trend. According to the last census (2001) there are approximately 90,000 Roma in Slovakia, although experts have estimated the actual numbers at between 350,000 and 500,000. The *2009 Human Rights Report* by the U.S. Department of State notes that widespread discrimination against Roma is found in employment, education, health services, housing and loan practices. Many of their settlements lack a formal infrastructure, access to drinking water and proper sewage systems[21]. Roma children are disproportionately enrolled in "special" schools for children with mental disabilities, despite diagnostic scores that are often within the average range of intellectual capacity. Although child prostitution is prohibited, it remains a problem in Roma settlements living under the worst conditions.

Concurrently xenophobic violence by skinhead and neo-Nazi groups persists against Roma, members of other minorities and foreigners. These actions are indirectly supported by some high-level politicians. Ján Slota, co-founder and President of the Slovak National Party – a member of the ruling coalition – repeatedly attacks Roma[22] as well as gays and lesbians (he calls them "sick and outrageous"); more recently he referred to students protesting against an amendment of the School System Act as "shitheads."

Similarly, diverse ultra-nationalist groups and associations (e.g., Slovenská pospolitost' [Slovak Togetherness]) organized several rallies, gatherings and marches in 2009 throughout the country (particularly in the East where most of the Roma population live) in order to spread their intolerant messages, attacking various ethnic, religious and sexual minorities. However the nationalistic atmosphere is promoted mainly by the ruling coalition – for example, by passing in the Parliament a controversial amendment to the State Language Act (which led to an intervention by the OSCE High Commissioner on National Minorities). The Government also approved an amendment of the School System Act; among other modifications, it introduces the compulsory weekly playing of the national Slovak anthem in all State educational establishments. ■

10 Slovak Aid, "National Program for Slovak Official Development Assistance for 2009." Available from: <www.slovakaid.mfa.sk/en/index.php/article/articleview/103/1/1>.

11 Transparency International, "CPI 2009 Table," in *Corruption Perceptions Index 2009*. Available from: <www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table> (accessed on 13 March 2010).

12 Transparency International Slovensko, "Index vnímania korupcie 2009: Rekordný pád Slovenska v najcitovanejšom svetovom rebríčku o korupcii." Available from: <transparency.sk/vystupy/rebricky/> (accessed on 13 March 2010).

13 Beata Balogová, "A year of crisis and scandal," *The Slovak Spectator*, 21 December 2009. Available from: <www.spectator.sme.sk/articles/view/37477/11/a_year_of_crisis_and_scandal.html>.

14 *Ibid.*

15 Beata Balogová, "Old scandal spells new trouble for SDKÚ," *The Slovak Spectator*, 1 February 2010. Available from: <www.spectator.sme.sk/articles/view/37774/2/old_scandal_spells_new_trouble_for_sdku.html>.

16 Beata Balogová, "Harabin cries foul," *The Slovak Spectator*, 12 April 2010. Available from: <www.spectator.sme.sk/articles/view/38493/2/harabin_cries_foul.html>.

17 Daniel Klimovský, "Slovakia: More development aid, though discrimination remains," *Social Watch Report 2008,* 182–3; and "Slovakia: Revising the plans," *Social Watch Report 2009*, 148–49.

18 Miroslav Kollár, "Volebná kampaň: Nástup nových médií," in G. Mesežnikov, O. Gyárfášová and M. Kollár eds., *Slovensko volí: Európske a prezidentské voľby 2009* (Bratislava: Inštitút pre verejné otázky, 2009), 195–206.

19 Inštitút pre verejné otázky, "IVO Barometer: Kvalita demokracie v štvrtom štvrťroku 2009: mierny pokles na 3,4." Available at: <www.ivo.sk/5897/sk/aktuality/ivo-barometer-kvalita-demokracie-v-stvrtom-stvrtroku-2009-mierny-pokles-na-3-4> (accessed on 10 March 2010).

20 Reporters Without Borders, "World Report 2009 – Slovakia, 1 May 2009." Available at: <www.unhcr.org/refworld/docid/49fea99a3d.html> (accessed on 5 July 2009).

21 Tomáš Želinský, "Porovnanie alternatívnych prístupov k odhadu individuálneho blahobytu domácností ohrozených rizikom chudoby," *Ekonomický časopis*, vol. 58, no. 3, 251-270.

22 Roma Press Agency, "Slovak MP Ján Slota insulted Roma people on the International day of the Romas," Press Release, 8 April 2010. Available at: <www.mecem.sk/rpa/?id=press&lang=english&show=18714>.

SLOVENIA

The MDGs: a very distant target

The global crisis has demonstrated that if Slovenia is to survive in the new international environment it has to experience social, political and economic paradigm shifts. Regarding development assistance, the country has neither a strategy for development cooperation nor a system to evaluate aid efficiency. Its commitments will be difficult to uphold in the current context where there are national budget cuts in almost every sector. At the same time, and despite the documented success of their grassroots projects, civil society organizations are still considered minor players in the development arena.

Društvo Humanitas
Rene Suša

The election of former UN Assistant Secretary-General for Political Affairs, Dr. Danilo Türk as president, in the 2007 elections seemed to signal that Slovenia was beginning to realize the importance of the international dimension, particularly international cooperation, in reaching some of today's most challenging goals. Three years later, however, that hope is all but spent. Global issues rank extremely low on the political agenda, internationally accepted obligations are not being met and the public's lack of awareness on these issues, including the Millennium Development Goals (MDGs), is alarming – especially among the young.

The "crisis" period has demonstrated that the country has to experience some radical social, political and economic paradigm shifts if it is to survive in the changed global environment. A team of experts from various disciplines (the economy, philosophy, environment protection, etc.) together with the former ombudsman and a member of the Cabinet prepared a document with a challenging title – *Where after the crisis?*[1] – that called for just such a change. While the paper gained widespread media interest and won the approval of both the Prime Minister and a considerable proportion of the general public, it was almost completely ignored when a new development strategy for 2010-2013 was prepared.

Words and actions from the same source rarely operate in tandem in Slovenia's political sphere, which is precisely what makes the realization of the MDGs such a distant possibility. It seems that the country simply does not understand that it is in fact part of a larger and more interconnected world.

Lacking strategies for development cooperation

In 2004 Slovenia assumed the obligations of providing international aid. Being promoted to donor status by the World Bank and joining the EU has had a lasting impact on the Slovene foreign assistance policy. While the numbers are still not overly encouraging – the country spent 0.15% of the gross domestic product (GDP) in 2009 for official development assistance (ODA)[2] – a positive trend in the past few years is clearly discernible (Chart 1).

Compared to 2003, the amount of ODA more than doubled in 2008. It should be noted that a sizeable amount of ODA is comprised of payments to the EU budget – EUR 18.57 million (USD 22.2 million) in 2007.[3]

Slovenia is supposed to reach the target goal of 0.17% of GDP in 2010 and 0.33% in 2015, according to the accepted commitments under the Monterrey Agreement and European Consensus on Development. These goals are also included in the Resolution on International Development Cooperation until 2015 (adopted by the National Assembly on 11 July 2008) and the Law on International Development Cooperation.[4] However, that commitment will be difficult to uphold in the current situation, with national budget cuts in almost every sector.

Equally as important as the quantity of aid is its quality. Experts from AidWatch and the Ekvilib Inštitut estimate that about 13%-20% of ODA is artificially inflated.[5] Some of the main criticisms regarding the quality of ODA concern lack of transparency in the decision-making processes, low levels of inclusion of civil society actors in the recipient countries and the absence of long-term projects, especially for NGOs (running two-year projects became possible only in 2010). The mechanisms for monitoring the impact of ODA are also poorly developed and Slovenia still lacks a proper strategic plan for development cooperation. The criteria for selecting target countries and target groups are virtually non-existent, except for some historic and political affiliations.

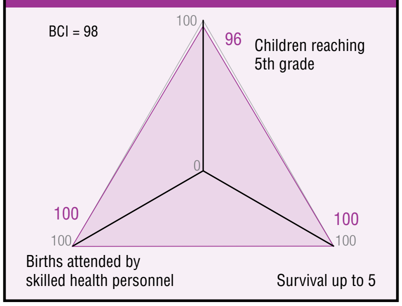
Eva Marn, chair of SLOGA (the Slovene NGO platform) speaks of several key deficiencies in Slovenia's development cooperation. She points out that this is a relatively new field of action in Slovenian policy and was tackled from an unprofessional angle right from the start. There is no development cooperation agency and the issue is covered by diplomats in the Foreign Ministry and not by development specialists.[6] Meanwhile diplomats keep changing and no aid efficiency evaluation system has been put in place.

While multilateral assistance is run mainly through the EU and the UN institutions, bilateral aid is mostly focused on countries of the Balkan region and Southeast Europe. Slovenia has negotiated agreements with Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro, Serbia and Ukraine. An agreement with the Republic of Kosovo is currently in the drafting stages.[7]

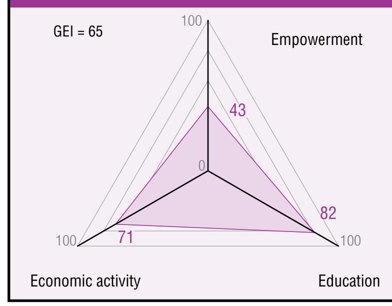
Development projects and civil society

In 2008 Slovenia saw the first public call for proposals for development projects run by NGOs. Eight

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



1 Matjaž Hanžek et al., *Kam po krizi* (Ljubljana, 7 December 2009). Available from: <www.kpv.gov.si/fileadmin/kpv.gov.si/pageuploads/datoteke_dinamika/2009_12/drugo/24dec2009_kam_po_krizi_SLO.pdf> (accessed 3 May 2010).

2 Aleš Verdir, "Challenges of international development policies," presented at public debate, Ministry of Foreign Affairs (MFA), Ljubljana, 16 April 2010.

3 MFA, *Proračun EU za programme razvojne pomoči.* Available from: <www.mzz.gov.si/si/zunanja_politika/mednarodno_razvojno_sodelovanje_in_humanitarna_pomoc/proracun_eu_za_programe_razvojne_pomoci/> (accessed 26 April 2010).

4 Uradni list št.73, *Resolucija o mednarodnem razvojnem sodelovanju do 2015* (18 July 2008). Available from: <www.uradni-list.si/_pdf/2008/Ur/u2008073.pdf> (accessed 26 April 2010).

5 Ekvilib Inštitut, *Slovenija – AidWatch poročilo in priporočila 2009: Uradna razvojna pomoč Slovenije*, Ljubljana, 2009. Available from: <www.ekvilib.org/clovekove-pravice-in-razvojno/slovenija-2> (accessed 26 April 2010).

6 Eva Marn, personal communication, 2 May 2010.

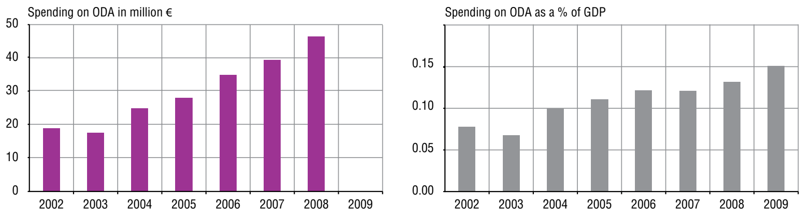
7 MFA, *Mednarodno razvojno sodelovanje in humanitarna pomoč* ,2009, *op. cit.*

projects were selected with a total value of EUR 100,000. A similar call was issued in 2009 with 14 projects approved for a total of EUR 265,000.[8] For the 2010-2011 period EUR 789,868 was disbursed for 33 NGO projects. Most activities (12 of them) will take place in sub-Saharan Africa, nine projects will run in the West Balkans region, three in Ukraine and Moldova and two in other regions of the world. The MFA also supported six global education projects in Slovenia.[9] This was the first time that a call was issued for regions outside Europe.

As noted above, a Law on Development Cooperation was adopted in 2006 and an ensuing resolution as well but they have not yet been implemented. Although civil society, as represented by SLOGA, was partly involved in the process in the beginning, this is no longer the case. One of the consequences is that the status of NGOs is not consistently defined; neither is the eligibility for financing, which is often still not done in a transparent way – an issue that was also raised by the experts from the Organisation for Economic Cooperation and Development (OECD).[10] Also, financing for development is not under one roof and sums are not available to provide the promised figures. Slovene NGOs working on development issues have also complained that the Ministry of Foreign Affairs (MFA) does not keep its commitments when it comes to issuing calls for proposals, signing the agreements and disbursing the funds on time. This unresponsiveness hampers many of their projects.

NGO projects supported by the MFA represent less than 2% of all Slovene ODA, which shows that NGOs are still considered minor players in development issues despite the documented success of their grassroots projects.

CHART 1. ODA from Slovenia



Source: Ministry of Foreign Affairs[15], SLOGA[16].

Extremely low awareness about the MDGs

Slovenia lacks a clear strategy in the area of development education and international issues are poorly integrated into the school curricula and timetable. While NGOs and other key players – individual teachers, principals and experts – are active in this area, their efforts remain uncoordinated. It is difficult to get these topics included when the focus is on academic subjects and the support of relevant institutions, especially the Ministry of Education and Sports, is lacking.[11]

In 1994 the United Nations Conference on Trade and Development recommended that at least 3% of ODA should be spent on education about global issues. Slovenia falls way behind with approximately 0.13% (EUR 60,000) being available for this, which is especially worrying in view of the recent findings from a survey on the Millennium Development Goals (MDGs) among young people (age 15-24), conducted by the NGOs Društvo Humanitas and Zavod Voluntariat.[12] The results showed that 83% of young people have never heard of the MDGs, which places Slovenia quite close to the EU average of 82%. Since these results are for the population that is still in the educational process, they are very discouraging. More than two thirds of participants in the poll also responded negatively when asked whether the MDGs would be achieved by 2015.[13]

The researchers emphasized a significant lack of communication between youth, NGOs and the Government. Young people's potential interest in cooperation with NGOs on common development issues remains untapped. Low levels of inclusion of young people in the projects or/and work of NGOs represents one of the key challenges for more widespread popular interest and participation in reaching the MDGs.

According to development education expert Franci Iskra – from Društvo Humanitas – better communication among all levels (governmental, NGO and youth) could provide for a significant breakthrough in at least basic knowledge about the MDGs.[14] Slovene NGOs are under-funded and lack sufficient staff to tackle this issue effectively. Another problem is the fragmentation of NGOs, which usually specialize in one or two fields of action. Their activities are very diverse and in many cases contribute only indirectly to the fulfilment of the MDGs. The Government is also plagued with problems similar to those in the NGO sector in that each section only works on its narrow field, preventing a more integrated approach.

Yet another key issue to be tackled is policy coherence, which leaves much to be desired – not only on the EU level, where the term is something of a buzz word, but also on the national level. This is especially evident when considering the achievement of Goal 7: to ensure environmental sustainability. According to Dr. Dušan Plut, an expert in environmental protection, Slovenia currently exceeds the globally acceptable levels of greenhouse emissions and depletion of natural resources by 2-4 times.[17] In general, the country continues to increase its environmental pressure, with economic development being founded partially on the exhaustion of environmental capital. Yet in spite of repeated warnings from leading environmental scientists, external evaluators and NGOs it continues on the path of out-dated, energy-inefficient and costly technologies.

For example, a new lignite-fired thermal power plant is now high on the political agenda as one of the pillars of Slovenia's new energy sources; this highly controversial project is even being presented as an "environmentally friendly" solution. This is very alarming considering that the country is already facing serious warnings and financial consequences due to its increasing CO_2 emissions and failure to meet the Kyoto-agreed levels. The total cost of penalties is estimated at EUR 80 million – about double the amount of Slovene ODA.[18] ■

8 MFA, *Izjava za javnost o rezultatih javnega razpisa za sofinanciranje mednarodnih razvojnih in humanitarnih projektov nevladnih organizacij v 2010 in 2011* (2010). Available from: <www.mzz.gov.si/nc/si/splosno/cns/novica/article/141/26654/> (accessed 27 April 2010).

9 MFA, "Rezultati javnega razpisa za sofinanciranje mednarodnih razvojnih in humanitarnih projektov nevladnih organizacij v 2010 in 2011", 2010. Available from: <www.mzz.gov.si/fileadmin/pageuploads/foto/1003/Rezultati_javnega_razpisa_za_sofinanciranje_mednarodnih_razvojnih_in_humanitarnih_projektov_nevladnih_organizacij_v_letih_20.doc> (accessed 27 April 2010).

10 Ekvilib Inštitut, *op. cit.*

11 Johannes Krause, "DE Watch, Annex I – Country profiles," unpublished paper, 2010.

12 Maja Dolinar in Franci Iskra, "A.W.A.R.E. Grid Local report Slovenia," unpublished paper, 2010.

13 *Ibid.*

14 Franci Iskra, personal communication, 2 May 2010.

15 MFA, *Mednarodno razvojno sodelovanje Republike Slovenije 2002–2004*, Ljubljana, 2005. Available from: <www.mzz.gov.si/fileadmin/pageuploads/dokumenti/mednarodno_humanitarno_sodelovanje.pdf> (accessed 26 April 2010); MFA, *Mednarodno razvojno sodelovanje in humanitarna pomoč*, 2009. Available from: <www.mzz.gov.si/si/zunanja_politika/mednarodno_razvojno_sodelovanje_in_humanitarna_pomoc/> (accessed 26 April 2010).

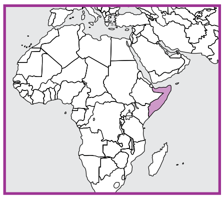
16 Robin Dewa, *Priročnik o uradni razvojni pomoči* (Ljubljana: SLOGA, 2009. Available from: <www.ekvilib.org/images/stories/priponke/zagovornistvo_lobiranje/oda/aktivnosti/sloga_prirocnik_oda2.pdf> (accessed 26 April 2010).

17 Dušan Plut, *Trajnostni razvoj med mavrico teorij in skromno prakso* (2010). Available from: <www.planbzaslovenijo.si/upload/trajnostni-razvoj/plut-besedilo.pdf> (accessed 2 May 2010).

18 Keith Miles, "Osemdeset milijonov je evrov težka obdavčitev Slovenije ni pravična," *Finance* 150 , 2009. Available from: <www.finance.si/254341/Osemdeset_milijonov_evrov_te%BEka_obdav%E8itev_Slovenije_ni_pravi%E8na>.

SOMALIA

At the mercy of pirates



As one of the world's least developed countries, Somalia depends on international assistance. However, aid is scarce and insufficient due to the global economic crisis and the reluctance of donors to deal with either regional armed groups or the national authorities. Resources from piracy are almost as significant as those coming from the European Commission. In Somalia's gender-biased society, war and poverty hit women the hardest.

Somali Organisation for Community Development Activities (SOCDA)
Housing the Secretariat of SW Somalia Coalition
Ali Mahamoud Osoble

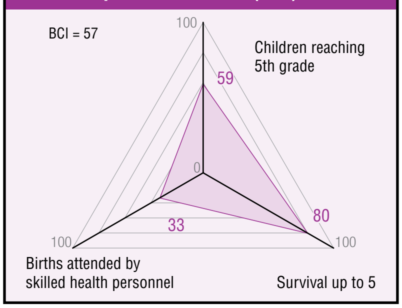
After 20 years of civil conflict it is war logic that rules Somalia. Several opposing armed groups have had the country in their grip since early 1991. Multiple efforts by the international community to bring peace between the groups have ended without tangible results, and violence and poverty have proliferated. Due to this chaotic situation, there has been no international measurement of poverty for many years but it is estimated that over 43% of people are living in extreme poverty – earning less than USD 1.00 a day.[1]

Insecurity, instability and lack of central rule have prevented Somalis from utilizing their rich natural resources and have kept many sectors completely paralyzed. The economy is largely driven by individually based entrepreneurship and most people survive through coping mechanisms (such as collecting wood and selling it or begging, and many people simply skip meals). Somalia has therefore progressively become a net recipient of assistance, particularly humanitarian. At the same time, however, international donors are reluctant to deal with the groups that rule over the various regions and also constrained in terms of releasing funds to Somali authorities due to the lack of transparency and accountability.

Also, the multiple crises affecting the globe have a direct effect on the Somali people. Since major donors allocated their resources to bailing out ailing companies in their own countries, Official Development Assistance (ODA) has decreased. A lack of policies on food security and sovereignty has left Somalia highly vulnerable to the effects of inadequate farming techniques, to the scarcity of investment into the productive sector and to climate change. This inadequate environment does not allow Somalis to benefit from the positive aspects of world trade, transfer of technologies, capital flow or universally agreed programs such as the Millennium Development Goals (MDGs). The lack of investment and attention has particularly affected infrastructure, the productive sector, health, education and gender inequalities.

1 UNDP Somalia, "Progress in achievement of MDGs in Somalia." [data from 2006 and 2007] Available from: <www.so.undp.org/index.php/Download-document/142-Progress-on-achievement-of-MDGs-in-Somalia.html>.

Basic Capabilities Index (BCI) 2010



Infrastructure, aid and piracy

The country's civil war has resulted in the complete devastation of the physical infrastructure. While the UN announced USD 253 million for rehabilitation of Somalia in 2007, more than 55% of that amount was allocated for feeding programs and resettlement to remedy one of the worst famines and displacements of people in Africa. These two processes severely depleted the fund.

