SOCIAL WATCH REPORT 2006

SOCIAL WATCH

REPORT 2006

Impossible Architecture

WHY THE FINANCIAL STRUCTURE IS NOT WORKING FOR THE POOR AND HOW TO REDESIGN IT FOR EQUITY AND DEVELOPMENT

- CITIZEN ORGANIZATIONS AROUND THE WORLD MONITOR GOVERNMENT COMPLIANCE WITH INTERNATIONAL COMMITMENTS
- COUNTRY BY COUNTRY INDICATORS ON PROGRESS AND REGRESSION
- GLOBAL INDEXES ON BASIC CAPABILITIES AND GENDER EQUITY

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

SOCIAL WATCH REPORT 2006

SOCIAL WATCH REPORT 2006

Impossible Architecture

This publication was funded by Novib/Oxfam Netherlands and The Ford Foundation.

Graphic design: MONOCROMO
Valentina Ordoqui, José de los Santos, Pablo Uribe
info@monocromo.com.uy
Phone: +598 (2) 400 16 85

Infographics design: DENDRITA

Printed by: MONOCROMO

Printed in Uruguay
Edición hecha al amparo del Art. 79 de la Ley 13.349
(Comisión del Papel)

ISSN: 0797-9231

Dep. Legal: 338333

For orders and requests please contact:
Social Watch
Casilla de Correo 1539
Montevideo 11000, Uruguay
socwatch@socialwatch.org
http://www.socialwatch.org/
Phone: +598 (2) 419 6192
Fax: +598 (2) 411 9222

SOCIAL WATCH INITIATIVE IS PROMOTED AND DEVELOPED BY:

Albania: HDPC (Human Development Promotion Centre), hdpc@icc-al.org • Algeria: Association El Amel pour le Développement Social, mselougha@yahoo.fr • Angola: SINPROF (Sindicato Nacional de Professores), sinprof@angonet.org • Austria: VOLKSHILFE, Bodnar@volkshilfe.at • Argentina: Centro de Estudios Legales y Sociales (CELS) - Programa de Derechos Económicos, Sociales y Culturales, cels@cels.org.ar • Bahrain: BHRS (Bahrain Human Rights Society), cdhrb@hotmail.com, sabikama@batelco.com.bh **• Bangladesh: CDL (Community Development Library), rdc@bol-online.com; Unnayan Shamunnay, shamunnay@sdnbd.org • Benin:** Social Watch Benin, hugsena2002@yahoo.fr **• Bolivia: CEDLA (Centro de Estudios para el Desarrollo Laboral y Agrario), cedla@cedla.org;** Capítulo Boliviano DDHH. Democracia y Desarrollo: AIPE (Asociación de Instituciones de Promoción y Educación); APDHB (Asamblea Permanente de Derechos Humanos de Bolivia - CBB); APDH-NAL (Asamblea Permanente de Derechos Humanos); Área Identidad Mujer y Trabajo Fundación Solón; Asamblea Permanente Derechos Humanos; Asociación + Vida; ASOFAMD (Asociación de Familiares de Detenidos Desaparecidos de Bolivia); Capacitación y Derecho Ciudadano; CÁRITAS La Paz; CASA DE LA MUJER; CASDEL (Centro de Asesoramiento Legal y Desarrollo Social); Católicas por el Derecho a Decidir; CEADES (Colectivo de Estudios Aplicados al Desarrollo Social); CEDIB (Centro Documentación e Investigación Bolivia); CENPROTAC (Centro de Promoción de Técnicas de Arte y Cultura); Centro Gregoria Apaza; Centro Juana Azurduy; CEPROLAI (Centro de Promoción del Laicado); CIDEM (Centro de Información y Desarrollo de la Mujer); CIPCA NAL (Centro de Investigación y Promoción del Campesinado); CISEP (Centro de Investigación y Servicio Popular); CISTAC (Centro de Investigación Social, Tecnología Apropiada y Capacitación); COLECTIVO REBELDÍA; Comunidad EQUIDAD; Coordinadora de la Mujer; DNI (Defensa del Niño Internacional); DNI-NAL (Defensa del Niño Internacional); DNI-Regional CBB; ECAM (Equipo Comunicación Alternativa con Mujeres); Fundación La Paz; Fundación Tierra; IFFI (Instituto de Formación Femenina Integral); INFANTE (Promoción Integral de la Mujer y la Infancia); IPTK (Instituto Politécnico Tupac Katari); MEPB (Movimiento Educadores Populares de Bolivia); MIAMSI (Acción Católica Internacional); Oficina Jurídica de la Mujer; PRODIS YANAPAKUNA (Programa de Desarrollo e Investigación Social); Red Andina de Información; UNITAS (Unión Nacional de Instituciones para el Trabajo de Acción Social) **• Brazil: Reference Group: Ibase (Instituto Brasileiro de Análises Sociais e Econômicas) observatorio@ibase.org.br; Cfemea (Centro Feminista de Estudos e Assessoria); Cesec/Ucam (Centro de Estudos de Segurança e Cidadania da Universidade Candido Mendes); Criola-Rio; Fase (Federação de Órgãos para Assistência Social e Educacional); Inesc (Instituto de Estudos Socioeconômicos); Rede Dawn.** Abia (Associação Brasileira Interdisciplinar de Aids); Abong (Associação Brasileira de Organizações Não-Governamentais); ActionAid Brasil; Agende (Ações em Gênero, Cidadania e Desenvolvimento); AMB (Articulação de Mulheres Brasileiras); Articulação de Organizações de Mulheres Negras Brasileiras; Attac (Ação pela Tributação das Transações Especulativas em Apoio aos Cidadãos); Caces (Centro de Atividades Culturais, Econômicas e Sociais); Ceap (Centro de Articulação de Populações Marginalizadas); Cebrap (Centro Brasileiro de Análise e Planejamento); Cedec (Centro de Estudos da Cultura Contemporânea); Cedim (Conselho Estadual dos Direitos da Mulher); Cemina (Comunicação, Informação e Educação em Gênero); CEN (Fórum de Mulheres do Piauí); Centro de Cultura Luiz Freire; Centro de Defesa da Criança e do Adolescente/Movimento de Emus; Centro de Defesa dos Direitos Humanos Bento Rubião; Centro de Estudos de Defesa do Negro do Pará; Centro das Mulheres do Cabo; Cepia (Cidadania Estudo Pesquisa Informação e Ação); Cladem (Comitê Latino-americano e do Caribe para a Defesa dos Direitos da Mulher); CMC (Centro de Mulheres do Cabo); CPT/Fian (Comissão Pastoral da Terra); Comunidade Baha'í; CUT (Central Única dos Trabalhadores); Esplar (Centro de Pesquisa e Assessoria); Fala Preta; Faor (Fórum da Amazônia Oriental); Fórum de Mulheres de Salvador; Fórum de Mulheres do Rio Grande Norte; Geledés - Instituto da Mulher Negra; Grupo de Mulheres Negras Malunga; Instituto Patrícia Galvão; MNDH (Movimento Nacional de Direitos Humanos); Nova; Observatório Afro-Brasileiro; Observatório da Cidadania; Pólis (Instituto de Estudos, Formação e Assessoria em Estudos Sociais); Redeh (Rede de Desenvolvimento Humano); Rede Mulher de Educação; Rede Saúde; Themis (Assessoria Jurídica e Estudos de Gênero); Ser Mulher (Centro de Estudos e Ação da Mulher Urbana e Rural); SOS Corpo; SOS Mata Atlântica; Vitae Civilis Instituto para o Desenvolvimento, Meio Ambiente e Paz **• Bulgaria: BGRF (Bulgarian Gender and Research Foundation), bgrf@fastbg.net;** BEPA (Bulgarian-European Partnership Association); National Trade Union Federation of "Light Industry"; ATTAC - Bulgaria **• Burma: Burma Lawyers Council, aunghtoo@csloxinfo.com • Cambodia: SILAKA, silaka@silaka.org;** ADD (Action on Disability and Development); ADHOC (Cambodian Human Rights and Development Association); CDPO (Cambodian Disabled People's Organization); CEPA (Cultural and Environment Preservation Association); CLO (Cambodian Labour Organization); CHHRA (Cambodian Health and Human Rights Alliance); CSD (Cambodian Women's Development Agency); GAD (Gender and Development Agency); KHRACO (Khmer Human Rights and Against Corruption Organization); KKKHRA (Khmer Kampuchea Krom Human Rights Association); KKKHRDA (Khmer Kampuchea Krom Human Rights and Development Association); KYA (Khmer Youth Association); LAC (Legal Aid Association); LICADHO; PADEK (Partnership for Development in