ENGLISH PRESS
U.N. foresees dramatic cuts in poverty

By Mary Beth Sheridan
Washington Post Staff Writer
Tuesday, September 21, 2010; 3:22 AM

A decade ago, world leaders at the United Nations signed off on eight goals aimed at transforming the lives of the world's least fortunate - including cutting extreme poverty in half by 2015. Many Americans were skeptical; in a poll, only 8 percent thought that was possible.

This week, as nations gather to assess the goals, the United Nations countered the skeptics with an announcement: The world is actually on track to halve the percentage of people on the lowest rung of the economic ladder.

Even with the brutal global recession, the ranks of the world's desperately poor are likely to shrink to 15 percent of the population by 2015, less than half of the original 42 percent, said a recent U.N. report. The World Bank, in a separate analysis, said the objective appears "well within reach."

Despite the achievement, not everyone is celebrating.

Because of the economic crisis and jumps in food and fuel prices, "the momentum has been derailed" toward even deeper cuts in poverty, Dominique Strauss-Kahn, of the International Monetary Fund, said Monday at the opening session of a summit on the Millennium Development Goals, as the U.N. benchmarks are known.

Several of the original eight goals will probably not be met, including slashing the maternal and child mortality rate worldwide. Moreover, the progress on poverty comes with caveats: The absolute number of poor will shrink less than the percentage figure, because of population growth. Many note that the decline in poverty is due in large part to changes in a few big countries - in particular, China.

Still, development experts say that there are numerous underreported success stories in other countries, even in Africa. While the economic growth drove the reductions in poverty, the ambitious U.N. goals prompted a greater flow of international aid, and got some poor countries to adopt better policies, experts say.

"What is not often understood is how many countries there are that have been making real progress," said Mark Suzman, policy director at the Global Development Program of the Bill and Melinda Gates Foundation. For example, he said, nine African nations have already succeeded in halving their rate of extreme poverty since 1990, the baseline for the U.N. targets.

The U.N. goals are aimed at the dirt-poor, a different level of misery than what's measured in the United States. The U.S. census sets the poverty level at $22,000 a year for a family of four. The U.N. goal, in contrast, targeted people living on less than $1 a day (later raised to $1.25 to reflect inflation). Many of
them live in mud huts and shanty towns, with little access to flush toilets, medicine or high school.

How have so many people managed to get out of poverty? China, with 1.3 billion people, has had the biggest impact. About 60 percent of its massive population lived in extreme poverty in 1990; because of pro-market overhauls, that figure had plummeted to 16 percent by 2005, according to U.N. figures.

Excluding China, the percentage of people worldwide in extreme poverty is still projected to drop from about 35 percent to 18 percent in 2015, according to the World Bank.

"There are a lot of very large countries in terms of population that have had dramatic reductions in poverty," said Benjamin Leo, a researcher at the Center for Global Development. He cited Brazil, Pakistan, Vietnam and Bangladesh as examples.

While growth is the most critical ingredient in lowering poverty, other factors have mattered too - like remittances, improved governance, international aid and social spending.

For example, Brazil's growth averaged 4.2 percent a year from 2003 to 2008, healthy if not red-hot like China's. But about one-quarter of the Brazilian population is now getting small cash payments under an innovative government program known as Bolsa Familia. The country's rate of extreme poverty fell by one-third, to 5 percent, according to the World Bank.

The relatively bright picture on poverty reduction doesn't extend to sub-Saharan Africa, which fared the worst of all regions. Analysts say development there has been stalled by conflicts in big countries like Sudan and the Democratic Republic of the Congo, as well as environmental devastation.

Africa's poverty rate fell from 58 percent in 1996 to 50 percent in 2005, according to the World Bank. But because of population growth, the absolute number of poor grew from 296 million to 388 million. In other words, the poor were a smaller slice of the pie, but the pie got bigger.

Still, analysts say, there are notable examples of improvement in the continent. Consider Ethiopia, which became the symbol of African suffering during the 1984 famine. The level of extreme poverty there has dropped from 60 percent to 39 percent.

The country was, of course, coming off a low base. But Ethiopia has benefited from strong growth and government policies that are more business-friendly and give local communities more say in spending on schools, water and sanitation, according to Africa experts.

"They've improved delivery of basic services quite dramatically," said Shanta Devarajan, chief economist for Africa at the World Bank, a major provider of aid to the country.

The Millennium Development Goals were originally proposed by a broad movement of activists and others to reinvigorate foreign aid after it plunged in the aftermath of the Cold War.

"In this context, they were extremely successful. Aid has exploded over the last 10 years," with such programs as the Global Fund to Fight AIDS, Tuberculosis and Malaria, said Leo. In addition, billions of dollars in poor countries' debts have been forgiven.

