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Members

Foreign Affairs, Defence and Trade Select Committee

## **Inquiry into how New Zealand should be supporting the 2015 deadline for the Millennium Development Goals**

The Foreign Affairs, Defence and Trade Select Committee has been asked to conduct an inquiry into “how New Zealand should be supporting the 2015 deadline for the Millennium Development Goals.” This paper has been prepared to assist the Committee with its examination. Issues are identified and possible lines of inquiry are provided for the Committee to consider. The Committee may also wish to raise these matters with the witnesses who have been asked to appear before the Committee to give evidence on this inquiry.

### **Definitions and Background**

At the United Nations Millennium Summit in 2000, 189 countries (including New Zealand) agreed to work together to reduce extreme poverty. They identified eight goals around which to rally their efforts: the Millennium Development Goals (MDGs). The MDGs build on development targets set in the 1990’s. They are not a poverty elimination agenda, but they do capture key dimensions of poverty and its causes.

The Millennium Development Goals are:

- 1: Eradicate extreme poverty and hunger
- 2: Achieve universal primary education
- 3: Promote gender equality and empower women
- 4: Reduce child mortality
- 5: Improve maternal health
- 6: Combat HIV/AIDS, malaria and other diseases
- 7: Ensure environmental sustainability
- 8: Develop a global partnership for development

The goals are supported with targets and measurable indicators. For instance:

*Goal 2: Achieve universal primary education is supported by the target by 2015, all children can complete a full course of primary schooling, girls and boys and the measurable indicators:*

*Enrolment in primary education*

*Completion of primary education*

*Literacy of 15-24 year olds, female and male*

The International Development Targets (to complement the MDGs) are:

- a reduction by half in the proportion of people living in extreme poverty by 2015
- universal primary education in all countries by 2015
- gender disparities in primary and secondary education removed by 2015
- a reduction by two-thirds in the mortality rates for infants and children under 5 and a reduction by three-quarters in maternal mortality by 2015
- access through the primary health care system to reproductive health services for all individuals of appropriate ages as soon as possible and no later than 2015
- to implement national strategies for sustainable development in all countries by 2005, so as to ensure that current trends in the loss of environmental resources are effectively reversed at both global and national levels by 2015.

According to the United Nations Development Program, the MDGs:

- synthesise, in a single package, many of the most important commitments made separately at the international conferences and summits of the 1990s;
- recognise explicitly the interdependence between growth, poverty reduction and sustainable development;
- acknowledge that development rests on the foundations of democratic governance, the rule of law, respect for human rights and peace and security;
- are based on time-bound and measurable targets accompanied by indicators for monitoring progress; and
- bring together, in the eighth Goal, the responsibilities of developing countries with those of developed countries, founded on a global partnership endorsed at the International Conference on Financing for Development in Monterrey, Mexico in March 2002, and again at the Johannesburg World Summit on Sustainable Development in August 2002.

## **Current Situation**

There are only five years left until the 2015 deadline to achieve the MDGs. United Nations Secretary General Ban Ki Moon has said that "our world possesses the knowledge and resources to achieve the MDGs" and that falling short of the goals "would be an unacceptable failure, moral and practical".

The world is falling short on meeting the goals. Arguably, this is because of negative economic growth, diminished resources, fewer trade opportunities for the developed countries and possible reductions in aid flows from donor nations. The choices that countries make in times of economic downturn can also contribute to the impact of a global recession. At the same time, many argue that climate change effects are having a significant impact on countries rich and poor.

Global net wealth has never been higher, but the amount of money spent on the tools of development is very small compared to the amount spent in other areas such as military development and war. Global military expenditure last year was US\$1,035 billion - on average more than US\$2.8 billion every day. Official aid to developing countries in 2004 was US\$78.6 billion, the highest level ever but still less than 8% of what governments choose to spend on maintaining and equipping armed forces. The lobby group Make Poverty History claims that the estimated amount of aid required to achieve all of the MDGs is fewer than twenty-five days of global military expenditure from the 189 countries involved.

The Center For Global Development – a U.S. ‘independent, non-partisan, non-profit think tank’ have put out a report which criticises the MDGs. The summary states:

“Many poor countries, especially those in Africa will miss the MDGs by a large margin. But neither African inaction nor a lack of aid will necessarily be the reason. Instead, responsibility for near certain failure lies with the overly-ambitious goals themselves and unrealistic expectation placed on aid. While the MDGs may have galvanized activists and encouraged bigger aid budgets, over-reaching brings risks as well. Promising too much leads to disillusionment and can erode the constituency for long-term engagement with the developing world.” (Clemens and Todd 2005)

## **How should New Zealand be supporting the 2015 deadline?**

### ***Increase our Official Development Assistance to support the MDGs***

Member states of the United Nations agreed to a target that developed countries should give 0.7% of their national incomes in overseas aid. Five donor countries have reached this target. Many other donor countries have set timetables for reaching the 0.7% target by no later than 2015. New Zealand is one of six developed countries that have no such timetable.

