

ECOSOC Informal meeting for the 2007 Annual Ministerial Review (AMR)
“Eradicating poverty and hunger-joining forces to make it happen”
2 April 2007

Summary

Opening

H. E. Ambassador Dalius Cekuolis, President of the Economic and Social Council, in opening the meeting, stated that it had a special significance as it provided a first opportunity to discuss the theme of the inaugural Annual Ministerial Review (AMR), which could serve as a catalyst for implementation by providing a global high-level forum and a platform for an exchange of lessons learned and successful practices which merited scaling-up. He emphasized that the AMR was a process which would require preparations with the full engagement of relevant stakeholders as well as continuing follow-up. He called the informal meeting an important element of the Review process with the purpose of kicking off the debate on the AMR theme of *“Strengthening efforts to eradicate poverty and hunger, including through the global partnership for development”*.

Ms. Asha-Rose Migiro, Deputy Secretary-General of the United Nations, in her opening address, stressed that poverty remains pervasive; inequality within and among nations was on the rise and while globalization had helped some segments of society, it had left many others on the margins. Addressing these disparities was a central tenet of the Millennium Development Goals (MDGs), but midway to the target date of 2015, the world as a whole still lagged in the race to achieve these goals. There was an urgent need to make up for lost ground and for the Council to become the forum, as envisioned at the 2005 World Summit, for oversight and assessment of progress on MDGs through the AMR process. She stated that the meeting could help identify obstacles and challenges facing the United Nations development agenda and could suggest possible solutions.

She identified three key areas for consideration:

First, economic policies needed to prioritize employment creation as the main avenue to growth and poverty reduction. Higher economic growth, while important, must not be viewed as an end in itself. In 2006, despite robust worldwide economic expansion, the number of people living on less than two dollars a day actually grew to reach 1.37 billion. She emphasized the need for increased job opportunities for youth, because they were disproportionately represented among the unemployed.

Second, the AMR review process must consider the links between agricultural productivity and both hunger and poverty, because three out of every four of the world’s poor lived in rural communities, and for them, agriculture was not only a vital source of nutrition, it was also a leading driver of employment and income. Increased agricultural productivity was crucial for improvement in the lives of the rural poor. They needed

better and more secure rights to land, water resources, and innovative credit solutions such as microfinance and improved access to markets. Given the fundamental role of women in agricultural societies, any rural initiative needed to specifically address the empowerment of women.

Third, initiatives had to be placed within the framework of the global partnership for development. Employment creation and rural support packages in the developing world had to be backed up by better aid, greater debt relief and stronger follow-through on the Financing for Development commitments. Progress towards a fairer international trading system was perhaps the single most important step towards a meaningful global partnership for development. Existing trade barriers, agricultural subsidies, and restrictive rules on investment and intellectual property rights served to reinforce global inequities and lowering those barriers could go a long way towards alleviating poverty and hunger in the developing world.

In concluding her remarks, she stated that a truly global partnership could not be limited to Governments alone, and that it should also ensure the active engagement of both the private sector and civil society.

Mr. Bertrand Duruflé, Secretary-General of the *International Association of Economic and Social Councils and Similar Institutions (IAESCI)*, in his keynote address, stated that IAESCI had very similar concerns to that of ECOSOC and that it had assigned itself the responsibility of organizing, at the international level, a dialogue amongst the main actors of civil society. Its 60-member Plenary Assembly, comprising national councils from all continents, had defined the priorities of its work. Its Secretary-General was given the responsibility of organizing the work, which was then carried out, in tandem at the national and international levels, within various commissions of the organization, all of which had representation from all continents.

He stated that themes discussed at the IAESCI Plenary Assembly since 2000 revealed the concerns of the main economic and social actors of the world. Starting with the year 2003, it was decided to discuss a main theme every year – one that was close to or the same as the theme selected for the High-level Segment of ECOSOC. In 2006, a very similar theme to ILO and ECOSOC on productive employment and decent work was chosen for discussion. IAESCI, which had a standing partnership with ILO, was convinced that mobilizing social partners around the MDGs was as necessary as the involvement of governments, and perhaps even more so. Synergy which existed between the decent work programmes set up by the ILO and the poverty-reduction strategy programme was very obvious and IAESCI was convinced that the national programmes on MDGs would produce better results if they were prepared with inputs from social partners, and that the same was true for ECOSOC recommendations.

Mr. Duruflé also stated that IAESCI was focusing on searching for new sources of financing for development and had participated as an observer in the Paris conference

from 28 February to 1 March 2006 on that issue. The IAESCI General Assembly approved on 15 September 2006 a priority document on finding additional financing for official development assistance, which was needed in order to combat poverty in all its forms. An International Commission of IAESCI had been working on the theme for its next congress, intensifying international cooperation, promoting joint development and building a more harmonious world. Its conclusions will be voted on in Beijing on 20 June and will be submitted to the 2007 substantive session of ECOSOC in July. He stated that he hoped that governments would benefit from this work at the national and international levels. It was IAESCI's goal, through its work, to help improve the functioning of global institutions so that they could contribute better to combating poverty and the achievement of other MDGs.