But many countries participating in the summit are angered the developed world hasn't been more generous, and hasn't kept some of its aid promises.

While many initially saw the goals as wildly optimistic, they were embraced by aid institutions and many
poor countries.

"When I look at governments in low-income regions around the world, the [development goals] are very high on the minds of the cabinet, and very much embedded in government strategies and structures," said Jeffrey Sachs, a leading economist and adviser to U.N. Secretary General Ban Ki-moon.

"This has been a big change. . . . It's surprising, because most U.N. goals are not remembered, they don't last 10 years. They don't necessarily last a year."

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Jeffrey Sachs: yearning for happiness - and innovative financing
September 21 2010 12:26pm by beyondbrics

Jeffrey Sachs is blogging for beyondbrics from New York during the Millennium Development Goals summit, which runs from Monday to Wednesday this week.

The MDG Summit got underway with speeches, dozens of side meetings, and countless informal caucuses and exchanges on the sidewalks around UN headquarters. The message from world leaders was clear: the MDGs are at the centre of national objectives in poor countries, and remain at the centre of global cooperation of rich countries. But the rich countries were also clear: we need a new financing system to ensure the success of the MDGs. The current approach is simply not adequate.

President Nicolas Sarkozy of France and Prime Minister José Luis Rodríguez Zapatero of Spain both emphasized the need for innovative financing, especially through a new tax on international financial transactions. This idea has been around for decades. The late Nobel Laureate James Tobin noted that such a tax could do triple duty, reducing speculative capital flows (of the kind that almost toppled the world economy), raising revenues for domestic needs and also raising revenues to pay for global public goods, such as the fight against extreme poverty, hunger and disease. More and more, it seems that Europe is ready for such a tax. It is the US and Canada that have been the foot-draggers. The White House and US Treasury, alas, have seen their job as protecting Wall Street, rather than taxing Wall Street as would be so eminently sensible given the experience of recent years (and the continuing mega-bonuses of the bankers).

There was one major round of applause this morning for a head of state interrupting a speech to the General Assembly. That rare honor was reserved for the Prime Minister of Bhutan, who had his fellow leaders in rapt attention as he called for a world economy that not only met basic needs and promoted economic growth, but also promoted happiness. Drawing on Himalayan Buddhist wisdom and Bhutan’s unique quest for Gross National Happiness, Prime Minister Jigmi Y. Thinley told the world leaders that “since happiness is the ultimate desire of every citizen, it must be the purpose of development to create the conditions for happiness.” This requires a proper balance of consumption, leisure, good governance, and attentiveness to nature, biodiversity, and environmental sustainability.

Calling for a “holistic development paradigm,” Prime Minister Thinley suggested that “we include happiness as the ninth MDG. It is a goal that stands as a separate value while representing as well, the sum total outcome of the other eight. Its relevance goes beyond the poor and developing member states, to bind all of humanity, rich and poor, to a timeless common vision.” Judging from the spontaneous applause, indeed from rich and poor countries alike, the world is yearning for a bit more happiness in the midst of our current travails. For this wisdom in the halls of global power, the world community spontaneously gave its thanks.

Sachs is special adviser to the UN Secretary General on the MDGs and director of the Earth Institute at Columbia University.

Tags: development, jeffrey sachs
2 comments

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How refreshing - if only global leaders took such proposals seriously in the way they structure their macroeconomic/
Sarkozy vows poverty fight
_**Pledges to increase aid to poorest, asks other nations for help**_

By Edith M. Lederer

Associated Press

5:38 p.m., Monday, September 20, 2010

UNITED NATIONS | French President Nicolas Sarkozy(https://topics/nicolas-sarkozy/) on Monday pledged to boost aid to the world's poorest by 20 percent over the next three years and issued a plea for other developed nations to join him in meeting U.N.(https://topics/united-nations/) anti-poverty targets by 2015.

With Millennium Development Goals, set by the U.N.(https://topics/united-nations/) 10 years ago, lagging and hard hit by the global recession, Mr. Sarkozy(https://topics/nicolas-sarkozy/) implored world leaders not to fall back into "old bad habits" of ignoring global poverty as the world economy begins climbing out of the severe economic downturn.

"We have no right to do less than what we have decided to do," Mr. Sarkozy(https://topics/nicolas-sarkozy/) told the assembled leaders. He also said the world body should join in creating a small international tax on financial transactions that would go toward ending poverty and meeting other millennium goals.

Mr. Sarkozy(https://topics/nicolas-sarkozy/) said France(https://topics/france/) currently donates 10 billion euros ($13 billion) a year.

