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PROVISIONAL SUMMARY RECORD OF THE 15th MEETING (FIRST PART)*

Held at the Palais des Nations, Geneva, on Tuesday, 3 July 2007, at 9:30 a.m.

President: Mr. ČEKUOLIS (Lithuania)

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* The summary record of the second part of the meeting appears as document E/2007/SR.15/Add.1

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The Meeting was called to order at 9:45 a.m.

HIGH-LEVEL SEGMENT (*cont.*)

THEMATIC DISCUSSION:

STRENGTHENING EFFORTS AT ALL LEVELS TO PROMOTE PRO-POOR SUSTAINED ECONOMIC GROWTH, INCLUDING THROUGH EQUITABLE MACRO-ECONOMIC POLICIES (Item 2 (a) of the agenda) (*cont.*) (E/2007/51, E/2007/68)

The PRESIDENT presented the conclusions of Round Table 1, held at the 14th Meeting, on "Growth, Poverty Reduction and Equity - Emerging Paradigm." Participants had recognized that while the global economy was growing rapidly, inequalities within countries were continually increasing. Against that backdrop, a new growth model was needed that took poverty and inequalities into account. While agreement had not yet been reached on the policies to be implemented, experience showed that there was no single solution for stimulating growth, eradicating poverty and promoting equity and that countries needed sufficient room for manoeuvre for implementing their own national development strategies.

Participants had reached agreement on six key points. First, full advantage should be taken of markets and private capital, although governments had to remove obstacles to growth by guaranteeing macroeconomic stability. Second, it was necessary to help the poor overcome poverty by exploiting their own productive potential and through access to credit. Third, good governance, including the fight against corruption, was essential for combating poverty, and governments needed to step up the empowerment of the least advantaged. Fourth, more attention should be paid to the social repercussions of macroeconomic policies. While macroeconomic policies had to safeguard long-term stability, fiscal policies should provide sufficient short- and medium-term flexibility to allow countercyclical expenditure. It was also important to bear in mind the impact of monetary policies on employment and inflation. Fifth, an enabling international environment had to be created to help countries eradicate poverty. Middle-income countries no longer eligible for loans from the International Development Association (IDA) were worried about no longer having access to financial resources on reasonable terms. Given the major fluctuations in commodity prices, countries dependent on raw material exports found it more difficult to fight poverty. It was necessary to help countries – especially the least developed (LDC) – to make better use of the preferences granted to them. Sixth, environmental issues needed to be taken into account, particularly climate change, because they could undermine efforts to eradicate poverty.

Mr. SUNDARAM (Assistant Secretary-General for Economic Development), summarized the discussions held at the 14th meeting in round table 2 on "Coherence and coordination of macroeconomic policies at all levels." The participants had recognized that while the eradication of poverty depended above all on national efforts to stimulate economic growth, external conditions had a direct bearing on policy effectiveness. In light of economic integration and global economic trends, it was necessary to strengthen the IMF and establish a broader framework than the G-8. Moreover, regional crises had demonstrated the importance of coordinating macroeconomic policies and financial cooperation at the regional level. Mr. Portugal had reported on the medium-term strategy of the International Monetary Fund for strengthening its role in global coordination, using surveillance as the main mechanism. He emphasized that the role of the IMF was essentially advisory, achieved through dialogue, collaboration and trust vis-à-vis sovereign states. Mr. Correia had given an account of the European Union experience. To belong to the Union, candidate countries had to meet macro-economic criteria (especially monetary stability and low inflation). The Union's Stability and Growth Pact provided a policy surveillance mechanism under the aegis of the European Commission and the European Central Bank. For the European Union, financial integration was not an end in itself but rather an objective aimed at stimulating the European economy. Ms. Carrasquilla highlighted the experience of the Latin American Reserve Fund with respect to regional coordination and cooperation. The Fund provided a more favourable environment for investment and trade and helped harmonize exchange rates and financial and fiscal policies. It supported the development of instruments and financial markets to mitigate the impact of instability in capital flows. In answer to a delegation's query, Mr. Portugal had explained that the IMF endeavoured to treat all countries in the same way and to use its powers of persuasion in dealing with all of them. The Fund was contemplating a reform of its quota system, giving more weight to the countries that had a greater impact on the global economy. Asked whether the Latin American Reserve Fund concerned itself with capital accounts issues, Ms. Carrasquilla had replied that, although the Latin American Reserve Fund lacked the tools needed to address such issues, its Board of Directors had some leeway that allowed it to establish a credit facility tailored to each particular situation.