Roundtable 1: Are we making poverty history?

This roundtable was chaired by **H.E. Mr. Léo Mérorès, (Haiti)**, Vice-President of ECOSOC. **Mr. Hafiz Pasha**, Assistant Administrator, UNDP, served as Moderator in the discussion. Mr. Mérorès stated that the objective of this roundtable was to prepare for the dialogue on the theme for the first session of the AMR. He stressed that ECOSOC needed to act decisively to turn around the record of implementation of the MDGs, especially to regain lost ground in the fight for poverty eradication. An effective global partnership was the cornerstone for such an effort. It was therefore appropriate that the theme for the AMR at the High Level Segment this year was “Strengthening efforts to eradicate poverty and hunger including through the global partnership for development.” He stressed that the roundtable would help identify issues where the guidance of Ministers was most needed to help advance the fight against poverty.

Dr. Stephen C. Smith, Director, Research Program in Poverty, Development and Globalization, George Washington University, said that the MDGs are probably the most important UN goals ever promulgated. While we are not far off target at the global level, there have been complaints that the MDG targets were too modest, not representing a real acceleration over historical trends. In fact, where the strongest progress has been achieved, the MDGs themselves have played little role. Private sector-led growth abetted by government has been the engine in Asia, lifting many of the poor with the help of increase in steady employment. In Africa and other low income regions, where progress is most needed, mobilization to achieve the MDGs has so far seemed to have modest impact at best.

Addressing the needs of the Chronically Poor

Moreover, the MDGs do not address concerns of those who are chronically poor. One challenge in identifying progress in eradicating poverty and hunger lies in the way some of the goals have been defined. The target of \$1 per day focuses attention on those nearest the poverty line, who face the least difficulties getting past it. Plausibly, an extra

penny for someone making 50 cents a day is worth five times as much as an extra penny to someone making 90 cents. The targets presented in the MDGs are not addressed to the poorest of the poor, the 300-400 million people living in chronic, ultra-poverty.

Dr. Smith pointed out that halving global poverty could be achieved along with most of the other MDG targets without any improvement in the lives of our most deprived global citizens. On the other hand, the chronically poor are making progress in some unexpected places in the world such as Northwest Bangladesh and Southwest Uganda, but the gains of those who have not crossed the \$1 a day line are not counted towards achieving the goals. Nevertheless, in too many cases, the chronically extreme poor are not making progress or even face deterioration in their natural environment, their health, and opportunities to earn income.

Poverty traps and the MDGs

In order to halve extreme poverty, countries will need to address its many dimensions which are reflected in the MDGs. Addressing the many facets of poverty will enable countries to avoid the vicious circle of poverty and deprivation or “poverty traps”. While it is disputed whether many national economies are in poverty traps per se the real issue is that many individuals, families, villages, and local regions are clearly caught in poverty traps and are in need of some outside intervention to help break them. To make meaningful progress on the MDG targets, many parts of the world will have to correctly diagnose and address local poverty traps.

MDG 1, for instance, addresses hunger: If an undernourished person is too weak to work productively, her income is too small to pay for sufficient food, so she continues to work with low productivity for low income - an undernutrition trap.

- The poorest tend to be rural. Although specialization can be the key to increasing productivity, the poor often remain in subsistence agriculture, or something close to it, because of poverty traps. For example, if everyone in your region is practicing subsistence agriculture, there is no one to sell to, and you have to remain producing for subsistence with perhaps a little trading on the side.
- The alternative is to produce for more distant markets. Access to such markets through proper infrastructure is crucial. Middlemen often play a role by vouching for the quality of the products they sell. But without available middlemen that the farmers can sell to, they will have little incentive to specialize in the first place. An underdevelopment trap can result in which a region remains stuck in subsistence agriculture.

MDG 2 addresses universal schooling: If parents are too unhealthy and unskilled to support their family, the children have to work. But if children work, they may not get the education they need--so when they grow up, they have to send their own children to work, a key mechanism in the intergenerational transmission of poverty.

- Moreover, if most children work, the supply of unskilled labor is high, so wages are low; and parents cannot afford to take their children out of the workforce.
- International support for achieving not just primary but secondary education for both girls and boys can help break other poverty traps. Poverty reduction is held back by the lack of investment in low income areas that could help to provide regular employment that is so often the decisive step out of poverty, as seen in China.
- Retaining skilled labor is crucial. Without employment opportunities however, skilled individuals seek work elsewhere. Without the availability of skilled labour, investments in the region fall leading to fewer employment opportunities. Lack of employment opportunities for skilled workers in jobs such as basic manufacturing implies a lack of incentive for individuals to acquire such skills.