Mogadishu, the capital, experienced the worst consequences of the war. Public utilities – electricity, water, sewage, telephone services and road networks – as well as banking systems were totally destroyed during the fighting. After two decades of chaos, only telephone, water and electricity systems seem to be recovering, due to strong private sector investments. However, more has been invested in telecommunications than in water and electricity combined. In the northern regions of the country investment and financing remain scarce and are based on profit and cost-effectiveness.

Most of the funds from donors – excluding those from the European Commission (EC) – are concentrated in the south-central region and go to water supply projects in drought- and war-affected zones. The EU and UNDP launched a three-year USD 8 million project of urban development in April 2005 that was designed to target all Somali towns and cities and focus on areas included infrastructure, basic services and urban planning and design.

With the deterioration of the humanitarian situation and the marked increase in the need for aid, the World Food Program (WFP) started a Special Operation Project in February 2005 targeting the rehabilitation of the Mogadishu Port, the Kismayo Port and bottlenecks in the road networks of Lower Juba, Middle Juba, Bay and Bakol regions in order to streamline the delivery of emergency food aid within southern Somalia. In March 2008 the WFP extended the period for another year with approximately USD 13 million.

In December 2004, the tsunami that affected South-East Asian countries reached Somali shores. UNICEF and the UN Office for the Coordination of Humanitarian Affairs (OCHA) announced that more than USD 1.5 million would be provided for a resettlement and reconstruction project for the worst-affected stretch of coastland in north-eastern Somalia, where there was heavy damage to water sources and loss of livelihood assets.

Pirate incomes from ransom seem to be playing a key role in development. Cities have been expanded and the prevalent perception is that the rapid increase in the construction of new buildings across the country – including in Mogadishu – is mainly funded by pirates.

The productive sector

Agriculture is the most prominent sector in the economy and accounts for 60% of Gross Domestic Product (GDP). The main agricultural crops are sorghum, sugar and maize.[2] Yet, there is almost no investment in this sector and the country experiences constant fears of famine and food shortfalls, especially when it is plagued by drought. In 2010, however, much improved crop production is expected in the southern parts of the country due to the heaviest rains in more than seven years.

About 50% of the population are nomads who raise livestock, which comprises two thirds of the economic value of agricultural production as well as two thirds of revenues from exports. Somalis also catch fish for consumption but not on a very large scale.[3]

To date, no significant investment has gone into the productive sector. However, during the 2009 pilgrimage season Saudi Arabia lifted a nine-year ban on livestock imports from Somalia. According to local traders, the market in Burao in the Togdheer region, in the north of the country has had a 10-fold increase in sales. This investment came as a relief for shepherds in particular and Somalis in general and is a good omen for the future of business in the northern parts of the country.

2 Maps of World.com, "Somalia economy." Available from: <Finance.mapsofworld.com/economy/somalia/>.

3 *Ibid.*

In addition, the Islamic Development Bank and the International Fund for Agricultural Development (IFAD) signed a joint fund agreement in March 2010 amounting to USD 1.5 billion for implementing agricultural development projects in Africa and Asia. It remains to be seen what effects this will have on the Somali agricultural sector.

Health care

During the military regime of Siad Barre (1969-1991) health conditions improved and the number of medical personnel and health facilities increased, although they still did not meet Somali needs. The collapse of the regime, in January 1991, led to a worsening of the health situation. While smallpox had been nearly wiped out, occasional epidemics of measles had a devastating effect. The high prevalence of diseases reflected the unstable environment, inadequate nutrition and insufficient medical care.

In the 1990s public health declined and the Government no longer provided free medical services; private health care became widespread in the big cities. Fortunately, assistance from some international medical organizations reached the southern regions including Mogadishu. Médecins Sans Frontières (MSF) and the International Committee of the Red Cross (ICRC), for example, brought in physicians from various countries and provided free drugs to needy people. In the big hospitals the also recruited Somali doctors and nurses to work alongside the foreign doctors. Although MSF and ICRC subsequently left the country due to the widespread insecurity, these Somali physicians continue to provide free medical assistance.

Education

In the chaos that followed the fall of President Barre, the education sector collapsed. Education and formal classroom learning opportunities in Somalia are limited. Although there have been substantial increases in the number of schools and the enrolment rate, huge disparities in the quality of and access to primary education continue to exist in several regions due the anarchic situation.

Most schools are concentrated in and around the main cities and are financed by parents and communities. According to the *Survey of Primary Schools in Somalia for 2003-2004*, "there are 1,172 operating schools with a total enrolment of over 285,574 children representing a 19.9% gross enrolment ratio. This places Somalia among countries with the lowest enrolment rates in the world."[4] Data were not collected from some regions as they were inaccessible due to floods and insecurity.

In a population of just over 8 million about 1 million children are out of school, the vast majority of whom are girls according to the EU.[5] This reality has prevailed over many years and left a legacy in terms of gender disparities in adult literacy. Only a quarter of women (25.8%) are literate while for men the rate is 49.7%.[6]

The Formal Private Education Network in Somalia (FPENS), a network of educational institutions launched in 1999 in Mogadishu, is currently working hard to restore educational facilities and provide much needed educational services. By 2007, it had a membership of 150 schools with over 90,000 students.[7] The FPENS target is to facilitate the transfer of skills, knowledge and information among member organizations.

Women suffer the most

In Somalia it is women who are the most affected by disasters, both natural and human-made. Gender discrimination is deeply rooted in society, and the insecurity resulting from over 20 years of civil war has further exacerbated the plight of women in a male-dominated environment. In a war-torn society, men use the power of guns to dominate the political scene. The same power is employed to exclude women from decision-making positions. In this scenario, violence against women and girls has become an important weapon of political power.

Furthermore, competition for resources and power tilts the balance against women. They are progressively being deprived of capital ownership, including property such as land and livestock that are highly valuable to farming and pastoralist communities. As more resources are dedicated towards armaments and militias, women and other vulnerable groups suffer the direct consequences. They hardly participate in warfare but as unarmed civilians they suffer its impacts as the victims of killings, injuries, rape, displacement and other abuses that affect them both physically and psychologically.

Conclusion

Millions of Somalis remain mired in poverty and there is very little chance for the country to benefit from ambitious international and regional programs – such as the MDGs, the Brussels Program of Action, the New Partnership for African Development and the Economic Partnership Agreements – that could help alleviate this situation. Most of the meagre funds that are provided for construction and basic services are observably motivated by disasters, European Commission initiatives, profit generated by businesses and income from piracy. ■

4 UNICEF, "Somalia: Education." Available from: <www.unicef.org/somalia/education.html>.

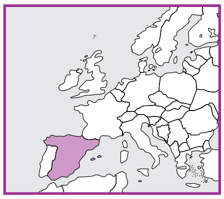
5 European Union, "The EU marks International Women's Day on 8 March 2010, recognizing the essential role of Somali women in peace and development," press release. Available from: <www.delken.ec.europa.eu/en/news.asp?newsid=140>.

6 Index Mundi, "Somalia Literacy." Available from: <www.indexmundi.com/somalia/literacy.html>.

7 Lee Cassanelli and Farah Sheikh Abdikadir, "Somalia: Education in Transition," *Bildhaan: An International Journal of Somali Studies*, Vol. 7, 2007. Available from: <digitalcommons.macalester.edu/bildhaan/vol7/iss1/7/>.

SPAIN

Changing (for worse)



The Government's intentions to deal with the financial crisis without making cuts and adjustments in its social policy programs did not materialize, and in 2010, President José Luis Rodríguez Zapatero changed course and announced a package of forceful measures to reduce the public deficit and a labour reform scheme that was heavily criticized by the unions. Another serious consequence of these adjustments is that Official Development Aid (ODA), which Spain had strongly supported, is to be reduced. The Government has missed a glorious opportunity to regulate the role that Spanish enterprises play abroad as actors in international development.

Plataforma 2015 y más
Pablo José Martínez Osés

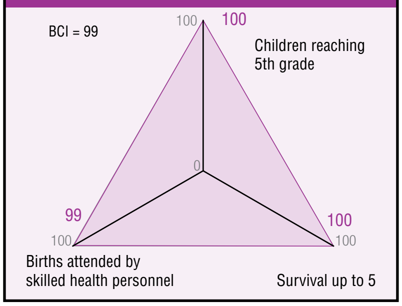
The *2009 Social Watch Report* noted that the Spanish Government planned to ride out the international financial crisis without giving way pressure to cut its increasing public deficit or make it cheaper for enterprises to lay off workers. The question was how long it would be able to maintain its social protection policies and systems for the people most affected by the crisis. But now, a year later, and as it is taking its turn in the Presidency of the European Union, this same Government has rushed to implement severe fiscal adjustments and cuts in public expenditure, and has tabled a labour reform scheme which raises the retirement age to 62 and eases restrictions on terminating full time workers while also reducing incentives to hire temporary workers. These reforms are bitterly criticized by the workers' unions that do not see how they can help solve the employment crisis.

In the first quarter of 2010 the unemployment rate in Spain reached 20.05% of the economically active population[1], an increase of 1.22 points over the previous quarter. Since then it has dropped slightly but it is uncertain whether this is due to the seasonal nature of the unemployment structure (there are more jobs in the summer months) or if it can be taken as a sign of overall recovery. The Government has been hurt politically by the persistently high unemployment level and by stagnation in credit access for small and medium enterprises, and the opposition have taken advantage of this. However, the Government's severe public spending cuts and labour reform initiative seem to have been a response to external pressures, ranging from European Union (EU) member states to global stock markets.

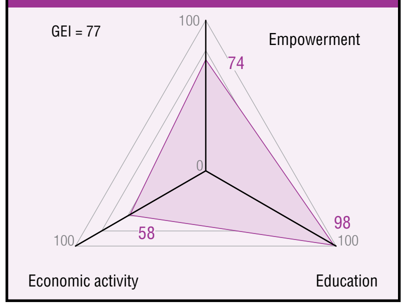
Liberal orthodoxy in the market

Since the beginning of 2010, Spain's economy has been buffeted by a series of heavy blows. In February the ups and downs of the euro had serious negative effects on the country's growing public debt positions. Then, the rating agencies – the same ones that did not foresee the 2008 crisis – reduced the rating of Spain's ability to meet its short-term debt obligations. All this, added to the jittery credit market climate caused by the Greek debt crisis and rescue plan, served to restrict the Government's freedom of movement, and eventually it had to agree to implement the orthodox response dictated by the European system —in line with the same austerity prescriptions the international financial institutions have been imposing on developing countries for 30 years.

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



After the meeting of the Economic and Financial Affairs Council (ECOFIN)[2] in May 2010, Spain's President, José Luis Rodríguez Zapatero, announced savings measures to reduce the public deficit. He also issued a decree to decrease public investment by 6,000 million euros, along with a 5% pay cut for all public employees, a freeze on pensions, the abolition of the birth incentive scheme, a delay in implementing aid for dependent people, and a cutback in Official Development Aid (ODA)[3]. This package represents virtually a 180 degree turn from his resolve to address the crisis through a combination of strong public investment by local government, anti-cyclical policies and maintaining social protection systems at same levels.

When Spain held the EU presidency during the first semester of 2010, the policies that it initially pursued in that context have been pushed aside and negated by the need to combat the crisis, and as in previous crises, such as Asia and Latin America this has meant implementing successive fiscal adjustments. The EU agreements, which do not include a common fiscal policy, prevent member countries from taking the traditional approach to such situations, namely devaluing their currencies.

However, this orthodox structural adjustment program aimed at stabilizing the markets yet again calls into question the sovereignty of democratic governments when it comes to designing and executing economic policy. Spain's own plans to cope with the crisis have been given a low priority, suspended or postponed, and now depend on the speculators.

Labour reform

In the early months of 2010, after negotiations with its social partners had broken down, the Government brought a labour reform bill before Parliament. This legislation, which is still in negotiation with the political parties, involves measures to reduce the duality in the labour market stemming from the prevalence of temporary employment. In the previous period of economic expansion this feature of the economy enabled Spain to generate more jobs than any other country in Europe, but in the current crisis it has meant the country has lost more jobs, and more quickly, than anywhere else in the EU.

The question is whether to handle this dual system by extending social security coverage to include seasonal and precarious workers or to reduce that protection for workers on fixed contracts. The new bill would reduce the cost of making people on fixed contracts redundant and make it more expensive to lay off seasonal and temporary workers. This move to make it cheaper to dismiss workers is a response to the most persistent demands of the employers, who justify the high rates of temporary employment

1 Instituto Nacional de Estadística. Available from: <www.ine.es/daco/daco42/daco4211/epa0110.pdf>.

2 ECOFIN is part of the Council of Europe. It is made up of the Economics Ministers from the 27 EU member countries. It has budgetary powers, and in this case the ministers in charge of the budget also attend.

3 "Las nuevas medidas con las que el Gobierno quiere ahorrar 15.000 millones," *El país.com* , 12 May 2010. Available from: <www.elpais.com/articulo/espana/nuevas/medidas/Gobierno/quiere/ahorrar/15000/millones/elpepuesp/20100512elpepunac_5/Tes>.

by pointing to the high costs involved in the fixed contract alternative.

The unions have been very critical of the proposed reform because extending the grounds for legitimate dismissal and making it less expensive in terms of compensation would erode and damage labour rights, and it would also give employers more room to manoeuvre and unilaterally modify some labour contract conditions. All in all, the reform is in line with the liberalization of labour market management and would most likely result in making all forms of employment more precarious.

ODA stagnation

The Zapatero Government's first legislative session saw a spectacular increase in funding for ODA, which jumped from 0.23% of Gross National Income (GNI) in 2004 to 0.45% in 2009,[4] and for the first time Spain's contribution was above the average for the EU member countries. In addition, the subject of cooperation was linked to basic agreements on the international development agenda including the pursuit of the Millennium Development Goals (MDGs), the promotion of a new active, democratic multilateralism, and the emphasis on sustainable development, gender equality and human rights.[5]

It was the first time that a Spanish President had made a public commitment to combat poverty on the international level, which gave cooperation policies a visibility and importance that was unheard of in Spanish democracy. There was an effort to link this commitment to the persistent demands of Civil Society Organizations (CSO), with the announcement that by the end of the Government's second term the country would be allocating 0.7% of its GNI to ODA. In December 2007, Non-Governmental Organizations (NGOs) saw a large part of their demands satisfied when all the political parties in Parliament signed the State Pact against Poverty.[6]

However, in 2008 the trajectory of budget increases began to encounter roadblocks, very probably due to a reluctance to improve the professional capabilities and structural problems of the State in sections responsible for managing policy for international development cooperation.

Inertia in cooperation for development

The initial surge to undertake reforms seemed to run out of steam very quickly. One of the initiatives that failed was a limited reform to the statutes of the Spanish Agency for International Cooperation for Development,[7] which should have established a new management model adapted to the requirements of an ambitious and coherent policy for cooperation for development. But important political forces and wide sectors in the administration itself still do not see cooperation policy from the perspective of an effort to construct global public goods, that is to say as an effort that is independent of the country's interests as represented by the foreign diplomatic service and by the State's commercial technicians.

Cooperation policy and the international human development agenda require a new direction in the State administration and new arguments for international development that leave behind the traditional thinking based on competition or strategic or diplomatic rivalry.

Spain's role in international development

In 2010, after several years of delay, the Government tabled a bill to reform the most controversial aspect of its international cooperation system, the Development Aid Fund (FAD), which uselessly tried to link subsidies to promote Spanish exports with the development objectives of the aid recipient countries. The FAD had been planning a series of projects that could hardly be considered part of local development strategies and that have been shown to be ineffective because they serve only the interests of a small group of Spanish exporting companies that lobbied for public subsidies to underpin their operations or sales abroad. And this is ultimately paid for by the receiving countries in the form of increased external debt, because the instrument was constituted as a credit fund that required a sovereign guarantee.

The Government was unable to impose its coherent vision of an international development agenda and, like the biblical King Solomon, decided to split the problem in half. It set up one repayable instrument for development cooperation activity (called FONPRODE) and another credit instrument exclusively to subsidize exports from Spanish enterprises (FIEM). This kind of aid for exports is prohibited under EU regulations because it is considered unfair competition for companies in other countries in the Union, but the Helsinki Agreement does allow exceptions so long as the receiving country has lower levels of development and that the loans granted include some kind of concessionary package.[8] But, in fact, this is a fallacy and an excuse to justify each donor using tools that help its exporting enterprises.

Spanish social organizations have joined forces and advanced proposals to impose development criteria to limit the new measures. Some of these measures are designed to stop these loans from swelling the foreign debt of highly indebted poor countries, which would contravene international agreements. Others are aimed at halting operations with these funds that do not comply with international conventions to foster labour rights and environmental protection, or that serve to subsidize exports of weapons or military or police equipment. The main resistance to the introduction of these controls has come from sectors of the administration apparatus and from within the Government itself.

In these times of economic crisis the Government has missed a wonderful opportunity to regulate the operations of Spanish enterprises abroad as contributors to international development. This route has been rejected in favour of a vision of improved competitiveness based on reducing counterbalances and regulations to a minimum.

The old vision has returned

The ODA panorama is bleak. In the country's two last budgets, allocations for international cooperation stagnated,[9] the Government has announced a reduction of 800 million euros in the next two years and has acknowledged that the 0.7% of GNI target will have to wait until 2015 at least, and even then will only be attained if economic conditions improve.

Quite apart from the direct effects of budget cuts, social organizations are claiming that this announcement amounts to a reversal of policy and a return to considering international cooperation as a means of subsidizing Spanish enterprises, which is to say as a luxury in times of economic bonanza and growth. Thus instead of considering anti-cyclical policies as ways to create alternatives in times of slowdown and seeing the possibilities that international cooperation offers in terms of brining change to productive systems and models, the Government has revived the old orthodox neo-liberal vision whereby the deficit and public spending must be cut to cater to the systems and needs of those who really rule. ■

4 Declarations by the Secretary of State for International Cooperation, Soraya Rodríguez, at the inauguration of the 5th International Forum on Democracy and Cooperation in Cáceres, Extremadura, in June 2010. Available from: <es.noticias.yahoo.com/9/20100628/tes-espana-incrementa-su-aportacion-del-3388ffc.html>.

5 There was a notable profusion of program and policy documents in that period. The overarching plans, sector strategies and specific programs had to be reformulated. At the start of that legislative period the old Planning and Evaluation Office was replaced by the General Direction of Planning, which has far greater scope and resources.

6 See: <www.coordinadoraongd.org/index.php/contenidos/index/id_contenido/4159>.

7 This was passed almost without dialogue with the social partners at the end of the legislative period. There was a minimal change to the organization's name, a "D" for Development was added, and in some way the new body consolidated the predominant role of foreign service management positions. The only changes in the organigram were the appearance of departments to deal with mainstreaming, political priorities and operational programming linked to the new quality agenda.

8 The degree of concessionality of a loan is directly proportional to the advantages it offers to those who receive it with respect to those that advance credits in the market.

9 See "La Reforma del Sistema de Cooperación español en tiempos de crisis" in the 2008 annual report of Plataforma 2015 y más. Available from: <www.2015ymas.org/spip.php?rubrique23&entidad=Textos&id=6506>.

SURINAME

Big challenges ahead

The country is heavily dependent on foreign development assistance through either bilateral aid relations or multilateral financing institutions. Although there has been economic growth in the past decade, this has had adverse development effects by widening inequalities in an already vulnerable society. With over 60% of the population living below the poverty line, the country faces many social problems including in housing, access to health, education and gender equality. Finding a balance between ethnic group interests and those of the nation at large is a pre-requisite for sustainable growth and development.

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Drs. Satja Jabar

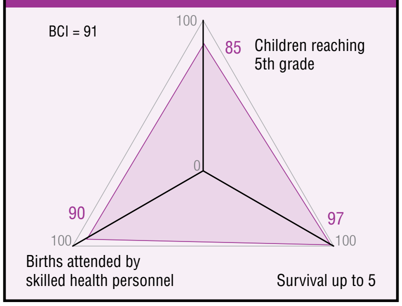
Suriname, a small economy with a population of 517,052 inhabitants and a land area of 164,000 km^2,[1] has had a dual production structure since colonial times: low-value agricultural products and raw materials produced by local businesses on the one hand; and high-value products from the mining industry, such as bauxite, gold and recently oil, generated by foreign multinationals on the other. The Government thus has little influence over about 85% of exports earnings. Oil has been and still is the only national success story, although telecommunications and tourism have recently been contributing an increasing share to the national income.

Since independence in 1975, millions US dollars have been received or borrowed through either bilateral aid relations or multilateral financing institutions such as the Inter-American Development Bank (IDB). For instance, Dutch assistance to Suriname has amounted to about USD 100 million per year since independence, except during periods of military rule; and total European Commission (EC) assistance since 1975 is estimated at EUR 165 million (USD 203 million). This money, combined with national budget expenditures, resulted in intensive economic growth in the past five years.