Mr. YAR HIRAJ (Pakistan), speaking on behalf of the "Group of 77" developing countries and China, said that economic growth had to be sustainable and equitable in order to meet the basic needs of the very poor. Poverty was still rife in places in which no pro-poor economic policy was pursued and where no measures had been adopted to solve the non-economic problems associated with that scourge. Numerous developing countries were still far from achieving the Millennium Development Goals, particularly countries in sub-Saharan Africa where, despite economic growth since the mid-1990s, almost 44 per cent of the population continued to live in extreme poverty. Similar situations were to be found in other regions, as well, due in large part to population growth, rapid urbanization, and limited access to productive employment.

Aware that each country was chiefly responsible for its own development, the "Group of 77" and China considered that the authorities should establish the following priorities in order to promote sustainable and equitable economic growth: greater fiscal and monetary discipline; better governance to support development and ensure economic and social justice; encouragement of economic growth via emphasis on the rural sector and by guaranteeing macro-economic stability; incorporation of the Millennium Development Goals in national development strategies; investment in human resources, with particular emphasis on access to basic social services; improved access to social security for the poor and for less developed regions; greater autonomy for women and minorities and improved access to health and education; development of infrastructure projects and enhanced efforts to attract foreign direct investment (FDI) to finance national development strategies; the adoption of fiscal and non-fiscal measures to boost housing and the construction industry; and promotion of small and medium-sized enterprises, through, above all, access to microcredit.

However, the international community had to continue to help developing countries fight poverty. Development assistance and, in particular, development finance on favourable terms were still essential for countries to be able to achieve their economic growth and sustainable development objectives. It was therefore lamentable that official development assistance (ODA) had declined by 5 per cent between 2005 and 2006. It was equally important to find new, stable and predictable sources of financing for helping developing countries combat poverty and hunger. Undeniably, inequalities were growing between developed and developing countries and within countries. Most developing countries went out of their way to attract foreign investors and embarked on reforms to that end, which, often enough, were fettered by conditions imposed by the international financial institutions.

At the same time, it was more important than ever in this age of globalisation to establish an equitable international trade regime. The trade policies of developed countries were inconsistent with their aid policies. It was legitimate to wonder whether the Doha Round, which had reached an impasse, would suffice to remedy the inequalities of the multilateral trade system and improve countries' trade and development prospects. It was essential that the Doha Cycle put an end to the rich countries' subsidies for their agricultural sector.

Other measures needed included granting special and differentiated treatment for the weakest developing countries in order to guarantee their "food security"; abolishing the new protectionism adopted by the countries in the northern hemisphere in the form of antidumping laws and arbitrary regulations; and eliminating the restrictions resulting from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in the health and education sectors. A reduction in customs duties should prevent the de-industrialisation of the least competitive developing countries.

There were also ongoing inequalities between developed and developing countries with respect to access to state-of-the-art technologies. The World Intellectual Property Organisation (WIPO), the World Trade Organisation (WTO), and the United Nations Conference on Trade and Development (UNCTAD) should re-examine the TRIPS mechanism, which appeared to be a constraint on the development of certain countries.

Likewise it was also necessary to take a look at the restrictions imposed by other technology control mechanisms for so-called "security" reasons. It would be useful to conduct research and development activities in areas of particular concern to developing countries.

To correct certain systemic lacunae, developing countries should participate more actively in decision-making and in the setting of standards in international bodies, including the Bretton Woods institutions. The IMF should not only increase the voting power of developing countries but also guarantee financial stability and access to sources of short-term financing for those that needed it. Management of the global economy should no longer be the prerogative of a handful of rich and powerful countries.

In conclusion, the current cycle of economic growth should not distract from certain realities: more than one billion people were still living in dire poverty; the gaps between rich and poor countries continued to widen; political injustices and conflicts had a disproportionately harsh impact on developing countries; terrorism was spreading all over the world; and the future of the planet was threatened by weapons of mass destruction and by certain predatory practices that were the root causes of climate change. Only observance of the principle of equity for all would enable us to overcome the threats looming over our planet.