MDG 3 addresses gender equality and the empowerment of women:

- Where women have no influence on financial or other major decisions, where early and forced marriage into polygamy is tolerated, where girls' education is not valued, the first and most binding poverty trap is found within the home.
- Empowerment can also help address mental health poverty traps. Depression and anxiety are widespread among poor women in developing countries--not surprisingly, they are in part the consequence of poverty and its associated powerlessness and emotional stress.
- The inability to provide adequately for their children creates chronic feelings of hopelessness and anguish. Compounding this, poor women face domestic violence and abuse, along with a lack of personal identity, factors contributing to the much higher incidence of depression in women than men.
- An effective way out of these traps is women's empowerment, the broader meaning of MDG 3.

MDG 4 looks to reducing child mortality:

- The evidence is clear that empowering and educating mothers leads to better health for their children. Getting children into school is associated with lower child mortality.
- Breaking health traps in which parents' poor health leads to low incomes and low ability to purchase medicines and health care can also help prevent their children's deaths. Poverty in Africa remains an emergency. In some countries, more than one-fifth of all children die before age 5 from preventable causes. The average under 5 mortality rate for low income countries as a group is about 120 per 1000 births.

MDG 5 focuses on improvements in maternal health:

- A quarter million African women die each year from complications in pregnancy and childbirth. A lower birth rate could reduce maternal deaths, partly because it would provide more resources for prenatal care.
- But high fertility is itself a trap. If everyone around you is having many children, and there are few decent jobs to go around, then you too must have many children, or face the likelihood that no one--no child of yours--will have the means and the willingness to take care of you when you are too old to work. If all could have lower fertility, all might be better off. But reducing fertility norms is a collective action problem. Availability of affordable contraceptives also remains an important problem for the poor.

MDG 6 addresses Combating HIV/AIDS, malaria and other diseases:

A vicious cycle can keep malaria-stricken and other chronically ill (but treatable) people in poverty. Africa suffers from poor health resulting from a number of causes including from tuberculosis and parasites. Millions of children are struggling with daily hunger, living in squalor, and drinking unsafe water, making progress against disease difficult. Part of the problem is environmental poverty traps.

MDG 7 looks at environmental sustainability:

- Environmental collapse threatens to undermine the progress that has been made against extreme poverty. National governments in developing countries need to do their part. But at a local level, poverty traps associated with environmental degradation need to be addressed directly. In farm erosion traps, the poor are so desperate for food that they have to overuse their land even though they know the consequences will include reduction in soil fertility and productivity.
- Lowered environmental risks would allow poor farmers to take “favorable bet” business risks that could help pull them out of poverty; rainfall insurance, for example, might help farmers to appropriately specialize.

MDG 8 on Partnerships:

True partnerships are usually long term, and not a short funding cycle. Global partnership can help address national and sub-regional poverty traps with provision of better infrastructure in least developed countries with special needs such as subsistence traps, overcoming debt traps with more timely cancellation, addressing criminality traps with investments to expand decent and productive work for youth, and addressing health with improved access to more affordable essential drugs. Poverty traps can be attacked by cutting the official debt while increasing the level of well-targeted aid, and by cutting the barriers to African and other LIC exports, including not only tariffs

and non-tariff barriers to exports but also pernicious distorting subsidies that undercut the livelihoods of the poor.

However, successful development and poverty reduction rest equally on government, private sector, and civil society. Government is needed to supply public goods, provide the institutional framework and balance competing interests as a representative of all citizens. The private sector is vital in providing private goods and services and lowering costs, and can help reduce poverty through bottom-up market development. Growth of markets and provision of social services and public goods including advocacy for the poor and the MDGs is facilitated by a vibrant citizen sector. In short, a successful big push towards poverty reduction entailed provision of resources and incentives for the public and private sectors, as well as and individuals to develop and work in complement with each other.

H.E. Mr. Jean-Max Bellerive, Minister of Planning and External Cooperation, Haiti, highlighted the experience of Haiti in poverty reduction. He stated that Haiti has taken positive steps towards moving its population out of abject poverty. However, many obstacles remain. The most basic obstacle is the structural weakness of the state which makes it unable to absorb external assistance. Other barriers to eradicating poverty include:

- Politicization of funds
- Inability to retain human resources
- Corruption, and
- Political instability

He stressed that PRSPs are based on existing “strong points” of countries, rather than their potential. Haiti has to make use of its existing opportunities to ensure poverty reduction. Haiti is preparing its PRSP and this was a good opportunity to ensure that Haiti comes up with a unified vision for poverty reduction and development.

Dr. Ann Pettifor, Director, Advocacy International, spoke primarily on issues pertaining to global finance. She pointed out that numbers show that the poor have been financing the rich. In support of her statement she presented the following evidence/data:

- Net financial transfers between low-income and high-income countries has shifted from an inflow to low-income countries of \$46bn in 1995 to an estimated outflow of \$658bn in 2006.
- Debt cancellation has helped keep net financial flows positive for some low-income countries, but even for sub-Saharan Africa (excluding South Africa and Nigeria) net flows are estimated to have become negative in 2006.