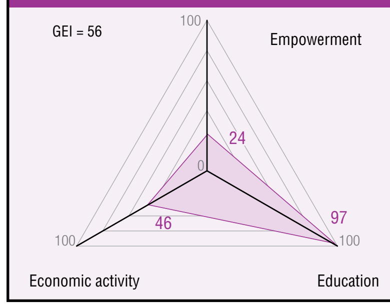
This growth has had adverse development effects, however, in terms of widening income inequalities within an already vulnerable society. Suriname is ranked 97 out of 182 countries in the 2009 UNDP Human Development Index (HDI), with an HDI value of 0.769. It is ranked 46 out of 135 countries in the Human Poverty Index, with a value of 10.1%. Its Millennium Development Goals (MDGs) baseline report for 2005 indicates that in 1999-2000 over 60% of the population lived below the poverty line.[2]

The Government employs around 40% of the workforce, making it the largest employer in the country. This puts an enormous pressure on its finances as an average of 80% of recurrent costs are made up of wages and salaries, leaving little room for other expenditures such as telecommunications, training and transportation.[3] There is a historical heritage of the State appointing civil servants in order to establish legitimacy and power and restructuring the Government has been a policy priority for decades. The private sector in general is weak and small; 90% consists of small family businesses employing 1-10 persons.[4]

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Social challenges everywhere

Suriname faces many social problems. One of these is unequal access to education, especially in the poorer areas. The poor quality of teachers, schools and learning aids do not help counter the inefficiency of the primary education system, where more than 40% of the students take seven years or more to finish the six-year course and only 50% pass the final exam. This occurs in spite of about 6.5% of Gross Domestic Product (GDP) and 15% of the Government's recurrent expenditure being spent on education.[5] The causes of this inefficiency include shortages in quality learning aids, obsolete curricula, insufficient training and re-training of teachers, insufficiently competent teachers and poor testing and selection systems.[6]

The health sector in Suriname is currently facing serious obstacles. About 35% of the population does not have health insurance or coverage.[7] This led the Ministry of Health to design a general health insurance scheme, which is still under discussion. There is also inequitable access to water and sanitation services. Mercury pollution from small-scale gold mining activities in the interior, excessive pesticide use on agricultural lands in rural coastal areas and the widespread practice of dumping sewage into street ditches and canals, all pose a serious threat to the quality of drinking water.

Housing is another big challenge. Some housing situations are comparable to *bidonvilles* (settlements) in Latin America with people living in illegal dwellings on land they do not own. There are no running water, sanitary or electricity services in these areas and the lack of employment opportunities results in high crime rates. Estimates for 2008 indicate a housing deficit of 30,000 houses in an estimated total number of 120,000 households nationally.[8] This means that 25% of households lack proper housing facilities.

Dependence on external development aid

The IDB runs two loan programs in the country (20% loans, 80% grants) for increasing the housing supply. Within the first program, the Low Income Shelter Program (LISP), about 1,155 new houses and 2,512 renovations were financed, including a subsidy for the borrowers. This program favoured women since about 60% of households in Paramaribo, the capital city, are female-headed.[9] A constraining factor, how-

1 General Bureau of Statistics, Statistical Yearbook 2008.

2 Government of Suriname and UN Country Team, *Suriname MDG Baseline Report 2005*. Available from: <www.undg.org/archive_docs/6945-Suriname_MDG_Baseline_Report.pdf>.

3 Ministry of Finance, Financiele Notas, various years.

4 Iwan Poerschke, "Quick Scan of Small Entrepreneurs in Suriname," December 2009.

5 Ministry of Finance, Central Bookkeeping Office, various budget reports.

6 VVOB Education for Development, "Suriname: Building the Ship of Educational Reform." Available from: <www.vvob.be/vvob/files/annual_report_vvob_2008_LR_only_suriname.pdf>.

7 Pan American Health Organization (PAHO), *Health in the Americas 2007, Volume II–countries,* Washington, DC, 2007.

8 Felipe Morris, "Suriname Housing Market Study," IDB, August 2008, 14.

9 General Bureau of Statistics, Household Budget Surveys.

CHART 1. Suriname selected indicators 2002-2008

	2004	2005	2006	2007	2008*
Real GDP (USD million, market prices)	1,929	2,014	2,091	2,200	2,313
National income per capita in USD	2,815	3,429	4,033	4,675	5,790

Source: General Bureau of Statistics, various publications.

CHART 2. Actual Government revenues 2006-2008 (USD millions)

	2006	%	2007	%	2008	%	2009	%**
1. Taxes	458	71.6%	571	67.1%	630	72.5%	631	61%
2. Non-tax revenues	123	19.2%	144	16.9%	146	16.8%	210	20%
3. Donor grants	59	9.2%	136	16.0%	93	10.7%	198	19%

Source: Ministry of Finance 2010.

ever, was that many people lacked title to the land on which new houses were to be built. The IDB also has a long-term program with the Government for improving education.

The most important donor country, the Netherlands, financed a program for micro-credit lending. This aims to stimulate micro-entrepreneurship and encourages women to apply. More than EUR 100 million (USD 123 million) are also invested in physical infrastructure such as road improvement, education, strengthening of entrepreneurship, land information and registration.

As shown below, donor grants were expected to play an important role (19%) in total government revenue in 2009. Suriname's 2006-2011 Multi-Year Development Plan assumes that 50% of its financing will come from Foreign Direct Investment (FDI).[10] However, domestic revenues must improve for independent development and growth to take place. The tax base has to be broadened – by introducing property taxes, for instance, which has not been done for political reasons.

Gender equality

Gender equality needs more attention from the Government and there is no national gender action policy. In a statement before the UN Commission on the Status of Women, the Minister of Home Affairs, Maurits Hassankhan, acknowledged that many challenges remain in the promotion of gender equality and the empowerment of women: "Besides insufficient financial resources, we also face challenges in lack of capacity with government officials and civil society, including NGOs. The lack of sex-disaggregated data and analysis constrains the formulation and implementation of policies geared towards improving the situation and rights of women and moreover constrains our capacity to measure progress in allocating domestic resources." [11]

Challenges ahead

Suriname faces four important challenges. The first is its dependence on donor finances for development projects, since official development assistance is not going to be there for ever. The second is that around 80% of export earnings are derived from mining products (oil, gold and bauxite and alumina), which are non-renewable resources. Planning for the future will have to incorporate developing products that are sustainable.

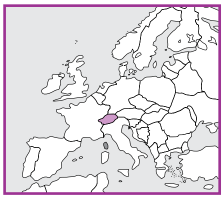
The third challenge is Institutional strengthening. Many institutions within the Government are historically weak or non-existent. Pressured by international relations, multilateral institutions like the IMF and the IDB and its largest donor, the Netherlands, Suriname was forced into the adoption of the "free-market" approach to growth and development. This requires the establishment of many mechanisms and institutions for market creation and supervision, regulation, information dissemination, dispute settlement, regulation of competition and the like that are currently either not in place or very weak.

Finally, the fourth challenge is finding a balance between ethnic group interests and those of the nation at large. With few exceptions, political parties have been based on ethnicity for a long time and politics has been used to provide members of the particular ethnic group with jobs, income, land, government health care cards and access to other production factors. This ethnic competition gets in the way of efficient and effective Government management and governance. ■

10 US Department of State, "2009 Investment Climate Statement – Suriname." Available from: <www.state.gov/e/eeb/rls/othr/ics/2009/117147.htm>.

11 New York, 27 February 2008.

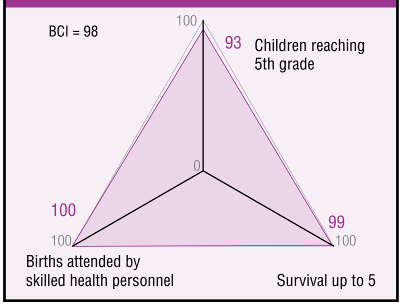
Stagnating ODA and fading attention to poverty



After two years of obstacles, in June 2010 the Swiss Government finally presented a proposal to increase Swiss ODA. International pressure has forced this tax haven to make some concessions – its bank secrecy has begun to dissolve. Yet Swiss willingness to provide information relevant to tax illegalities has hardly changed. While the State champions open borders for trade, it continues to raise barriers against immigration from non-European countries. On the positive side, the Federal Cabinet has drafted a law that provides for freezing and repatriating stolen assets.

Alliance Sud – Swiss Alliance of Development Organisations

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009

So far, Switzerland has weathered the current economic crisis relatively well. True, the Gross Domestic Product (GDP) contracted by 1.5% in 2009 and by the end of 2010 the official unemployment rate could rise to 4.5%- 5%, which is high by Swiss standards. But compared with the EU, where unemployment is 10%, and with far poorer countries in the global South, this small country in the heart of Europe is doing quite well. This resiliency has been maintained despite the modesty of Switzerland's economic stimulus programmes (a total of CHF 2.5 billion/EUR 1.7 billion) in comparison with those of other industrialized nations. In effect, the country's highly export-oriented economy has enabled it to freeload off the stimulus packages introduced by its major trading partners.

The outlook for the coming year is not bad either. The economy has been expanding since September and is expected to show 1.4% growth in 2010. Despite the financial crisis, the budget had a surplus of CHF 2.7 billion (EUR 1.8 billion) in 2009. The right wing-dominated Government is still pursuing a tough austerity policy. At the start of the year, it decided to slash public spending by CHF1.5 billion annually (EUR 1 billion) from 2011 to 2013. However, its attempt to reduce social benefits suffered a crushing defeat in early March when almost three-quarters of the voters rejected cuts in the pension system in a referendum initiated by the trade unions. This defeat indicates the strong opposition that awaits the other cuts in social services planned by the Government and the centre-right parliamentary majority – for example, those affecting unemployment insurance and the retirement age for women.

Stagnating ODA

From the very beginning the Swiss Government has offered strong verbal support for the Millennium Declaration and the Millennium Development Goals. That never translated into concrete actions, however. Seeking to generate a stronger commitment to the ODM, in May 2008 a broad alliance of over 70 NGOs, including trade unions and environmental organizations, submitted a petition with more than 200,000 signatures calling on the Government to increase ODA to 0.7 per cent of GNI.

The exceptionally large number of signatures had an impact: in late 2008 Parliament endorsed increasing ODA to at least 0.5% of GNI by 2015. To date, however, the Government has refused to make the necessary credits available, citing the unsettled economic situation. Parliament will make a definitive decision in spring 2011. To reach the 0.5% figure, the country would have to invest roughly CHF 2 billion (EUR 1.5 billion) more in ODA by 2015.

Officially, Swiss ODA reached 0.47 per cent of GNI in 2009. However, much of that is phantom aid – allocations that are overpriced, mislabelled as aid or do nothing to help poor people. Expenditures on asylum seekers already in Switzerland and nominal allocations for bilateral debt written off long before accounted for 22% of the total. Excluding these items alone, ODA would have been about 0.36 percent of GNI.

At the same time, a trend towards exploiting development aid for foreign policy purposes is becoming more pronounced. The State Secretariat for Economic Affairs, the second most important player in official development cooperation after the Swiss Agency for Development and Cooperation (SDC) is withdrawing from the least developed countries and focusing instead on middle income countries like Colombia, Indonesia and South Africa where Switzerland is keen to expand its trade relations.

Lastly, funding for climate policy measures in the South may be carved out of ODA, rather than provided through additional allocations. At the climate conference in Copenhagen in December 2009, Switzerland agreed to allocate a total of CHF 150 million (EUR 100 million) for adaptation and protection in the South from 2010 to 2012. Where these funds will come from remains unclear. The SDC and development NGOs are insisting that funding for climate policy should not interfere with poverty reduction; in other words, should not come out of ODA. Whether they can prevail remains to be seen.

In addition to insufficient ODA, a lack of consistency in Swiss policy toward the Global South has been a major problem. As is detailed below, in policies relating to the financial sector, trade and migration, Switzerland is undermining the explicit objectives of its development cooperation work – combating poverty and promoting human rights. Switzerland has mechanisms for developing consistent policies. However, as the failure to increase ODA indicates, the Government does not have the political will to implement them. The only solution is to institute a development impact analysis of all government decisions, laws and sectoral policies to determine their development impact. This is still a long way off.

Aggressive trade policy

At the 2005 WTO Ministerial Conference in Hong Kong Switzerland strongly supported free market access for the poorest countries and in April 2007 it introduced free market access for goods from the Least Developed Countries (LDC). All tariffs and quotas have been officially eliminated, a Swiss endorsement of the EU "Everything but arms" initiative.

Nevertheless, as Alliance Sud has shown, hidden tariffs remain.[1] They are assessed on all imports of sugar, rice, coffee and edible oils, including those from LDCs through a levy known as the "guarantee fund contribution" that finances compulsory food stockpiles meant to guarantee the country will have adequate supplies in times of war, natural disaster and other crises. Alliance Sud has denounced this violation of the principle of free market access and demanded that the levy be abolished immediately.

1 See: <www.alliancesud.ch/en/policy/trade/swiss-emergency-stockpiles>.

It is incomprehensible that LDCs such as Ethiopia, Bangladesh and the Cape Verde Islands should be indirectly subsidizing emergency stockpiles in one of the world's richest countries. This hidden tax brings in about CHF 12 million each year; its abolition would pose no financial problem.

The country's bilateral trade policy towards countries in the South has greater consequences. Switzerland is part of the European Free Trade Area (EFTA), which also includes Norway, Iceland and Liechtenstein, and is the driving force behind free trade agreements with third countries. It also insists on including provisions that go beyond WTO rules for the protection of intellectual property rights, as well as for market access for industrial goods and financial services, government procurement and investment.

These provisions can have very negative effects on partner countries, including on the right to health, industrial policy and human rights. For example, to benefit its pharmaceutical and seed companies (Novartis, Roche, Syngenta, etc.) Switzerland is demanding an extension of patent protection and exclusive property rights over research findings. These restrictions make it difficult for poor countries to produce generic drugs and provide their populations with affordable medicines. They can also affect food security if farmers no longer have free access to seeds. In ongoing negotiations on a free trade agreement with India, Switzerland is pushing for drastic reductions in industrial tariffs, which would give its companies greater market access. This stance totally disregards the importance of duties for countries of the South as both a source of development financing and an industrial policy instrument.

In 2009 Switzerland became the first developed country to ratify a free trade agreement with Colombia. So far at least, Norway and the USA have refused to ratify similar agreements owing to Colombia's poor human rights record. The Swiss Government overcame similar opposition in its own Parliament, arguing that trade agreements should not be linked to human rights or environmental standards: trade comes before morality.

Foreign direct investment provides little benefit to poor countries

Opponents of an ODA increase often argue that Swiss direct investments in the South create jobs and thereby contribute more to sustainable development than does development assistance. In truth, poor countries benefit only marginally. Swiss Foreign Direct Investments (FDI) are exceptionally high – new investments totalled EUR 45.2 billion in 2007and EUR 37 billion in 2008[2] – but only EUR 9.7 billion of that went to non-industrialized countries in 2007 and EUR 8.3 billion in 2008, and only 3 percent of the 2008 total went to least developed or low income countries.[3]

Apartheid in migration policy

While Switzerland champions maximum openness of borders for trade in goods and services, when it comes to the movement of persons, it insulates itself against immigration from non-European countries. Only highly skilled migrants can hope to obtain a work permit in this wealthy alpine country. Less skilled migrants from developing and other non-EU countries have little chance of being able to work legally in the country. Thus Switzerland provides no opportunities for migrants who could contribute to their home country's development (through remittances or skill acquisition). This highly restrictive immigration policy has created a situation in which tens of thousands of people are living and working illegally. These migrants, commonly called *Sans Papiers* (undocumented people), are estimated to number between 90,000 and 180,000. In the spring of 2010 the Parliament finally decided that the children of *Sans Papiers* could not only attend school, which they had been able to do, but also receive vocational training. This does not entitle them to any kind of legal status, however, and their parents continue to be at risk of repatriation to their homeland.

In this context a Minister of Foreign Affairs mandate to SDC to draft a new migration programme designed among other things to help stem "undesirable" migration from non-EU countries is particularly distressing. This directive has aroused considerable discontent, even at the OECD Development Assistance Committee (DAC). The latest Switzerland Peer Review (2009), comments that the country "needs to ensure that its development co-operation is not serving a migration policy that undervalues development concerns."[4]

Damaged tax haven

On the plus side, the well-known refusal of Swiss banks to divulge information to foreign tax authorities was relaxed considerably in 2009. This new willingness to allow greater transparency in information exchange and cooperate with efforts to fight tax evasion represents a concession to international pressure. Despite these reforms, Switzerland has not yet altered its information policy on tax matters that concern developing countries.

Conservative estimates suggest that banks in Switzerland manage at least at least USD 360 billion in untaxed private assets that came from developing countries. For countries in the South, the tax income that could be derived from interest accruing on those assets – as well as from taxes on income that has been illegally spirited out of the country and into Swiss banks – would be a significant source of funding for development and poverty reduction. Switzerland's willingness to shield tax evaders from developing countries stands in stark contradiction to the UN MDG and the country's declared commitment to help poorer countries mobilize domestic resources.

When the OECD placed it on a black list of uncooperative tax havens in early March 2009, the country risked being hit with G-20 economic sanctions. To avert this, the Government quickly revoked its reservation to Article 26 of the OECD Model Double Taxation Convention (DTC) and declared its readiness to provide administrative assistance in cases of tax fraud and even in simple cases of tax evasion. Switzerland also hastily launched negotiations with several OECD countries to review and adapt the existing conventions. The new protocols still fail to provide for the automatic exchange of information. To obtain bank information from Switzerland on suspected tax evaders, foreign authorities must make a strong case, provide the name of the suspect and have detailed information on the accounts.

So far, Switzerland has only negotiated revised conventions and agreed to provide international assistance in simple tax evasion cases with OECD countries and Kazakhstan. Reportedly, after the Kazakh Government declared its intention to add Switzerland to its own blacklist of tax havens and follow up with a ban on Swiss investments its request for negotiations was processed very quickly. This is a notable exception. Federal cabinet strategy reports on the new financial policy repeatedly emphasize that in renegotiations of DTCs, priority should be give to the OECD countries. For the time being, Swiss banks will continue business as usual with assets that have evaded taxes in developing countries.

Even so, at the UN Conference on Financing for Development in Doha in late 2008, Switzerland signalled its willingness to offer developing countries a savings tax agreement similar to the one it presented to the EU. Under this agreement, Switzerland would levy a tax on foreign investment income and transfer a portion of the revenue back to the countries of origin. In spring 2009, the Federal cabinet reiterated this offer but made it clear that governments of developing countries would have to take the next step.

Progress on stolen assets

It is gratifying that in late 2009 the Federal cabinet began drafting a law on freezing and repatriating stolen assets. The bill establishes procedures for barring foreign rulers and their allies from access to their illegally acquired assets and returning them to the population of the country concerned. However, civil society organizations, including Alliance Sud have declared that the conditions it lays out for recovery and restitution of stolen foreign assets are too restrictive. For restitution, the authorities of the country concerned must make the request; it cannot be initiated by Switzerland or by a civil society organization. The bill is currently in the consultation phase; hopefully it will be strengthened before it is passed. ■

2 Swiss National Bank: *Direktinvestitionen 2008*, Bern, December 2008, A3.

3 Swiss Agency for Development and Cooperation, *Entwicklungshilfe der Schweiz, Statistiken 2008*, Bern, November 2008, 7.

4 OECD DAC, Switzerland Peer Review, Paris 2009, 43. Available at: <www.oecd.org/document/22/0,3343,en_2649_34603_44020118_1_1_1_1,00.html>.

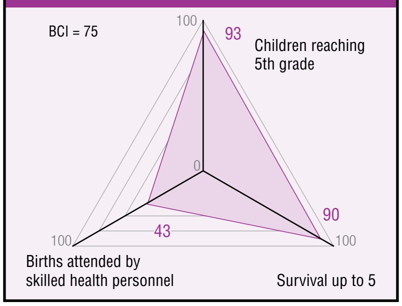
■ TANZANIA

MDGs: an under-funded crusade

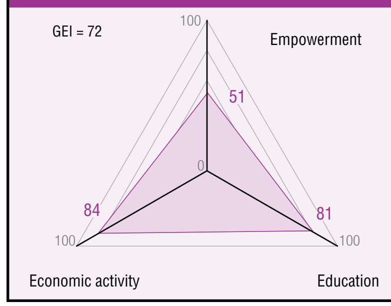
The efforts of the Government to improve the lives of Tanzanians have been in vain, primarily due to the lack of commitment on strategies both at the national and international levels: Official Development Assistance (ODA) disbursement is often late and does not go with the Tanzanian national budget process. Tanzania's increasing external debt will delay much-needed steady economic growth. Although the economic indicators are heartening, the social ones – especially gender equality – reveal more efforts are needed to reach the MDGs.

SAHRiNGON Tanzania Chapter
Armando Swenya
Martina M. Kabisama

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



Tanzania has adopted several poverty reduction policies, including the Tanzania Development Vision 2025 (for Mainland), Vision 2020 (for Zanzibar), as well as the Millennium Development Goals (MDGs). To implement these, the Government announced the National Strategy for Growth and Reduction of Poverty, which seeks not only to promote growth and reduce poverty but also to enhance social well being, the quality of life, governance and accountability. However, the efforts of the Government to improve the lives of Tanzanians have been in vain, as the majority of the population survives on less than one dollar a day.