"The financial crisis is severe in the rich countries, it creates deficits," he said, "but its consequences are far worse for the poor countries."

U.N.(https://topics/united-nations/) Secretary-General Ban Ki-moon(https://topics/ban-ki-moon/) opened the summit with a call to the assembled presidents, prime ministers and kings to use their power to meet U.N.(https://topics/united-nations/) goals to help the world's poorest by 2015.

Ten years after world leaders set the most ambitious goals ever to tackle global poverty, they are gathered again to spur action to meet the deadline — which the U.N.(https://topics/united-nations/) says will be difficult, if not impossible, in some cases.

General Assembly President Joseph Deiss called the session to order, saying "We must achieve the Millennium Development Goals. We want to achieve them. And we can achieve them."

For centuries, the plight of the world's poor had been ignored but with the turn of the new millennium, leaders pledged to begin tackling poverty, disease, ignorance and inequality.

Israeli President Shimon Peres(https://topics/shimon-peres/) said peace and full stomachs were key to erasing poverty.

"We share the burden of saving the world from war and hunger. Without peace, poverty will remain. Without food, peace will not prevail," he said.

World leaders have vowed to reduce extreme poverty by half, ensure that every child has a primary school education, halt and reverse the HIV/AIDS pandemic, reduce maternal mortality by three-quarters and child
mortality by two-thirds.

Goals additionally called for cutting by half the number of people without access to clean water and basic sanitation — all by 2015. They also set goals to promote equality for women, protect the environment, increase development aid, and open the global trading and financial system.

"We brought new urgency to an age-old mission," the secretary-general told the assembled leaders. "And now, we have real results. New thinking and path-breaking public-private partnerships. Dramatic increases in school enrollment. Expanded access to clean water. Better control of disease. The spread of technology — from mobile to green."

But Mr. Ban called the advances "fragile" and declared "the clock is ticking, with much more to do."

He urged the leaders to deliver the needed resources "above all by exercising political leadership."

"Despite the obstacles, despite the skepticism, despite the fast-approaching deadline of 2015, the Millennium Development Goals are achievable," the secretary-general said.
Sarkozy says banks must help meet poverty goals

By Philippe Alfroy (AFP) - 1 day ago

UNITED NATIONS — French President Nicolas Sarkozy on Monday called for a global tax on financial transactions at a Millennium Goals summit where the UN chief led pleas for a new drive to cut extreme poverty.

UN Secretary General Ban Ki-moon said the struggling effort to help the most vulnerable populations could still be met if world leaders provide the necessary money, aid and political will.

About 140 heads of state or government are to speak at the three-day meeting aiming to rejuvenate the campaign to meet the eight Millennium Development Goals (MDGs) first launched at a UN summit in 2000.

The aims include cutting the more than one billion people living on less than a dollar a day, reducing by two-thirds the number of children who die before the age of five, seeking fairer trade, and spreading the Internet to the world's poor.

While spectacular progress has been made in some areas, most experts say none of the aims will be reached by the target date of 2015. The international financial crisis has cut off badly needed funding.

Underscoring the pessimistic tone of some observers was a "maternal death clock" set up in Times Square by rights group Amnesty International, marking one death each minute for a woman during childbirth.

Sarkozy said the major powers could not hide behind the international crisis to avoid past commitments.

"We have no right to shelter behind the economic crisis as supposed grounds for doing less," he said.

"Finance has globalized, so why should we not ask finance to participate in stabilizing the world by taking a tax on each financial transaction," Sarkozy said. He vowed to press for a global tax when France is head of the Group of 20 and Group of Eight countries next year.

"While all developed countries are in deficit, we must find new sources of financing for the struggle against poverty, for education and for the ending of the planet's big pandemics."

Sarkozy also said that France would increase its payments to the UN fund on AIDS and malaria by 60 million euros a year to 360 million euros (470 million dollars).

In opening the summit, UN Secretary General Ban Ki-moon said that world leaders must "send a strong message of hope."
The UN chief said that progress has been made since 2000 in increasing school attendance, expanding access to clean water and controlling deadly diseases.

"We must protect these advances, many of which are still fragile. And the clock is ticking, with much more to do." He said world leaders must stay "true to your commitment to end the dehumanizing conditions of extreme poverty."

"Recovery from the economic crisis should not mean a return to the flawed and unjust path that got us into trouble in the first place," he said.

UN officials estimate that at least 120 billion dollars will have to be found over the next five years to hope to meet the eight goals, which also include combating disease, protecting the environment and boosting education.

Aid groups, however, say much more will be needed and have expressed doubts about the political will of the leaders at the summit to stick to the 2000 goals.