She stressed that foreign exchange reserves have been a key mechanism through which financial net transfers occurred:

- Low-income countries now own a stock of official foreign currency reserves of over \$3 trillion (up from \$2 trillion in 2005 and \$572 billion in 1997) of which China owns over \$1 trillion.
- In 2005, 92 out of 127 low-income countries increased their reserves.
- In contrast, high-income countries have more subdued levels of foreign currency reserves: a total of \$1.1 trillion at the end of 2005 (Euro area (\$167bn), US (\$37.8bn), Japan (\$828.8bn) and UK (\$40.9bn).
- The counterpart of reserve holdings by low-income countries is the dramatic increase in liabilities of high-income countries, especially the US – carrying with it the risk of a major adjustment of US economic imbalances.

These imbalances were a result of President Nixon's decision in 1971 to detach the US from the discipline of Bretton Woods. Under Bretton Woods, the world's global reserve currency, the US dollar, was regulated with an arrangement to exchange dollar for gold at a fixed rate. The system required the US and others to correct imbalances as they occurred. But after the end of Bretton Woods there was no longer a planned system for correction. While Bretton Woods was not perfect, it fostered an age of stability and growth. After Bretton Woods, countries became largely dependent on the dollar—for their imports, for financing investments and for protection against volatile capital flows. This resulted in the build-up of the US current account deficit to \$860bn by the end of 2006, 6.5% of US GDP.

The consequence of this imbalance has been volatility and vulnerability to exchange rate risk, and has led to major financial crises across the globe since the 1970s. Dr. Pettifor cautioned that US borrowing has fuelled an asset price inflation which has continued to dangerous levels. This bubble is on the point of bursting – with consequences for the world economy, not just the US. Collapse of asset prices would lead to a rapid deflationary adjustment heralding a crisis in financial markets and a collapse in the value of the dollar.

She went to suggest an International Clearing Agency as a solution to the current imbalance in the global financial system. Such an agency would have the following features:

- It would be an open, international currency regime consistent with keeping international trade and investment open to all nations on equal terms;
- All foreign currency payments received would be exchanged for domestic currency deposits;
- All foreign currency payments would be deposited by Central Banks with the ICA;

- All international reserves would be held by the ICA;
- By netting all international payments against countries' reserve accounts, the ICA would ensure orderly changes in exchange rates.

Key benefits of the ICA would be:

- Greatly reduced exchange rate volatility;
- Reduced dominance of the few 'strong' currencies and countries.

Mr. Jean-Claude Pasty, International Association of Economic and Social Councils and Similar Institutions (AESCSI), stressed on the importance of the linkages between migration and development. He stated that remittances play a critical role in recipient countries. Flows of remittances have been greater than foreign aid in many developing countries.

On partnerships for eradicating poverty he pointed out the importance of South-South cooperation. On North-South cooperation he emphasized the need for greater market access for exports from developing countries, greater debt relief. At the same time national partnerships at the local level and regional partnerships were also crucial. However, national development strategies need to be nationally owned and developed with the involvement of all stakeholders in development, including the civil society and private sector.

Interactive Session

The delegate from **Indonesia** asked Dr. Pettifor how the global financial system was being affected by the continuous increase in remittances. He also asked about the role of microfinance in eradicating poverty. **Bolivia** also requested panelists to highlight the important role of remittances in development.

Commenting on the presentation by Dr. Pettifor, **USA** pointed out that the concept of net financial transfers between low income countries and high income countries is problematic at best, and borders on intellectual dishonesty at worst because of the manner in which it is so often presented. It provides an image of massive amounts of money leaving developing countries. What is actually happening is that massive amounts of money are going into low-income countries as they are being held there as reserves and is not coming out of those countries. The US could reverse this process by cutting off trade flows but developing countries would not benefit. Moreover, purchases of goods and services from developing countries, provide both financial resources and jobs to the citizens of those countries and are valuable in the fight against poverty.

Algeria pointed out that there is an international consensus on the fact that extreme poverty jeopardizes humanity which require long-term solutions. If poverty exists, it is because at the international and national levels, there exists a vicious circle of poverty. Algeria questioned whether it was not time for the international community to

devote additional efforts to combating poverty. It stressed that the international community should at least agree on the three rights – the right to education, the right to health, and the right to nutrition. Algeria supported the idea put forth by Dr. Pettifor on the need for international regulations of financial flows, but wondered how this could be implemented. **Benin** stressed that development would not be possible without resources. For Africa, the fundamental problem is a lack of resources. In Monterrey, resources needed by Third World countries in order to begin their development were evaluated, and problem areas were identified. However, implementation was poor. Lack of resources results in a lack of investments. The social sectors such as education, sanitation, drinking water etc., all need resources, which have not come through.