Limits of economic growth

Tanzania's economy growth rate increased from 4.1% in 1998 to 7.4% in 2008; a fall to 5% was expected in 2009 due to the global economic crisis, before gradually increasing to 7.5% by 2012.[1] During the past five years, economic growth increased on average 7% a year, which since 2000 has outpaced the growth of labour and capital inputs (both below 2%),[2] reflecting a more efficient use of these resources owing to reforms and technology.

Tanzania is ranked 151 out of 182 countries on the 2009 Human Development Index (HDI), with per capital Gross Domestic Product (GDP) of about USD 1,150, but only USD 430 in nominal terms. Although agriculture represents only about 24% of GDP, some 75% of the population is employed in this sector.[3]

Tanzania has implemented a revolutionary agricultural policy, called "Kilimo Kwanza" (Agriculture first), which encourages modern methods of production. However, despite efforts to extend irrigation since 1967, so far only 1% of the 29 million hectares of arable land is irrigated. A second constraint concerns resources, which despite the Kilimo Kwanza policy has remained at 6.5% of the total budget of 9.5 trillion Tanzanian shillings (USD 6.4 billion) for 2009/2010.[4]

Inflation and debts hamper economic growth

Tanzania's fiscal balance is within the acceptable limits although its performance is very dependent on donor aid. The public debt stands at around 25% of GDP and is considered sustainable after the debt write-offs in 2000, under the program of Highly Indebted Poor Countries Initiative.[5]

The budget allocation for recurrent and development expenditure has also been a problem. For fiscal year 2009, the Government allocated USD 6.4 billion, including USD 4.5 billion for recurrent expenditure and USD 1.9 billion for development expenditure, of which USD 1.3 billion – 78% – is dependent on external assistance.[6]

At the same time, the inflation rate quickly rose to 12.2%[7] as the prices of imported goods increased due to the fall of the external value of the shilling rate in 2008 and December 2009. The inflation rate for 2009 was expected to remain well below 10%, although this is higher than the target of 7% in line with the decrease in food prices.

According to the IMF, the Central Bank is moderately independent and has contained inflation as its prime target. However, the effects of interest rate hikes on the volume of credit to the private sector in particular are seriously taken into account. Private sector credit started from a very low base – at 9% of GDP in 2003 – but increased to almost 20% in 2008. Given the size of the debt, SAHRiNGON recommends the Government minimize recurrent expenditure in order to have a reliable economic base for the economic growth.

Challenges for ODA and MDGs

The Paris Declaration on Aid Effectiveness, endorsed by developing countries and donor partners in 2005, recognizes that aid effectiveness requires a global commitment to increase development assistance and urges a common search for more efficient ways of channeling aid in order to achieve desired development goals, including the MDGs.

Despite its commitment to the Paris Declaration, Tanzania's external debt is still USD 5.5 billion, and this is increasing by about USD 500 million per year after the external debt cancellation in 2000.[8] Debt repayment amounts to only 1% to 2% of all long term debt, although there are substantial but decreasing principal and interest arrears amounting to over USD 1.2 billion with non-OECD countries like China and Arab States.

1 United Republic of Tanzania, *Poverty and Human Development Report, Dar es Salaam,* 2009. Available from: <www.repoa.or.tz/documents_storage/Publications/PHDR%202009%20text.pdf>.

2 Leenderl Coljin, "Country Report – Tanzania," Economic Research Department, Rabobank Nederland, February 2009. Available from: <overons.rabobank.com/content/images/Tanzania09_tcm64-82340.pdf>.

3 HDI rose by only 1.15 a year between 1990 (0.436) and 2007/9 (0.530). UNDP, *Human Development Report* 2009, 63, 64, 73 and 116.

4 Statement by Minister of Finance and Economic Affairs Mustafa Haidi Mkulo introducing estimated revenue and expenditure for financial year 2009/10. Dodoma, 11 June 2009, 73. Available from: <www.mof.go.tz/mofdocs/budget/BUDGET%20SPEECH%20ENGLISH%20FINAL%20VERSION.pdf>.

5 Ministry of Finance and Economic Affairs, *Economic Survey 2008*, Dar es Salaam, 2009.

6 *Ibid.* 73, 74.

7 National Bureau of Statistics and Bank of Tanzania. See: <www.bot-tz.org/Publications/inflationDevelopments.htm> (accessed on 16 March 2010).

8 Ministry of Finance and Economic Affairs, Quarterly Public Debt Report, September 2009.

Tanzania has often been commended for its progress in improving aid management but nevertheless retains many features of a typically aid-dependent country. The budget for the fiscal year 2008-2009 reveals that foreign aid represents approximately 35% of its budget. In the fiscal year 2007-2008, Official Development Assistance (ODA) to Tanzania was USD 2 billion.[9] This money includes grants, debt relief and loans.

Aid management in Tanzania is guided by the Joint Assistance Strategy (JAST) developed by the Government and its donor partners. It receives development aid under three typical modalities: General Budget Support (GBS), Basket Funds (BFs) and direct project funds, with GBS being the preferred modality. However, a large proportion of aid continues to be delivered through the project modality, which in many instances are off-budget. Donors are being urged to shift away from projects towards programme based approaches, through the JAST framework.

A 2008 report by the Ministry of Finance and Economic Affairs indicated that the GBS and basket funding continue to perform well whilst project funds still pose challenges, including failure of sectoral ministries to account for project fund expenditures, funding delays and irregularities, since project fund disbursements depend on implementation progress, various prior actions, procedural requirements and in-year performance assessments.

Also there are no sanctions to donors when they fail to honor their promises of supporting developing countries. This situation seriously undermines the principle of mutual accountability, one of the five principles of the Paris Declaration.

SAHRiNGON Tanzania recommends donors provide aid to GBS because it is easier to hold up disbursements in the face of changing political circumstances. For example, the UK withheld £10 million (USD 14.3 million) from its fiscal year 2002 disbursement when it was disclosed that Tanzania intended to purchase a USD 40 million air traffic control system for military use.[10]

Declining external aid is another problem. Tanzania needs to receive USD 4 billion in 2010 in order to achieve the MDGs.[11] However, to meet this target the Government must agree to stringent aid conditionalities imposed by the IMF and World Bank. Bilateral donors provide aid resources for implementation of MDGs through sector wide programs.

CHART 1. Trend of Tanzania MDGs implementation

Millennium Development Goal	1990	2000	2008		2015	Achievable [by 2015]
			Actual	Expected		
Proportion of population below Basic Needs Poverty Live	39	36	33.64	25.0	19.5	Unlikely to achieve
Primary School Net Enrolment Rate	54.2	58.7	97.2	87.2	100	Achievable
Under-five Mortality Rate (per 1,000 live births)	191	153	112	99.6	64	Likely to achieve
Infant Mortality Rate (per 100,000 live births)	115	99	68	59.6	38	Likely to achievable
Birth attended by skilled health personally	43.9	35.8	63	77.1	90	Unlikely to achieve
Maternal Mortality Rate (per 100,000 live births)	529	-	578	244	133	Unlikely to achieve
HIV prevalence,15-24 years	6	-	2.5	<6	<6	Achievable

Source: Extracted from Tanzania Mid-way Assessment at Glance of the MDGs Report 2009, for Tanzania Mainland.

Gender equality: lights and shadows

A review of laws, strategies and policies to promote the MDGs and align them with principles of gender equality resulted in land laws that recognize equal rights between men and women,[12] labour laws that prohibit discrimination against women in work places, laws making female genital mutilation a crime and positive action policies to increase the number of women in politics and decision-making.[13]

However, several factors continue to impede women's ability to realize their human rights. A number of discriminatory laws still remain, including Customary Law Declaration Order of 1963 which, among other things, prohibits widows from inheriting land from the deceased husband; and marriage laws that permit marriage for girls under 15 years old.[14]

Gender-based violence is another problem. Article 1 of the UN Declaration on the Elimination of Violence Against Women (1993) defines violence against women as "any act of gender-based violence that results in, or is likely to result in, physical, sexual, or psychological harm or suffering to women, including threats of such acts, coercion, or arbitrary deprivation of liberty, whether occurring in public or in private life." However, Section 16 of the Tanzanian Law of Marriage provides that "no person has any right to inflict corporal punishment on his or her spouse." This provision is narrow as it is limited to physical violence. SAHRiNGON suggests the amendment of this section to include all kind of gender-based violence.

Apart from the criminal justice framework,[15] economic dependency, resulting from limited opportunities for education and employment leaves women vulnerable to domestic violence.

The role of civil society

NGOs in Tanzania play a fundamental role in strengthening the capacity of civil society through informing and educating the public on various issues, including Government policies and development assistance. However, their ability to advance progress towards MDGs goals is affected by lack of funding from the Government and the donor community. The Government has made no commitment to funding for Civil Society Organizations (CSOs), which are not mentioned in national policies for the implementation of the MDGs. In order to enhance the national realization of the MDGs, SAHRiNGON Tanzania recommends streamlining CSOs into MDGs policy and strategies. ■

9 Overview of Aid in Tanzania, Development Partners Group – Tanzania. Available from: <www.tzdpg.or.tz/external/dpg-tanzania/overview-of-aid-in-tanzania.html> (accessed on 17 March 2010).

10 Brian Frantz, "General Budget Support in Tanzania: A Snapshot of Its Effectiveness," 3 April 2004. Available from: <www.sarpn.org.za/documents/d0001036/P1149-PNADA029_Tanzania_April2004.pdf>.

11 Tanzania Millennium Development Goals Report – Mid way Evaluation Report 2000-2008.

12 Laws of Tanzania, 2002 rev. ed, cap. 114, 115.

13 Employment and Labour Relations Act, Act No. 6 of 2006.

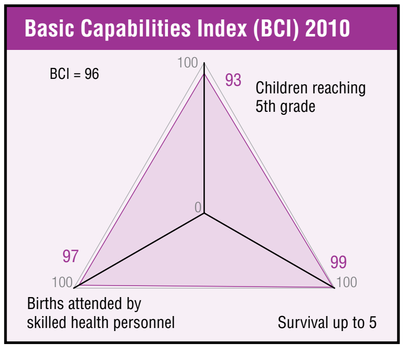
14 Laws of Tanzania, *op. cit.*, Law of Marriage Act, Section 13, cap 29.

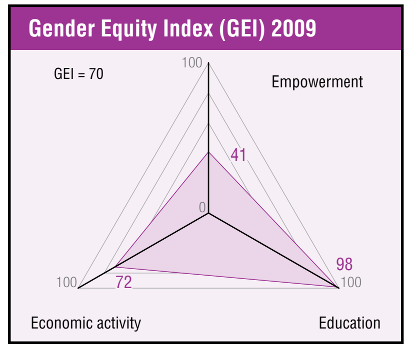
15 "Crime and the Criminal Justice System: Tanzania Country Review Report Enhancing the Delivery of Security in Africa," Institute of Security Studies (ISS-South Africa) and African Human Security Initiative (AHSI), 2009.

Time to rethink industrial development

Thailand's Supreme Administrative Court decision upholding a lower court injunction, which suspended work on 65 of the 76 industrial projects in the Map Ta Phut Industrial Estate due to environmental concerns, supports the constitutional rights of individuals to safety and good health. The injunction exposes the failure of State agencies to issue proper operating licenses for industrial projects. Thailand must embark on a complete rethinking of its industrial development policy, addressing its economic problems and generating employment while not damaging people's health and the environment.

Social Agenda Working Group
Chulalongkorn Social Research Institute
Ranee Hassarungsee
Suntaree Kiatiprajuk





After the discovery of natural gas in the Gulf of Thailand in 1973, the Map Ta Phut Industrial Estate (MTP IE) was included in the Eastern Seaboard Development Programme (ESB). The ESB – which covers Chachoengsao, Chon Buri and Rayong provinces, located near Bangkok – was introduced as one of the priority issues of the Fifth National Economic and Social Development Plan (1982-1986) when Thailand started to shift its economic development strategy from import-substitution to export-led industrialization, a comprehensive plan to alleviate the high unemployment situation in the country.[1]

The State-owned MTP IE, introduced in 1981, comprises two main parts: industrial estate and industrial seaport. Construction was started in 1987 and finished in 1990. Originally, the total investment was said to be THB 370 billion (USD 11.4 billion), with the generation of approximately 11,500 jobs. It began with a total area of about 672 hectares; owing to the boom in the petrochemical industry however it has expanded to about 1,200 hectares.

In recent years, the rapid agglomeration of industries has contributed to increased employment and income in the ESB. According to the National Economic and Social Development Board (NESDB), from 1995 to 2000, direct investment created about 460,000 jobs in the area. Even in the midst of the Asian economic crisis (1997-99), it was reported that while Bangkok lost 120,000 jobs, areas in the vicinity of the ESB added 57,000 new jobs.

To the wider Thai and international public, the MTP IE has been hailed as the world's leading industrial development model equipped with standardized and high-tech environmental management of water, air and toxic wastes. But the affected communities show that Mab Ta Phut is the most severely polluted area with the country's highest number of patients with industrial development-related diseases.[2] It currently houses over 90 industrial facilities, including oil refineries, petrochemical and chemical facilities and hazardous waste landfills and treatment facilities with over 200 stacks emitting toxic pollution over 25 surrounding communities.

Today, the province is a center for industrial development and shows the country's highest per capita GPP, eight times above the national average. But such economic development concentration has led to unequal income distribution among different population groups, preventing the provincial public from enjoying expected higher levels of development.

Threats to human and environmental health

Over two decades of industrial development have turned the area, once characterized by small rural farming and fishing communities, into the country's number-one toxic hot spot. Rapid industrialization has led to deteriorating natural resources and changes in social and economic structure following by numerous social, socio-economic, environmental, and health problems. Accumulated pollution and environmental problems as well as mysterious diseases have emerged, intimately linked to each other. They drastically affect locals who lack the capacity to negotiate with the powerful industries or bureaucratic agencies.[3]

The main effects on the environment and peoples' health are:

1. Air pollution: For more than 10 years, Map Ta Phut residents have suffered from various forms of pollution, especially air pollution caused by volatile organic compounds. Over 200 smoke and flare stacks in MTP IE have been emitting voluminous amount of pollutants into the air and spreading them to neighbouring communities. A number of studies have indicated links between exposure of residents to pollutants such as benzene, styrene and xylene and the increase in diseases related to the respiratory system, nervous system, reproductive system, muscle system, and mental disorder.[4]

The pollution hazards for Map Ta Phut Panphittayakarn School were brought to public attention in 1997. Around 1,000 pupils and teachers suffered from illnesses after inhaling toxic emissions and had to be hospitalized for breathing difficulties, headaches, nasal irritation and nausea. In 2005, the Ministry of Education approved the school's relocation to a site five kilometers away from the original compound.[5] Since then, the area has been recognized nationwide as the most obvious and serious case of undesirable impacts from unsustainable industrialization.[6] A test carried out in 2005 by US-based Global Community Monitor (GCM) demonstrated that airborne cancerous toxic chemicals such as benzene, vinyl chloride and chloroform released by Map Ta Phut Industrial Estate exceeded safety standards of developed nations by 60 to 3,000 times.

2. Water pollution: Now every household in Mab Ta Phut and the Rayong's Muang district has to buy water for consumption because of no longer being able to use water from their ponds. The ponds and lakes are contaminated with toxic chemicals due to the dumping of toxic waste, which the rainwater flushed into the rivers and then the sea.[7] Water resources in the area around the estate were found to be contaminated with metallic

1 Penchom Saetang, "Industrial Pollution in Thailand: A Case of Eastern Seaboard Development and Japanese Aid and Investment," Campaign for Alternative Industry Network, May 2006.

2 "Failed pollution reduction plan, no time to delay Mab Ta Phut control," *ASTV Manager Daily*, 16 March 2009.

3 "Thailand's Air: Poison Cocktail, Exposing Unsustainable Industries and the Case for Community Right to Know and Prevention", Campaign for Alternative Industry Network, greenpeace Southeast Asia, and Global Community Monitor, October 2005.

4 *Ibid.*

5 UNESCO–Bangkok programme on Ethics and Climate Change Asia and the Pacific, "Representation and who decides," 28 November 2009.

6 "Thailand's Air: Poison Cocktail," *op. cit.*

7 "Lessons learnt by local people are important for deciding the future development direction of society," *Watershed Community Voices* Vol. 7, November 2001-February 2002.

elements. Water samples tested from 25 public ponds in the Map Ta Phut municipality indicated the presence of hazardous levels of toxic substances. Cadmium was six times the safety level, zinc 10 times, manganese 34 times, lead 47 times and iron 151 times.[8]

The report from the Rayong public health office confirmed the contamination with iron, lead, manganese, and chloride over drinking water standard, in many groundwater sources. Since only two communities have access to public pipe-water, therefore over 22 communities have to pay much higher costs for buying drinking, potable water. Fruit farmers also complain that the acid rainwater damages their fruit trees.[9]

3. Illegal hazardous waste dumping and seashore erosion: Ms Penchom Saetang of Ecological Alert and Recovery – Thailand (Earth), pointed out that every year since 1998 there has been illegal dumping and a continuing erosion of the coastal area: "The local people have demanded several times to stop the expansions of the industrial estate areas but their voice was ignored by the Industrial Estate Authority of Thailand (IEAT)."[10]

She added that since 1999, the Natural Resources and Environmental Policy and Planning Office has warned that air pollution in Mab Ta Phut had exceeded the area's carrying capacity and no further investment should be made. The warnings were based on a detailed study on the area's pollution carrying capacity; however, the IEAT did not accept this study, calling it questionable and proposed that a joint model be developed while the industrial sector insisted on expanding their activities ignoring the affected people's opposition.[11]

4. Health impact: According to the information obtained between 2003 and 2005, the number of Mab Ta Phut people suffering from pollution-related respiratory system, skin and occupation-related diseases was higher than those in other areas of Rayong province. Moreover, the incidence rates of all types of cancer and leukemia of Rayong's Muang district were higher than those of other districts of the province.[12]

According to the National Cancer Institute, the incidence of cancer in Rayong, where the Map Ta Phut industrial estate is located, is 182.45 per 100,000 people, compared to the national average of 122.6. The leukemia ratio is also higher; 6 per 100,000 people, whereas the national average is about 3.55. The Rayong public health office reports that the ratio of birth deformities, disabilities and chromosome abnormalities drastically increased from 1997 to 2001, from 48.2 per 100,000 people to 163.8 people, an increase of 300%.[13]

Government's action: complete failure

Since 2007, the environmental and health conditions in Mab Ta Phut have been drastically deteriorating. Non-governmental organizations (NGOs) and local community groups have called on the Government to declare Mab Ta Phut a pollution control area, but to no avail.

On 1 October 2008, 27 people representing those living in 11 communities around Rayong's MTP IE filed a lawsuit in Rayong Administrative Court against the National Environment Board (NEB), chaired by the Prime Minister, accusing it of failing to comply with legal procedure by not designating Mab Ta Phut and nearby areas as pollution control areas.[14]

The Rayong Administrative Court issued its ruling on 3 March 2009 stating that different documents all pointed out that Mab Ta Phut pollution is adversely affecting the people's health and their environment. The court also admitted that the pollution in Mab Ta Phut Municipality has continued to be so severe that it could harm people's health and environmental quality. Although two ad hoc working committees were set up after 2007 to address the problems in Rayong, the pollution intensified. Even so, the NEB failed to designate the Mab Ta Phut Municipality as a pollution control area, arguing that almost all factories in the area already cooperated in the committees' pollution reduction and elimination action plans. The court ordered that the NEB cleaned up the polluted industries within Map Ta Phut Industrial Estates, and to declare the areas around the estates a "pollution control area" within a timeframe of 60 days.

The NEB announced on 11 May 2009 that Map Ta Phut projects could proceed even though it had declared Map Ta Phut a "pollution control area" in the Royal Gazette on 30 April 2009 in accordance with court rulings. Despite prior court rulings stipulating that the Government must work towards environmental conservation, the NEB has now permitted all investment plans in the area, including those in the process of seeking environmental impact assessments, to continue with development as per normal in order to avert the disturbance of investments.

Legal actions on peoples' rights

Thai Government's actions permitting and encouraging the activities of the Mab Ta Phut factories in order to further economic growth to the detriment of the local residents and the environment demonstrate an inconsistency with the implementation of precautionary principle and the principle of sustainable development.

In September 2009, a Central Administrative Court injunction suspended 76 industrial projects at Mab Ta Phut due to environmental concerns. The injunction followed complaints from residents and environmental groups that state agencies – including the NEB, ministries of industry, energy, natural resources and environment, and the IEAT – had failed to issue proper operating licenses. On 2 December 2009, the Supreme Administrative Court allowed 11 of the 76 projects to continue operating, with 65 to remain shuttered until they comply with the environmental and health requirements of Section 67 of the 2007 Constitution.

The failure of the Ministry of Natural Resources and Environment was clearly stated in the Court ruling: "the rights of individuals under Article 67 of the charter are protected. The fact that there are no laws yet to set the regulations, conditions and methods of exercising such rights is not a basis for a state agency to use as an excuse to deny them the protection. Thus, before the implementation of any project or activities which may cause serious threats to the quality of the environment, natural resources and health, the provision in Article 67 must be fulfilled – that is there must be a study or assessment of health impacts on people in the community where the project is to be located".[15]

Conclusions and recommendations

The predicament of Mab Ta Phut residents is further supported by the results of an environmental governance assessment carried out by the Thailand Environment Institute (TEI) and the Thailand Environmental Governance Coalition (TAI Thailand), which revealed that the Government had persistently encouraged the operations of industrial plants at Mab Ta Phut to the detriment of the health of the communities and the environment.