Even politicians have indicated some doubts. At a meeting on the sidelines of the summit, Norway's Prime Minister Jens Stoltenberg said: "We're on track not to reach any of the development goals. We need more finance and better strategies. If we are going to mobilize more money we have to make more sure to spend it more wisely."

German Chancellor Angela Merkel said that not all the targets would be met in all countries by 2015.

"It's not just a question of money, we must also ask: 'What are we going to do with this money.' Only those with good governance can guarantee that the development will go well."

US President Barack Obama will make the keynote address to the summit on Wednesday, but US officials have warned against expecting significant new sums of money.

The volatile mix of leaders was highlighted in speeches at the summit.

Bolivia's President Evo Morales said that the "pillage" of natural resources in poorer countries had to be stopped.

He also proposed a bank just for southern nations to break free from dependency on the International Monetary Fund, which he said was dominated by the industrial powers.

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France, Spain call for global finance tax to help world's poor

BY STEVEN EDWARDS, POSTMEDIA NEWS  SEPTEMBER 21, 2010 10:16 AM

Spanish President José Luis Rodríguez Zapatero addresses the Millennium Development Goals Summit at the United Nations headquarters in New York, September 20, 2010.

Photograph by: Emmanuel Dunand, AFP/Getty Images

UNITED NATIONS — France and Spain pressed Monday for a tax on global capitalism, each telling the opening day of the UN's development-review summit that the recession has made "innovative financing" essential to help the world's poor.

The tax should be imposed on all financial transactions, insisted French President Nicolas Sarkozy and Spanish Prime Minister Jose Luis Rodriguez Zapatero during their speeches before leaders and representatives of almost 140 countries.

They spoke after UN Secretary General Ban Ki-moon called on the world's rich countries to "not balance budgets on the backs of the poor."

Canadian activists said Ban's request applies directly to the Canadian government's intention to freeze foreign aid next fiscal year as a deficit-reducing measure.

While the leaders of several developed countries have pressed the idea of launching a global finance tax before, speaking about it anew at such a widely attended summit gives it added weight.
The idea has also garnered growing attention as numerous developed countries, such as Canada, have announced plans to limit upcoming foreign aid transfers against the backdrop of the global recession.

"We can decide right here; why wait?" said Sarkozy. "Finance has globalized, so why should we not ask finance to participate in stabilizing the world by taking a tax on each financial transaction?"

Zapatero said alternative financing was needed that is "not as vulnerable" as rich-country budgets during a recession.

"My government is committed to defending the new tax, and making it a reality . . ." he said. "It appears sensible, just, and logical that we ask (for this) minimum effort to take millions of people out of misery."

Zapatero's government cut its development aid in the face of the financial crisis. By contrast, Canada's aid budget for the new fiscal year is — at $5.165 billion — at a record level ahead of the announced freeze next year.

The three-day conference aims to review the world's progress in achieving eight development goals meant to halve levels of poverty and dramatically increase living standards among the world's poor by 2015.

Amid the global economic recovery, new aid pledges are likely to be scarce, but Sarkozy said France would boost its contribution to the Geneva-based Global Fund to fight HIV/AIDS, tuberculosis and malaria in poor countries.

He said France would, over three years, give an additional 20 per cent of the current annual payment of $391 million, and challenged countries to make a similar gesture.

Insiders have suggested that Prime Minister Stephen Harper, who was scheduled to arrive Tuesday to deliver Canada's address, will announce an increase in Canada's contribution to the Global Fund.

But Canada joins the United States in being cool to the idea of launching a financial transaction tax.

In his address, Ban acknowledged there has been progress in trying to achieve the so-called Millennium Development Goals (MDGs), which emerged from pledges world governments made at the Millennium Summit in 2000.

But he called the advances "fragile," and argued that the "clock is ticking" if countries are to remain "true" to the initial goals.

"Being true means supporting the vulnerable despite the economic crisis," he said. "We should not balance budgets on the backs of the poor. We must not draw back from official development assistance — a lifeline of billions, for billions."

Ban will also this week call on rich countries to spend $169 billion on a UN plan he says will save the lives of 5.6 million women and children by improving their access to health care.
Progress of the MDG target of achieving a 75 per cent reduction in the number of maternal deaths during pregnancy is among the slowest, statistics show.

With so many countries attending the summit, proposals for achieving the MDGs varied widely. Bolivian President Evo Morales, who is vehemently anti-capitalist, said all the world’s resources should be nationalized so the “dividends they generate will remain” in the respective countries.

Bhutanese Prime Minister Jigme Thinley proposed adding "happiness" as a ninth MDG.

"Since happiness is the ultimate desire of every citizen, it must be the purpose of development to create enabling conditions for happiness," he said.