Finland posed the following questions to Professor Smith and H.E. Mr. Jean-Max Bellerive: 1. Which were the key areas that most need intervention, and would most benefit from the attention of Ministers at the AMR? (The presentations clearly highlighted the important role of partnerships especially between governments, private sector, and civil society, which it suggested would indeed be an area of interest to Ministers). 2. Out of all of the inter-related challenges that the international community needs to address in achieving the MDGs, which areas would most useful for Ministers to focus on?

Bangladesh stressed that the country had undertaken several steps (domestically) to reduce poverty and had experienced some success in reducing the numbers of those living in poverty. Unfortunately, the external environment which is critically important for Bangladesh had not been particularly encouraging. For instance in ODA; last year Bangladesh received an amount of \$1.3 billion dollars in ODA and more than 60% of this has been spent in debt servicing. Bangladesh is not a HIPC country and was being penalized for its good performance in the area of debt-servicing. In the area of international trade, market access is crucial for Bangladesh but it is lacking. The delegate from Bangladesh wondered how the country could adjust to the realities of the external environment.

On important steps that need to be taken to reduce poverty, **Professor Smith** pointed out that there were many encouraging programmes already in place. However, quite often, funding for these programmes is abruptly cut off. Some of the most obvious examples would be sustainable forestry and reforestation programs, which are areas in which the very poor live. It might require 15 or more years before the payoff is realized, and so to cease programme funding after 3 or 5 years on the grounds that it ought by now to be sustainable, simply made no sense. NGOs are under an enormous amount of pressure from funders. USAID is an example as it demonstrates that its programmes are financially sustainable. If they can't demonstrate this, they may not get more funding, so there was a lot of pressure to declare a programme sustainable just in order to be able to continue and do other work. Professor Smith felt that increasing the time horizon, was key. A change in timeframe in support for these programmes had to be a top priority.

Professor Smith also pointed out that there was a major shift in funding towards general development support for government rather than NGO programmes. He stressed that in many cases, civil society has stepped in where, for whatever reason, the government was unable or unwilling to take the lead. At the international level, it was essential to address all aspects of partnerships. Global partnership could help address national and sub-regional poverty traps through a variety of means, particularly by providing a better infrastructure in the least-developed countries. Poverty traps can be also attacked by cutting official debt, while increasing the level of well-targeted aid and by cutting barriers to African and other low-income country exports, including not only tariff and non-tariff barriers, but also subsidies found in developing countries.

On the issues of resources, **H.E. Mr. Jean-Max Bellerive** stressed that accomplishing MDG8 is crucial for achieving all the other MDGs. However, there is a need to have a common vision to design a national partnership first and then determine what the best opportunities were for the country vision. This would allow for the most efficient use of resources available. If developing countries wanted to convince their partners to follow the Paris Declaration, they need to have a clear, unified message. It is neither Haiti's intention nor that of any country, to remain in a situation of being assisted. Therefore, developing countries also need to evaluate quickly how they can get out of this supported situation and how they can better manage their national resources. The common vision of opportunities is not in contradiction with the MDGs; it is simply a question of using the scarce resources existing in the country at the time to the best possible end.

Addressing the questions posed by the distinguished delegates from Indonesia and Bolivia about the link between remittances and migration, **Dr. Pettifor** stated that in many developing countries such as South Africa, skilled personnel such as doctors and nurses were migrating to developed countries like Britain, and as a result, remittances are increasing. So there was a very clear link. Moreover, the issue of capacity and resources needed to achieve the MDGs is very important, as Benin pointed out. If, as in Sub-Saharan Africa, one wanted to address the question of MDGs 3 & 4, the reduction in maternal and child mortality, problems would undoubtedly be encountered. There are often not enough mid-wives, or nurses or doctors, because they have all gone to work in the British national health service or the American health service. This produces a very serious problem of capacity and the ability to meet those MDGs. So therefore, they are very strongly linked.

On the question posed by the United States, Dr. Pettifor stated that the White House defines the current account deficit as a capital account surplus and that sometimes one saw the opposite sides of the same coin differently. Indeed, trade has been good for some developing countries, especially China, and consumers in the US have had an important role to play. However, it is not sustainable. On the question of reversing the flows, the delegate suggested that it would be possible to reverse those flows, and she agreed that if those trade flows were to be cut off, that would be devastating for many

economies that rely on the United States for their surpluses. But if rich countries were to reverse the process of trade, or cut off trade, low-income countries could reverse the process of building up foreign reserves and that would cut off financing, which allows people in Britain, for example, and in the United States, to consume more than one is able to pay for. She went on to state that the US and Britain live beyond their means and have massive deficits. Such countries cannot pay for the goods that they are consuming, so they borrow from the international capital market, which includes some poor countries, to finance that deficit. If poor countries were to cut that off, US and Britain would have to cut their consumption rather drastically. She stressed that some countries had built profound instability into the financial system. If one is to reduce poverty in low-income countries, this could not be sustained.