The environmental governance assessment was initiated in 2007 to evaluate the Petrochemical Industrial Development Master Plan (Phase III), the Pollution Reduction and Mitigation Action Plan for Rayong Province, and the Mab Ta Phut Town Plan. TAI indicator-based methodology was used to examine people's access to information, participation in decision-making, and access to justice. The assessment found that the three plans abovementioned failed in successfully implementing the right of public participation.[16]

Ms Penchom Saetang, who spent more than 10 years studying and documenting the Mab Ta Phut pollution troubles, pointed out that so far Thailand's industrial development has been carried out in an unsustainable, harmful and polluting manner. It has not taken into account human resource development, equal distribution of development benefits and adverse effects of the industrial development activities.[17] She added that Thailand is now captivated by the industries, whose operations are strictly controlled in their own countries while trying to relocate their polluting activities to other nations.

Heavy industries in the countries that are required to lower their greenhouse gas emissions will move their operations to the countries where their greenhouse gas emission quotas are not fully used. It is time for Thailand to completely rethink an industrial development strategy that can address economic challenges and generate employment without harming the country's natural resources and the environment. ■

8 UNESCO Bangkok programme, *op cit.*

9 "Thailand's Air," *op cit.*

10 Malini Hariharan. "Thailand's Map Ta Phut crisis–the NGO side of the story,"ICIS, 2010. Available from: <www.icis.com/blogs/asian-chemical-connections/2010/03/thailands-map-ta-phut-crisis—.html>. (Accessed 18 March 2010).

11 "Uprooting Mab Ta Phut," *Thai Post*, 14 March 2009.

12 Rayong Administrative Court's ruling (2009), quoted in Kanuengnij Sribua-iam, "Judicial procedure, environment and health: lessons learned from the Mab Ta Phut case.

13 "Rayong awaiting its day in court," *Bangkok Post*, 29 November 2009.

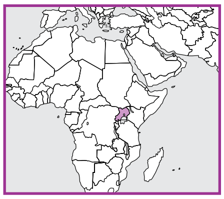
14 Section 59 of the Enhancement and Conservation of National Environmental Quality Act, B.E. 2535 (1992) states: "In case it appears that any locality is affected by pollution problems and there is a tendency that such problems may be aggravated to cause health hazards to the public or adverse impact on the environmental quality, the National Environment Board shall have power to publish notification in the Government Gazette designating such locality as a pollution control area in order to control, reduce and eliminate pollution."

15 "Despite industrial fallout, the court's Mab Ta Phut verdict is welcome", *Bangkok Post*, 3 December 2009.

16 UNESCO Bangkok programme, *op. cit.*

17 Interview, 6 March 2010.

Information and communication technologies: route to development?



The Ugandan Government has been implementing a series of policies to integrate Information and Communication Technologies (ICT) into their development management as well as into a variety of areas of social life. The Government hopes that, by improving services, foreign investors will feel more confident about the management of their investments and, at the same time, Ugandan citizens will increase their participation and control over public affairs. However, if the Government wants to bring about a real improvement of living conditions, its effort should be consistent with poverty reduction strategies and investments in human development.

Development Network of Indigenous Voluntary Associations (DENIVA)
David Obot

Uganda has shown a strong interest in ICTs into its development priorities from the mid-1990s. At the same time, the country has maintained strong economic growth for over a decade. The Budget Speech 2009-2010 indicated that real economic growth was 9.4% in financial year 2008-2009 compared to 10.2% in 2007-2008.[1] According to official data, GDP grew at 6.7% in the financial year 2008-2009 – a decline from financial year 2007-2008, in which the growth rate was 8.3% (see Chart 1). In view of the global economic crisis, this was a remarkable increase, which may be attributed to the diversification of the exports and services sectors.[2]

Although the demand for increased use of ICTs in facilitating Uganda's sustaining economic performance is strong, it is imperative to complement these technologies with plans, strategies and programs to reduce poverty and promote social development.

ICT Context

Globally, countries have made significant progress in integrating ICTs into their development priorities. In Uganda, significant advances have been made as a result of the country's ICTs strategies. The achievements include establishing the Uganda Communications Commission in 1997, formulating the ICT Policy in 2003 and a fully-fledged Ministry of Information and Communication Technology in 2006. The services sector, which includes ICTs, grew from 31.2% in financial year 2005-06 to 33.3% in 2006-07– a reversal of the trend in the previous three fiscal years, when the sector had started to slow down.[3]

Cellular and mobile telephone networks, radio communications, computer services, e-mail and internet, media services and access to education materials have increased in areas with good telecommunication infrastructures. Work is underway to complete the interconnectivity of the entire country by laying 1,500 kilometers of optic fiber to link all major towns in Uganda as well as to the East African Sub-marine cable.

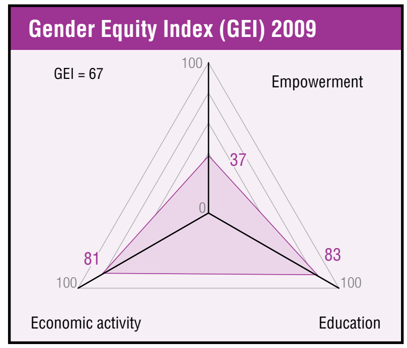
Other ICT benefits include enhancing the capacity of the Central Bank to advise Government on economic performance and financial sector supervision; increased use of mobile phones for monetary transactions; and monitoring money laundering and forgery of cheques.

ICTs and Social Service Delivery

The integration of ICTs into the delivery of social services, especially in the education and health sectors, is still negligible. Implementation of the Uganda Universal Primary Education and Universal Secondary Education programs, for example, resulted in increased enrolment in schools and substantial demand on the resources for scholastic materials, infrastructures teachers and sector supervision. Enrolment of children in primary education increased from 2.7 million in 1997 to 7.6 million pupils by 2003.[4]

At the same time, the districts charged with the responsibility of planning and budgeting for the most disadvantaged sectors have also prioritized ICTs in their local development plans. However, investments to furnish schools with computers and internet connections have either received little or no budget allocations. There are similar trends in the health sector. One of the remedies would be the integration of ICTs in service delivery and allocation of substantial resources for equipment and ICTs skills development.

While the liberalization policy has encouraged investments in ICTs in Uganda, investors are more inclined to maximize their own profits than to improve the quality of services. Such businesses have been mainly associated with mobile phones, television and radio operations. The education and health sectors have not yet obtained any benefit from the proliferation of ICTs. Indirectly, the population contributes to sustaining such investments through the country's provision of tax holidays for the investors, while the Government has yet to tackle the integration of ICTs into service delivery. The absence of a Government strategy to address such imbalance means that people will continue receiving poor quality services.



ICTs, Poverty and Governance

The opportunities made available to ICTs to acquire, process, store and retrieve information and also broadcast or publish, would be advantageous to all who work in poverty reduction and accountable governance. In spite of the Government's avowed will to ensure that ICTs are spread to as many Ugandans as possible, there are probably two broad reasons that undermine the potential of ICT to catalyze the creative energies in poverty reduction and governance.

The first reason is that ICTs are scarcely integrated into poverty reduction strategies. Poverty in Uganda is more critical among rural than urban populations. The Government's limited intervention in price regulation related to the use of ICTs – for example, for mobile phones –entrenches poverty and creates a digital gap among the population. Even radio airtime, which could be used by the poor people to ensure their demands reach authorities and decision- makers directly, is beyond the ability of most people in rural areas to afford. *The Monitor* newspaper in Uganda noted that while the use of mobile cellular phones is increasing among most population groups, the 12% tax is the highest in the region; the tax is currently 10% in Kenya and Tanzania and 3% in Rwanda.[5]

Integrating ICTs to poverty reduction strategies would increase the information flow between the population, the Government and other stakeholders, and would reduce impediments to peoples' participation in poverty reduction activities.

1 Ministry of Finance, Planning and Economic Development, *Background to the Budget, 2009/2010,* Kampala, 2009, 6. Available from: <www.finance.go.ug/docs/BTTB09-10.pdf>.

2 *Ibid.*

3 Uganda Communications Commission, *A Review of The Postal and Telecommunications Sector; June 2006- June 2007*. Available from: <www.ucc.co.ug/endOfFYReview0607.pdf>.

4 Antonie de Kemp, *Analysing the Effectiveness of Sector Support: Primary Education in Uganda and Zambia*, NONIE WORKING PAPER NO. 5, January 2008 See: <www.worldbank.org/ieg/nonie/docs/WP5_deKemp.pdf>.

5 *The Daily Monitor*, 4 March 2009.

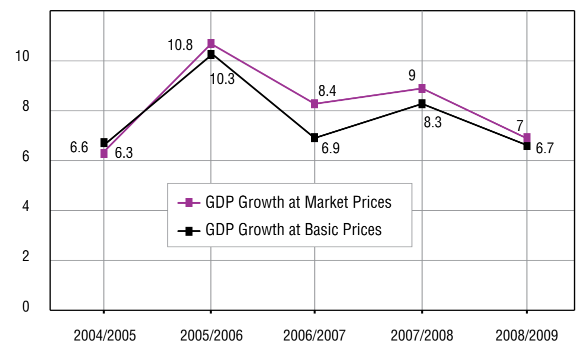
The second limitation is the inadequate use of ICTs to improve governance. ICTs are an efficient way to share information without restriction. Various countries are making strides in applying their e-governance systems to facilitate transparency, accountability and efficiency in governance. According to the Government, Uganda's vision for the use of ICTs is to make the country a leader in e-government in Africa. ICTs and e-governance have the potential to ensure efficiency in the use of resources and to enhance governance. Immense savings would be realized if ICTs were effectively used, for example, to consult the public on matters of national importance so as to fulfill their democratic rights and to monitor government and other stakeholders' performance in all sectors. Integration of ICTs development policies would lay a solid foundation for effective e-governance.

Conclusion

The Government instituted a policy to adopt and apply ICTs as part of its obligation to ensure improved service delivery and greater cost-effectiveness and efficiency in the economy, as well as to showcase the country as a destination for investors, and to enable the population to participate in their own governance. Thus, a policy framework liberalizing the sector was put in place which has led to the expansion of the sector with an evident multiplier effect on the economy and higher levels of scientific, educational, political, social and cultural interaction.

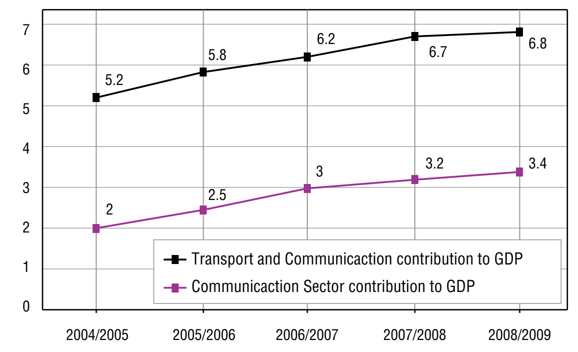
However, the knowledge and associational advantages inherent in ICTs remain at a very low level. Uganda can only garner the vast benefits of adopting and applying ICTs if it comes to terms with the fact that their full realization must take into account poverty reduction strategies, investments in human development, empowerment and promotion of accountable, transparent and efficient governance. ■

CHART 1. GDP Growth Rates, 2004/2005 - 2008/2009



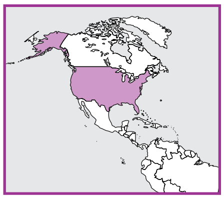
Source: Uganda Communications Commission, 2009.

CHART 2. Transport & Communications Contribution to GDP



Source: Uganda Communications Commission, 2009.

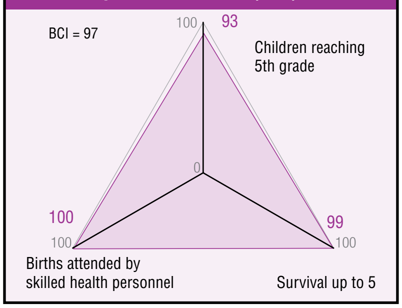
Bold action needed to put people first



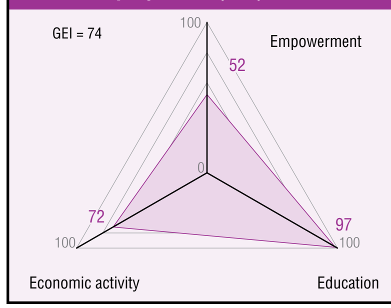
The US continues to play a unique and leading role in setting global priorities, but the economic meltdown together with the emerging threats presented by climate change have dramatically increased domestic needs and placed new budget constraints on spending for foreign assistance. The worst economic crisis since 1929 has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice. At the same time, citizens groups, community organizers and social entrepreneurs across the country have been developing bold and innovative solutions to the country's most challenging problems.

Global-Local Links Project
Tanya Dawkins
Center of Concern
Aldo Caliari
Institute for Agriculture and Trade Policy
Karen Hansen-Kun and Alexandra Spieldoch
Hunger Notes
Lane Vanderslice

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



The US was one of the 189 countries that committed to the Millennium Development Goals (MDGs) at the historic UN Millennium Summit in 2000. The 2010 MDG Summit will no doubt showcase the concerns of millions of people in the US and across the globe, whose interests continue to be undermined by an economic and financial architecture incapable of prioritizing their interests. It will also provide a timely opportunity to inspire government and civil society commitments to the spirit of the Millennium Declaration – a world without poverty.

In 2009, president Barack Obama affirmed that the MDGs are "America's goals." The action and investment needed to address MDG goal areas like poverty and hunger, education, gender equality, maternal and child health, HIV/AIDS and environmental sustainability are needed in the US as well as globally.

The worst economic crisis in decades has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice in the US. Years of official public policy that gave precedence to the wisdom of markets over investing in people and communities has deepened and intensified the impact of the crisis.

The need for local, state and national benchmarks and accountability for human and community well-being has never been more evident. In September 2009, the US Census Bureau announced a significant jump in the poverty rate, from 12.5% in 2007 to 13.2% in 2008.[1] Figures for 2009 and 2010 are expected to continue this trend. The top 1% of households absorbed two-thirds of the total income gains between 2002 and 2007, resulting in the highest level of income concentration since 1928.[2]

Employment levels in the most economically advanced nations, including the US, are not expected to regain pre-crisis levels until the middle of 2013 with other employment indicators lagging until 2014.[3] As of January 2009, unemployment was 18.9% for workers aged 16-24, 8.6% for those aged 25-54, and 6.8% for those aged 55 or more, representing increases of 7.1%, 4.5% and 3.6%, respectively since 2007. By race, official unemployment was 16.5% among black workers, 12.6% among hispanic workers and 8.7% among white workers, representing a rise of 7.5%, 6.3% and 4.3%, respectively.[4] Joblessness among black men today is almost as high as during the 1930s; the rate for black teenagers has climbed to a shocking 38%.[5]

While the rise in unemployment and underemployment has been well documented in the US and globally, less attention has been given to a perhaps more dangerous trend that predates the crisis – jobless economic growth. Between 1999 and 2009, despite positive macroeconomic indicators, US employment did not grow at all.[6] This highlights the need for more aggressive and innovative efforts to create jobs, revamping unemployment compensation and rethinking the social contract. To date, even the most progressive stimulus efforts have fallen short of addressing the long-term implications of this new economic environment.

The 2009 report of the UN Special Rapporteur on Housing praised the administration's commitment to increase funds for housing, mortgage modification, neighborhood enhancement and emergency recovery initiatives through the American Recovery and Reinvestment Act. The report also noted an alarming trend: millions of poor and working class Americans confront growing barriers to affordable and adequate housing, as evidenced by the increasing numbers of families and individuals who are either homeless, living in shelters or forced to reside in other inadequate situations.[7] Some 30% of the nation's 50 million homeowners own a house with a current value below the mortgage balance; this number could rise to 50% by year-end 2011.[8]

In 2010, the president signed the landmark Affordable Health Care Act, after a bruising legislative battle. Some were disappointed at the absence of an option to purchase a federal government-run plan, also known as a public option. The sweeping new law includes measures that increase insurance company accountability, reduce healthcare costs and expand health care options for all Americans.[9]

Priorities matter: follow the money

Government efforts to address domestic issues ranging from education to energy independence to small

1 Gregory Acs, "Poverty in the United States, 2008," *The Urban Institute / Research of Record*. Available from: <www.urban.org/url.cfm?ID=901284>.

2 Office of the Vice President, "Annual Report of the White House Task Force on the Middle Class," February 2010. Available from: <www.whitehouse.gov/sites/default/files/microsites/100226-annual-report-middle-class.pdf>.

3 ILO, "Global Jobs Pact: North America."

4 Economic Policy Institute,"Unemployment Drops to 9.7% despite More Job Losses." Available from: <www.epi.org/publications/entry/jobs_picture_20100205/>.

5 Orlando Patterson, "For African-Americans, A Virtual Depression—Why?" *The Nation*. Available from: <www.thenation.com/article/36882/african-americans-virtual-depression>.

6 Barry Lynn and Phillip Longman, "Who Broke America's Jobs Machine?" *Washington Monthly Webcast*. 4 March 2010. Available from: <www.washingtonmonthly.com/features/2010/1003.lynn-longman.html>.

7 See: <www2.ohchr.org/english/bodies/hrcouncil/docs/13session/A.HRC.13.20.Add.4_en.pdf>.

8 Leo Hindery, Jr., "Our Dirty Little Secret: Who's Really Poor in America?" AlterNet, 9 March 2010. Available from: <www.alternet.org/story/145950/>.

9 "Understand the New Law–HealthCare.gov." Available from: <www.healthcare.gov/law/about/index.html>.

business development to poverty and hunger are limited by overall federal budget priorities. To date, USD 1.05 trillion has gone to finance the wars in Iraq and Afghanistan, including a USD 136.8 billion appropriation for the 2010 fiscal year.[10] The 2011 proposed military budget is thirteen times the total of all non-military expenditures for international relations, including the State Department, which came to about USD 54 billion in 2009. If approved, this translates to investing USD 16 on military force for every dollar spent on homeland security, and USD 7 for each dollar spent on international affairs and homeland security combined.

While the financial crisis has exacerbated the significant budget deficit inherited from the previous administration, the increasing militarization of federal expenditures is central to addressing the deficit. President Obama and Defense secretary Robert Gates have each signaled their intent to curb military spending.[11] Obama's campaign promise of a "sweeping shift" would require cutting – rather than simply slowing – the rise of Bush-era military allocations, which now devour a higher proportion of GDP than at any other time since World War II.[12]

Citizen led efforts, including some by wealthy Americans are advocating a range of responsible budget proposals, from estate tax reform to ending Bush era tax cuts for households with annual incomes above USD 250,000. President Obama established the National Commission on Fiscal Responsibility and Reform, with a mandate of finding ways to balance the budget by 2015 and improve the country's long-term fiscal health. The Commission will consider numerous proposals in the coming months, including a reduction in military spending and a tax on financial speculation, among others.[13]

Re-building US credibility on the global stage: mixed progress

President Obama has hit a number of roadblocks to fulfilling his campaign pledge to double foreign assistance. The economic meltdown, dramatic increases in world hunger and emerging threats presented by climate change have dramatically increased global needs while placing new domestic budget constraints on foreign assistance spending. The president's budget request for fiscal year 2011 includes USD 56 billion for foreign assistance, a significant increase over the 2010 request, but still less than one-tenth of the military budget. It includes USD 18 billion for poverty and development assistance, USD 1.9 billion for food aid and USD 16 billion for security assistance (including foreign military assistance and antinarcotics programs).[14]

Progress is still needed on addressing structural problems in US foreign assistance. At present, it is administered by 24 government agencies, with some duplicating or contradicting each other. The Presidential Study Directive on Global Development Policy has been set up to review the current system and recommend changes. Congress is also working on legislation to overhaul foreign assistance programs, but like so many others, these have been delayed by the protracted struggle over health care and financial reforms.

Promising proposals include a major new initiative to develop a comprehensive approach to the global food crisis that encourages new investments in sustainable agriculture and giving priority to programs for smallholder farmers and women. On the other hand, the Government continues to advocate trade liberalization as a solution to global hunger, despite strong evidence that free trade has undermined food producers around the world. Similarly, the Government favors biotechnology initiatives over support for other technologies – despite considerable evidence that such programs do little to increase the availability of food.

The US continues to play a unique and leading role in setting global priorities, particularly in the continuing efforts to redesign the global financial architecture. At the same time, the G20, BRICS[15] and other emerging geopolitical configurations are also shaping and shifting global economic and political power relations. It is often argued that the US Government bears particular responsibility for the 2008 global economic and financial crisis due to its lax regulation of the domestic financial system and its long advocacy of global deregulation and trade/financial liberalization. These policies, pursued systematically through the World Bank and the International Monetary Fund (IMF) since the 1980s, have increased the vulnerability of developing country economies to external factors, a trend intensified by the crisis.