Mr. MARQUES (Portugal) spoke on behalf of the European Union, the candidate countries (Turkey, Croatia, and the former Yugoslavian Republic of Macedonia), the stabilisation and association process countries and potential candidates (Albania, Bosnia-Herzegovina, Montenegro, Serbia), and the Ukraine, the Republic of Moldova, Armenia and Georgia. In his opinion, while the growth of the global economy had had a positive impact on efforts to achieve the Millennium Development Goals in Latin America, China, and India, it had not led to noticeable progress in South Asia and, in particular, Africa, a region for which the European Union would adopt a new strategy at the Lisbon Summit scheduled for December 2007. In order really to enhance individual lives, economic growth had to be accompanied by effective economic, financial, social and environmental policies that allowed the poor to partake of that growth and enjoy the fruits of it. Despite encouraging signs of a decline in poverty worldwide, difficulties in achieving the Millennium Development Goals persisted and had even been exacerbated in regions such as sub-Saharan Africa, which suffers from rapid population growth, major inequalities, and insufficient employment generation. Given the role of the private sector in economic growth, it was important to ensure that the expansion of that sector benefited the poor by encouraging economic and social inclusion, gender equality, the empowerment of disadvantaged groups and social investment, while tapping the potential of the informal sector.

National global development strategies, drawn up with the participation of all stakeholders, were needed for the pursuit of pro-poor economic policies emphasizing employment – especially productive employment – generation and bearing in mind the need for democratic transparency and clearly established rights and duties of citizens. The national employment and social inclusion plans adopted by the member states of the European Union were a concrete manifestation of such development strategies. It was essential to endow the poor, especially women and young people, with the wherewithal for participation in poverty reduction strategies and with access to financial services. The promotion of gender equality and the defence of women's rights were core values vigorously espoused by the European Union.

The commitments undertaken in the Monterrey Consensus reflected a very broad development strategy which, in particular, needed to fully incorporate environmental goals. Indeed, poverty reduction could only work if equal energy was expended on the human factor, protection of natural resources, subsistence in rural areas, and wealth creation. It was advisable, too, to encourage the growing role of developing countries in the global economy, and to strengthen regional coordination mechanisms for promoting pro-poor economic growth.

The European Union, which provided over half the world's aid, was determined to attain, prior to 2015, the goal of 0.7 percent of Gross National Income (GNI) established for official development assistance (ODA) and it had made a notable contribution to debt relief for the poorest countries. It was currently conducting negotiations with the African, Caribbean, and Pacific (ACP) countries regarding economic partnership agreements designed to contribute to the eradication of poverty and to the integration of those countries in the global economy. Convinced of the need for "Aid for Trade," the European Union was hoping to conclude a Joint European Aid for Trade Strategy by the end of 2007. It invited all stakeholders to do all they could to reach a successful conclusion to the Doha multilateral trade negotiations, pointing out that the adjustment costs associated with trade liberalisation were slight compared to the benefits it could bring; which costs and benefits should, in any case, be shared equitably among all the trade partners.

The European Union underscored the need to pay special attention to the social aspects of globalisation and to foster good governance at the international level. It was pleased at the IMF's consultations aimed at correcting global imbalances and reaffirmed its support of the reform efforts undertaken by the World Bank and the IMF, designed to ensure that quota shares accurately reflected member countries' economic weight and their financial contribution capacity, while at the same time strengthening low-income countries' voting power. The European Union was determined to ensure that developing countries and countries in transition participate fully in the international financial institutions, whose effectiveness and credibility were at stake.

Mr. MILLER (United States) said he was astonished that the delegations that had taken the floor before him had barely mentioned macroeconomic policies, the focus for the thematic debate that had been chosen in New York after lengthy discussions. Those policies concerned important matters, such as public expenditure, taxation, exchange rates and tariffs, interest rates, money supply, and the regulatory and legal framework for businesses.

Mr. CABRAL (Guinea-Bissau) thanked the Pakistani delegation for its clear presentation of the position taken by the Group of 77 regarding the measures needed to promote pro-poor and sustained economic growth. He agreed, however, with the delegate of the United States that it would have been preferable to adopt a more direct approach to a topic of concern to all, given that it was not just about the eradication of poverty but also about enabling the least privileged to aspire to a more stable and decent future. It was necessary to stress the measures that poor countries needed to take to improve governance and boost transparency, particularly with respect to proper use of public funds and of international aid.