In 2005, New Zealand’s overseas aid was 0.27% of Gross National Income (GNI), and New Zealand ranked 18th-equal out of 22 donor countries in terms of aid as a proportion of national income. Only Japan, the United States and Italy ranked below us. OECD figures show our aid level is on track to reach 0.28% by 2010, but this still falls well short of 0.7%. At the current rate of increase, New Zealand will not get to 0.7% until 2050.

As we have committed to the cause, it would be potentially damaging to New Zealand’s international reputation among our developed peers to not continue to support the 2015 deadline, or to be seen to inactively support them.

The change in economic climate can be seen as a reason to increase progress towards achieving the MDGs. It may prove to be an opportunity to rethink economic commitments and aid priorities. Aid organisations, for example, often argue that economic crises are a reason to put more investment into ensuring access to basic services rather than cutting back assistance.

Although economic growth is important for all countries, aid organisations argue that economics don’t always accurately measure how people experience poverty. In this situation, ‘pro-poor’ methods are preferred by many development activists:

“A pro-poor growth strategy entails the removal of institutional and policy induced biases against the poor, as well as the adoption of direct pro-poor policies. For instance, discrimination on grounds of gender, ethnicity, and religion hurts the poor more than the rich; the same can be said of artificial barriers to entry into certain trades and professions, or into the formal labor market in general.” (Kakwani and Ernesto 2000)

### ***Renegotiate the MDGs***

If those who are disillusioned/sceptical about the MDGs are correct in their assertions of “over ambition”, the commitment of huge amounts of international aid may be short-term solutions to issues that may be better solved by “rethinking our success markers.” Some argue

that the MDGs address the symptoms of poverty rather than combating the root causes of poverty. (Clemens and Todd 2005).

There is a risk that the MDGs in their current state may turn real development successes that do not meet the high MDG criteria (for instance, slow but steady improvements in Africa) into unnecessary failures. In this case, a change of timeframe may be a solution.

In a society with high media saturation, we are bombarded with high profile international aid projects constantly e.g. Live Aid, 40 Hour Famine, Make Poverty History etc. An argument is that if the MDGs will not be achieved by 2015, we could be wasting our time with another grand gesture.

The MDGs are not the only way to support the elimination of poverty. Other options such as visa relationships with developing countries may be viable ways to support their progress. Strengthening economies is regarded by some as the 'rising tides floats all boats' argument: if we have wealthier economies, everyone will benefit.

Another option is that we withdraw our support of the MDGs entirely and do nothing until New Zealand feels they are more realistic and supported with a more achievable timeframe. This may have negative ramifications but also gives us an opportunity to define our own measures of success in the Pacific.

## **Should New Zealand lead the way in international support of the MDGs?**

### ***Setting an example***

The New Zealand government has repeatedly pledged its commitment to the 0.7% target, but has never set a timetable for achieving it. Groups such as Make Poverty History feel this is out of step with our country's international reputation as a good global citizen and a country that honours its commitments. Make Poverty History also argues that New Zealand is a wealthy country, and we have the resources to honour our international promise while continuing to tackle poverty here at home. If we adopt this view, we may help set an example for other countries.

As a developed country, and a developed country suffering "less" from the current global economic crisis we may be well positioned to lead and petition for commitment. This may be an opportunity for us to gain international credit and be regarded as poverty eliminating champions.

### ***Taking a back seat***

Not everyone agrees with the assertion that we have the resources to lead commitment to the MDGs and combat our own social issues at home.

We don't have the reserves nations like the US have to influence change. The US could cancel one military contract and achieve much more than many of the developed nations joined together.

## **Supporting other nations to achieve the MDGs**

New Zealanders have a history of standing up for the underdog, and getting on board with international development and aid causes. As a society we are acutely aware of opportunities to participate in helping other countries – such as the 40 hour famine.

We are leaders in the Pacific, and currently most of our aid is focused on the Asia/Pacific region. Some Pacific Island countries, especially those in Melanesia, are falling badly behind when it comes to achieving the MDGs, and need more assistance to achieve substantial reductions in poverty. We are in a position to give them a helping hand.