The administration was criticized in Congress and abroad for its support of an unprecedented infusion of USD 750 billion for the IMF at the London G20 summit in 2009. The Fund had been on the verge of irrelevance due to the widespread distrust generated by its handling of previous crises and other concerns. The infusion of funds allowed the IMF to carve out a central role in the crisis response without having made badly needed internal reforms and external changes to fundamentally revise the policy prescriptions it has long imposed on developing country borrowers, including the fiscal policy constraints that operate to contract growth and intensify economic recessions. The negative impact of these prescriptions are highlighted by the policies adopted by some of the Fund's major shareholders, including the US, which are totally at variance with those imposed on developing countries.

Failure to introduce fundamental reforms at the IMF undermines even the most innovative proposals. This is the case, for example, with the infusion of USD 283 billion into Special Drawing Rights (SDR), which are assets recipients can use as either interest-free reserves or to facilitate borrowing of hard currency at a preferential interest rate. Because the SDRs are distributed based on member country shares in the IMF, important innovations that would have enhanced their beneficial impact in developing countries could not be introduced. The rapidly worsening debt situation of many countries suffering from increasing fiscal deficits and lower export revenue could have been mitigated by a combination of increased policy flexibility and further rounds of debt forgiveness or debt moratoria, rather than additional debt.

Toward the future: bold action needed

The results of the 2010 census will provide important information about new opportunities that call for citizen leadership and policy entrepreneurship, particularly as it relates to reweaving the nation's tattered safety, community development and physical infrastructure. These efforts must go beyond the important short term intervention that stimulus initiatives have provided.

The president and the public have learned some hard lessons about what it means to make "change" real in an increasingly toxic political environment. Civil society must continue to demand real leadership in addressing the issues that most concern people in their daily lives. Citizen groups, community organizers and social entrepreneurs in communities across the country are developing bold solutions to many of the most challenging problems. At the national level, proposals include creating a new national human rights entity to ensure that economic, social and cultural rights are recognized together with civil and political rights, along with calls for action to ratify the long-stalled Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). All these efforts require strategic partnerships with effective government allies.

The US has an unprecedented opportunity to provide principled leadership for a long overdue redesign of the economic and financial architecture, domestically and globally. In 1944, during another defining moment in US and world history, president Franklin D. Roosevelt called for a sweeping "economic bill of rights." His vision included a right to health care, education and a job with a living wage sufficient to pay for adequate food, clothing, recreation and a decent home along with a safety net that would provide protection from impoverishment caused by old age, sickness, accident or unemployment. "We cannot be content, no matter how high the general standard of living may be, if some fraction of our people – whether it be one-third or one-fifth or one-tenth – is ill-fed, ill-clothed, ill-housed and insecure."[16]

A country and a world free of poverty, grounded in principles of democracy, human rights, opportunity and economic justice surely is within reach. Achieving these goals requires bold vision and action that places people at the center of the economic recovery. ■

10 National Priorities Project, "Cost of War." Available from: <www.nationalpriorities.org/costofwar_home>.

11 Ewan MacAskill, "US Defence Secretary Announces Large Cuts to Help Curb Spending," *The Guardian*. 6 April 2009. Available from: <www.guardian.co.uk/world/2009/apr/06/robert-gates-defence-budget-cuts>.

12 Miriam Pemberton and Suzanne Smith, "Budget Makes No 'Sweeping Shift' in Security Spending Yet." Institute for Policy Studies: Ideas into Action for Peace, Justice, and the Environment. 26 February 2009. Available from: <www.ips-dc.org/articles/1118>.

13 Committee for a Responsible Federal Budget, "Obama Establishes Deficit Commission," 18 February 2010. Available from: <crfb.org/blogs/obama-establishes-deficit-commission>.

14 Ken Forsberg and Viraf Soroushian, "FY2010 Federal Funding for Key Foreign Assistance Accounts," InterAction, 10 January 2010. Available from: <www.interaction.org/document/Budget_Appropriations_Chart>.

15 Brazil, Russia, India, China and South Africa.

16 "Text of FDR's 1944 State of the Union Speech," Franklin D. Roosevelt Presidential Library and Museum. Available from: <www.fdrlibrary.marist.edu/archives/address_text.html>.

Social policies need fine tuning

Like other countries in Latin America, Uruguay was in a relatively good situation when the financial crisis of 2008 struck. The country's economy continued to grow and its poverty and indigence rates improved considerably thanks to social policies, which in the more prosperous years had been given priority over macroeconomic objectives. Nevertheless, there are still problems to be tackled, such as high poverty and indigence rates among people of African descent and the fact that more and more heads of households at the very poorest level are women. To remedy these situations, combating inequities of gender and/or race should be an integral part of economic policy.

Centro Interdisciplinarios de Estudios sobre el Desarrollo – Uruguay (CIEDUR)
Alma Espino

If might seem obvious but perhaps the main questions for economic policies ought to be: What is the aim of economic activity? Where do social and gender inequalities fit into the current growth model and pattern of consumption? If the purpose of the economy is to provide and maintain a decent level of life we are talking about the economy being at the service of the people, that development should be centred on people. It is very clear that the market is not capable of recognising or valuing the community's great diversity of needs and interests or bridging the gaps that are appearing in various aspects of society and life.[1]

Macroeconomic policies should be suitably integrated into social and economic politicities, they should be part of a wider development strategy and thus make a direct contribution to long term growth. Macroeconomics has social content, so this is a question of laying foundations that are solid from the point of view of human development, justice and equity.[2] Therefore the decision-makers in economic policy should consider the social and gender implications of their macro policies. This means not leaving subjects like gender and/or race inequality exclusively in the field of social policies where the assistance effort amounts to just alleviating or compensating for the negative effects of economic policies.

The region and the crisis

There is a general feeling that Latin America was in better condition to cope with the 2008 crisis than in other periods of the recent past. And overall this is true, but while these countries are quite similar in many ways they all have their own individual characteristics, so there are big differences in the ways the crisis has affected them and what the impacts have been. In fact, like other economies in the region, Uruguay has been growing and its social indicators have improved.

Prior to 2008 the Uruguayan economy was on a growth path and this was reflected in the fact that the country's GDP increased by 8.9% in that year. This growth was based on expanding domestic demand (consumption and investment) and foreign demand for exports. But when the international economic and financial crisis struck at the end of 2008 signs of a slowdown began to appear. In spite of this, growth continued and in 2009 GDP increased by 2.9%. According to the Institute of Economics, from 2005 to 2009 the country enjoyed an average annual accumulated growth rate of 6.1%.

The way the crisis exerted its effect on the economies in the region was through falling external demand, which was expressed as a decrease in imports from the developed countries and tourism, a fall in prices for commodities, reduced remittances from Uruguayans living abroad and a reversion in foreign investment flows. The fall in international prices for Uruguay's main export products had a severe impact, and although the country managed to diversify and find new clients for its exports the reduction in demand had a negative effect on that sector.

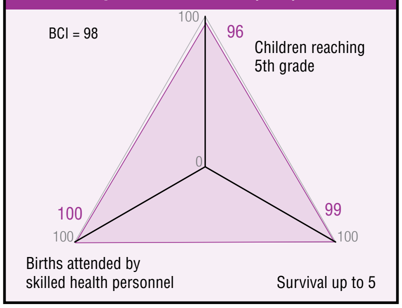
Weaknesses and strengths

In the last two months of 2008, the export growth trend was reversed and imports were rising more than exports, although these too slowed down towards the end of that year. This made for a current account deficit of 3.5% of GDP in 2008, which was mainly due to the big trade deficit.[3] In 2009, exports measured in dollars shrank by 8% even though in terms of physical volume they increased. In any case, the export situation was the factor that had the biggest impact on growth, but private investment was pulling in the opposite direction and the public sector remained stable. Income from tourism had been falling for several years but in 2008 it increased; and in 2009 foreign currency from this source came to USD 1,300 million, 19% more than the previous year when the sector yielded USD 1,053 million.[4]

Foreign indebtedness continued to come down; in 2008 it amounted to 37.3% gross and 14.1% net of GDP. This was a consequence of the country's continued accumulation of reserves, which increased by USD 2,208 million in that year.[5]

In 2009, the overall behaviour of the labour market was basically positive. Jobs were generated and the unemployment rate went down while the number of people who were economically active remained about the same as the previous year. These results show that in 2008 and 2009 the international crisis did not have a direct impact on the Uruguayan labour market as a whole. However, a somewhat more detailed analysis shows that some sectors of economic activity – like those most dependent on foreign markets – did find it difficult to keep their workers employed around the end of 2008 and the beginning of 2009. This can be seen in the fact that, towards the end of 2008, the number of workers in industry fell and the number of people signing on for unemployment benefit at the social security organization (the Banco de Previsión Social) increased.[6]

Basic Capabilities Index (BCI) 2010



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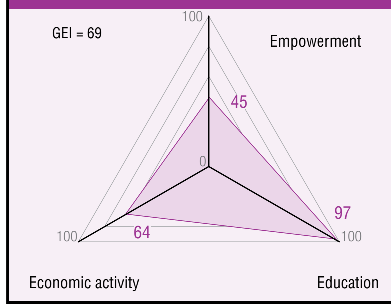

1 Alma Espino, Report of the *Doha conference about finance for development and conclusions of the meeting about the world crisis convoked by the President of the General Assembly (26-29 May 2009).* Presentation at the seminar to *Analysis of the economic and financial crisis from the gender perspective: impact on women's poverty and work.* UNIFEM-CEPAL-INSTRAW-SER-Instituto de las mujeres. Mexico, July 2009.

2 José Antonio Ocampo and Rob Vos, "Policy space and the changing paradigm in conducting macroeconomic policies in developing countries" in *New financing trends in Latin America: a bumpy road towards stability.* BIS Papers, 36. February 2008.

3 Instituto de Economía (Institute of Economics), 2009.

4 Instituto de Economía, 2010.

5 Instituto de Economía, 2009.

6 Instituto de Seguridad Social (Institute of Social Security).

Government measures

In the last 4 months of 2008, in an initiative to respond to the changes taking place in the world, the Government made adjustments to its economic policy. In particular it temporarily stopped intervening to manage interest rates as an operational tool in monetary policy, and it put more emphasis on controlling currency exchange rates in line with the idea that this would become the "automatic stabilizing mechanism" of the system and would help to alleviate the effects of the external shock.[7]

In December 2008, as was happening all over the region, the Government took action to respond to the crisis. They implemented a package of measures to designed to provide liquidity for enterprises, improve their export capabilities and make new investment more viable. This meant increased public expenditure which, in combination with slower growth in income, caused the fiscal deficit to increase to 1.7% of GDP in 2009. In 2010, however, results began to improve.[8] As happened in most economies, the public sector has played a dominant role in raising investment and consumption. Even though the Uruguayan Government's income was increasing at a slower rate, it maintained the same rate of increase in its public spending.

The commitment to eradicate poverty

In this period some other indicators improved, such as those measuring the evolution of poverty in terms of income. In 2008, the rate of indigence or extreme poverty decreased from 1.2% of all households in the country to 0.8%,[9] and this rate held steady in 2009.[10] Nevertheless, it is interesting to note that in 2009 indigent households in which a woman was the head came to 1% while the figure for male heads of households in this situation was an estimated 0.7%. Although these average figures do reflect an improvement, we should bear in mind that they also confirm a trend that has been evident since 2005, which is that there are more indigent households headed by women. We ought to remember that indigent households are usually associated with a single-parent family structure, they usually have large numbers of children (the initial stages of the family life cycle) and a low number of breadwinners. As a consequence, these households form a vulnerable socio-demographic sector in which there are many dependents, few earners, and in most cases a woman at the head.[11]

Poverty has been decreasing in all parts of the country, not only in terms of people but in terms of households. According to the Institute of Economics and taking the country as a whole, in 2009 the number of poor households amounted to 14.3%, which was 3.6 points below the 2006 figure.[12] As regards numbers of people, in 2009 the poverty rate for the country as a whole was 20.9%.[13]

The situation of living in poverty or indigence affects people in different ways depending on their age, sex and ethnic origin. The poverty rate by age brackets shows that the greatest concentration is still among minors, mainly children under six years old.[14]

The trend is for poverty to decrease in all households, those headed by men as well as those with a woman in charge. From 2003 to 2008 the poverty rate in households with a man at the head fell from 23.3% to 13.2%, and in households with a woman head from 17.2% to 14.5%. Note that the rate for women is higher, but what is important here is that yet again we have a reversal of the trend: in the 2003 to 2006 period the rate was higher for households with men at the head, and in 2007 the figures were almost the same (16.9% and 16.6% respectively), but in 2008 the situation was reversed (13.2% and 14.5% respectively) and the rate for women heads of households was higher.[15] In 2009, according to the Institute of Economics, the figures were 13.9% for men and 14.8% for women.

It is also noteworthy that the biggest gaps are among the population of African descent: everywhere in the country the poverty rate for this group is almost double that of whites. In 2008, some 19.4% of whites were living in poverty but among people of African descent the rate was 43.1%. This means that nearly half the people who define themselves as being of African descent are living below the poverty line. It is clear that ethnic origin is one of the factors behind social inequality.

The trend to poverty reduction is due to more jobs being generated and thus more income in households, and in addition, in 2008, income in the country was better distributed. The falling indigence rate would seem to be linked to social policies, in particular those that involve family allowances, which have been focalized specifically on this population group.

Macroeconomics and inequalities

It is clear from this brief overview of some aspects of the country's social and economic situation that a close watch should be kept on problematic areas when the time comes for the Government to deliver on its commitments. It is true there has been a great effort to develop social policies to promote equality and fight poverty, and to a degree these have been successful, but the results raise certain important questions.

Various indicators show that progress has been made in the field of gender equity but there are still big problems and perhaps the most serious is that women are under-represented in political and economic decision-making positions.[16] In fact, the country has regressed in this respect when we consider that today there are fewer women at the ministerial level of Government – which took office in March 2010 – than there were during the previous administration. In addition to this we have the beginnings of the unfortunate trend towards more and more women being the heads of poor and indigent households. ■

7 Instituto de Economía, 2009.

8 Instituto de Economía, 2010.

9 The poverty line in 2002 was set by the National Statistics Institute (INE–Instituto Nacional de Estadística) based on the Encuesta Nacional de Gastos e Ingresos de los Hogares (National Household Expenditure and Income Survey) 2005-2006.

10 The data for 2009 are from estimations by the Institute of Economics, FCEyA, UDELAR, based on processing micro-data from the 2009 Encuesta Continua de Hogares (Continuous Household Survey).

11 INE, 2009.

12 *Ibid.*

13 Instituto de Economía, 2010.

14 INE, 2009.

15 *Ibid.*

16 United Nations Development Program, 2008.

VENEZUELA

A new way to make the same mistakes

After an economic bonanza that lasted from 2004 to 2008 – based on high oil prices on the international market – Government social policies led to improved indicators, and the Millennium Development Goals were on the official agenda and were widely discussed. Today, the global financial crisis and increased social unrest caused by weakening social programmes have put this progress at risk. This was only to be expected from a development model that repeated the same old mistakes and did not include anti-cyclical policies, and today the country is having to pay dearly for the world crisis.

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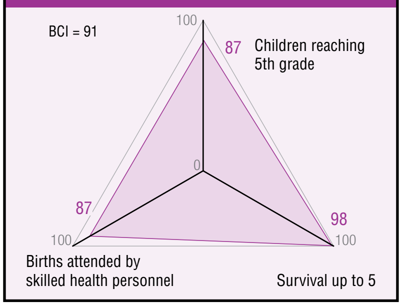
Rafael Uzcátegui

Basic Capabilities Index (BCI) 2010



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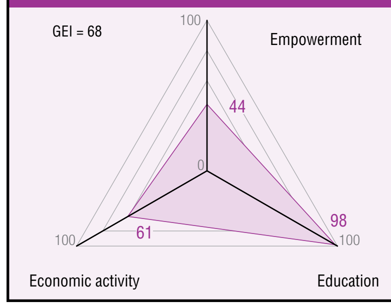


When Hugo Chávez was elected President of Venezuela in 1999 he implemented a process of constitutional reform that enjoyed considerable popular support. The new constitution provided for a wide range of social rights and thus generated great expectations and popularized the issue of human rights in various strata of the society.

At the same time high international prices for oil – the driving force of the Venezuelan economy – in the period 2004-2008 enabled the Government to achieve good results on a range of indicators. Two years later, however, the situation began to unravel. There were two main reasons for this.

First, after Chávez was re-elected, the Government attempted to make further changes to the constitution in 2007 through a plebiscite, but this failed through lack of public support. Since that time the administration has promulgated a series of laws, regulations and administrative acts that, as various human rights organizations have been loudly proclaiming, contradict the dispositions of the 1999 constitution.

Second, a big fall in oil prices and the international financial crisis have had a severe negative impact on the country's social policies to reduce poverty. The Government has not been able to adequately respond to the demands of the population, and this has made for increasing social unrest.

Reduced poverty

Until 2008 the Chávez Government was proclaiming great progress towards achieving the Millennium Development Goals (MDGs). Its outstanding achievement was its record in the fight against extreme poverty.[1]

According to official estimates, in the 2004 to 2006 period the number of poor families in the country fell by 20%. In the first half of 2007, National Institute of Statistics figures indicated that the percentage of the population living in extreme poverty had fallen to 9.4%,[2] and official figures show that in the 1999 to 2009 decade some 4,324,075 people emerged from poverty.

This good level of progress was recognized by international bodies including the Economic Commission for Latin America and the Caribbean (ECLAC), which estimated that Venezuela's poverty rate fell from 49.4% in 1999 to 28.5% in 2007.[3] Provea, in its annual report for 2009, said that this fall was partly due to the development of social programs to distribute the food at low cost, such as the *Misión Mercal*, whose estimated average monthly coverage in 2008 was 13 million people, around 45% of the population.[4]

Progress was also made in the areas of gender equity and education. The proportion of girls in the educational system increased from 31.3% in the 1990-1998 period to 47.6% in 1999-2006. The net rate of children in basic education increased from 84.7% in 1999-2000 to 93.6% in 2006-2007, which means that 684,782 more children joined the school system. Coverage at higher educational levels expanded to a similar extent. In 2005 some 4 million people were enrolled in educational 'missions.'

Progress in the field of health was also encouraging. Thanks to Government health policies, known as *Barrio Adentro*, Venezuela was well on the way to reaching its target of cutting the under-five infant mortality rate by two thirds: infant mortality was brought down from 25 in 1990 to 14.2 per 1,000 live births in 2007. In these initiatives, direct medical attention was expanded in a very short time with 14,345 health care professionals and the construction of treatment centres throughout the country. The situation as regards HIV/AIDS care also improved, as can be seen from the fact that 21,779 people received medicines free of charge in 2007 compared to only 335 in 1999.

Benefits paid for with petroleum

In 2004, the Venezuelan economy enjoyed an abundance of resources compared to the situation in the previous 30 years. In that year the price of oil began to rise sharply on international markets, it soared to historic levels and reached a peak in 2008. As a result of this bonanza, the country's gross domestic product (GDP) enjoyed four consecutive years of growth, its international reserves were strengthened and it had a positive balance of payments. This increasing income from oil enabled the Government to finance extensive public investment programs and social policies called 'missions.' The State was able to expand in different areas including the generation of jobs, and in 2008 an estimated 18.2% of the economically active population were employed in the public sector.[5]

In July of that year the price of a barrel of Venezuelan oil peaked at USD 122.40, after which it began to slide and four months later it stood at half that value: USD 63.49.[6]

Adjustments to social policies

National and local elections in November 2008 and an amendment to the constitution in February 2009 resulted in postponing any discussion about what

1 For a complete review of the country's results as regards the MDGs, see: <www.sisov.mpd.gob.ve/metas_milenio/>.

2 Ministerio del Poder Popular para la Comunicación e Información, *Venezuela sobresale en el cumplimiento de las Metas del Milenio,* 2008.

3 ECLAC, *Panorama Social de América Latina–2008.* Available from: <www.eclac.cl/publicaciones/xml/2/34732/PSE2008_Cap1_Pobreza.pdf>.

4 Provea, *2009 Annual Report.* Available from: <www.derechos.org.ve/proveaweb/?page_id=1651>.

5 National Institute of Statistics. Available from: <www.ine.gov.ve/ine/indexine.asp>.

6 *Ibid.*

the consequences of the world economic crisis might be for Venezuela. On 21 March 2009, after the elections, President Chávez announced a package of economic measures:

- A reduction in public expenditure.
- An increase in value added tax.
- A reduction in extravagant and unnecessary spending.
- Legislation to limit the salaries of high-level officials in the public administration.

The sharp fall in the country's oil income caused a slowdown, stagnation and in some cases regression in the implementation of policies to reduce poverty and inequality. It was officially announced that social policies would continue to operate at the same levels in spite of the crisis, but this did not happen. For example, the minimum wage was raised by 20%, but this was way below the rate of inflation, which in 2008 in the food sector alone reached 43%.[7]

In 2007-2009, only 1.1% of households emerged from poverty, which contrasts dramatically with the big reductions in this indicator in the 2004 to 2006 period. According to the latest official figures, some 26.4% of households in Venezuela still have their basic needs unsatisfied.