Mr. AKRAM (Pakistan) pointed out that the declaration of the Group of 77 did indeed address the topic chosen, namely "strengthening efforts at all levels to promote pro-poor sustainable growth, including through equitable macroeconomic policies." The Pakistani delegation considered that sound economic policies were essential at the national level. Such policies had, moreover, enabled Pakistan to triple revenue generation over the past eight years and to mobilise resources for development. The delegation also pointed to the part that may be played by trade, monetary, financial, and technology-transfer-related policies in poverty eradication. Recalling the major agricultural subsidies granted to their farmers by the United States and the European Union, tariff peaks, and progressive customs duties, as well as the constraints on technology transfers imposed in such a way as to discriminate against developing countries, the Pakistani delegation said it would be happy to debate those topics.

Mr. MILLER (United States) thanked the Pakistani delegation for its comment. The very impressive progress that Pakistan had made as a result of economic policy reforms showed the importance of domestic macro-economic policies, but it was also true that the macroeconomic policies of certain countries could have international effects. In the case of the United States, agricultural subsidies dated back to the Great Depression of the 1930s, when it was a question of protecting a disaster-stricken farming sector. The policy led to large agricultural surpluses that, for the past 30 years or so, had mainly supplied food aid programmes. Nevertheless, it was undeniably true that the policy affected certain countries' exports. The issue was being debated in the Doha multilateral trade negotiations. As for tariff peaks, it should be recognised that the economic liberalization policy pursued by the United States had driven global economic expansion in recent years. It had undoubtedly also had other effects, but the United States was a functioning democracy and was ready to engage openly in international discourse on such issues.

As for technology transfer, the United States considered that intellectual property rights were essential for technological progress. The Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement was designed to foster research and development because it guaranteed investors a fair return on their investments. If intellectual property rights were not protected, there was a real risk that the source of technological innovation could dry up, particularly with respect to climate change: a field in which technological progress played a vital role. At the same time, developing countries, too, had to have access to new technologies and it was necessary to act collectively, in the framework of international institutions, to find a way of financing their access to those technologies.

With regard to the capital account surpluses caused by the large trade deficit of the United States, in Mr. Miller's view, they had not led to an international economic crisis. The United States understood the concerns involved and constantly engaged in dialogue with major trading partners regarding exchange rate regimes and other factors affecting trade flows.

Mr. AKRAM (Pakistan) recalled that the main effect of agricultural subsidies was to generate surpluses that had a debilitating impact on the export capacities of developing countries, because they triggered distortions in world markets. He wondered whether it was not necessary to abolish the subsidies, because they prevented developing countries from exporting food products at competitive prices. That being so, he considered that it was unwarranted to demand something in exchange for the abolition of subsidies by the European Union and the United States.

As for "tariff peaks," their impact on the global economy had been acknowledged and the United States had expressed willingness to accept trade-offs. Pakistan was ready to go along with an agreement based on that principle within the WTO framework, but high or progressive, discriminatory tariffs were unacceptable because they had a negative impact on developing countries' most competitive exports. Lower tariffs were being debated in the WTO, but it was unacceptable to demand that developing countries also lower their tariffs.

With respect to technology transfer, Mr. Akram admitted that protecting intellectual property rights helped foster innovation, but it also had disastrous effects for developing countries. In fact, when certain essential technologies were developed in health or education, for example, the poorest countries had no access to them because they were patented. That was unjust, because they could eradicate hunger or save lives. Developing countries were able to use fewer and fewer procedures, so much so that even ancient techniques that had originated in those countries could no longer be applied because they had been patented in developed countries. It was therefore necessary to examine the ways in which the TRIPS Agreement thwarted development.

As regards capital account surpluses, it was indeed widely recognized that the economy of the United States had a spread effect on the rest of the world. However, developing countries risked being the principal victims of global imbalances in the event of a meltdown of the international financial system. Those countries therefore had a right to be informed of policies being envisaged or of negotiations under way, so that they could attempt to influence the way financial systems developed.

Mr. MILLER (United States) said he understood the position taken by the representative of Pakistan and that he was pleased that the dialogue that had taken place during the session would make it possible to formulate more helpful policies and procedures for developing countries.

Mr. SAVOSTYANOC (Russian Federation), while welcoming the upturn in global economic growth, said that the inequality in development between countries and regions was still worrying. Noting that economic growth was insufficient to overcome poverty and that the widespread neo-liberal notions often only served to exacerbate social inequalities, the Russian delegation called upon the international community to adopt a set of measures, negotiated at every level, aimed at ensuring equitable distribution of the benefits of economic growth, paying greater heed to the experiences and specific circumstances of each country.