U.S. President Barack Obama is scheduled to address the summit Wednesday, using the occasion to reaffirm Washington’s commitment to the Millennium goals, say aides.

They add that the Obama administration is determined to eventually boost the U.S. aid budget to $52 billion from about $25 billion.

But Obama also faces taxpayer frustration over the U.S. economy and unemployment ahead of congressional elections November 2.

As such, he is expected to try to show that U.S. aid dollars are being well spent by using his address to press for new strategies that would see recipient countries commit to becoming more accountable and increasing efforts against corruption.

France has been among the leading advocates of looking to new sources of financing for development, and was the first country to introduce a tax on airline tickets to pay for aid.

In addition to Spain, countries such as Japan, South Korea, Brazil and Norway also support the idea, while Britain under the former Labour government was for it.

Business leaders say imposing such a new tax would dry up world financial flows and, therefore, end up slowing efforts to achieve worldwide economic development.

Aid groups said Monday that a World Bank announcement it would increase spending on education by $750 million was not enough.

The International Monetary Fund, meanwhile, said leaders would fail to slash poverty unless both rich and poor countries implement policies that restore global growth.

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France champions innovative financing for development

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Millennium Development Goals
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The European Union pledged one billion euros to help with the Millennium Development Goals at a summit in New York on Monday and some world leaders called for new taxes to help make up the 91-billion-euro shortfall in development aid, which needs to be filled in the next five years if the goals are to be met.

EU commission president Jose Manuel Barroso made the offer at the end of the first day of the summit on the goals.

"We have to produce more effective results because time is running out," said Barroso.

The money will come from the European Development Fund and will go to countries in Africa, the Caribbean and the Pacific region. It has not yet been allocated to specific objectives.

Spanish Prime Minister Jose Luis Zapatero, meanwhile, joined French President Nicolas Sarkozy is calling for an international financial tax to help cut poverty.

Zapatero said his government had promised to defend the goals, and to do that he had to support a tax on each financial transaction.

"We have no right to shelter behind the economic crisis as supposed grounds for doing less," said Sarkozy. "Finance has globalised so why should we not ask finance to participate in stabilising the world?"

He also said France would increase its payments to the United Nations fund on Aids and malaria by 60 million euros a year to 360 million euros a year.

France is one of the biggest supporters of so-called innovative financing methods for aid; it was the first country to introduce a tax on airlines to help pay for aid. UN Secretary General Ban Ki-moon calls France a "champion" of the air travel tax, which has spread to South Korea, Chile, Madagascar, Mauritius and Niger.

Benin, Burkina Faso, Democratic Republic of Congo, Côte D'Ivoire and Mali are set to introduce the airline seat surcharge.
Unitaid, the international organisation that manages the money raised, says about 70 per cent of the one billion dollars it has made in health since 2006 has come from the air seat tax.

Security around the summit was stepped up Tuesday as Iranian President Mahmoud Ahmadinejad prepared to address delegates. Ambassadors from several countries are expected to walk out during his speech to protest against Iran's nuclear programme.

Source URL: http://www.english.rfi.fr/americas/20100921-france-champions-innovative-financing-development
France and Spain push for tax to help world's poor

France and Spain called for a tax on global capitalism yesterday, telling the opening day of a UN summit on development the recession has made "innovative financing" essential to help the world's poor.

Nicolas Sarkozy, the French President, and Jose Luis Rodriguez Zapatero, the Spanish Prime Minister, spoke after Ban Ki-moon, the UN Secretary General, called on rich countries to "not balance budgets on the backs of the poor."

Canadian activists said Mr. Ban's request applies directly to the Canadian government's intention to freeze foreign aid next fiscal year as a deficit-reducing measure.

While the leaders of several developed countries have pressed the idea of launching a global finance tax before, speaking about it anew at such a widely attended summit gives it added weight.

"We can decide right here -- why wait?" said Mr. Sarkozy.

"Finance has globalised, so why should we not ask finance to participate in stabilizing the world by taking a tax on each financial transaction?"

Mr. Zapatero said alternative financing was needed that is "not as vulnerable" as rich-country budgets during a recession.

"My government is committed to defending the new tax, and making it a reality..." he said.

"It appears sensible, just, and logical that we ask [for this] minimum effort to take millions of people out of misery."

However, his government is among those cutting development aid in the face of the financial crisis.

In contrast, Canada's new aid budget is US$5.165-billion, a record. It plans to freeze foreign aid next fiscal year to reduce the deficit.

The three-day conference is reviewing progress on eight development goals meant to halve poverty levels and improve living standards among the world's poor by 2015.

Mr. Sarkozy said France would boost its contribution to the Geneva-based Global Fund to fight HIV/AIDS, tuberculosis and malaria in poor countries and challenged other nations to follow suit.