In fact, public spending as a percentage of GDP has decreased since 2008 in all social sectors except for education. In the 2010 budget, less than 4% of total expenditure was allocated to the 13 social 'missions', even though resources increased because of exceptional items and transactions, and this works against transparency and monitoring of the budget by non-government organizations. This situation is exacerbated by high inflation, which makes it even harder for the very poor to improve their conditions of life. According to the Central Bank of Venezuela, inflation decreased from 30.9% in 2008 to 25.1% in 2009, but even so, the country still has one of the highest rates in the region.[8]

The worst consequences

The crisis in social policy implementation is especially serious in two sectors – health and housing. For several years Provea has been sounding the alarm about the fragmentation of the country's health system and the deterioration of the *Barrio Adentro* mission. These warnings were dismissed by various Government sources at the time, but in September 2009 President Chávez publicly acknowledged the irregularities: "We are declaring a state of emergency in the health system. We have found that 2,000 modules of the *Barrio Adentro* mission have been abandoned and have no doctors. (…). The situation was worsening and measures were taken, but we were never able to cope with the problem."[9]

To make matters worse, the country's hospital network is still fraught with structural faults and deficiencies, there is a shortage of health care professionals, and this has had highly lamentable consequences such as the so-called "pregnant women's roulette," a situation in which expectant mothers have to go around various health centres until they find one that can provide care when they are giving birth.

One of the most serious failings of the Chávez administration has been in the area of decent housing; it has never reached its own housing targets. The country has a shortfall of 3 million decent housing units (this includes houses that have to be re-located because they are in high-risk areas). Official figures show that 300,939 housing units were built in the last 10 years, which means that Hugo Chávez has the second-worst record in the country's democratic history (which began in 1958) for the average number of units constructed during a presidential administration.

The role of civil society organizations

Various organizations that monitor the human rights situation in Venezuela have criticized the Government for its lack of medium or long-term planning, which would have made social policies sustainable independently of the country's high incomes from the oil exports. Other research has shown the way in which the Venezuelan economy has continued to be vulnerable to international oil price fluctuations. This means that the development model President Chávez has implemented, which is built around strengthening the primary product export sector, has the same essential characteristics as the economic policies that pertained in the past.[10]

Social conflict has been on the increase and 2008 was the peak year in the decade for public protests with 2,893 demonstrations, an increase of 64.09% over the 2007 figure. Of these, some 67.3% were by people and groups demanding economic, social and cultural rights, and the three main areas of complaint were working conditions (33.97%), housing (20.3%) and people's security (12.3%). The protesters' main tactics, in descending order of frequency, have been to close off streets and to hold public meetings, marches and labour stoppages. In that period about one in 15 demonstrations was repressed by force, impeded or blocked by State security forces.

Seven people have died in the violence, and five of these deaths were caused by police or army personnel. The authorities have been losing patience with the protest movement and they are tending increasingly to treat demonstrators as criminals. Since 2005 at least 2,240 people have been hauled before the courts on charges arising from efforts to claim their rights. One famous case is that of the union leader Rubén González, who has been in prison since September 2009 for taking part in work stoppage initiatives at the State enterprise Ferrominera, in the state of Bolívar, to demand that management honour a collective bargaining contract.[11]

Conclusion

The Government's development model has not succeeded in freeing the country from its traditional dependence on international oil prices. Social programs have suffered as a result of price fluctuations, and in spite of its intentions and policies, the State has failed completely to cope with the situation. The net result, as various civil society organizations and specialists have been warning for some time, is that social indicators will rise when trade is good but will stagnate or even fall when conditions in the international market become unfavourable.

Hence, in Venezuela, the fight against poverty, the provision of health care, access to education, and the provision of decent housing in particular are at the mercy of the interplay of supply and demand for crude oil on international markets, and are the victims of the State's failure to make provision for this situation and take adequate anti-cyclical measures. ■

7 *Ibid*.

8 Central Bank of Venezuela. See: <www.bcv.org.ve/>.

9 "Chávez admite cierre de módulos de Barrio Adentro y declara en emergencia la salud." Lacl@se.info. Available from: <www.laclase.info/nacionales/chavez-admite-cierre-de-modulos-de-barrio-adentro-y-declara-en-emergencia-la-salud>.

10 Margarita López Maya and Luis Lander. "El socialismo rentista de Venezuela ante la caída de los precios petroleros internacionales," *Cuadernos del Cendes*, 67, May-August 2009.

11 See: <www.derechos.org.ve>.

Oil is not enough

Yemen is one of the poorest countries in the world and it has no chance of reaching the Millennium Development Goals (MDGs) by 2015 if it does not change its policies. It is over-dependent on exporting petroleum, the rest of its productive system is very weak. The country will have to diversify its agricultural production, overcome its environmental problems – above all the exhaustion of its fresh water reserves – protect its products in the home market and become more competitive. At the political level it will have to implement stronger gender policies to enable women to really integrate into society.

Human Rights Information and Empowerment Centre
Arafat Abdallatif Arrafids

Yemen is ranked 140 out of the 182 countries on the 2009 UNDP Human Development Index. Nearly 45% of the population lives on less than USD 2.00 a day.[1] Unemployment has increased in the last two years, causing income levels to stagnate; the economy is based mainly on petroleum and has experienced only modest development in other sectors.

The country is in serious difficulties because of a big decrease in oil production, which accounts for an exceptionally high proportion of the budget. If the authorities do not take the necessary measures to quickly remedy the failing economy, the State will be unable to meet its obligations in the years ahead.

The current situation: an overview

The fuel of dependence

According to official statistics, oil accounts for 35% of total domestic production, 70% of the State budget and 90% of Yemen's exports.[2] The country's other productive activities such as fishing, tourism and manufacturing add up to no more than 10% of exports. These figures also show that from 2007 to 2008 petroleum exports fell from 17.42 million barrels to 9.46 million, which in economic terms works out at USD 522 million less income from this sector.

A report by the Yemen Central Bank shows that income from gross petroleum exports fell by a record USD 803 million in 2009. According to the Bank, this coincided with a reduction in the Government's quota of total gross oil production in the period January to July – 15 million barrels in 2009 as against 27.3 million in the same period in 2008. The report also noted that the decrease was partly a consequence of the big fall in international prices resulting from the world financial crisis – from USD 114.6 per barrel in 2008 to USD 53.7 in 2009.

Other sectors

The share of the other economic sectors such as agriculture and industry in the country's Gross Domestic Product (GDP) fell from 43% in 1990 to less than 18% in 2005.[3] Meanwhile unemployment rose from 16.7% in 2007 to 35% in 2008.

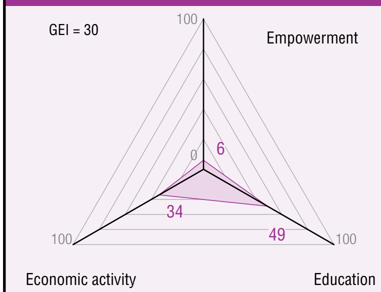
Official data show that an estimated 54% of the workforce is in the agricultural sector, but soil degradation and spreading desertification pose a serious threat to these workers' livelihoods.[4] Qat, a herb used as a stimulant and energizer, which provides employment for a quarter of the entire workforce, requires more than 20 million work hours per day, covers more than half the cultivated land and absorbs enormous quantities of fresh water in a country with one of the most serious water shortages in the world (see below).

The situation of women

Women have made progress in various government and political party organizations, but they remain very much in a secondary role and the power to make decisions is still reserved for men, as shown by the following data:[5]

- In 1990, for the first time ever, women were given the right to vote, to be candidates and to enter public office.
- There were no women on the Higher Election Committee in 2001, 2003 or 2006.
- The percentage of women registered to vote went up from 15% in 1993 to 37% in 1997 and 46% in 2006.
- The number of women candidates in parliamentary elections decreased from 42 in 1993 to 21 in 1997 and just 11 in 2003.
- In the 2001 plebiscites on constitutional reform, some 30% of voters were women.
- In the 2001 governing council elections there were 120 women candidates as against 23,892 men, and in the directors' council elections 108 women and 21,924 men.
- Only two women were elected to the national legislature in 1993 and 1997 (0.7%), and in 2003 there was only one (0.3%).
- The 111 members of the Consultation Council are designated and include only two women.

Gender Equity Index (GEI) 2009



Armed conflict

The country is fraught with armed conflict that has caused great loss of life and damage to Yemen's infrastructure and, according to official sources, has also caused the displacement of around 200,000 people. On 11 February 2010 the Government made an agreement with the Al Huti group that put an end to six months of warfare in Sa'dah, but fighting continues sporadically. There are upsets in local governorships in the South caused by the secessionist "South Movement," conflicts over natural resources, tribal conflicts and a growing al Qaeda organization, all of which amounts to a constant threat to peace.

Yemen and the MDGs

Education

The illiteracy rate in Yemen is 58.9% and the rate of enrolment in primary and secondary education is very low at 56.6%. This means that 2.9 million children and young people are outside the educational system, of whom 1.9 million are girls.[6] According to official statistics there are 14,632 schools, but 20% of these have closed and many others operate in the open air under the trees or are just tin huts. There are more than 100 pupils per class.

Workers in education make up 54% of the administrative apparatus of the State, but statistics show that 78.8% of school directors do not have university training and 4.4% have no schooling qualification at all. According to the 2003 education census, 17.5% of teachers are women. Teachers with university education make less than USD 150 a month, so they are forced to take other jobs to improve their quality of life. The Government has stated

1 UNDP, *Human Development Report 2009*. Available from: <hdr.undp.org/en/media/HDR_2009_ES_Complete.pdf>.

2 Government and Parliament reports for 2007–2008.

3 *Ibid.*

4 Central Census Office, *Census report 2008.*

5 National Women's Commission, *Report on the situation of women in Yemen 2008.*

6 Central Census Office, *op. cit.*

that 17% of the general budget goes to the education sector; in contrast defence and security account for more than 26%.

Health

According to an official Ministry of Health report, the country is very far from reaching the MDG health targets. The health sector budget is decreasing and hence so is the rate of health service coverage in the most vulnerable sectors. There are no specific criteria as regards infrastructure, employees, services, medicines, equipment or running costs. There are only 14,000 beds in the country's hospitals and health centres, which works out at one bed per 1,600 persons. There are 7,300 doctors, one for every 3,000 people. Users of health services are dissatisfied and service providers are also very unhappy with the Ministry of Health because the pay is so low, there is no stimulus and working conditions are bad.

Another very worrying factor is that Yemen has only 125 cubic metres of water per person per year and its underground reserves are rapidly being used up. Reports from Parliament indicate that water pollution is the main cause of the diseases and epidemics that affect 75% of the population. A World Bank study shows that water shortage problems are worse in rural areas, where 81% of the population lives.[7] Some 34% of Yemenis drinks untreated water from wells or other unprotected sources, from small cisterns, mobile tanks or just surface water. Some 60% of Yemenis lives in areas where malaria is prevalent.

Labour and social protection

The country's Constitution and labour and civil service laws are in line with international conventions concerning each person's natural right to work, to receive a fair wage and thus to enjoy a decent quality of life. However, in recent years public policies have strayed away from these principles. The social security system covers all government employees but only 70,000 private sector workers, which means that more than 4 million of the economically active population have no coverage. There is no health insurance system.

Poverty has increased and consequently there are now more than 500,000 children of basic education age (6–14 years) who have dropped out of school. Most of them help their parents in agricultural work or looking after livestock, but others live by begging or are taken to neighbouring countries illegally and made to beg or go into domestic work.

The effect of trade agreements

In 1985 following IMF and World Bank guidelines Yemen completely liberalized its trade. Since then it has lowered its customs tariffs to a minimum of 5% and a maximum of 25%, and this makes its own products less competitive against imports. The country's trade in agricultural products is in permanent deficit so it has to make up the shortfall in its population's food requirements with imports. Food accounts for 33% of total imports and this is a heavy burden on the trade balance and the balance of payments.

The industrial sector is markedly weak and lacks solidity as regards vertical and horizontal integration. It is still of only marginal importance in the country's total production and as an employer. Industrial production is based on importing the prime and intermediate materials that are needed. The country is making efforts to join the World Trade Organization (WTO) at the end of 2010 although the WTO still considers that Yemen does not qualify.

The role of civil society organizations

According to the Ministry of Social Affairs and Labour, there are around 7,000 civil society organizations, more than 75% of which are involved in charity and aid work and provide various services for poor families. There are not many organizations in the human rights field and those that there are tend to be concerned with human rights in general (i.e., they do not focus on specific areas such as women's rights or civil rights).

In spite of this, many training sessions, workshops, conferences and other events have been organized and there is debate about various problems in the sphere of human rights. Civil society organizations have also formed alliances and networks whose aim is to advocate for a range of improvements in the country's political, civil, social, economic and intellectual life.

These activities have not had any great effect on the general public as they tend to be limited to intellectual circles, but they have had some influence in the corridors of power such as Parliament and the central Government, which have begun to discuss several of the problems to which these organizations have called attention. There have not been any major changes, but some progress has been made in terms of the rights of women, children and the disabled and the promulgation of laws on transparency and anti-corruption.

Conclusions

In order to achieve sustainable development and get on track to achieve the MDGs, Yemen must make radical changes to the way wealth is produced and distributed. In this effort, the State will have to play a crucially important role. Some economics experts have advised the authorities to progressively reduce the country's dependence on income from oil (by 10%-12%) and diversify sources of income to other sectors with a share of not less than 10%.

This makes it essential to diversify agricultural production and to exercise suitable oversight and control over the environmental impact of productive activities, particularly regarding depletion of reserves of fresh water. This move to promote agriculture cannot even get under way until the tax laws are changed to enable domestic products to compete on equal terms with imported goods.

In addition, much stronger gender equality policies and programs are needed so that women can become genuinely integrated into the educational, political and economic sectors of the country. ■

7 "Water war in Yemen", *Yemen Times*, 12 August 2009. Available from: <www.yementimes.com/DefaultDET.aspx?i=932&p=health&a=1>.

ZAMBIA

Foreign direct investment and the fulfillment of basic rights

Since the 1990s, Foreign Direct Investment (FDI) has played an increasingly important role in the country's economy, rehabilitating the copper industry and boosting production and exports of non-traditional products and services. However, this investment has not been used effectively to promote development and reduce poverty. Instead, it is contributing to an erosion of people's rights, including development rights, the right to food, education, a clean environment and women's participation in political decision-making.

Women for Change
Lucy Muyoyeta

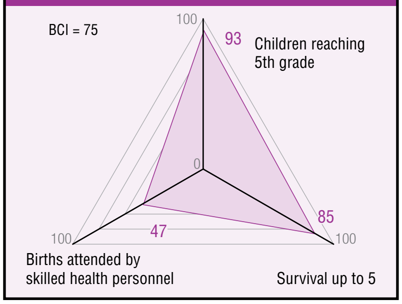
Currently, 63% of the population lives in rural areas; the majority earning its livelihood through agriculture. Poverty is much greater in rural areas; 83% of inhabitants (5.9 million people) are poor, and 71% extremely poor.[1] Many of the poorest people live in households headed by women. In 2000, 19.5% of rural households (1,241,500) were female headed.[2]

Despite the urgent need to address these issues, the agricultural sector has been neglected. In fact, the introduction of liberal economic policies has pushed small-scale farmers back into subsistence farming; many must struggle to meet their food needs. The production and marketing problems they face are immense. In addition, the introduction of market policies in land acquisition threatens their ability to keep their holdings. Large corporations are acquiring vast pieces of land for cultivation of bio-fuels, as well as mining and agriculture. To secure their food supply at a time of volatile global markets, rich countries with poor agriculture resources or a growing need for imports – such as Saudi Arabia and China – are accumulating vast tracts of land in other countries. The UN Special Rapporteur for the Right to Food has identified large-scale transnational land investments as one of the new trends that emerged from the 2008 global food crisis that has not been properly addressed by the international community, and identified Zambia as one of the target countries. As a result, land tenure security for the majority of poor Zambians is in jeopardy.

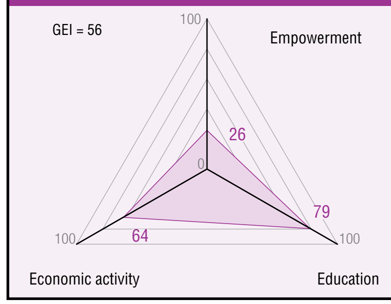
Food insecurity

Since the 1990s, neglect of agriculture also led to the spread of cattle diseases. Previously, the Government ensured that preventive measures, such as cattle dipping, were taken to protect the country's livestock from disease. When the economy was liberalized in the 1990s, these services were withdrawn and diseases originating in neighboring countries crossed the borders and spread throughout large parts of the country, destroying about half of the

Basic Capabilities Index (BCI) 2010



Gender Equity Index (GEI) 2009



country's livestock. This affected small-scale farmers as much as herders, since many farmers depended on draught animals to prepare soil for cultivation, and on their manure to fertilize the land. As a result, they have often become chronically food insecure.

In this environment, the rising cost of maize and other staples in 2007 and 2008 was a heavy blow to already food insecure Zambians, both in urban and remote food deficit rural areas. Zambia's annual food inflation rate in June 2008 rose to 15.6%. This was in stark contrast to the situation one year earlier, when the rate was running at 4.8%. In 2010, the inflation rate for April decelerated to 9.2% from 10.2% in March, according to the Central Statistical Office.[3]

A number of factors contribute to household food insecurity – such as household income levels, age, education, gender, size and structure of household, labour constraints due to poor health and effects of HIV and AIDS, food production levels, food prices and distance to markets.

Food insecurity is a significant precursor to malnutrition. A key indicator of access to inadequate nutrition is the prevalence of underweight children (under five years of age). In 1991, the prevalence rate was 22%; by 2007, it had dropped to 14.6%. However, between 2003 and 2008, 45% of children under five years of age suffered from moderate or severe stunting. The effects of childhood malnutrition are long term, often affecting the child's ability to learn.

Unequal opportunities for girls and women

Good progress is being made in enrolling both girls and boys at primary school level, owing to the introduction of free basic education in 2002. The dropout ratio in primary level has been stable at close to 1.0%. However, the ratio at the secondary level declined between 2003 and 2006.[4] Affirmative action at some universities and teacher training colleges has helped push up the number of girls enrolled at tertiary level. Nevertheless, the dropout rate for females remains higher than for males at all levels of the school system. At grades 1-9, it is 3%, versus 2.1% for males. At grades 10-12, it is 1.98%, and 1.25% for males.[5]

What these figures don't show is the number of children who are out of the system, expected to reach 1.2 million by the end of 2010. Many children who have not been orphaned but are in families struck by HIV and AIDS cannot attend school. Besides, figures do not indicate the quality of the education those who are in school receive. In Zambia, HIV and AIDS have taken a heavy toll on the education. The number of orphans has soared over the last decade. In 1996, the number of school-aged orphans who were not in school was estimated at 400,000 – by 1998 the number had doubled. These children could not afford to attend school due to poverty, or the need to care for sick parents and guardians, engage in income generating activities or early marriage (especially for girls).

The quality of education has been compromised by a dearth of teachers, especially in rural areas, as well as inadequate infrastructure, equipment and learning materials and sexual harassment and violence against girls in schools.

1 IFAD, Rural Poverty in Zambia. Available from: <www.ruralpovertyportal.org/web/guest/country/home/tags/zambia>.

2 Central Statistical Office, *Zambia: 2000 Census of Population and Household*, November 2003.

3 Chiwoyu Sinyangwe, "Zambia's inflation falls by 1%," *The Post Online*, 30 April 2010.

4 UNDP, *Zambia – Millennium Development Goals Progress Report 2008*, Available from: <www.undp.org.zm/joomla/attachments/005_Zambia%20MDGs%20Progress%20Report%20Zambia%202008.pdf>.

5 *Ibid.*

In the political sphere, the patriarchal attitudes that continue to undermine women's rights in all spheres have kept Zambia a long way from the target of 50% women representation in decision-making stipulated by the Southern African Development Council and African Union protocols. The proportion of women holding elected office in national parliament and at local government level has increased, but at an extremely slow pace. In 1991, there were only 6% of parliamentary representatives were women. The proportion climbed to 12% in1996. It remained at that level in 2001, and rose marginally after the last elections in 2006, to 14%. The proportion of women elected as councilors remains a paltry 7%.

Foreign Direct Investment

The Government raises revenues to finance development from three broad sources: domestic revenues, Official Development Assistance (ODA) and domestic and foreign borrowing. Domestic revenues sources include various taxes, such as the company income tax, the mineral royalty tax, custom, and excise and trade taxes derived from Foreign Direct Investment (FDI). Since 2004, with the exception of 2006, over 70% of Government revenue has come from domestic revenues. This coincides with the period when investment flows to Zambia grew significantly.

FDI is seen as an important contributor to development, bringing capital, technology, management expertise, jobs and access to new markets. Many governments, including Zambia's, have developed policies in order to encourage FDI.

In the year 2000, new investment into Zambia totaled USD 121.7 million. After that, the flow increased considerably, reaching USD 334 million in 2004.[6] Most of this money goes into tourism, manufacturing, construction, telecommunications and mining. China is the fastest-growing investor[7] but the influx from Canada and the UK remains greater.

Zambia offers a very liberal investment environment. Currently, FDI is governed by the Zambia Development Agency Act of 2006, which does not stipulate any requirements for local content, technology transfer, equity, employment or use of subcontractors, although foreign investors are encouraged to commit to local participation. The act allows investors to repatriate any capital investments freely, repatriate profit, dividends, interest, fees. It also allows foreign nationals to transfer out wages earned in the country.