The eradication of poverty required balanced macroeconomic policies and social measures conducive to human capacity building. The socio-economic policies pursued by the Russian Government were conceived precisely for that purpose. The economic reforms it had embarked on had led to improved legislation, the introduction of modern economic management standards, and the establishment of legal frameworks designed to foster the public and the private sectors and mutually advantageous interaction between them. This had led to a marked improvement in the investment climate. A series of steps had also been taken to strengthen human resources and consolidate the social sector – especially health, education, and social security – and to adapt it to market conditions. Combined, these efforts had doubled the population's income in real terms and halved the poverty rate in the space of five years. Having completed its transition period and achieved a stable rate of economic growth, the Russian Federation was now increasingly concerned with developing its humanitarian aid and economic assistance capabilities.

The Meeting adjourned at 11:15 a.m. and resumed at 11:25 a.m.

ANNUAL MINSTERIAL REVIEW

STRENGTHENING EFFORTS TO ERADICATE POVERTY AND HUNGER, INCLUDING THROUGH THE GLOBAL PARTNERSHIP FOR DEVELOPMENT
(Item 2 (b) of the agenda) (E/2007/71, E/2007/81, E/2007/CRP.5)

The PRESIDENT called to order the first annual ministerial review of progress made toward the achievement of internationally agreed development goals. He pointed out that the topic for this first review was apt because the eradication of poverty and hunger was a stage in the path to development and prosperity for all.

Mr. SHA ZUKANG (Under-Secretary-General for Economic and Social Affairs) introduced the Secretary General's report on the topic chosen and said that the annual ministerial review was designed to expedite implementation of development goals. It therefore had to focus on actions undertaken and determine what measures directly contributed to development.

In his report, the Secretary General had taken stock of progress made and examined gaps and current hurdles and the areas that required particular attention, especially in the framework of the global partnership for development. The goal of halving poverty by 2015 now appeared to be feasible for all parts of the world, with the exception of sub-Saharan Africa. Even there, the absolute number of those living in poverty had ceased to grow and their percentage share of the population had therefore declined, albeit not enough. Poverty was not just a question of income; it also had to do with other factors, such as access to health care and education. In these areas, much more rapid headway had been made since 2000, but it was not yet enough to achieve the goals that had been set.

Countries in which internal conflict and unrest had hampered or reversed development had to redouble their efforts to offset their impact, if need be with the help of the international community. The environment was another important area in which progress was needed, especially as regards climate change: an issue that urgently required concerted action by all countries.

The chief conclusion of the Secretary General's report was that the over-arching strategy pursued in order to achieve internationally agreed development goals was working, but not on the desired scale. That strategy needed strengthening, in order to expedite implementation. The global partnership for development was built on two fundamental principles: first, the countries themselves had to accept that they were first and foremost responsible for their own development; second, the developed countries should be dynamic partners providing assistance to countries and ensuring that global conditions were conducive to development. The multipartite nature of partnership for development was an asset.

Following the World Summit, many countries had begun to implement a national development strategy tailored to their specific needs. However, certain features of such strategies were common to all: first, development had to benefit all strata in society; second, women needed to be empowered to contribute to and benefit from development on an equal basis with men; third, poverty reduction had to address dimensions such as health and education, as well as income; fourth, in order to achieve a sustainable reduction in poverty, it was necessary to generate decent jobs. The United Nations Department of Economic and Social Affairs had drawn up guidelines on macroeconomic issues, trade, investment, and technology, as well as development financing, to help countries implement their strategy in those areas.

Development partners should utilize each country's development strategy as the framework for their support and tailor their assistance accordingly. Overall, development partners had made some progress but they still had a long way to go to meet the commitments undertaken. It was good that the external debt burden of developing countries had been considerably reduced. However, while overall official development assistance had increased, much of it had taken the form of debt relief and the volume of aid was still insufficient.

The whole planet was enjoying a period of exceptional economic prosperity and it was therefore an especially opportune moment to boost actions aimed at eradicating poverty and hunger in the world. All countries involved must reach agreement on new trading arrangements that actively contributed to the development of the poorest countries. Global governance mechanisms also had to be rendered more effective for development. It was necessary to increase and strengthen the participation of developing countries in governance and expand their role and participation in international financial institutions. That process, launched in Monterrey, now had to be accompanied by concrete measures.

The Under-Secretary-General suggested concluding the annual ministerial review with a set of specific commitments. Thus, each country could announce a new initiative in connection with the fight against poverty and hunger.