On remittances, **Mr. Pasty** stated that remittances should not be used as a pretext for reducing ODA. There is a need for co-development policies. For example in Mexico, a dollar from migrants was matched by 2 dollars from the Mexican government—one at the federal level and one at the regional level, so in the end \$3.00 was made available and that shows how powerful these co-development policies can be. Such policies could also better integrate the immigrant population. Such co-development policies between two countries need to be promoted. In the EU similar actions are underway. There is also a need to guarantee these remittances and reduce the cost of transferring them because the fees charged by banks are excessive and again this is money that is taken away from these co-development efforts.

Roundtable 2: How are we doing in the fight against hunger and malnutrition?

This roundtable was chaired by **H.E. Mr. Hilario G. Davide, Jr.** (Philippines), ECOSOC Vice President, who spoke of hunger as a formidable challenge. He said a joint effort, led by Member States and involving North-South cooperation, is needed to address the challenge, and he welcomed the opportunity the AMR presents to discuss working in partnership to eradicate poverty and hunger.

Mr. José Antonio Ocampo, Under-Secretary-General for Economic and Social Affairs, moderated the discussion. In his opening remarks, Mr. Ocampo indicated that there has been little progress in meeting the goal to halve hunger by 2015, but that FAO projections suggest that stronger economic performance in developing countries may help accelerate improvement in the coming years. He stated that hunger is a question of distribution, not an issue of availability; the poor do not have sufficient income to claim their share of food produced. Lack of access to technology, extension services and land perpetuate their poverty. Mr. Ocampo stated that technological innovation, such as advances in biotechnology, may contribute to improving food security. He urged participants to think beyond the 2015 deadline, to consider what novel challenges the international community will face in eliminating hunger and malnutrition among the final 10 per cent.

Dr. Patrick Webb, Dean for Academic Affairs, Alexander MacFarlane Professor of Public Policy, Tufts University, stressed that even though hunger and malnutrition are closely related, they are distinct problems that require distinct solutions. There has been better progress in reducing poverty than hunger; yet, there are grounds for optimism as some governments have reduced malnutrition by taking risks and innovating. He reinforced the point that macroeconomic growth is essential – but not sufficient – to eradicate hunger. Dr. Webb pointed out that there is not a direct relationship between poverty and hunger, citing some national instances in which adequate quantities of food did not guarantee sound nutrition and others in which poverty is on the rise but malnutrition is decreasing. Therefore, he emphasized the need for a better understanding of the trends and differences influencing the dynamics between hunger and malnutrition and for country-specific analyses.

Dr. Webb presented three key lessons. First, he said that, with technological progress, treating acute malnutrition has dramatically improved, largely due to effective use of micronutrients. Paradoxically, he pointed out that we are better able to sustain lives in refugee camps or care centers than in communities because, outside those managed environments, the resources and control of the situation are lacking. He underscored the need to apply best practice from the camps to other situations. Second, he spoke of preventing malnutrition and hunger by enhancing choices. Dr. Webb argued that people need to be educated to demand better nutritional standards, which constitutes a change in behaviour throughout the entire life-cycle. Third, he addressed the question of facilitating and protecting nutritional programmes. This requires making hidden crises visible and mainstreaming hunger and nutrition in governments' PRSP strategies. To protect development gains already made, Dr. Webb warned that surveillance and warning systems against natural and other disasters as well as social safety nets for disaster victims are vital.

Dr. Ricardo Ffrench-Davis, Professor of Economics, University of Chile, and Co-Director of the Macroeconomics Task Force of the Initiative for Policy Dialogue, reiterated that partnership, including North-South and South-South cooperation, is critical to eradicating hunger. He said the MDGs and the Financing for Development targets represent significant commitments to the partnership for development, but some States have fallen short in fulfilling them. Dr. Ffrench-Davis highlighted that a group of countries, led by Brazil, France and Chile, are taking action to reduce the gap between “large needs” and “short funding” by identifying innovative sources of financing to fight hunger and poverty. He cited UNITAID, an international drug purchase facility to fight tuberculosis, AIDS and malaria, as an example of an effective partnership between States, the United Nations and foundations that uses an air-flight levy to fund its work.

Dr. Ffrench-Davis noted the significance of remittance flows from economic migrants to developing countries and highlighted the need to bring the recipients of remittances better access to domestic finance in order to improve their future flows of income. Citing the need to alleviate negative external shocks on developing countries, he

supported the proposal that the IMF issue special drawing rights to developing countries in order to help them overcome currency crises and other critical situations. He also pointed to tax evasion through tax havens as unfairly depriving governments of funds that might be applied toward providing services to the poor. He suggested that a reformed Committee of Experts on International Cooperation in Tax Matters can play a role in ameliorating this problem, and that it should be encouraged to work with the OECD. Dr. Ffrench-Davis also identified a small, non-distorting levy on currency transactions as another new source of financing. He urged increased technical and political support to help accelerate progress in the partnership for development.