Kampuchea); USG (Urban Sector Group); URC (Urban Resource Centre); UPWD (Urban Poor Development Fund); UPDF (Urban Poor Development Fund); Vigilance **• Canada: Social Watch Canada (Canadian Centre for Policy Alternatives/The North-South Institute), jfoster@nsi-ins.ca • Chile: ACTIVA- Area Ciudadanía, activaconsultores@vtr.net**; ACJR (Alianza Chilena por un Comercio Justo y Responsable); ANAMURI (Asociación Nacional de Mujeres Rurales e Indígenas); CEDEM (Centro de Estudios para el Desarrollo de la Mujer); CODEPU (Corporación de Promoción y Defensa de los Derechos del Pueblo); Colectivo CON-SPIRANDO; Corporación La Morada; EDUK; FORO, Red de Salud y Derechos Sexuales y Reproductivos; Fundación de Superación de la Pobreza; Fundación Terram; Programa de Ciudadanía y Gestión Local; SOL (Solidaridad y Organización Local) **• China: Network (Research Center) for Combating Domestic Violence of China Law Society, buwei@public3.bta.net.cn • Colombia: Corporación Región, coregion@region.org.co;** Plataforma Colombiana de DD.HH. Democracia y Desarrollo **• Costa Rica: Red Costarricense de Control Ciudadano, Centro de Estudios y Publicaciones Alforja, cep.ciudadania@alforja.or.cr**; AMES (Asociación de Mujeres en Salud); Coordinadora de Barrios; Centro de Educación Popular de Vecinos; Sindicato de Profesionales en Ciencias Médicas; Frente de Organizaciones para la Defensa de la Seguridad Social; LIMPAL (Liga Internacional de Mujeres Pro Paz y Libertad); Agenda Cantonal de Mujeres - Desamparados; Asociación Voces Nuestras; FEDEAGUAS-Guanacaste; SINAE (Sindicato de Auxiliares de Enfermería); SEBANA (Sindicato de Empleados del Banco Nacional); Coordinación Técnica del Consejo Consultivo de la Sociedad Civil **• Czech Republic: Ecumenical Academy Prague, tozicka@mybox.cz • Ecuador: Centro de Derechos Económicos y Sociales (CDES), cdes@cdes.org.ec • Egypt: NAHRD (National Association for Human Rights and Development), lrrc@brainy1.ie-eg.com • El Salvador: CIDEP (Asociación Intersectorial para el Desarrollo Económico y el Progreso Social), cidep@cidep.org.sv;** APSAL (Acción para la Salud en El Salvador); CODEFAM (Asociación Comité de Familiares de Víctimas de Violaciones a los Derechos Humanos de El Salvador); FUMA (Asociación Maquilishuatl); LAS DIGNAS (Asociación de Mujeres por la Dignidad y la Vida) **• European Union: EUROSTEP (European Solidarity Towards Equal Participation of People), sstocker@eurostep.org • Germany: Social Watch Germany, jensmartens@globalpolicy.org, Coordinating Circle: Terre des Hommes Germany; Werkstatt Ökonomie e.V.; Global Policy Forum Europe; DGB-Bildungswerk e.V.; Evangelischer Entwicklungsdienst e.V.; WEED (World Economy, Ecology and Development);** Caritas Germany; EED (Church Development Service – An Association of the Protestant Churches in Germany); Forum World Social Summit; FES (Friedrich-Ebert-Stiftung); Vereinte Dienstleistungsgewerkschaft (ver.di); Brot für die Welt; Arbeiterwohlfahrt (AWO); Asienhaus; Aktion Brot für die Welt; Bundesarbeitsgemeinschaft Sozialhilfeinitiativen e.V.; Deutsche Stiftung Weltbevölkerung (DSW); dbb – beamtenbund und tarifunion; Diakonisches Werk der EKD e.V.; Entwicklungspolitische Gesellschaft e.V.; FIAN Sektion der Bundesrepublik Deutschland e.V.; Initiative Kirche von Unten; Kath. Arbeitnehmerbewegung (KAB) e.V.; Lebendige Kommunikation mit Frauen in ihren Kulturen e.V.; Ökumenischer Trägerkreis Armut/Reichtum – Gerechtigkeit; Pax Christi e.V.; Peter-Hesse-Stiftung; Philippinenbüro e.V.; Pro Asyl e.V.; VSOP – Verein für Sozialplanung e.V.; WOMNET – Frauennetzwerkstelle **• Ghana: Third World Network Africa, contact@twnafrica.org;** Abantu for Development - Ghana; Centre for Democracy and Development; Christian Council; Civic Response; Consumers Association of Ghana; Friends of the Earth; Gender Studies and Human Rights Documentation Centre; General Agricultural Workers Union; Ghana Association of the Blind; Ghana National Association of Teachers; Ghana Registered Nurses Association; Integrated Social Development Centre; Islamic Council; National Union of Ghana Students; Network for Women's Rights; Save the Children Ghana; Trades Union Congress; University of Ghana Students Representative Council **• Guatemala: INIAP (Instituto de Investigación y Autoformación Política), iniap@intelnet.net.gt**; Coordinadora Si Vamos Por la Paz; Comité Beijin **• Honduras: CEM-H (Centro de Estudios de la Mujer Honduras), cemhhonduras@yahoo.es;** CEHPRODEC (Centro Hondureño de Promoción para el Desarrollo Comunitario); Iniciativa de la Marcha Mundial de la Mujeres-Capitulo Honduras **• India: Social Watch India info@socialwatchindia.com; CYSD (Centre for Youth and Social Development);** Social Watch - Tamilnadu; Centre for World Solidarity; NCAS (National Centre for Advocacy Studies); SAMARTHAN; YUVA; CECOEDECON; APWAD- BIHAR; APWAD- JHARKHAND; UPVAN; NCAS; IMSE – Forum of Voluntary Organizations; Kerala Social Watch; Rejuvenate India Movement (RIM); Social Watch CHHATTISGARH **• Indonesia: PPSW (Center for Women's Resources Development), ppsw@cbn.net.id;** ASPPUK (Association for Women in Small Business Assistance); PEKKA (Women Headed Household Empowerment Program) **• Iraq: Iraqi Al-Amal Association, baghdad@iraqi-alamal.org • Italy: Unimondo, jason.nardi@unimondo.org**; ACLI (Associazione Cattolica Lavoratori Italiani); ARCI (Associazione Ricreativa e Culturale Italiana); Fondazione Culturale Responsabilità Etica; ManiTese; Movimondo; Sbilanciamoci **• Japan: PARC (Pacific Asia Resource Center), office@parc-jp.org • Jordan:** Jordanian Women Union, jwu@go.com.jo **• Kazakhstan: Center for Gender Studies, gender@academset.kz • Kenya: Social Development Network, sodnet@sodnet.or.ke;** Action Aid Kenya; BEACON; CGD (Centre for Governance & Democracy); Coalition Forum on Justice; DARAJA - Civic Initiative Forum; Econews Africa; Education Rights Forum; FEMNET; KENDREN (Kenya Debt Relief Network); Kenya Human Rights Commission; Kenya Land Alliance; KEWWO (Kenya Women Workers Organisation); People Against Torture; Public Law Institute; Release Political Prisoners; SEATINI (Southern and Eastern African Trade Information and Negotiations Initiative); Ujamaa Centre; Undugu Society **• Korea, Rep. of: CCEJ (Citizen's Coalition for Economic Justice), dohye@ccej.or.kr;** Council of Religion & Citizen's Movement for the Homeless **• Kosovo: Riinvest, muhamet.mustafa@riinvestinstitute.org • Latvia: Latvian NGO Platform, miti@telenet.lv • Lebanon: ANND (Arab NGO Network for Development), annd@annd.org**; Coordination of the NGOs working in the Palestinian communities in Lebanon; Lebanese Development Forum; Movement Social; Ecole libanaise de formation sociale Faculté des lettres et des sciences humaines Université Saint-Joseph **• Lithuania: Kaunas NGO Support Centre, podiumas@knopc.lt • Malaysia: Consumers' Association of Penang, meenaco@pd.jaring.my;** Cini Smallholders' Network; Penang Inshore Fishermen Welfare Association; Sahabat Alam Malaysia (Friends of the Earth, Malaysia); Teras Pengupayaan Melayu; Third