Mr. SCHILTZ (Luxembourg) said that the Secretary General's report on the theme of the ministerial review was very complete and painted a picture of the complex situation of rural and urban poverty and hunger in the world. It also addressed the different facets of development and monitoring of the achievement of the Millennium Development Goals. It was clear that encouraging progress had been made towards the realisation of the MDGs and that, globally, hunger and poverty had declined, but, unfortunately, sub-Saharan Africa was not part of that positive thrust and some countries had actually regressed. From the start, it had been clearly diagnosed that it was in sub-Saharan Africa that the majority of people lived below the poverty line. Additional efforts were therefore required, in terms of both financial contributions and partnership.

The session of the Economic and Social Council afforded a unique opportunity to reaffirm the political will of States to follow up on the Millennium Declaration. That political will needed to be asserted above all at the national level, because the primary responsibility for development and its counterpart – good governance – lay with the developing countries. It was up to them to identify the most pressing needs, set their priorities, and formulate and implement national policies for eradicating poverty and hunger. The international community should be by their side to counsel, support, and provide financial assistance, but as a function of national priorities.

Mr. Schiltz stressed the need to recall the commitments made to increase aid and make better use of it, acting with a sense of responsibility vis-à-vis the Monterrey Consensus and the Paris Declaration on Aid Effectiveness. It was also high time, to say the least, to put the Doha Development Round back on track. Not only the neediest were waiting for this to happen. Public opinion was calling for it the world over.

The European Union was on track toward meeting the Monterrey commitments, since, collectively, its member states devoted 0.42% of gross national income (GNI) to official development assistance (ODA). Nevertheless, overall the ODA of the OECD countries had fallen by 5.1 percent in 2006. Now, meeting the Millennium Development Goals in 2015 would require US$150 billion a year: a substantial sum, but one that was insignificant compared to the scope of the development challenge. Since 2003, debt forgiveness for Iraq and Nigeria had only temporarily embellished official development assistance statistics, a fact that did not escape the OECD Development Assistance Committee, which pointed out the downward trend in ODA. While new means of mobilising resources for development had been explored and developed since the Millennium Summit, the Secretary General's report rightly emphasized that those initiatives could by no means substitute for ODA, which remained essential.

The European Union had also acted on the aid effectiveness front. In November 2005, the ministers of development, the European Commission, and the European

Parliament had adopted the European Consensus on Development Cooperation, which then formed the basis for a Code of Conduct presented by the European Commission on complementarity and division of labour among donors and creditors, which was adopted by the ministers in 2007. Luxembourg fully supported those initiatives, as well as the goal of unifying the activities of the United Nations system. Because progress was also being made at the United Nations. Inspired by the recommendations of his predecessor, the Secretary General was striving to achieve greater system-wide coherence as a means of enhancing the quality and effectiveness of multilateral aid. The Secretary General aptly rounded off the list of new challenges to be faced by championing the fight against the causes of climate change.

On behalf of his Government, Mr. Schiltz reaffirmed Luxembourg's determination to raise its ODA to one per cent of its gross national income over the coming years and to strive to increase aid effectiveness. Luxembourg was also committed at the European level to recalling the nature of the commitments undertaken, namely 0.7 per cent of gross national income by 2015. Finally, Luxembourg intended to insist on the notion of partnership, which was indispensable for meeting the development challenge. The credibility of the countries that had made commitments was at stake, but above all what was a stake were the lives of millions of men and women.

National voluntary presentations

Mr. RUBIN (Sky News) said he was pleased that six countries representing all the regions that the industrialized world had promised to help had voluntarily undertaken to give presentations on their experience with fighting extreme poverty. That was a major challenge, which depended, moreover, on three mainstays: the Doha Round, the official aid announced at the G-8 and other summits, and debt relief, of which only debt relief was on a solid footing. Against that backdrop, Mr. Rubin hoped that the presentations, thanks to the good practices and constructive observations they contained, would give the international community the added vigour it needed.

Mr. CHOWDHURY (Observer from Bangladesh) said that his Government's report on poverty reduction in Bangladesh pointed to significant progress in that area, without being self-satisfied. It already had in mind a new list of challenges to be met after 2015.