Ms. Rajul Pandya-Lorch, Chief of Staff in the Director General's Office and Head of the International Food Policy Research Institute's (IFPRI) "2020 Vision for Food, Agriculture, and the Environment" initiative, addressed the emerging issues concerning food security. She stated there has been no reduction made in the number of food-insecure people since 1990, and, if China's progress is removed from the data, the number has actually *increased* by 50 million people in that period. She cited a need to invest more in developing, implementing and scaling up projects specifically targeted at decreasing hunger.

Ms. Pandya-Lorch identified several emerging challenges in food insecurity. There is the struggle to transform small-scale farming to provide healthy development for farmers and to facilitate the exit from farming in non-viable agricultural communities. There is also the need to develop technology for farmers that can be used within their constraints or accompanied by measures to facilitate their access. An enabling environment could help small-scale farmers get on the biofuel bandwagon, for instance. Consumers must simultaneously be protected from price increases in food. She also suggested that the hungry today may have a different profile than those twenty years ago and that new groups may require new policies. Mitigating and adapting to climate change, which puts the welfare of farmers at risk, is one of the most important challenges at the present. Citing the linkage between health and agriculture, she stressed that global threats like the avian flu can have significant implications on poverty and hunger. As the population ages, there is also the need to anticipate new challenges to food security. Finding sufficient investment to scale up innovative programmes providing direct assistance and social protection (such as school feeding initiatives) is another challenge. Ms. Pandya-Lorch recommended helping the private sector engage in a sustainable and profitable basis with the poor. She concluded that the international community should search for innovative ideas and tap into new actors in order to create new opportunities to eradicate hunger and malnutrition.

The representative from the Brazilian Mission to the United Nations presented, on behalf of **Ms. Ester Bemerguy de Albuquerque**, International Association of Economic and Social Councils and Similar Institutions (AESCSI) and Secretary-General of the Council for Social and Economic Development, Brazil, the Brazilian experience with the

creation of the Economic and Social Development Council (CDES) and the National Development Agenda. The representative highlighted several initiatives undertaken by President Luiz Inácio Lula da Silva's administration to achieve macroeconomic stability and social inclusion, including the *bolsa-família* programme -- one of the largest income transfer programmes in the world -- and a number of other domestic initiatives to reduce hunger and improve nutrition.

The statement also presented an overview of the CDES, and its role in formulating the National Development Agenda, an agreement between government and society on Brazil's long-term development policy. A sign of CDES' success, a large part of the Council's Strategic Statements for Development were reflected in President Lula's Growth Acceleration Programme (PAC) and the Education Development Plan (PDE). Ms. Bemerguy de Albuquerque's statement also highlighted the CDES Equity Observatory, which contributes capacity and instruments to measure and support equity. The Observatory has recommended that education be considered a national priority essential to achieving equity in the country.

Interactive session

Following the presentations, the Chairman invited questions and comments from the floor.

The representative of **Indonesia** underscored that the market alone has not ensured food security and that the issue should be placed higher on the political agenda. Brazil observed that the work undertaken on poverty and hunger by the Presidents of Brazil, France and Chile constituted advocacy at the highest level, which had been successful in achieving consensus and needed to be continued to keep the issue at the forefront of the political agenda. Citing the complex interlinkages between poverty, hunger and other issues on the development agenda such as climate change, rural development and migration, the representative of **Brazil** asked how the international agenda could be re-shaped and how more resources and visibility could be brought to bear on these issues. The representative of **El Salvador** asked panelists to elaborate on the impact of international migration – beyond remittances – on hunger. The representative from **Benin** recalled the importance of considering the needs of the poorest, most of whom are located in remote areas. His intervention emphasized the need to launch initiatives to help bring products to market and to improve communication to remote regions.

Cuba and **Venezuela**, respectively, asked whether ethanol – with its growing importance as an alternative source of energy – would become a challenge to food security and whether funds from financial institutions would finance projects for energy production rather than food production.

Dr. Webb recommended looking at what crops are displaced by ethanol production to determine whether there is a resulting impact on food security. He also raised a warning about the displacement of small farmers to make way for large producers. Cash crops are not inherently bad, he stated. If small farmers are able to cultivate them, they can use the income to purchase more diversity in their diets, with positive results for nutrition. He applauded President Lula and other leaders for their visible advocacy and agreed with Brazil's intervention that the challenge is to sustain engagement at the highest levels. Dr. Webb observed that the MDG process had been key at placing hunger on par with poverty and raising awareness that the two must be dealt with simultaneously. Regarding the interlinkages between various development issues, he supported continuing to explore the negative synergies of HIV/AIDs, the avian flu and other challenges. New partnerships are arising in these areas of overlap. He concluded by underscoring the necessity to promote and facilitate education of citizens to know and demand their rights and entitlements.

Indicating that recipient countries are already undertaking research relating to maximizing the impact of remittances, **Dr. Ffrench-Davis** reiterated his point about working to ensure small farmers and other poor individuals in developing countries can get better access to their domestic financial markets in order to develop their economic futures. He urged moving from words to action to fulfill the MDGs by 2015.