World Network • **Malta: KOPIN (Koperazzjoni Internazzjonali), jmsammut@maltanet.net** • **Mexico: Equipo PUEBLO, pueblodip@equipopueblo.org.mx; Espacio de Coordinación de Organizaciones Civiles sobre DESC:** DECA Equipo Pueblo; Centro de Reflexión y Acción Laboral; Sección mexicana de FIAN; Casa y Ciudad miembro de Coalición Hábitat México; Oficina Regional para América Latina y el Caribe de la Coalición Internacional del Hábitat; Centro de Derechos Humanos Miguel Agustín Pro-Juárez; Centro de Estudios Sociales y Culturales Antonio de Montesinos; Comisión Mexicana de Defensa y Promoción de Derechos Humanos; Defensoría del Derecho a la Salud; Cátedra UNESCO de Derechos Humanos (UNAM); Liga Mexicana por la Defensa de los derechos Humanos; Centro de Derechos Humanos Económicos, Sociales y Culturales; Centro de Análisis e Investigación FUNDAR); Red Nacional Milenio Feminista • **Morocco: Espace Associatif, espasso@iam.net.ma** • **Mozambique: Liga Moçambicana de Direitos Humanos, custodioduma@yahoo.com.br** • **Nepal: Rural Reconstruction Nepal-RRN, rrn@rrn.org.np;** All Nepal Peasant Association; Alliance for Human Rights and Social Justice; Child Worker Concern; Centre Nepal: General Federation of Nepalese Trade Union; Informal Sector Service Centre; NGO Federation of Nepal • **Netherlands: NCDO (National Committee for International Cooperation and Sustainable Development), sita.dewkalie@oxfamnovib.nl;** OXFAM-NOVIB Netherlands; Dutch Platform Millennium Goals (NMP) -integrated by more than 20 organizations • **Nicaragua: CCER (Coordinadora Civil para la Emergencia y la Reconstrucción), ccer@ccer.org.ni** • **Nigeria: SRI (Socio Economic Rights Initiative), socwatch_ng@yahoo.com;** Centre for Development, Constitutionalism & Peace Advocacy; Constitutional Watch; Women & Youths in Africa; Legal Defence & Assistance Project; South East Farmers Association of Nigeria; Concerned Professionals of Nigeria; Social Alert-Nigeria; Peoples Rights Organization; Righs & Development Centre; Women Association for Microcredits & Co • **Norway: The Norwegian Forum for Environment and Development, oerstavik@forumfor.no** • **Pakistan: Indus Development Foundation, qureshiaijaz@hotmail.com** • **Palestine: Bisan Center for Research and Development, bisanrd@palnet.com**; Palestinian Non-Governmental Organisations' Network (PNGO) -integrated by more than 95 NGOs • **Panamá: Fundación para el Desarrollo de la Libertad Ciudadana, Capítulo panameño de Transparencia Internacional, tipanama@cableonda.net;** CEASPA (Centro de Estudios y Acción Social Panameño) • **Paraguay: Decidamos, Campaña por la Expresión Ciudadana, direccion@decidamos.org.py;** BASE - ECTA (Educación Comunicación y Tecnología Alternativa); CDE (Centro de Documentación y Estudios); CEPAG (Centro de Estudios Paraguayos Antonio Guasch); Equipo de Educación en DD.HH.; FE Y ALEGRÍA Movimiento de Educación Popular Integral; ÑEMONGUETARA Programa de Educación y Comunicación Popular; PRESENCIA Proyecto de Formación y Capacitación de la Mujer para la vida cívica; SEAS - AR (Servicio de Educación y Apoyo Social); SEDUPO (Servicio de Educación Popular); SERPAJ - PY (Servicio Paz y Justicia Paraguay); TARE • **Perú: CONADES (Comité de Iniciativa - Grupo de Acción Internacional), hecbejar@yahoo.com;** Comisión Episcopal de Acción Social; CEDEP; Red Jubileo 2000; Plataforma Interamericana de Derechos Humanos, Comité Perú; Grupo Género y Economía; Grupo de Economía Solidaria y la Asociación Nacional de Centros • **Philippines: Social Watch Philippines, sowat@info.com.ph:** ACCORD (Alternative Community-Centered Organization for Rural Development); ACT (Alliance of Concerned Teachers); AER (Action for Economic Reforms); AFRIM (Alternate Forum for Research in Mindanao); ALAGAD-Mindanao; Alay Kapwa-Social Action Center; Albay NGO-PO Network; Alliance of Community Development Advocates Provincial NGO Federation of Nueva Vizcaya; ANGOC (Asian NGO Coalition for Agrarian Reform and Rural Development); ATD Fourth World Philippines; BAGASSE (Bisaya Alliance Growth and Sustainable Sugar Estate); BANGON (Bohol Alliance of Non-Governmental Organizations); Bantay Katilingban; Banwang Tuburan; BAPAKA; Bataan NGO-PO Network; Beijing Score Board; BIND (Broad Initiative for Negros Development); CARET Inc.; Caucus on Poverty Reduction; CCAGG; CCF Reconciliation Center; CMA - Phils. (Center for Migrant Advocacy Philippines); CMLC; CODE- NGO (Caucus of Development NGO Networks); COMPAX - Cotabato; Co-Multiversity; Convergence; CPED (Center for Policy and Executive Development); Daluyong Ugnayan ng mga Kababaihan (National Federation of Women's Group); DAWN-Southeast Asia / Women & Gender Institute; ECPAT Philippines; ELAC - Cebu; Emancipatory Movement for People's Empowerment; E-Net (Civil Society Network for Education Reforms); FDC (Freedom from Debt Coalition); Federation of Senior Citizens Association of the Philippines; Feed the Children Philippines; Focus on the Global South - Philippine Program; Free the Children Foundation; Government Watch - Ateneo School of Government; IBASSMADC; IDS-Phils (Integral Development Services, Phils.); IID (Initiatives for International Dialogue); Iloilo Code of NGOs; INAM (Indicative Medicine for Alternative Health Care System Phils., Inc.); IPD (Institute for Popular Democracy); ISSA (Institute for Social Studies and Action); Jaro Archdiocesan Social Action Center; Jihad Al Akbar; JPIC-IDC (Justice for Peace and Integrity of Creation-Integrated Development Center); KAMAM; Kapatiran-Kaunlaran Foundation, Inc.; KASAMAKAPA (multi-sectoral organization of CSOs for environmental and development in Marinduque); KATINIG (Kalipunan ng Maraming Tinig ng Manggagawang Inpormal); KFI (Kasanyagan Foundation Inc.); KIN (Kitanglad Integrated NGO's); Kinayahan Foundation; Konpederasyon ng mga Nobo Esihano para sa Kalikasan at Kaayusang Panlipunan; La Liga Policy Institute; Labing Kubos Foundation, Inc.; LRC (Legal Rights and Natural Resources Center, Inc.); Lubong Salakniban Movement; MAG (Medical Action Group); Midsayap Consortium of NGOs and POs; Mindanawon Initiative for Cultural Dialogue; MLF (Mindanao Land Foundation); MODE (Management & Organizational Development for Empowerment); National Anti Poverty Commission Basic Sectors; NATRIPAL; NCCP (National Council of Churches in the Philippines); NCSD (National Council of Social Development); NEGRONET; NGO-LGU Forum of Camarines Sur; NGO-PO Network of Quezon; NGO-PO of Tobaco City; NIUGAN (Nagkakaisang Ugnayan ng mga Manggagawa at Magsasaka sa Niyugan); NOCFED (Negros Oriental Center for People's Empowerment); Outreach Philippines, Inc.; Oxfam Great Britain; PAFPI (Positive Action Foundation Philippines, Inc.); PAGBAG-O (Panaghugpong sa Gagmayng Bayanihang Grupo sa Oriental Negros); Paghiliusa sa Paghidaet-Negros; PAHRA (Philippine Alliance of Human Rights Advocates); PCPD (Philippine Center for Population & Development, Inc.); PCPS (Philippine Center for Policy Studies); Peace Advocates Network; PEPE (Popular Education for People's Empowerment); Philippine Human Rights Info Center; Philippine Partnership for the Development of Human Resources in Rural Areas - Davao; Phil-Net Visayas; PhilNet-RDI (Philippine Network of Rural Development Institutes); Pinoy Plus Association; PIPULI Foundation, Inc.; PLCPD (Philippine Legislators Committee on Population and Development Foundation); PPI (Philippine Peasant Institute); PROCESS-Bohol (Participatory Research Organization of Communities and Education towards Struggle for Self Reliance); PRRM Alliance of Community Development Advocate; PRRM (Philippine Rural Reconstruction Movement); RDISK (Rural Development Institute of Sultan Kudarat); Remedios Aids Foundation; Research and Communication for Justice and Peace; Rural Enlightenment & Accretion in Philippine Society (REAPS); SAMAPA (Samahang Manggagawa sa Pangkalusugan); SAMAPACO; SARILAYA; Save the Children Fund U.K.; Silliman University; SITMO (Save the Ifugao Terraces Movement); Social Action Center of Malaybalay Bukidnon; TACDRUP (Technical Assistance Center for the Development of Rural and Urban Poor); Tambuyog Development Center; Tanggol Kalikasan; Tarbilang Foundation; Tebtebba Foundation, Inc.; TFDP (Task Force Detainees of the Philippines); The Asia Foundation; The Community Advocates of Cotabato; TWSC (Third World Studies Center); U.S. (Save the Children); UKP (Ugnayan ng mga Kababaihan sa Pulitika); ULAP (Union of Local Authorities of the Philippines); U-Lead! (Union for Fresh Leadership); UP-CIDS (UP Center for Integrative and Development Studies); Urban Missionaries; WHCF (Women's Health Care Foundation); Womanhealth Philippines; Women Alliance Movement for Peace and Progress; Young Moro Professionals • **Poland: KARAT Coalition, secretariat@karat.org.pl** • **Portugal: OIKOS - Cooperação e Desenvolvimento, luis.mah@oikos.pt** • **Romania: Civil Society Development Foundation, valentin@fdsc.ro** • **Senegal: ADESEN (Association pour le Développement Économique Social Environnemental du Nord), adesen@yahoo.com;** ENDA Tiers-Monde • **Serbia: Civil Society Resource Centre Network, epserbia@eunet.yu** • **Slovenia: SEECRAN, Gorana.flaker@guest.arnes.si** • **Spain: Intermón Oxfam, marias@intermonoxfam.org**; Cáritas Española; Coordinadora de ONG para el Desarrollo (CONGDE) – more than 100 organizations • **Sri Lanka: MONLAR (Movement for National Land and Agricultural Reform), monlar@sltnet.lk** • **Sudan: National Civic Forum, h_abdelati@hotmail.com** • **Suriname: Stichting Ultimate Purpose, maggiesc@yahoo.com;** CAFRA Suriname (National Department of Caribbean Association for Feminist Research and Action) • **Switzerland: Alliance Sud (Swiss Alliance of Development Organisations, Swissaid, Catholic Lenten Fund, Bread for All, Helvetas, Caritas, Interchurch Aid) pepo.hofstetter@alliancesud.ch** • **Tanzania: SAHRiNGON (Southern Africa Human Rights NGO-Network - Tanzania Chapter), sahringon@humanrightstz.org;** AFREDA (Action for Relief Development Assistance); African Youth Development Alliance, Tanzania Chapter; Amnesty International Tanzania; APT (Association for the Prevention of Torture Tanzania); Centre for Social Ethics; CHAWATA (Chama cha Walemavu Tanzania); CHRP (Centre for Human Rights Promotion); DOLASED; ENVIROCARE (Environment, Human Rights Care and Gender Organization); ENVIROHURO (Environment and Human Rights Organization); Federation of Women Economists in Tanzania; JET (The Journalists Environmental Association of Tanzania); KAGDE (Kagera Group for Development); KIWAHATO (Kikundi cha Haki za wanawake na Watoto); KIWASHE (Kituo cha Wasaidizi wa Sheria); KOSHIKA Women Group; Kuleana (Centre for Children's Rights); KWIECO (Kilimanjaro Women Information Exchange and Consultancy Organization); The Leadership Forum; LHRC (Legal and Human Rights Centre); Mbezi Biogas and Environment Conservation; Mwanza Women Development Association; NYF (National Youth Forum); TWG (Taaluma Women Group); TAHEA (Tanzania Home Economic Association); TAHURET (Tanzania Human Rights Education Trust); TAMWA (Tanzania Media Women Association); Tanga Paralegal Aid Scheme; TANGO; Tanzania Centre for Women and Children Welfare; Tanzania Human Rights Association; TAWLA (Tanzania Women Lawyers Association); TAWOVA (Tanzania Women Volunteers Association); TAYOA (Tanzania Youth Association); TCRC (Tanzania Conflict Resolution Centre); TGNP; UNA (United Nations Association); WAMATA (Walio katika Mapambano na Ukimwi Tanzania); WAT (Women Advancement Trust); WiLDAF (Women in Law and Development in Africa); WLAC (Women's Legal Aid Centre); Women's Research and Documentation Project; ZAHURA (Zanzibar Human Rights Association) • **Thailand: Focus on the Global South, Thailand, suiranee@yahoo.com**; Arom Pongpangan Foundation; Centre for Social Development Studies; Chulalongkorn University Social Research Institute; Foundation for Children's Development; Foundation for Women; Frontiers for the Advancement of Women; Political Economy Centre; Thai Development Support Committee • **Tunisia: LTDH (Tunisian League for Human Rights), sjourshi@voila.fr** • **Uganda: DENIVA (Development Network of Indigenous Voluntary Associations), info@deniva.or.ug;** Action Aid Uganda; Africa 2000 Network; Centre for Basic Research; Fort Portal; International Council on Social Welfare; Kabarole Research Centre; MS Uganda; NURRU; Rural Initiatives Development Foundation; SODANN (Soroti District Association of NGOs Network); Tororo Civil Society Network; Uganda Debt Network; Uganda Rural Development and Training Programme • **United States of America: IATP (Institute for Agriculture and Trade Policy), iatp@iatp.org;** Center of Concern/US Gender and Trade Network; Inter-American Forum & Global-Local Links Project; American Federation of Labor and Congress of Industrial Organizations; WEDO (Women's Environment and Development Organization) • **Uruguay: CNS Mujeres por Democracia, Equidad y Ciudadanía, cnsmujeres@adinet.com.uy** • **Venezuela:** Frente Continental de Mujeres; Comité de Base "Juana Ramírez, la Avanzadora"; Red Popular de Usuarias de Banmujer • **Viet Nam: GENDCEN (Centre for Gender, Environment and Sustainable Development Studies), que@hn.vnn.vn;** Vietnam Women's Union • **Yemen: ANND, kinda.mohamadieh@annd.org** • **Zambia: WFC (Women for Change), wfc@zamnet.zm**