Insiders have suggested Stephen Harper, the Prime Minister, who will deliver Canada's address today, will also announce increased payments to the Global Fund.

But Canada and the United States show little enthusiasm for a financial transaction tax.
Sarkozy wants private finance to help meet global targets
By Hayley Morris
Published: September 20 2010 19:47 | Last Updated: September 20 2010 19:47

Nicolas Sarkozy, the French president, has told an anti-poverty summit in New York that state funding will not be sufficient to meet ambitious global development goals by the deadline of 2015.

"I want to share with you my conviction that we won't get there with just public funds and that we will have to associate ourselves with the private sector," he told the UN general assembly at the start of a three-day summit on Monday.

France has been at the forefront of the adoption of so-called innovative finance to support international development goals. Philippe Douste-Blazy, a former French foreign minister, heads the UN organisation dedicated to finding alternative sources of development finance.

Money is already raised through mechanisms such as small voluntary payments made by passengers booking air tickets online, a strategy that involves the co-operation of the main online ticketing agencies.

Mr Sarkozy told the UN France would like to push the role of private financing further to include a tax on financial transactions, a measure so far resisted by the US and others.

"We can decide here about innovative finance and a tax on financial transactions," Mr Sarkozy said. "Finance is globalised. Why wouldn't we ask the financial sector to participate in global stabilisation by raising a tiny tax on every financial transaction?"

There has been growth in support for a so-called modified Tobin tax on financial transactions since the 2008 financial crisis. Although the proposal has won some support in Europe, French officials acknowledge the US is firmly opposed. Global markets also oppose the measure, which would have to be established everywhere if financial centres made subject to micro-taxes were not to be made uncompetitive.

Mr Sarkozy said France had decided to raise its foreign aid contribution in spite of the impact of the financial crisis.

The UK, another large donor, has already committed itself to maintaining overseas development spending at 0.7 per cent of gross national income despite spending cuts elsewhere.

Andrew Mitchell, UK international development minister, told reporters on Monday: "We won't balance the books on the backs of the poorest people on the planet."

The New York summit is the second five-yearly review of a series of anti-poverty goals established in 2000 and due to be completed in five years' time. Some of the goals, particularly those geared towards women's welfare, are behind target.

"There is more to do for the mother who watches her children go to bed hungry - a scandal played out a billion times each and every night," Ban Ki-moon, UN secretary-general, told the summit, being attended by heads of state and governments from about 130 of the UN's 192 member states.

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Global Crisis Slowed U.N. Antipoverty Drive

By JOE LAURIA

UNITED NATIONS—The 2008 financial meltdown slowed the progress governments have made in their effort to halve the number of people living in extreme poverty by 2015, the heads of the World Bank and the International Monetary Fund said Monday.

They said the credit crisis in developed countries and a sharp rise in oil and food prices slammed the world's poorest people. In August 2008, the World Bank estimated that 1.4 billion people live in extreme poverty, which it defines as living on less than $1.25 a day.

In its Millennium Development Goals report, the United Nations said: "The global economic crisis has slowed progress, but the world is still on track to meet the poverty-reduction target."

The U.N. report added that the fastest growth and sharpest reductions in poverty continue to be recorded in China and India, while sub-Saharan Africa and Southeast Asia lag behind.

Dominique Strauss-Kahn, the IMF's managing director, told world leaders on the opening day of a three-day development summit at the U.N. that he spoke with "urgency" because "before the crisis we saw strong growth...in developing countries. But because of the crisis...we have lost years of progress and the momentum has been derailed."

Mr. Strauss-Kahn estimated that because of the crisis, about 70 million fewer people "will have escaped from the chains of poverty by 2020."

World Bank President Robert Zoellick, meanwhile, said the bank "estimates that 64 million more people are living in extreme poverty in 2010, and some 40 million more people went hungry last year because of the food, fuel and financial crises."

The meeting of 140 heads of state and government is assessing progress toward the implementation by 2015 of eight development goals agreed upon a 2000 U.N. summit.

In 1981, 52% of people in developing countries lived in extreme poverty, but by 2005, that percentage had been cut by more than half, Mr. Zoellick said.
In five years, the crisis may cause 1.2 million more children under the age of 5 to die and could keep an additional 350,000 students from completing grade school, Mr. Zoellick said.

"Efforts by developing countries were paying off right up until the crisis, with poverty falling sharply in East Asia, Latin America, and Eastern and Central Europe," he said.

"The triple blow of the food, fuel and financial crises since 2008 has slowed down and even reversed progress towards the [development goals] in many countries around the world," he said.

He said poorer countries needed support because emerging economies have helped pull the world out of recession.