Bangladesh could be proud of being at the vanguard of research and innovation in the fight against poverty. Over the past ten years, it had achieved a decline in poverty of over 10 per cent and had produced two Nobel laureates, who had made a significant contribution to understanding the root causes of the problem. Professor Yunus, in particular, had demonstrated that it was possible to overcome poverty using simple instruments. As a pioneer in the use of microcredit, Bangladesh had shown the world how simple ideas could yield great results. The new Government, which took office in January 2007, had just presented a budget in which 57 per cent of the appropriations were for the poor and 23 per cent for programmes benefiting women. Moreover, convinced that stability and good governance were prerequisites for sustainable poverty reduction, it had embarked on sweeping reforms aimed at restoring public trust, which had finally brought peace and stability to the country.

In its report, the Government showed how, thanks to the very high priority it had attached to the matter and to implementing a poverty reduction strategy that it had designed itself with the Millennium Development Goals in mind, Bangladesh had been able to lower poverty from 58.8 per cent in 1990 to 40 per cent in 2005. The report then attempted to explain the micro and macroeconomic factors that had made that outcome possible. Thus it underscored the importance of a holistic approach as well as the key part played by agricultural productivity, access to education, emigration, and microcredit. Finally, it addressed the role of cooperation between the authorities and nongovernmental organizations, as well as with development partners.

The combination of sustained economic growth, a relatively low inflation rate, and a slowdown in the rate of growth of the population had been decisive in achieving poverty reduction in Bangladesh. Agricultural and other activities, as well as the ready-to-wear clothing industry had driven that growth, which had placed Bangladesh among the 11 countries likely to follow the path taken by China and the other “Asian miracle” countries.

With a view to achieving the first of the Millennium Development Goals, national food policy was geared to guaranteeing a regular supply in the desired amounts of healthy and nutritious foods, improving purchasing power and access to an appropriate diet, and ensuring that each individual’s nutrition needs were covered. The Government resorted to various targeted food aid programmes and cash grants to combat hunger and malnutrition, thanks to which the number of underweight children had declined. Bangladesh was thus one of the very few countries likely to achieve target 2 of the first Millennium Development Goal, namely to halve, between 1990 and 2015, the percentage of the population suffering hunger.

While the agricultural sector employed 50 per cent of the population and almost three-quarters of Bangladeshi still lived in rural areas, the share of agriculture in GNP was declining. Government policy was directed toward improving farmers’ access to markets and reducing detrimental price distortions. Micro-credit was considered one of the most effective development tools. More than 80 per cent of low-income households were benefiting from microcredit programmes, 90 percent-financed by domestic sources. Often enough, funding constraints prevented micro-credit institutions from expanding and it was there that the international community could play an important part in expanding the capacities of those institutions in Bangladesh and in other developing countries.

As regards universal education, the country had taken huge strides (in terms of primary school enrolment and boy-girl parity) and the Government had introduced cost-free education for girls through to the end of secondary school. There were still sizeable problems, though: 17 million children were still not yet in the school system, direct costs being the major obstacle for the very poor. Extracurricular teaching played an important role in Bangladesh. The Framework of Action on Extracurricular Education, directed at children not enrolled in the school system, especially working children and those living in slums, adolescents, and young adults, aimed to provide continuing educational opportunities. The Bangladesh Rural Advancement Committee (a nongovernmental organization) played a major part in extracurricular education for poor children, by managing 32,000 primary schools currently attended by one million pupils. Since the biggest difficulty facing the extracurricular education sector was to find the necessary resources, it was essential to engage the private sector in mobilising domestic resources to attain the goal of education for all.

Emigration contributed significantly to the increase in household incomes and poverty reduction in Bangladesh and provided new job prospects for young people, especially. In 2006, 377, 591 Bangladeshi went abroad to work and their remittances totalled US$5.48 billion, a tenth of GDP (they were expected to reach US$6 billion in 2007).

Since the early 1990s, Bangladesh had taken robust steps to liberalize its trade, which currently accounted for 37 per cent of GDP (up from 19 per cent in 1992). In tandem with that development, average most-favoured-nation (MFN) tariffs fell from 47.4 percent in 1992-1993 to 13.54 percent in 2004-2005.

Climate warming, the predictable consequences of which would be drastic, above all for the poor populations in the coastal regions of Bangladesh, because just a one-metre rise in sea-level would put one fifth of the country’s land under water, was a problem that needed to be vigorously addressed if the country was to achieve the first Millennium Development Goal by the year scheduled (2015). International cooperation in this regard was of paramount importance for reducing the devastating impact of that phenomenon on Bangladesh.