Table of contents

NATIONAL REPORTS

Redesigning the financial architecture

Most citizens in rich countries think that a substantial proportion of the taxes they pay flow to poor countries in the form of aid, cheap loans, trade benefits and the frequently talked about debt cancellations. If poverty still persists, it must somehow be the fault of the poor people themselves, due to laziness, ignorance or some effect of the tropical climate, or else their inefficient and corrupt governments are to blame.

Meanwhile, from their perspective, citizens in Southern countries see money flowing out in the form of debt interest payments, unfair trade relations and massive profits siphoned out of their economies by foreign corporations. Investment return rates of 25% to 30% a year are not uncommon in Africa!

Invisible to citizens in the North or the South, subterranean channels divert huge flows of money to tax havens. The nets of the revenue services catch the small fish easily, but let the sharks through untouched. The two global intergovernmental institutions that are supposed to preside over world finances and regulate their flow do the opposite of what is expected from them: instead of channelling money towards development, the World Bank receives more from developing countries than what it disburses to them; instead of ensuring global financial stability, the International Monetary Fund is now rooting for a financial crisis to erupt or it will not have enough business to pay for its own staff.

The current global financial architecture thus looks like the impossible building designed by MC Escher in his famous "Waterfall" etching, where the water that seems to be falling actually flows up, against all rules of logic.

To put some order in this impossible architecture, in March 2002 the world's leaders met in Monterrey, Mexico, to discuss "Financing for Development" at

the summit level. Shortly before, the World Trade Organization had launched a "development round" of trade negotiations in Doha, the capital of Qatar. In the immediate aftermath of the 9/11 attacks on the US that shook the world, these conferences promised a new blueprint for the world economy. The reformed trading and financial systems would enable the poor to work their way out of poverty. With the help of some additional aid and debt cancellation for the poorest countries, enough social progress would be achieved by 2015 to successfully meet the set of basic social goals agreed by those same leaders in 2000 in order to "uphold the principles of human dignity, equality and equity at the global level."[1]

The Monterrey Consensus of 2002 states that "every country is responsible for its own development, and it is crucial for development strategies to be owned

1 United Nations Millennium Declaration, Resolution A/55/2 adopted by the General Assembly in September 2000.

by individual developing countries. However, development requires much more than aid. [It] implies joint efforts to address domestic resource mobilization, trade issues, debt problems and the reform of the international financial architecture."[2]

Almost five years have passed since then, and Social Watch feels those commitments are too important to be left ignored. Since 1996 the Social Watch coalitions around the world have reported yearly on the issues of poverty and gender and on the government policies that affect for better or worse the fate of the world's vulnerable and unprivileged majorities. This Social Watch 2006 report looks at the ***means*** *for putting development policies into action.*

Development happens at the local level, and it is a national responsibility. The national Social Watch coalitions, looking at their own countries from within, find a variety of obstacles and reasons why the means are not there where they are needed. Those findings are the essence of this report, as they provide the bottom-up perspective of the people working with the grassroots.

This is not a commissioned report. Each national Social Watch chapter is made up by organizations and movements that are active year-round on social development issues. They come together once a year to assess government actions and outcomes. Their findings are not intended as pure research but are used to draw the attention of the authorities to these issues and help shape better pro-poor and pro-women policies.

Thus, the priorities and emphasis of each country report were decided by the reporting organizations themselves. To make the report possible, each group raises its own funds, most of which are invested in consulting with social movements to gather evidence and validate their findings. They do not shy away from criticizing national authorities, policies, elites or governance systems whenever they feel it is necessary. And the voicing of critical views helps strengthen democratic processes. But even when the reports find that much can (and needs to) improve at home, they also point to obvious international constraints that cannot be solved at the country level.

The international section of the report, informed by the work of key NGO networks, throws light on those issues. Some of them, like aid, trade and debt, have been the subject of massive international campaigns. Others, like capital flight, tax evasion, fraudulent intra-firm trading and the very governance of the international financial institutions have yet to filter down from the debate of experts to the awareness of the citizens in the streets. But they all form part of a package, an architecture, that badly needs to be redesigned.

The reason for such a change emerges with dramatic clarity from the careful tracking of social indicators around the world that forms the statistics section of the report. It is accurate, but not enough, to say that at present rates of progress, the Millennium Development Goals will not be achieved by the year 2015. What should shame the world leaders who agreed on those goals is the evidence that on whole continents it will take one or two ***centuries*** *to achieve them!*

These trends can be reversed. This report offers ideas as to how it can be done. They are not particularly original or revolutionary. It is basic common sense that taxes should be paid by all, and that those who have more and earn more should pay more. But in a globalized economy this can only be achieved if governments coordinate their efforts. Yes, a new UN summit on finances might be necessary for that. Why would it succeed when so many other conferences have failed? Because the present architecture is "impossible" both in the sense of impractical and in the sense of intolerable.

Roberto Bissio
Social Watch International Secretariat

2 United Nations, Report of the International Conference on Financing for Development; Monterrey, Mexico, 18-22 March 2002 (A/CONF.198/11).

THE MILLENNIUM DEVELOPMENT GOALS (MDGs) FOR 2015

Goal 1 Eradicate extreme poverty & hunger

- Reduce by half the proportion of people living on less than a dollar a day.
- Reduce by half the proportion of people who suffer from hunger.

Goal 2 Achieve universal primary education

- Ensure that all boys and girls complete a full course of primary schooling.

Goal 3 Promote gender equality & empower women

- Eliminate gender disparity in primary and secondary education preferably by 2005, and at all levels by 2015.

Goal 4 Reduce child mortality

- Reduce by two thirds the mortality rate among children under five.

Goal 5 Improve maternal health

- Reduce by three quarters the maternal mortality ratio.

Goal 6 Combat HIV/AIDS, malaria & other diseases

- Halt and begin to reverse the spread of HIV/AIDS.
- Halt and begin to reverse the incidence of malaria and other major diseases.

Goal 7 Ensure environmental sustainability

- Integrate the principles of sustainable development into country policies and programmes; reverse loss of environmental resources.
- Reduce by half the proportion of people without sustainable access to safe drinking water.
- Achieve significant improvement in lives of at least 100 million slum dwellers, by 2020.