"The financial crisis is severe in the rich countries, it creates deficits. But its consequences are far worse for the poor countries," French President Nicolas Sarkozy told the summit.

"Malaria kills one million children in Africa every year," he said. "To be clear, before the end of my speech, 30 children in Africa will have died of malaria. We have no right to hide behind the economic crisis to do less."

Mr. Zoellick said the World Bank would invest an additional $750 million toward basic education in poor countries, which antipoverty group Oxfam on Monday called "a drop in the ocean."

Write to Joe Lauria at newseditor@wsj.com
Pool resources and reinvent global aid

By Jeffrey Sachs
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The traditional system of bilateral development assistance is broken. In New York this week, the UN millennium development goals summit will agree on many important priorities. But these will need to be financed, and the lesson of the past decade is that bilateral aid rarely reaches the needed national or regional scale. So we must replace the fragmentation of bilateral programmes with a new strategy based on multi-donor pooled funding that has clear timelines, objectives and accountability.

There have been two important aid stories over the past 10 years. In the first, a series of large pronouncements — at Monterrey in 2002 (to reach 0.7 per cent of GNP in development aid), Gleneagles in 2005 (to double African aid by 2010), L’Aquila in 2009 (to direct $22bn over three years to raise productivity of smallholder farming) and Copenhagen in 2009 (to add $30bn over three years for climate change adaptation and mitigation) — were easily made but not delivered. Indeed, high-income donor countries, taken together, have fallen short on every big headline pledge they have made.

Why? Commitments have come without clear mechanisms for fulfilment. Most aid has remained bilateral, making it hard to monitor and largely unaccountable. Shortfalls are attributed to problems in recipient countries. Even when aid is disbursed, these programmes are scattered among many small efforts rather than a unified national plan, and include an endless spectacle of visiting dignitaries from donor countries, politicised negotiations, and countless headline announcements of support that all too often fail to materialise.

The second story is vastly more positive, and has come when aid operates on a different model — one that scales up investments in smallholder agriculture, health, education and infrastructure, complementing the rising flows of private capital entering the developing world. The most exciting example is the Global Fund to Fight AIDS, TB and Malaria. The fund pools resources from many donor nations, with an independent review board approving national programmes according to scientific and management criteria rather than bilateral politics. The fund thereby provides aid in a scaled, systematic and predictable way. And while a decade ago all three diseases were running out of control, now all are being reined in with millions of lives saved.

Of course the fund is not perfect, but the programmes it supports are transparent and easily monitored — meaning that when corruption occurs, as it sometimes will, a programme can be halted and the malefactors removed. The fund’s design is a profound improvement over traditional donor aid. But it and efforts like it are chronically underfunded, largely because the US and European donor countries keep too much of their aid budgets in bilateral programmes.

Responding to the shortcomings of traditional aid, donors are making small reforms, like co-operating among themselves in committees in many recipient countries. But the process remains too slow, too political and too often swayed by donor’s concerns for commercial contracts, arms deals and diplomatic issues only tenuously related to development.

We need a major change of funding toward pooled donor funding. Bilateral aid would remain, but mainly to promote demonstration efforts and innovations. The core of assistance would use pooled mechanisms to scale up what has been proven to work, avoiding fragmentation and poor accountability. Indeed, there are moves in this direction: a new maternal and child health initiative to be agreed this week saw African leaders specifically request that the support should come through the Global Fund. Similarly, infrastructure funding could be scaled up through new public-private financing pools for roads, rail and power, via the World Bank and African Development Bank.

The new UK government has shown exceptional leadership in keeping promises to increase aid towards 0.7 per cent of income despite budget austerity. This is heartening, and can set the stage for an even bolder move: a new global system that builds on pooled donor funding, and that leaves the politics behind. If we continue with the existing haphazard arrangements, the millennium goals will not be met. But if we move decisively to pooled, transparent and mutually accountable financing, the world can still achieve them by 2015.

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Small global taxes would make a big difference for world’s ‘bottom billion’ - The Science Monitor

31/08/10

France's Bernard Kouchner, Japan's Katsuya Okada, and Belgium's Charles Michel discuss innovative financing to fund development projects that will help lift up the world's poorest people.

Do you know the realities of today's world? A billion people don't have access to drinking water; a billion people suffer from hunger; nearly one million people die each year of malaria, 1.3 million of tuberculosis, and 2 million of AIDS; and poverty keeps some 72 million children out of school and prevents them from realizing their potential.

To tackle such global issues, the UN set out the Millennium Development Goals (MDGs), which the international community should achieve by the year 2015. A wide range of financial resources that are sustainable, predictable, and additional to the traditional Official Development Aid (ODA) need to be mobilized to meet the global development needs including the MDGs. Given the relentless urgency, we must act.