Since the 1990s, FDI has played an increasing role in the country's economy, contributing to increased capital inflows and investment, rehabilitating the copper industry and enhancing the production and exports of non-traditional products and services. However, Zambia has not used FDI effectively to promote development and reduce poverty.[8] In promoting FDI, one of the Government's objectives has been diversification to reduce the economy's heavy dependency on copper exports. Despite this goal, copper remains very dominant, in part due to the significant increase in the mineral's global market price since 2004. FDI has not yet made a significant dent in poverty either. The incidence of those living in extreme poverty has inched down from 58% in 1991 to 51% in 2006, with marked fluctuations during these years.

Economic progress has been limited by the Government's failure to pay sufficient attention to the capacity of the domestic private sector and the factors hindering its development. This has led to deindustrialization in some sectors of the economy, reducing the possibility of domestic companies to link up with foreign investors. In addition, the liberal investment policies do not require foreign companies to link up with local producers or suppliers, or even give them incentives to do so.

FDI has not had the desired multiplier effect on domestic players. Further, policies such as the tax incentives given to foreign investors make it difficult for domestic players to compete. A weak domestic private sector significantly reduces potential benefits from FDI through linkages and spillover effects. A strong domestic private sector would attract additional FDI by exhibiting an economic climate receptive to investment.

The Citizens Economic Act

In 2006, the Government passed the Citizens Economic Act and subsequently established a Citizens Economic Empowerment Commission (CEEC) with a mandate to encourage broad based, effective ownership and meaningful participation of citizens in the economy that would contribute to a sustainable economy. The performance and impact of this effort to empower the domestic private sector remains to be seen.

Studies of copper mining (the largest beneficiary of FDI) reveal reasons why the increase in FDI has not been a more significant tool for development and or poverty reduction, including:[9]

- The signing of one-sided deals known as Development Agreements. Largely kept secret, these arrangements exempt investing companies from various obligations, including paying most taxes and many national laws – for example, those related to environmental pollution. They also guarantee protection from future legislation until the end of the 15-20 year "Stability Periods."
- Casualization of the work force. Although new jobs have been created, their quality has drastically declined. An estimated 45% of the work force in the mines has been unable to obtain permanent pensionable jobs. Most workers are on fixed-term contracts with significantly less beneficial terms and conditions than regular employment.
- Environmental pollution. Some investors have not adhered to those national laws that still apply to them. Incidents of environmental mismanagement have damaged the health of the local population. The three most common and serious problems are sulphur dioxide emissions from smelters, heavy metal effluents being discharged into drinking water and silting of local rivers.

Conclusions

One of the major reasons why FDI is not contributing as much as it should to sustainable development is the low revenue the Government derives from taxes. A breakdown of the 2010 budget shows that the largest contributors to revenue are Pay as you Earn (individual employees' tax) at 19% and Value Added Tax at 18%.[10] Company Income Tax contributes 8% and mineral royalty tax contributes 2%. As metal prices soared after 2004 a windfall tax was introduced in 2007; however, after a lot of pressure from the mining companies, this tax – which could have contributed a lot more to the treasury – was repealed in 2009.

The focus on incentives to attract FDI is disproportionately weighted towards economic incentives. The Government does not invest in workforce skills through support for sectors such as education and health, which would reduce poverty much more substantially. Furthermore, under current policies, FDI actually diminishes people's rights, such as the right to food and a clean environment; and, without the concerted efforts of duty bearers, it will actually do little or nothing for women's rights. ■

6 United Nations Conference on Trade and Development (UNCTAD), *Investment Policy Review – Zambia,* New York and Geneva, 2006. Available from: <www.unctad.org/en/docs/iteipc200614_en.pdf>.

7 Peter Kragelund, "Opening the black box of China-Africa relations: the magnitude and composition of Chinese investments in Zambia," Danish Institute of International Studies, 2008.

8 UNCTAD, Investment Policy Review – Zambia, 2006, *op cit.*

9 Alistair Fraser and John Lungu, "For whom the windfalls? Winners and losers in the privatization of Zambia's Copper Mines." Available at: <www.minewatchzambia.com/reports/report.pdf>.

10 Deloitte and Touche, 2009. *Zambia Budget 2010–Keeping the right balance.*

APPENDIX

United Nations Millennium Declaration
Resolution adopted by the General Assembly [without reference to a Main Committee (A/55/L.2)]

The General Assembly

Adopts the following Declaration:

55/2. United Nations Millennium Declaration

I. Values and principles

1. We, heads of State and Government, have gathered at United Nations Headquarters in New York from 6 to 8 September 2000, at the dawn of a new millennium, to reaffirm our faith in the Organization and its Charter as indispensable foundations of a more peaceful, prosperous and just world.

2. We recognize that, in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs.

3. We reaffirm our commitment to the purposes and principles of the Charter of the United Nations, which have proved timeless and universal. Indeed, their relevance and capacity to inspire have increased, as nations and peoples have become increasingly interconnected and interdependent.

4. 4. We are determined to establish a just and lasting peace all over the world in accordance with the purposes and principles of the Charter. We rededicate ourselves to support all efforts to uphold the sovereign equality of all States, respect for their territorial integrity and political independence, resolution of disputes by peaceful means and in conformity with the principles of justice and international law, the right to self-determination of peoples which remain under colonial domination and foreign occupation, non-interference in the internal affairs of States, respect for human rights and fundamental freedoms, respect for the equal rights of all without distinction as to race, sex, language or religion and international cooperation in solving international problems of an economic, social, cultural or humanitarian character.

5. We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people. For while globalization offers great opportunities, at present its benefits are very unevenly shared, while its costs are unevenly distributed. We recognize that developing countries and countries with economies in transition face special difficulties in responding to this central challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalization be made fully inclusive and equitable. These efforts must include policies and measures, at the global level, which correspond to the needs of developing countries and economies in transition and are formulated and implemented with their effective participation.

6. We consider certain fundamental values to be essential to international relations in the twenty-first century. These include:
   - *Freedom.* Men and women have the right to live their lives and raise their children in dignity, free from hunger and from the fear of violence, oppression or injustice. Democratic and participatory governance based on the will of the people best assures these rights.
   - *Equality.* No individual and no nation must be denied the opportunity to benefit from development. The equal rights and opportunities of women and men must be assured.
   - *Solidarity.* Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most.
   - *Tolerance.* Human beings must respect one other, in all their diversity of belief, culture and language. Differences within and between societies should be neither feared nor repressed, but cherished as a precious asset of humanity. A culture of peace and dialogue among all civilizations should be actively promoted.
   - *Respect for nature.* Prudence must be shown in the management of all living species and natural resources, in accordance with the precepts of sustainable development. Only in this way can the immeasurable riches provided to us by nature be preserved and passed on to our descendants. The current unsustainable patterns of production and consumption must be changed in the interest of our future welfare and that of our descendants.
   - *Shared responsibility.* Responsibility for managing worldwide economic and social development, as well as threats to international peace and security, must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organization in the world, the United Nations must play the central role.

7. In order to translate these shared values into actions, we have identified key objectives to which we assign special significance.

II. Peace, security and disarmament

8. We will spare no effort to free our peoples from the scourge of war, whether within or between States, which has claimed more than 5 million lives in the past decade. We will also seek to eliminate the dangers posed by weapons of mass destruction.

9. We resolve therefore:
   - To strengthen respect for the rule of law in international as in national affairs and, in particular, to ensure compliance by Member States with the decisions of the International Court of Justice, in compliance with the Charter of the United Nations, in cases to which they are parties.
   - To make the United Nations more effective in maintaining peace and security by giving it the resources and tools it needs for conflict prevention, peaceful resolution of disputes, peacekeeping, post-conflict peace-building and reconstruction. In this context, we take note of the report of the Panel on United Nations Peace Operations and request the General Assembly to consider its recommendations expeditiously.
   - To strengthen cooperation between the United Nations and regional organizations, in accordance with the provisions of Chapter VIII of the Charter.
   - To ensure the implementation, by States Parties, of treaties in areas such as arms control and disarmament and of international humanitarian law and human rights law, and call upon all States to consider signing and ratifying the Rome Statute of the International Criminal Court.
   - To take concerted action against international terrorism, and to accede as soon as possible to all the relevant international conventions.
   - To redouble our efforts to implement our commitment to counter the world drug problem.
   - To intensify our efforts to fight transnational crime in all its dimensions, including trafficking as well as smuggling in human beings and money laundering.
   - To minimize the adverse effects of United Nations economic sanctions on innocent populations, to subject such sanctions regimes to regular reviews and to eliminate the adverse effects of sanctions on third parties.
   - To strive for the elimination of weapons of mass destruction, particularly nuclear weapons, and to keep all options open for achieving this aim, including the possibility of convening an international conference to identify ways of eliminating nuclear dangers.
   - To take concerted action to end illicit traffic in small arms and light weapons, especially by making arms transfers more transparent and supporting regional disarmament measures, taking account of all the recommendations of the forthcoming United Nations Conference on Illicit Trade in Small Arms and Light Weapons.
   - To call on all States to consider acceding to the Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Mines and on Their Destruction, as well as the amended mines protocol to the Convention on conventional weapons.

10. We urge Member States to observe the Olympic Truce, individually and collectively, now and in the future, and to support the International Olympic Committee in its efforts to promote peace and human understanding through sport and the Olympic Ideal.

III. Development and poverty eradication

11. We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected. We are committed to making the right to development a reality for everyone and to freeing the entire human race from want.

12. We resolve therefore to create an environment – at the national and global levels alike – which is conducive to development and to the elimination of poverty.

13. Success in meeting these objectives depends, *inter alia*, on good governance within each country. It also depends on good governance at the international level and on transparency in the financial, monetary and trading systems. We are committed to an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.

14. We are concerned about the obstacles developing countries face in mobilizing the resources needed to finance their sustained development. We will therefore make every effort to ensure the success of the High-level International and Intergovernmental Event on Financing for Development, to be held in 2001.

15. We also undertake to address the special needs of the least developed countries. In this context, we welcome the Third United Nations Conference on the Least Developed Countries to be held in May 2001 and will endeavour to ensure its success. We call on the industrialized countries:
   - To adopt, preferably by the time of that Conference, a policy of duty- and quota-free access for essentially all exports from the least developed countries;
   - To implement the enhanced programme of debt relief for the heavily indebted poor countries without further delay and to agree to cancel all official bilateral debts of those countries in return for their making demonstrable commitments to poverty reduction; and
   - To grant more generous development assistance, especially to countries that are genuinely making an effort to apply their resources to poverty reduction.

16. We are also determined to deal comprehensively and effectively with the debt problems of low- and middle-income developing countries, through various national and international measures designed to make their debt sustainable in the long term.

17. We also resolve to address the special needs of small island developing States, by implementing the Barbados Programme of Action and the outcome of the twenty-second special session of the General Assembly rapidly and in full. We urge the international community to ensure that, in the development of a vulnerability index, the special needs of small island developing States are taken into account.

18. We recognize the special needs and problems of the landlocked developing countries, and urge both bilateral and multilateral donors to increase financial and technical assistance to this group of countries to meet their special development needs and to help them overcome the impediments of geography by improving their transit transport systems.

19. We resolve further:
- To halve, by the year 2015, the proportion of the world's people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water.
- To ensure that, by the same date, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education.
- By the same date, to have reduced maternal mortality by three quarters, and under-five child mortality by two thirds, of their current rates.
- To have, by then, halted, and begun to reverse, the spread of HIV/AIDS, the scourge of malaria and other major diseases that afflict humanity.
- To provide special assistance to children orphaned by HIV/AIDS.
- By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the "Cities Without Slums" initiative.

20. We also resolve:
- To promote gender equality and the empowerment of women as effective ways to combat poverty, hunger and disease and to stimulate development that is truly sustainable.
- To develop and implement strategies that give young people everywhere a real chance to find decent and productive work.
- To encourage the pharmaceutical industry to make essential drugs more widely available and affordable by all who need them in developing countries.
- To develop strong partnerships with the private sector and with civil society organizations in pursuit of development and poverty eradication.
- To ensure that the benefits of new technologies, especially information and communication technologies, in conformity with recommendations contained in the ECOSOC 2000 Ministerial Declaration, are available to all.

IV. Protecting our common environment

21. We must spare no effort to free all of humanity, and above all our children and grandchildren, from the threat of living on a planet irredeemably spoilt by human activities, and whose resources would no longer be sufficient for their needs.

22. We reaffirm our support for the principles of sustainable development, including those set out in Agenda 21, agreed upon at the United Nations Conference on Environment and Development.

23. We resolve therefore to adopt in all our environmental actions a new ethic of conservation and stewardship and, as first steps, we resolve:
- To make every effort to ensure the entry into force of the Kyoto Protocol, preferably by the tenth anniversary of the United Nations Conference on Environment and Development in 2002, and to embark on the required reduction in emissions of greenhouse gases.
- To intensify our collective efforts for the management, conservation and sustainable development of all types of forests.
- To press for the full implementation of the Convention on Biological Diversity and the Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, particularly in Africa.
- To stop the unsustainable exploitation of water resources by developing water management strategies at the regional, national and local levels, which promote both equitable access and adequate supplies.
- To intensify cooperation to reduce the number and effects of natural and man-made disasters.
- To ensure free access to information on the human genome sequence.

V. Human rights, democracy and good governance

24. We will spare no effort to promote democracy and strengthen the rule of law, as well as respect for all internationally recognized human rights and fundamental freedoms, including the right to development.

25. We resolve therefore:
- To respect fully and uphold the Universal Declaration of Human Rights.
- To strive for the full protection and promotion in all our countries of civil, political, economic, social and cultural rights for all.
- To strengthen the capacity of all our countries to implement the principles and practices of democracy and respect for human rights, including minority rights.
- To combat all forms of violence against women and to implement the Convention on the Elimination of All Forms of Discrimination against Women.
- To take measures to ensure respect for and protection of the human rights of migrants, migrant workers and their families, to eliminate the increasing acts of racism and xenophobia in many societies and to promote greater harmony and tolerance in all societies.
- To work collectively for more inclusive political processes, allowing genuine participation by all citizens in all our countries.
- To ensure the freedom of the media to perform their essential role and the right of the public to have access to information.

VI. Protecting the vulnerable

26. We will spare no effort to ensure that children and all civilian populations that suffer disproportionately the consequences of natural disasters, genocide, armed conflicts and other humanitarian emergencies are given every assistance and protection so that they can resume normal life as soon as possible.

We resolve therefore:
- To expand and strengthen the protection of civilians in complex emergencies, in conformity with international humanitarian law.
- To strengthen international cooperation, including burden sharing in, and the coordination of humanitarian assistance to, countries hosting refugees and to help all refugees and displaced persons to return voluntarily to their homes, in safety and dignity and to be smoothly reintegrated into their societies.
- To encourage the ratification and full implementation of the Convention on the Rights of the Child and its optional protocols on the involvement of children in armed conflict and on the sale of children, child prostitution and child pornography.

VII. Meeting the special needs of Africa

27. We will support the consolidation of democracy in Africa and assist Africans in their struggle for lasting peace, poverty eradication and sustainable development, thereby bringing Africa into the mainstream of the world economy.

28. We resolve therefore:
- To give full support to the political and institutional structures of emerging democracies in Africa.
- To encourage and sustain regional and subregional mechanisms for preventing conflict and promoting political stability, and to ensure a reliable flow of resources for peacekeeping operations on the continent.
- To take special measures to address the challenges of poverty eradication and sustainable development in Africa, including debt cancellation, improved market access, enhanced Official Development Assistance and increased flows of Foreign Direct Investment, as well as transfers of technology.
- To help Africa build up its capacity to tackle the spread of the HIV/AIDS pandemic and other infectious diseases.

VIII. Strengthening the United Nations

29. We will spare no effort to make the United Nations a more effective instrument for pursuing all of these priorities: the fight for development for all the peoples of the world, the fight against poverty, ignorance and disease; the fight against injustice; the fight against violence, terror and crime; and the fight against the degradation and destruction of our common home.

30. We resolve therefore:
- To reaffirm the central position of the General Assembly as the chief deliberative, policy-making and representative organ of the United Nations, and to enable it to play that role effectively.
- To intensify our efforts to achieve a comprehensive reform of the Security Council in all its aspects.
- To strengthen further the Economic and Social Council, building on its recent achievements, to help it fulfil the role ascribed to it in the Charter.
- To strengthen the International Court of Justice, in order to ensure justice and the rule of law in international affairs.
- To encourage regular consultations and coordination among the principal organs of the United Nations in pursuit of their functions.
- To ensure that the Organization is provided on a timely and predictable basis with the resources it needs to carry out its mandates.
- To urge the Secretariat to make the best use of those resources, in accordance with clear rules and procedures agreed by the General Assembly, in the interests of all Member States, by adopting the best management practices and technologies available and by concentrating on those tasks that reflect the agreed priorities of Member States.
- To promote adherence to the Convention on the Safety of United Nations and Associated Personnel.
- To ensure greater policy coherence and better cooperation between the United Nations, its agencies, the Bretton Woods Institutions and the World Trade Organization, as well as other multilateral bodies, with a view to achieving a fully coordinated approach to the problems of peace and development.
- To strengthen further cooperation between the United Nations and national parliaments through their world organization, the Inter-Parliamentary Union, in various fields, including peace and security, economic and social development, international law and human rights and democracy and gender issues.
- To give greater opportunities to the private sector, non-governmental organizations and civil society, in general, to contribute to the realization of the Organization's goals and programmes.

31. We request the General Assembly to review on a regular basis the progress made in implementing the provisions of this Declaration, and ask the Secretary-General to issue periodic reports for consideration by the General Assembly and as a basis for further action.

32. We solemnly reaffirm, on this historic occasion, that the United Nations is the indispensable common house of the entire human family, through which we will seek to realize our universal aspirations for peace, cooperation and development. We therefore pledge our unstinting support for these common objectives and our determination to achieve them.

8th plenary meeting
8 September 2000

MILLENNIUM DEVELOPMENT GOALS

The eight Millennium Development Goals (MDGs) – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the world's countries and all the world's leading development institutions. They have galvanized unprecedented efforts to meet the needs of the world's poorest.

GOAL 1: ERADICATE EXTREME POVERTY & HUNGER

Target 1.A Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Target 1.B Achieve full and productive employment and decent work for all, including women and young people

Target 1.C Halve, between 1990 and 2015, the proportion of people who suffer from hunger

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

GOAL 4: REDUCE CHILD MORTALITY

Target 4.A Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

GOAL 5: IMPROVE MATERNAL HEALTH

Target 5.A Reduce by three quarters the maternal mortality ratio

Target 5.B Achieve universal access to reproductive health

GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 6.A Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 6.B Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

Target 6.C Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target 7.B Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

Target 7.C Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation

Target 7.D By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.A Address the special needs of least developed countries, landlocked countries and small island developing states

Target 8.B Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target 8.C Deal comprehensively with developing countries' debt

Target 8.D In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 8.E In cooperation with the private sector, make available benefits of new technologies, especially information and communications

Source: <www.un.org/spanish/milleniumgoals/>

SOCIAL WATCH REPORT 2010

IRAQ: Arising opportunities must be seized not only to promote the social rehabilitation of the country but also to encourage and support new institutional structures, legislation and its enforcement for the protection of women's rights.

UNITED STATES: ... the worst economic crisis since 1929 has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice.

BOLIVIA: The extractive model (...) takes more money out of the country than it generates in domestic economy.

SOMALIA: Resources from piracy are almost as significant as those coming from the European Commission.

ITALY: Financing for development has also suffered a drastic reduction, and Italy is not meeting its international commitments.

SLOVENIA: ... if the country is to survive in the new international environment it has to experience social, political and economic paradigm shifts.

AFGHANISTAN: ... resources should be used not for political and military gain but to establish a humanitarian space for development (...).

MEXICO: ... there are states in the south with indicators more like those of the poorest parts of the world.

NEW SOCIAL DEAL: Only a complete transformation of society organized around a new logic can lead to a world in which meeting human needs, not corporate profits, is the priority.

TANZANIA: Official Development Assistance (ODA) disbursement is often late and does not go with the national budget process.

BANGLADESH: While the country is a minuscule polluter, it is an enormous victim of global warming.

GLOBAL CLIMATE: ... combating climate crisis (...) requires the effective, transparent and responsible participation of all stakeholders – governments, civil society organizations and financial institutions – in an integrated manner.

NEPAL: ... workers have been trafficked across borders, abused or even enslaved. In 2009 alone, at least 600 Nepalese died in the Gulf States and Malaysia.

CROATIA: ... to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent.

CRITICAL SHAREHOLDING: If the financial actors and managers still want to invest in unsustainable companies (...) let's make clear that we don't want to be their accomplices (...).

GENDER: The time has come for a new development paradigm with equal rights and opportunities for all.

Social Watch is an international network of citizens' organizations in the struggle to eradicate poverty and the causes of poverty, to end all forms of discrimination and racism, to ensure an equitable distribution of wealth and the realization of human rights. We are committed to peace, social, economic, environment and gender justice, and we emphasize the right of all people not to be poor.

Social Watch holds governments, the UN system and international organizations accountable for the fulfilment of national, regional and international commitments to eradicate poverty.

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