Goal 8 Develop a global partnership for development

- Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory, includes a commitment to good governance, development and poverty reduction – nationally and internationally.
- Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction.
- Address the special needs of landlocked and small island developing States.
- Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term.
- In cooperation with the developing countries, develop decent and productive work for youth.
- In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries.
- In cooperation with the private sector, make available the benefits of new technologies – especially information and communications technologies.

The additional cost of achieving the MDGs

Ever since the UN Millennium Summit in 2000 committed all governments to achieve the MDGs by 2015 the question of their financing has arisen. How much funding is needed to meet the goals, in addition to what developing countries are currently spending on social issues?

The task of calculating this additional cost is more difficult than one would imagine, given that it is necessary to assume certain suppositions when projecting into the future. At the national level, estimates exist in some countries that calculate in a disaggregated way the cost of achieving each one of the goals. At the global level, the most frequent method has been to estimate the total cost of achieving all of the MDGs. The 'Zedillo Report' of the United Nations provides the most frequently quoted figure, while the 'Sachs Report' is the most detailed one.

	ADDITIONAL COST/YEAR TO ACHIEVE THE MDGS (USD BILLIONS)
Zedillo Report, UN high-level panel on Financing for Development[1]	50
World Bank[2]	89 – 138
Jolly, Background Paper for UNDP Human Development Report 2003[3]	76,3
Paying the price (Oxfam)[4]	50 – 100
Millennium Project (Sachs report)[5]	121 (for 2006) and 189 (for 2015)
Vandemoortele, 'Are the MDGs feasible?' (UNDP, July 2002)[6]	50 – 80
Greenhill, 'The unbreakable link' (Jubilee Research 2002)[7]	31 – 37 + debt cancellation

1 United Nations (2001). "Report of the High-Level Panel on Financing for Development". Available from: <www.un.org/reports/financing>.

2 Devarajan, S., Millar, M.J. and Swanson, E.V. (2002). "Goals for Development History, Prospects, and Costs". Policy Research Working Paper 2819. The World Bank Human Development Network Office of the Vice President and Development Data Group. Available from: <www.worldbank.org>.

3 Jolly, R. (2003). "Occasional Paper Background paper for HDR". United Nations Development Programme (UNDP), Human Development Report Office. Available from: <www.undp.org>.

4 Oxfam (2005). "Paying the price. Why rich countries must invest now in a war on poverty". Available from: <www.oxfam.org>.

5 Millennium Project (2005). "Investing in Development: A Practical Plan to Achieve the Millennium Development Goals". Available from: <www.unmillenniumproject.org/reports/costs_benefits.htm>.

6 Vandemoortele, J. (2002). *Are the MDGs feasible?* New York. Available from: <mdgr.undp.sk/PAPERS/Are%20the%20MDGs%20feasible.doc>.

7 Greenhill, R. (2002). *The unbreakable link: debt relief and the millennium development goals. What are the chances of meeting the Millennium Development Goals?* Available from: <www.eldis.org/static/DOC7881.htm>.

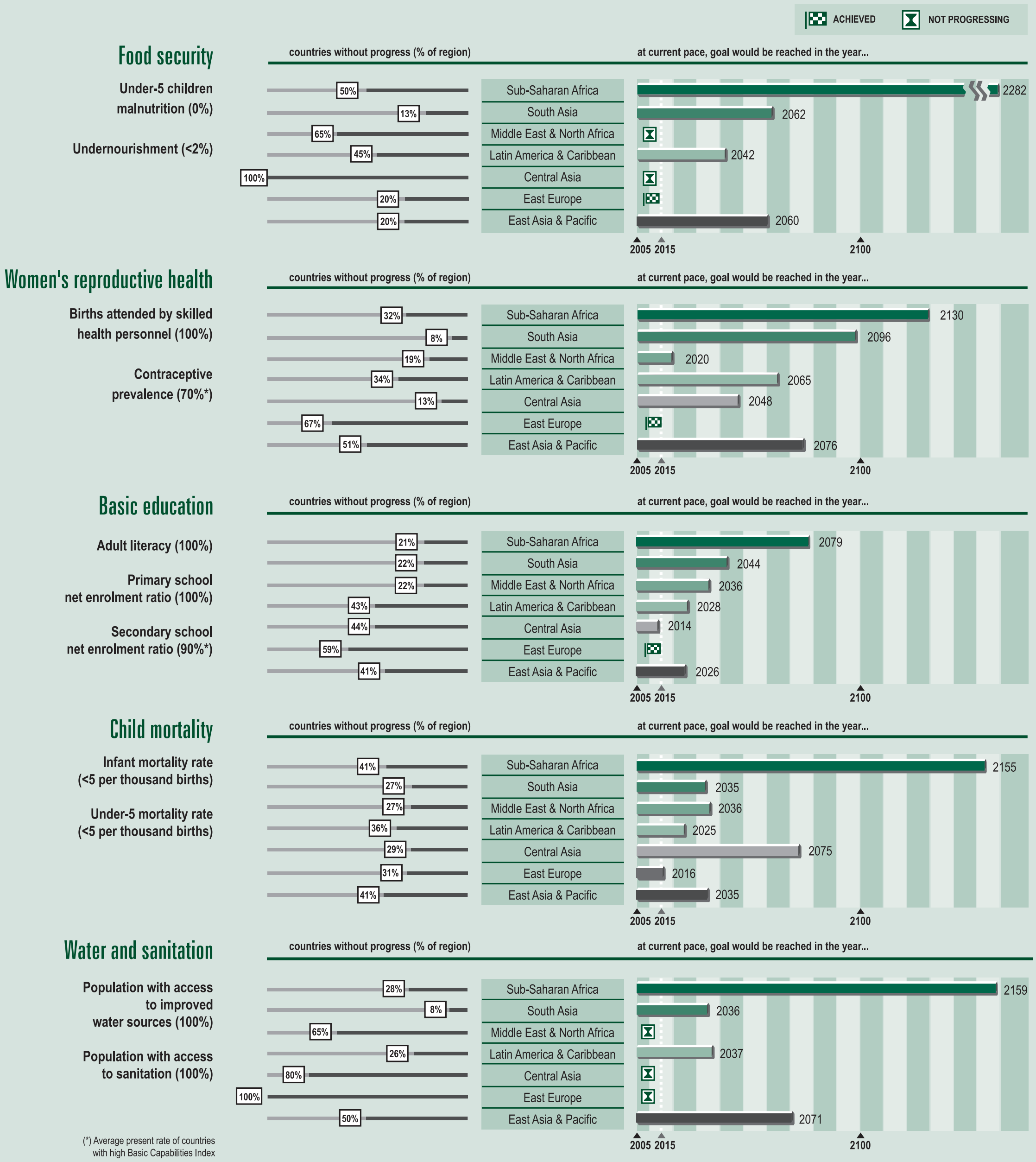
WAY BEYOND 2015…

When will dignity for all be achieved?

"We have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level. As leaders we have a duty therefore to all the world's people, especially the most vulnerable and, in particular, the children of the world, to whom the future belongs." (Millennium Declaration, 2000)

What is the bare minimum required for a decent life for all? The world leaders who signed the Declaration did not define it clearly, but its principles are embedded in the commitment to achieve certain targets by 2015. Some of these goals are set "for all" (100% basic education, 100% access to water and sanitation), while others aspire, for example, to "reduce by half the proportion of people who suffer from hunger". Such a reduction would be a major achievement… but still leave the other half hungry. When will we achieve the basic standards of material dignity for all the world's people? Not in a hundred years unless we substantially accelerate the current trends of progress in the social areas!

In the following graphs, the date for achieving the listed minimum standards of life for all was estimated by projecting to the future the average progress rates of the indicators in each category as registered between 1990 and the latest available statistics.



(*) Average present rate of countries with high Basic Capabilities Index

THEMATIC REPORTS

Multilateral financial institutions: overhauling development finance

Yilmaz Akyüz [1]

Need for more development finance

There is a consensus on the need to drastically increase external financing for developing countries in order to achieve acceptable growth and make a dent in poverty. According to an UNCTAD[2] estimate for sub-Saharan Africa, this requires doubling the level of development finance. This estimate was confirmed subsequently by the Zedillo Commission[3] for developing countries as a whole. On various estimates meeting 2015 MDGs would require an additional amount ranging between USD 50 billion and USD 150 billion.

Where is this to come from? Private flows, multilateral lending or bilateral loans and grants? Of these, private flows are not a reliable source of finance for most developing countries. Multilateral financial institutions are increasingly marginalized as a source of development finance. Bilateral aid does not only fall short of what is required, but also its availability and allocation are driven by political considerations and its quality is dubious. There is therefore a need for a fundamental rethinking. A genuine reform should not only be about new sources of development finance, but also for different mechanisms and modalities for their allocation. In particular aid should cease to be the central element of multilateral financing and the multilateral financial institutions need to be reformed drastically both in respect of their mandates and resources.

Private capital flows: unstable and unreliable

The postwar era has seen two boom-bust cycles in private capital flows to developing countries: the first beginning in the early 1970s and ending with the debt crisis in the 1980s, and the second beginning in the early 1990s and ending with a series of crises in Latin America, East Asia and elsewhere. The first boom was driven by the rapid expansion of international liquidity associated with oil surpluses and growing United States external deficits, and facilitated by financial deregulation in industrialized countries and rapid growth of Eurodollar markets. Excess liquidity was recycled in the form of syndicated bank credits, encouraged by the Bretton Woods Institutions fearing a collapse of global demand. However, with increased debt servicing difficulties brought about by the hike in United States interest rates and global recession, there was a sharp cutback in bank lending, forcing debtor countries to generate trade surpluses to service debt through cuts in imports and growth. The result was a debt crisis and a lost decade for many developing countries in Latin America and Africa.