Ms. Pandya-Lorch said that ethanol and other biofuels are no different to other cash crops. In this regard, it is necessary to find effective ways to help small farmers benefit from their cultivation. She indicated that IFPRI has studied the "food vs. fuel" question and has determined that there is no competition, and that price effects will prevail. It is important, then, to ensure that markets can operate efficiently, although States will need to make provisions in order for small farmers to benefit. Ms. Pandya-Lorch observed that a major shift has occurred in which the international agenda is now shaped more by voices from the developing world than those in the developed world that claim to speak for them. She urged transmitting those voices widely. To do so, she advocated investing more in information and communication technologies, education and organizational development in developing countries.

Closing

Mr. Hafiz Pasha stated that the focus of the first roundtable was very much on highlighting the problem of poverty gaps, particularly in the poorest countries. He noted that some serious structural impediments to reducing poverty had been mentioned, which could be in the form of disadvantaged location, depletion of natural resources, various forms of discrimination or lack of access, which had led to this vicious cycle of poverty. It was therefore clear that unless the roots of this problem of a poverty trap was tackled, not much headway in making poverty history was possible. The capacity of the state to deliver basic social services was another factor mentioned which needed attention.

In his view, two critical points were made- the first regarding the chronically poor, who were significantly below the poverty line and so these poorest of the poor had to be a key element in any strategy. The other was the need to recognize that access to food, in particular, and possibly also basic education, and any policy or strategy framed either globally or nationally, must recognize the basic rights of citizens.

Regarding recommendations, he stated that much of the discussion focused on partnerships, and was really the value-added part of the discussion. The global partnership for development should be focused on expanded flows of resources to developing countries, particularly the ones emerging from the Monterrey Consensus, and some of which still remained to be realized, and increased market access and debt relief. As far as national and local partnerships as well as regional relationships were concerned, the point was made that countries must try and pursue long-term poverty reduction strategies which were nationally owned and developed with focus particularly on the partnerships between government on the one hand, the private sector on the other and civil society.

It was considered extremely important that in the context of these strategies an attempt was made to assign a proper role to civil society. There was a sense that civil society could make a significant contribution, not only in advocacy, but also in providing access to communities which were difficult to reach and other target groups. Microfinance, non-formal education and other initiatives through the civil society or the non-governmental sector were recorded as successful examples of partnership with civil society.

He concluded his summation by stating that there was also a strong affirmation of the need to ensure that national development strategies were framed in partnership with the international community so that the incremental resource needed, particularly in the context of some of the poorest countries, were recognized and due attempts were made to augment those resources through a strong global partnership.

Mr. José Antonio Ocampo summarized the discussion in the second roundtable around three broad headings-trends in nutrition, critical substantive issues and instrumental issues as well as actors. On the first issue, it was underscored that more progress had been achieved in poverty reduction than in the fight against malnutrition. In fact, apart from in China, the actual number of malnourished persons in the world had sharply increased. Based on experience, association between reduction in poverty and reduction in malnutrition was not always direct; at times it seemed that these two trends were going in different directions. It was important to keep separate the issues of poverty and malnutrition. It was stated that different targets in the area of nutrition might actually go in the opposite direction. There might be faster progress in some than the others and understanding the specificity of each issue was important; they could not be just put under one heading.

On the substantive issues, Mr. Ocampo stated that the debate showed that in spite of having knowledge on how to improve nutrition, particularly due to the advancement in the application of micronutrients, organizational capacity to fight malnutrition lagged far behind, as well as behavioral patterns that made progress difficult. It was pointed out that there was enough food in the world, and that the issue of nutrition was a question of distribution more than production. Additionally, there was a need to educate people on nutritional issues throughout their lifecycle, not only mothers and children, but also adolescents, adults, and even older people. Paradoxically, under a controlled environment, it was possible to sustain lives better, as in refugee camps, than in communities, where resources and control had been lacking.

Another issue linking nutrition and poverty was the importance of the small-scale farming. Both problems, poverty and malnutrition, were prevalent in the rural areas in many countries, where a large proportion of malnutrition happens in small farmers, due to their inadequate income caused by, among others, lack of access to new technology, credit, financing, and extension services. It was emphasized that there were linkages among different problems and that improvements in nutrition was closely associated to advances in other areas including agriculture (small-scale farming), water, education, health (particularly issues of HIV/AIDS, Avian Flu), and others.

There was a lively debate on the relationship between ethanol and food supply, and a question was raised whether the attractiveness of ethanol was going to have a negative effect on food supplies. Although there was no consensus, the answer was probably not, but whether ethanol would represent an advantage for small-scale farmers remained unanswered.

Finally, regarding instruments, the role of national programmes was discussed, particularly the Brazilian experience, where significant progress had been made in both reducing extreme poverty and reducing malnutrition and hunger. At the global level, the issue of identifying innovative sources of financing to fight hunger and poverty was highlighted and the role of various actors at the national and international levels was discussed, including the importance of mobilizing the private sector and the civil society.