While progress under Goal 1 had been steady and satisfactory in Bangladesh in terms of achieving a sustainable reduction of poverty, it was necessary for the different government institutions, development partners, and nongovernmental organizations to work concertedly together. Once target populations had been identified, coordination between the agencies should be boosted to ensure that interventions aimed at enhancing the resources of the least-favoured segments of the population were both timely and cost-effective. It was now a commonplace to say that relieving the suffering of some is the responsibility of all. Fighting poverty therefore required maximum cooperation among all those concerned.

Mr. RUBIN (Sky News), referring to Transparency International’s evaluation of corruption in the different countries, which had ranked Bangladesh in 156th place out of 163 countries, asked Mr. Chowdhury what attitude donor countries should adopt, in his opinion, to that problem.

Mr. CHOWDHURY (Observer from Bangladesh) said that corruption was a vast phenomenon, affecting all countries. Bangladesh had managed to contain it and was determined to abolish it, possibly with the help of the international community. However, first it was seeking to acquire the national institutions needed to overcome that problem. It was in that spirit that the Anti-Corruption Commission had been established. Once the required institutions were in place, they would remain in place despite changes of government, thereby guaranteeing that the actions undertaken to modify institutional behaviour would continue.

Mr. RUBIN (Sky News) asked what would happen in Bangladesh if all the funds promised by donor countries were actually disbursed.

Mr. CHOWDHURY (Observer from Bangladesh) said that funding was not really a problem in Bangladesh (US$1.2 billion was expected), as it had one of the best capacity utilization rates among aid-receiving countries. It was more a question of devising ways to encourage high-performance sectors. Removing the barriers to access to numerous developed country markets for Bangladesh's ready-to-wear clothing industry would help the country eradicate poverty.

Mr. KIM Hak-Su (Executive Secretary of the Economic and Social Commission for Asia and the Pacific) pointed out that, as regards access to markets, especially textile markets, the gradual phase-out of multifibre arrangements in Asia left some countries on the losing side, including Sri Lanka, Nepal, and Cambodia. Initially condemned to a similar fate, today Bangladesh was getting out while the going was good.

Reminding his audience that Asia and the Pacific region was home to 14 of the 50 least developed countries in the world and 700 million people living in absolute poverty (that is to say, far more than Africa's 300 million), Mr. Kim said he was closely following the progress achieved by Bangladesh, particularly as regards social development indicators. A pioneer in microcredit, that country had shown how the poor could be an engine of social and economic change, if they are just given the chance. Mr. Kim asked how the country would use its demographic resources – 140 million Bangladeshis – and mentioned labour exchanges as a poverty reduction tool.

Mr. DO NASCIMENTO (Angola) asked how the various poverty reduction programmes highlighted by Mr. Chowdhury were financed and what had been the chief cause of the decline in the growth rate of the population. He said he fully agreed with the views expressed on the need for national ownership of development programmes, which was vital for the success of the initiatives undertaken, although, he said, it was often difficult to convince the financial institutions and donor countries of that fact.

Mr. CHOWDHURY (Observer from Bangladesh), in reply to Mr. Rubin, said that one of the country's top priorities was to become less dependent on ODA (7 per cent of GNI in 1990, less than 2 per cent in 2006). In reality, Bangladesh's chief success lay in the fact that, by and large, society had moved forward in concert, at the same pace. From being highly conservative 20 years back, the country had undergone a gigantic societal transformation. Systematic adoption of equal rights for men and women in Bangladesh was more than a simple aspiration for greater equality: it was a tool of development, while microcredit was transforming the social landscape. Furthermore, the actions undertaken were part of an approach achieving a perfect balance between, on the one hand, free market forces and progress, and, on the other, widely cast social security nets to assist those who bore the brunt of development downsides.

As regards the Bangladeshi diaspora, consisting mainly of expatriates residing in the United Kingdom, the United States, and in the Middle East, Mr. Chowdhury said that some 50,000 Bangladeshi left the country every year and immediately sent back remittances. The authorities were currently working on a new framework of action to ensure that those remittances do more to further development objectives.

Replying to the delegation of Angola, Mr. Chowdhury made it clear that Bangladesh sought to obtain support from partners for its own decisions and approaches regarding social development. Financing was provided mainly by the State and by international organizations, such as the World Food Programme. The country had not suffered famine or food shortages since 1974. As for the decline in the rate of growth of the population, it dated back to the 1970s, with the arrival of the first large-scale World Bank demographic programme, thanks to which the rate of growth of the population had fallen from 2.4 per cent to 1.2 percent.

The summary record of the second part of the meeting appears as document E/2007/SR.15/Add.1