The second boom came after almost ten years of suspension in private lending to developing countries. It was encouraged by the success of the Brady Plan for sovereign debt restructuring, liberalization, privatization and stabilization in developing countries, and rapid expansion of liquidity and cuts in interest rates in the United States and Japan in conditions of economic slowdown. Unlike the first boom, a large proportion of private inflows were in equity and portfolio investment, rather than international lending. In most cases these were driven by prospects of quick capital gains and short-term arbitrage opportunities. When they were reversed, many debtor countries were again faced with negative net transfers, and sharp declines in income and employment.

A third cycle started at the turn of the millennium with a swift recovery in private flows, driven by a combination of extremely favourable conditions including historically low interest rates, high levels of liquidity, strong commodity prices and buoyant international trade. Capital inflows in the current cycle have exceeded the peak observed in the previous boom of the 1990s, and most developing countries have shared in this recovery. However, the result is again increased financial fragility, as asset prices and exchange rates in many countries have been pushed beyond levels justified by economic fundamentals. Events in recent weeks suggest that with the combination of rising oil prices and interest rates, persistent and growing global trade imbalances, and increased volatility of the dollar this boom is now nearing its end. A number of emerging markets have started experiencing sharp declines in their stock markets and currencies. Once again countries dependent on external capital flows for balance of payments financing face the risk of tightened external financial conditions and collapse of growth.

Foreign direct investment (FDI) is often promoted as a more reliable source of development finance. Much of it in developing countries has been in the acquisition of existing assets rather than new (greenfield) investment to expand production capacity. Greenfield investment tends to lag rather than lead growth, often going to countries that do not have significant external financing gaps. Despite the rhetoric of the Bretton Woods Institutions that the recent upturn in FDI to poor countries reflects improving performance and better investment climate and growth prospects, evidence examined in a recent UNCTAD Report on Africa[4] shows that a chunk of this has been going for the exploitation of rich minerals and oil reserves in a handful of post-conflict countries or to countries with newly discovered oil and mineral resources.

Multilateral lending: burden or relief?

Multilateral financial institutions are increasingly becoming a burden, rather than a relief, for developing countries. In every year since 1991, net transfers (that is disbursements minus repayments minus interest payments) to developing countries from the International Bank for Reconstruction and Development (IBRD) have been negative. Since 2002 net disbursements have also become negative. In effect, taken as a whole, the IBRD is not making any contribution to development finance other than providing finance to service its outstanding claims. Much is the same for regional development banks. The problem here is that, for reasons related to conditionality and bureaucracy, countries which are eligible for IBRD loans are generally unwilling to borrow as long as they have access to private markets, even when this means paying higher rates. On the other hand, many poorer countries which need external financing are not eligible for IBRD loans.

The International Development Association (IDA) is the only source of net finance for developing countries from the World Bank. However, quite apart from the problems associated with the dependence of the Bank on a handful of donors for development financing, IDA disbursements are small, in the order of USD 4-5 billion a year, for

1 Former Director, Division on Globalization and Development Strategies, UNCTAD. Based on a presentation made in conference “New Financing Mechanisms for Africa’s Development”, IPALMO, Turin. 7 December 2005.

2 United Nations Conference on Trade and Development.

3 United Nations (2001). “Technical Report of the High-Level Panel on Financing for Development. Recommendations of the High-level Panel on Financing for Development”. Available from: <www.un.org/reports/financing/report_full.htm>.

4 UNCTAD (2005). *Economic Development in Africa. Rethinking the Role of Foreign Direct Investment.* Geneva, United Nations. Available from: <www.unctad.org/en/docs/gdsafrica20051_en.pdf>.

the entire IDA-eligible countries. Putting IDA and IBRD together, the contribution of the World Bank to the external financing of developing countries is negative by some USD 1.2 billion. Net flows to sub-Saharan Africa are also negative from IBRD. From the Bank as a whole they are positive but less than USD 2 billion, about 10% of what is needed. For a sample of poorest developing countries, financing provided by the World Bank is in the order of USD 3 billion compared to private grants of some USD 10 billion.[5]

Regarding the Fund, lending from Poverty Reduction and Growth Facility (PRGF) is a very small proportion of financing made available to developing countries. In the past several years the Fund support has focused on financial rescue operations in emerging markets, bailing out international creditors and lenders to crisis-stricken countries. At the end of 2004 outstanding PRGF credits were less than SDR 7,000 billion (USD 9,900 billion) or 10% of total outstanding IMF credits. In 2005 total PRGF lending approved was less than USD 500 million.

The IMF is also being marginalized in the provision of finance and liquidity to developing countries. All major emerging market economies, except Turkey, have now paid in and exited from IMF supervision, leaving only the poorest countries as its only regular clientele – barely a strong rationale for an institution established to secure international economic stability. This situation also poses the question of the IMF's financial viability. Poverty lending does not generate enough income to pay the staff and run the institution, and the IMF relies primarily on crisis-lending to emerging markets to generate some USD 800 million per annum to meet its administrative expenses. Ironically, financial viability of the IMF has come to depend on financial instability and crises in emerging markets.

Donor aid: problem or solution?

Donor aid made available either directly or through the multilateral financial institutions as concessional loans and grants is the only major source of official finance for development. Here the problem is not just about its adequacy. There is also a bigger political problem. Aid is primarily a post-colonial, cold-war instrument, and its availability and allocation are governed by political considerations rather than expediency, generally serving the interests of donors rather than recipients. As noted, a very large proportion of development financing provided by the Bretton Woods Institutions relies on aid rather than regular resources of these institutions. In contrast with the trading system where bilateralism is widely seen as a potential threat to the multilateral system, in finance it is taken for granted that bilateral and multilateral arrangements are complements. This approach also dominates debt initiatives such as the Heavily Indebted Poor Countries Initiative (HIPC) which combines multilateral debt with bilateral debt owed to donors in the Paris Club, enhancing the room for political influence.

The dependence of the Bretton Woods Institutions on the discretion of a small number of donors is a main source of shortcomings in their governance structures. The practice of combining IMF money with contributions from major countries in financial bailout operations in emerging markets has enhanced the room for political leverage in IMF lending decisions by its major shareholders. The establishment of IDA has played an important role in reducing the autonomy of the World Bank secretariat, increasing its dependence on donors and subverting its governance by enhancing the scope for political leverage. This dependence on donor contribution would be enhanced if IDA remains in the World Bank while an increased proportion of it is made available as grants – a step that needs to be taken since many of the IDA countries are already highly indebted and in need of a substantial debt write-off.

Reforming the reformers

Thus the first step should be to separate bilateral and multilateral arrangements for development finance and debt. Certainly, it is up to sovereign nations to enter into bilateral agreements on debt and financing, but these should be kept outside the multilateral system. This means taking the donor-driven facilities out of the Bretton Woods Institutions; that is, IDA from the World Bank and PRGF from the IMF. The amounts involved are quite small, but the impact on the governance of these institutions could be important.

The European Union has recently announced plans to create a trust fund to disburse European aid to Africa without depending on the World Bank, arguing that European aid money should be spent according to European policies but the EU does not have the influence it should in the World Bank. This demonstrates once again the predominance of political considerations in the provision of aid. It is thus a welcome initiative in so far as it helps separate bilateral from multilateral lending, but it should also accompany steps to make the World Bank an independent multilateral development finance institution.

Any serious reform of the global arrangements for provision of finance to developing countries should also include mandate, operational modalities and governance of the Bretton Woods Institutions. There is no justification for the IMF to be involved in development and poverty alleviation. The Fund should focus on the provision of short-term liquidity to countries experiencing temporary payments shortages, including poorer countries which are particularly vulnerable to trade shocks. It should revive the Compensatory Financing Facility as a concessionary facility. There should be greater automaticity in access to the Fund, and limits should be determined on the basis of need. The Fund should stay away from structural conditionality and focus on macroeconomics. It should not be allowed to be engaged in financial bail-out operations but develop orderly debt workout mechanisms and focus on crisis prevention by helping manage unsustainable capital inflows to developing countries and through effective surveillance over policies in industrial countries.

An appropriate source of funding for the provision of international liquidity by the Fund is the Special Drawing Rights (SDRs). The case for creating SDRs to provide funds for current account financing is much stronger than the case for using them to back up financial bail-out operations associated with a potential lender-of-last-resort function advocated by the Fund after the Asian crisis. Current arrangements would need to be changed to allow the SDR to replace quotas and General Arrangements to Borrow (GAB) and New Arrangements to Borrow (NAB) as the source of funding for the IMF. The Fund should be allowed to issue SDR to itself up to a certain limit which should increase over time with growth in world trade. The SDR could become a universally accepted means of payments, held privately as well as by public institutions. Countries' access could be subject to predetermined limits which should also grow with world trade.

Several issues of detail would still need to be worked out, but once an agreement is reached to replace traditional sources of funding with the SDR, the IMF could in fact be translated into a technocratic institution of the kind advocated by Keynes during the Bretton Woods negotiations. Its funding would no longer be subjected to arduous and politically charged negotiations dominated by major industrial countries. Such a move would also be an

5 World Bank (2005). *Global Development Finance 2005: Mobilizing Finance and Managing Vulnerability.* Table 5.1, p. 90.

important prelude to a fundamental reform of the governance of the IMF, notably with respect to distribution of voting rights.