There is a self-interest element to supporting neighbouring nations to reduce poverty in their area; as security is an issue when poorer nations become fertile ground for terrorist activity. Poor nations are also more likely to produce illegal immigrants. By helping other nations (particularly neighbouring countries) to achieve the MDGs, we are potentially working towards saving ourselves money long term.

An opposing argument is that every nation needs to take responsibility for its own commitment to the eradication of poverty. We are a small nation with our own issues at home, and committing to providing 0.7% of our national incomes in overseas aid is proving to be difficult enough. Potentially we could support countries in ways such as aforementioned visa relationships, which may benefit our economy and theirs, and save New Zealand more money than a large increase in aid.

Zambian economist, Dambisa Moyo, argues that aid money pouring into Africa (\$1 Trillion in the last 50 years), unwittingly underwrites brutal and corrupt regimes, stifles investment, and it leads to higher rates of poverty - all of which, in turn, creates a demand for more aid. Moyo's preference would be for all aid to be cut to Africa, in an effort to force countries to develop their own strategies. However, noted development economist Paul Collier calls Moyo's analysis "over-optimistic" in that "She implies that, were aid cut, African governments would respond by turning to other sources of finance that would make them more accountable." In reality, according to Collier, "this exaggerates the opportunity for alternative finance and underestimates the difficulties African societies face."

## **Obligations and Conditions**

Aid may be an opportunity to secure better agreements with countries in areas such as trade. Whether we put conditions (i.e. trade agreements) on countries that we assist or not, Professor John Overton of Victoria University Development Studies argues that it is important that we at least have obligations on aid recipients. An example of an obligation may be giving \$10,000 to a Pacific Nation for the building of new schools and stating that this money must not be used for anything else, then conducting an audit to ensure the obligations have been met. This ensures that we are spending taxpayer money responsibly, and not unwittingly supporting corruption or other activities we do not condone.

Obligations aside, some aid organisations argue that putting conditions on aid to secure opportunities for New Zealand is going too far; aid is aid and we should not use it for our benefit. The flipside of this argument is that aid may be a powerful bargaining tool for countries which we would not otherwise have any input into.

## **Report to the House**

The Committee is required to report its findings on this inquiry to the House. The purpose of your report is first to inform the House and assist debate. In doing so your report should reflect both the oral and written evidence the Committee received, the issues the Committee considered in-depth, and the views of the members. From these the Committee should develop conclusions and recommendations to the Government.

Nicole Skews  
Report Writer

Youth Parliament  
Ministry of Youth Development

**Members may wish to ask:**

- What should motivate our overseas development aid? Poverty elimination or economic development?
- Is it self interest or altruism that's driving our commitment to the MDGs?
- Is 2015 a realistic deadline given the changes in the world economic environment?
- What are the aspirations of those we are aiming to help? Are we meeting their needs with these goals or could we create something else?
- What does New Zealand stand to gain by leading on the MDGs?
- Is it realistic for us to lead both politically and economically? If so, how?
- Is it our place as a small nation to support these goals in anything other than principle? If so, how?
- Which is more important – the money we give or the targets we set – in order to achieve the MDGS?
- Are the MDGs goals that can be achieved by simply spending money on them?

## **Key References and Suggested Links**

United Nations - The Millennium Development goals <http://www.un.org/millenniumgoals/>

Official list of MDG indicators -  
<http://unstats.un.org/unsd/mdg/Host.aspx?Content=Indicators/OfficialList> .

*What's wrong with the Millennium Development Goals* -  
<http://www.cgdev.org/content/publications/detail/3940> Clemens, S, & Moss, T

NZAID International Targets and Commitments- <http://www.nzaid.govt.nz/what-we-do/international-targets.html>

The 0.7% target: An in-depth look - <http://www.unmillenniumproject.org/press/07.htm>

Make Poverty History - <http://www.makepovertyhistory.org.nz/home.html>

OECD on aid targets in 2009/2010 -  
[http://www.oecd.org/document/11/0,3343,en\\_2649\\_34487\\_44981579\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/11/0,3343,en_2649_34487_44981579_1_1_1_1,00.html)

*What is Pro-poor Growth?* Nanak Kakwani and Ernesto M. Pernia, 2000.

*Dead Aid & Other Info* – Dambisia Moyo. <http://www.dambisamoyo.com/>

Paul Collier's review of *Dead Aid* - <http://www.independent.co.uk/arts-entertainment/books/reviews/dead-aid-by-dambisa-moyo-1519875.html>

## **Suggested keywords and phrases for internet search engines**

Millennium Development Goals

Global Aid

Eliminating Poverty

Pro-poor

Dambisa Moyo

Criticisms of the Millennium Development Goals

Obligations on aid

Conditions on aid

Meeting the MDGs 2015 deadline