We are determined to find an effective way to finance development that would be alongside - and not in place of - public aid. In a world marked by substantial gaps in development and standards of living, we must promote innovative approaches and instruments.

Innovative approaches

Actual measures for innovative financing include, among others, taxes on airline tickets to finance access to essential medicines through UNITAID, a fund hosted by WHO, and bonds secured by government pledges to finance for Immunization (GAVI). Such measures have mobilized resources to fight against the three major infectious diseases (HIV/AIDS, tuberculosis and malaria) and to scale up immunization programs. They have produced remarkable results. Moreover, efforts to encourage voluntary contributions such as donations by citizens, consumers, and companies have been made.

The Doha Conference in November 2008 called on the world to change the dimensions of innovative development financing. New instruments that are based on global activities are becoming available to us - broad-based financing that could, through miniscule contributions repeated numerous times, change the dimensions of hope, if properly coordinated.
Toward the UN Summit on the Millennium Development Goals this September, we will endeavor to have more countries understand the interest of innovative development financing, whose success has already generated more than $3 billion since 2006.

France has promoted innovative development financing from the start. With Spain, Brazil, Chile, and others, it launched the Leading Group on Innovative Financing for Development in 2006, and 60 member states have already joined. Japan assumed the presidency of the Leading Group in June and will hold the eighth plenary meeting in December. Under its presidency of the European Union, Belgium decided to put the issue on the development agenda. Discussion on innovative development financing must now be further extended to the global political arena through the efforts of the Leading Group including Japan, Belgium, and France.

As a concrete step toward this aim, we established the Taskforce on International Financial Transaction for Development in October 2009 with the objective of coming up with a shared analysis of what is feasible, and making concrete, realistic proposals.

We approached the top specialists - legal scholars, economists, researchers, and even bankers - to analyze the different options. They proposed several different mechanisms for levies on financial transactions, including on foreign exchange movements (currency transaction development tax).

Common ground

Their work is now available in a solid, well-documented report. This report assesses technical issues in a comprehensive manner and provides estimates on tax revenues. The report mentions that a levy of five cents for each $1,000 exchanged could bring in more than $30 billion per year. It supplements and updates other analyses carried out regularly over the years by the UN, the European Commission, and the Landau Report. It also offers us common ground to discuss innovative financing, and has started to play a significant role in evoking greater international discussion.

The report and other sources mention that with financial flows up sevenfold since the beginning of the decade, the financial sector is one of the main beneficiaries of global economic growth, and the volume of foreign exchange transactions worldwide is about $3.6 trillion daily, so the volume of all transactions (stocks, bonds, derivatives) is even higher ($210 billion daily for bonds and $800 billion for stocks).

Priorities

What should be done with the revenues mobilized by innovative financing, and how?

Toward 2015, the target year of the MDGs, we must provide safe water for a billion people; enough food for a billion people; appropriate treatment for major pandemics; education for children.

For approaching these goals, we should not be inward-looking. We need to have sympathy, as fellow human beings, for people who are struggling throughout the world and extend support for developing countries.

We cannot just only rely on the traditional ODA. The real challenge today is designing an innovative mechanism based on strict governance and allocation criteria. It is time to act, and to do it in an exemplary fashion.

By Bernard Kouchner, Katsuya Okada, Charles Michel
Sarkozy Renews Drive For Tobin Tax

by Ulrika Lomas, Tax-News.com, Brussels

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During his speech at the United Nations (UN) summit meeting held in New York, French President Nicolas Sarkozy announced that France would increase funds to fight AIDS and malaria by 20% over the course of the next three years, and also called for the creation of a financial transactions tax to finance development aid.

President Sarkozy emphasized that he would endeavour, while president of the G20 and G8, to promote the idea of finding innovative sources of finance. Why wait, he urged, declaring that finance has globalized, and that it is therefore reasonable to ask finance to participate in stabilizing the world by levying a tax on each financial transaction.

From the podium, Sarkozy expressed his conviction that, while all developed nations are currently in deficit, it is vital to find new sources of finance for the fight against poverty, education and for resolving the big health pandemics of the planet.

The summary document, which is to be voted on by all UN member states, provides for the introduction of “innovating financing”, such as the taxation of financial transactions and the introduction of a tax on plane tickets. Although France, and countries such as Brazil, and Norway currently support this idea, other countries, including the US, remain sceptical. The UN Secretary General Ban Ki-moon has also personally given his backing to the idea.

The UN summit meeting is being held to discuss the millennium goals for development. In the year 2000, the millennium goals set out to reduce world poverty by half by 2015.