Many of the problems encountered in multilateral development finance and policy advice could also be addressed if the World Bank went back to its original operational modalities and concentrated on facilitating capital investment through project financing, rather than trying to fix all kinds of policy and institutional shortcomings in developing countries through structural adjustment and development policy loans. It should cease to be an aid institution and become a development bank, intermediating between international financial markets and developing countries. As originally envisaged, its financing should be provided in loans rather than grants, and made available only to countries which do not have access to private capital on reasonable terms.

While improving the functioning and governance of the Bretton Woods Institutions such arrangements would still leave the main problem unanswered: financing global public goods including concessional loans and grants to the poorest countries. Here the issue is twofold; institutional arrangements and resources. Considerations should be given to pooling and allocating aid through a development fund placed under the UN, run by a competent secretariat without day-to-day interference from its contributors, reporting to the General Assembly and audited regularly by an independent body. Such a course of action would be desirable not only because of increased involvement of the UN in development goals and social issues closely linked to world peace, but also because of its democratic nature.

Poverty reduction has been declared a global public good in several UN summits and conferences in recent years. There is thus a strong case for establishing global sources of finance. This could be achieved through agreements on international taxes, including a currency transactions tax (the so-called Tobin tax), environmental taxes and various other taxes such as those on arms trade, to be applied by all parties to the agreement on the transactions and activities concerned and pooled in the UN development fund. A common feature of these is that they are all sin taxes which would provide revenues while discouraging certain *global public bads* such as currency speculation, environmental damage or armed conflict and violence. While universal participation is highly desirable, such agreements do not always necessitate the participation of all countries. Certain sources of revenue, such as the Tobin tax, would need to be introduced globally in order to avoid arbitrage against countries adopting them, but others, including environment taxes, could be introduced on a regional or plurilateral basis.

Likewise, a fund established through international taxes could also be supplemented by voluntary contributions from governments, both in the North and the South, private foundations and wealthy individuals. Even existing IDA resources could become part of the endowment provided that the donors agree to hand them over to an independent secretariat. A relatively small endowment, reaching some USD 80 billion could generate more sources for grants to poorest countries than IDA and PRGF put together.

An advantage of such arrangements over present aid mechanisms is that once an agreement is reached, a certain degree of automaticity is introduced for the provision of development finance without going through politically charged and arduous negotiations for aid replenishments and national budgetary processes often driven by narrow interests. This is exactly what distinguishes IBRD financing which relies on once-and-for-all guarantees given by its shareholders from highly-politicised IDA.

Establishing a genuinely multilateral system of development finance is a complex issue that would require reflection, engagement and debate among all the parties concerned. In the end it is down to the political will and clout of the international community. But the first step should be to put the issue squarely on the global agenda. This has unfortunately not been the case despite proliferation of UN summits and conferences on development finance and poverty. ■

Exposing the myth and plugging the leaks

Sony Kapoor [1]

It is widely believed that rich countries are transferring substantial amounts of resources to poor ones. While many people, including the millions of people who were part of the Global Call for Action against Poverty (GCAP or White Band) mobilization last year, believe that rich countries are not doing enough, few ever question the truth of the assertion that rich countries are indeed helping poor ones. They should!

Every year, hundreds of billions of dollars, far in excess of aid inflows, flow out of poor countries to the rich. This money flows out in the form of debt repayments, private sector transfers and most significantly through the channels of trade and capital flight. These outflows undermine the mobilization of domestic resources, undercut local investment, weaken growth and destabilize countries by making them more dependent on inflows of unpredictable external resources.

Moreover, the inflows, in the form of aid, new borrowing and flows of private capital come with strings attached in the form of prescriptions and restrictions on the kinds of policies that developing countries can pursue. These limits on policy space undermine the exercise of democracy, challenge the implementation of domestically owned policies and emasculate efforts to reduce poverty and achieve sustainable development.

There is an urgent need to revaluate all the channels of the resource transfers between the rich and poor countries and take immediate steps to ensure an increase in inflows to the poor countries and a reduction of outflows from them.

This will significantly increase the availability of (especially domestic) resources and free up domestic policy space to implement policies targeted at eliminating poverty and achieving sustainable development.

Aid flows are insufficient and of poor quality. This can be addressed by making aid more predictable, untying it from policy restrictions and contracts with donor country companies and leveraging the proceeds of international taxes such as the airline ticket tax and currency transaction taxes to deliver the amounts needed.

As much as a quarter of the debt owed by poor countries is odious or illegitimate in origin having knowingly been lent to dictators or other illegitimate regimes such as the apartheid regime in South Africa. Much of this money was diverted and never made it to the country in whose name it was borrowed.

For all but three of the past twenty-three years, developing countries have paid out more money in the form of interest, repayments, penalties and fines on old debt than they have received in the form of new loans. Despite the fact that almost all poor countries have repaid more than they borrowed, their debts continue to mount and divert resources away from critical health and education spending.

An immediate cancellation of all odious, illegitimate and un-payable debts accompanied by a moratorium and the establishment of a fair and transparent arbitration process for the balance of debts outstanding and the adoption of clear transparent guidelines for new borrowing would help reverse this leakage of resources through the channel of debt.

Private flows in the form of foreign direct and portfolio investments that are supposed to contribute to the transfer of technology, create jobs, stimulate the local economy and increase tax intake have mostly failed to do so. Until as recently as 13 years ago, outflows in the form of profits and unwinding of old investments exceeded the inflows in the form of new investments. This is likely to be the case again in the near future.

Investments, especially in sub-Saharan Africa, earn returns as high as 30% per annum so countries are forced to try and attract ever-higher investments in order to keep resource inflows positive. This severely restricts policy space as countries reduce tax rates, grant tax holidays and introduce policies such as financial liberalization that put the interest of foreign investors over domestic development goals, and encourage the flight of capital through both legal and illegal channels in the banking system.

The increased threat of financial instability that comes about as a result of such policies has meant that developing countries have had to accumulate as much as USD 2 trillion in foreign exchange reserves to guard against financial crisis. The accumulation of this, most of which is invested in rich country bonds at very low interest rates, comes at the cost of development related investment that has much higher social returns.

More than half of developing country trade is controlled by multinational firms who are able to manipulate the prices on trade and financial transactions with related subsidiaries in tax havens and other countries to shift hundreds of billions of dollars out of poor countries.

Taken together, these leakages cost developing countries more than USD 500 billion in untaxed outflows which completely undermine the impact of aid and other resource inflows and hold these countries back from embarking on a path of sustainable development.

In order to plug these leaks, there is an urgent need to control and reverse the liberalization of the capital account and re-impose domestic performance requirements and profit repatriation restrictions on foreign investment. Other steps such as the elimination of bank secrecy, closing down tax havens, and firm action against financial institutions, accountancy and law firms, and multinational businesses that facilitate the leakage of these resources, would also help plug the leaks.

More than half of African and Latin American wealth now resides overseas, much of it in tax havens and financial centres such as London and New York – identifying and repatriating these assets, much of which were illegally acquired or transferred, and reversing the flight of capital, will mobilize domestic resources, free up policy space and allow developing countries to develop in a sustainable way.

The backdrop

> …defying all economic logic and need, for many years now the net transfer of resources and capital has been from the poor capital-scarce developing world to the rich capital-surplus developed world. Money, instead of flowing into productive investments in developing countries with high potential returns has gone into fuelling real estate and asset prices booms in rich countries such as the United Kingdom and the United States…

Despite the unprecedented media attention, the grassroots mobilization and political profile that development issues had in 2005, little was achieved in the way of provision of the scale of resources that are needed to achieve even the modest Millennium Development Goals (MDGs) leave alone fund sustainable development. The deal on debt cancellation and promises of aid increases provide only a fraction of resources that are needed with the funding gap growing each day.

The focus on the triad of debt, aid and trade was too narrow – the development debate has

1 Senior Policy, Advocacy and Economic Advisor. International Finance, Development and Environment Consultant. This paper is based on Kapoor, S. (2006). "Learning the Lessons - Reorienting Development. Which Way Forward for Norwegian Development Policy".

focused only on trying to increase inflows into developing countries with little if any attention to the significantly larger and increasing outflows of money and resources *from* developing countries. Despite unprecedented mobilization by civil society groups and widespread discussion of debt, aid and trade at the highest political levels, little tangible progress was achieved in terms of net resource flows.

One of the most disturbing phenomenons of recent decades has been the persistent and increasing outward transfer of resources from poor developing countries.[2] This has taken many forms both legal and illegal, some of which are discussed below.

This has serious negative consequences for both the development and humanitarian needs of these countries where because of a net outflow of already scarce domestic resources, these countries are left with fewer resources to target towards domestic development needs and towards life saving humanitarian interventions such as the provision of basic health services.

While occasional lip service has been paid to the importance of Domestic Resource Mobilization, this has been limited to increasing the level of domestic resources through new tools but has excluded a more fundamental consideration of 'retention' of resources mobilized domestically. This means that domestic resources continue to be susceptible to "leaking out".

Inflows have stalled – outflows are increasing

At the same time as the increase of inflows has stalled, outflows from the poorest developing countries, in the form of debt servicing, the build-up of foreign exchange reserve, trade deficits, profit remittances and – most important – capital flight have been on the rise.

This has severely restricted the room for manoeuvre within several countries. The "bleeding" of government revenues because of the rise of tax competition, tax avoidance and the fall of import tariffs, has further exacerbated the situation restricting the availability of resources to invest in basic health, education and infrastructure. It has also led to an increase in aid dependence.

Focus on inflows not outflows

However, the focus of development policy thus far has been limited to increasing aid, increasing foreign direct investment, channelling remittances and so on. Discussion on trade, which is also seen as a mechanism for resource delivery focuses almost exclusively on increasing exports from developing countries. Debt cancellation, which begins to address the question of reducing resource outflows, is discussed within very limited parameters which even under the most optimistic scenarios would have little impact on the direction of net resource flows.

2 Cf. Pietrikovsky, I. "Latin America: debt, investment, capital flight" in this Report.

Overseas Development Aid

Real aid, the aid money that is actually made available for funding development in the poorest countries, is running only at about USD 30 billion a year or only about 40% of the total aid volume. Administrative costs, technical assistance, accounting for debt relief, tying aid to purchases from the donor country, and aid to geo-strategically important but less needy countries are some of the reasons that more than 60% of the current aid volume is not available as money that can be spent on real and urgent development needs such as meeting the MDGs. This exists within a broader context of insufficient aid volumes which despite promises are currently running only at about 0.3% of the Gross National Income (GNI) of donor countries.

However, the new discussion on "innovative sources of financing" such as an airline ticket levy and currency and other financial transaction taxes among others, provide a promising avenue to improve aid quality and quantity.[3]

Debt

Debt, which has great potential as a source of funds for financing development has ended up being a channel for significant amounts of resource outflows from the poorest countries. For example, low-income countries, which received grants of about USD 27 billion in 2003, paid almost USD 35 billion as debt service. Sub-Saharan Africa has seen its debt stock rise by USD 220 billion despite having paid off USD 296 billion of the USD 320 billion it borrowed since 1970.

In fact, since 1984, net transfers to developing countries through the debt channel (net of inflows as new borrowing and outflows in the form of debt service) have been negative in all but three years. So debt, instead of providing a source of funding for development, has become a major source of leakage of scarce resources from developing countries.

What makes the situation worse is that a significant proportion of the debt owed never made it into the debtor country in the first place. Money lent to dictators and corrupt regimes such as Mobutu of Congo, Abacha of Nigeria and Suharto of Indonesia was stashed away offshore to personally enrich the dictators. Another significant chunk of the debt was used to fund projects where there was a suspicion of corruption and proper due diligence was not performed.

The Bataan nuclear plant in the Philippines, which has never generated any electricity because it was constructed on an earthquake fault, is one such example. Yet the government of the Philippines is still repaying the debt contracted to construct this plant. Even poor countries such as Zambia and Niger continue to pay a quarter of their budget towards debt servicing, much more than they spend on health and education combined.

3 Cf. Foster, J. "Beyond consultation: innovative sources" and Wahl, P. "International taxation: the time is ripe" in this Report.

While debt cancellation has been on the agenda for a while, the amounts under consideration are tiny in comparison to the scale of the problem and are funded out of already scarce aid budgets.

However, the Norwegian government's recent lead on the issue of odious and illegitimate debt offers a promising opening to finally tackle the real issues behind the debt crisis in an open, honest and effective way. It has the potential to finally 'wipe the slate clean' for countries that have been suffering under the burden of unjust and unpayable debt and allow them to make a fresh start. For creditor countries and institutions, it offers a chance of learning lessons from the mistakes of the past.

There is also hope that the recent debt deals struck by Argentina with private creditors, Nigeria with bilateral creditors and Heavily Indebted Poor Countries (HIPC) with multilateral creditors have finally opened the path for a serious discussion on a systemic treatment of debt problems with the establishment of a Fair and Transparent Arbitration Process (FTAP) preferably under the aegis of the United Nations.

Foreign Direct Investment

The reality of Foreign Direct Investment (FDI), which has grown to become the largest source of funds flowing into developing countries in recent years, is also disturbing. Despite the fact that on paper FDI can contribute significantly to development, in reality it has done little to deserve the focus and attention it has got in recent times where it is increasingly seen as the most important link in the development process by many policy makers.

Though since 1992 FDI has been the largest source of inflows into developing countries, it has been highly concentrated with a small group of countries such as China, India, Brazil and Mexico accounting for the bulk of recent increases in FDI. Countries in sub-Saharan Africa, most in need of capital, get very little FDI. Moreover, increasing amounts of FDI are used for mergers and acquisitions (they do not directly add to productive capacity or bring about technology transfer) where a foreign firm acquires an ongoing domestic operation.

FDI inflows are accompanied by large outflows in the form of profit repatriation. For sub-Saharan Africa, for example, apart from a period of ten years from 1994 to 2003, the inflow of funds through new FDI was exceeded or matched by an outflow of funds as profit remittances on existing FDI. As the stock of FDI in a country grows, the potential for future profit repatriation will also grow. In sub-Saharan Africa, the average rate of return on FDI is between 24% and 30%, which shows that the scope for an increase in future outflows is very large. For a number of poor countries, FDI continues to be a channel for net resource outflows.

The concerns highlighted above are exacerbated because there is strong evidence to believe that both FDI stocks and profit remittances are under-reported and may be as much as two to three times the reported figures.

One of the key benefits of FDI that is often touted is that the profits generated will increase government tax revenues. However, with the massive growth in tax competition and an exponential growth in enclave investment (export promotion zones among others) this benefit has all but disappeared. Honduras, for instance, offers permanent tax exemptions and tax holidays of up to 20 years are becoming increasingly common. This has been accompanied by a general and accelerating downward drift in corporate tax rates and in some export promotion schemes effective tax rates have fallen below zero!

The already grave situation has been compounded by the increasing trend of tax avoidance by multinational corporations (MNCs) operating in developing countries with the extractive sector being by far the worst culprit. Some of the tools used for this are:

- using inaccurate prices to value inter-subsidiary trade transactions in such a way so as to maximize profits in a low tax jurisdiction (transfer mis-pricing),
- using intra-corporate or parent subsidiary financial transactions such as loans from parent to subsidiary at exaggerated interest rates to shift profit out of the host country,
- using exaggerated values for intangibles such as goodwill or patents and royalties to underreport profit, and
- a whole host of other such practices such as mis-invoicing the quality and or quantity of imports and exports.

The overall focus on FDI, the generous incentives offered and the profits laundering/tax avoidance strategies of MNCs undermine the domestic private sector by putting it at a competitive disadvantage to already stronger MNCs with deeper pockets. This unfair competition is detrimental for the long-term development of poor countries.

Most of all, FDI has not fulfilled the promise of significant employment generation, integration with the local economy and technology transfer. While the costs of FDI have been very real, the benefits have been elusive. There is hence a need to rethink the current focus on FDI as a central tool in development, and for both developing and developed countries to take damage control measures to minimize the harmful effects and have a more critical cost-benefit analysis for future investments in developing countries.

Trade

The linkages between trade and resource mobilization are complex. There is no doubt that trade has the capacity to have a significant positive impact on development. However, at the same time the potential of the current trade regime to generate resources for investment in development is probably exaggerated. What is relevant from the perspective of external resource generation is the excess of exports over imports for a country or the trade surplus. The larger the trade surplus, the larger the resources the trade channel generates for development.

Under pressure from the World Trade Organization (WTO), the International Financial Institutions (IFIs) and rich countries, developing countries have been forced to lower their import tariffs and liberalize trade. While this has increased imports (including those of non-essential and luxury goods), exports have not kept pace. Continued rich country subsidies and protectionism especially in the farming (and textile) sector (where developing countries have a competitive edge) have also played a significant role in depressing exports from developing countries.

Many developing countries especially in the sub-Saharan African region and in Latin America run persistent trade deficits where they are forced to borrow (or use aid money or try attract FDI to generate scarce foreign exchange) to pay for the excess of imports over exports. This means that the trade channel, rather than boosting resources available for domestic investment, has also acted as a source for leakage of scarce domestic resources. Even in developing countries running trade surpluses (except for the major oil exporters) the trade surplus has seldom amounted to more than 1-2 percentage points of GNI which while significant is not enormous and can only contribute to development in conjunction with other sources of funds.

More than 60% of international trade is now intra-firm trade between various subsidiaries of multinational enterprises. A large faction of this passes through tax havens, which are characterized by secrecy and low or zero rates of taxation for non-domestic enterprises. This means that firms have massive opportunities to transfer profits out of developing countries into these low tax jurisdictions. The easiest and most exploited way of doing this is through the practice of mis-invoicing and of transfer mis-pricing when exports are under-priced and imports over-priced by firms so that higher profits are declared in tax havens and other non-developing country jurisdictions at the cost of a serious under-reporting of earnings in developing countries. Both domestic and international firms shift between USD 200 billion to USD 350 billion out of developing countries every year through this and related mechanisms.

The discussions on GATS, for liberalizing the trade in services, have the potential to exacerbate this problem of capital flight. Services are intangible in contrast to goods, more customized as compared to goods, which are more generic, and potential misreporting in services is much harder to detect because of their transient nature. All of this makes capital flight through the mis-invoicing of services easier and hence a much bigger potential problem than the capital flight through the mis-invoicing of goods. This means that there is a need to step back from the current trend towards a liberalization of services to redo the cost-benefit analysis for developing countries including capital flight in the analyses.

Hence, while trade can significantly enhance the efficiency of an economy and bring about many advantages, its potential as a source of development finance is perhaps exaggerated and the potential costs through resource flight because of mispricing are underreported. There is an urgent need to have a balanced discussion on trade issues that accurately reflects all the benefits as well as the costs – especially for developing countries.

Capital flight

For every dollar of aid that goes into developing countries, 10 dollars comes out as capital flight. Yet this is an issue which regularly gets sidelined in discussions on development. It has been estimated that developing countries lose more than USD 500 billion every year in illegal outflows which are not reported to the authorities and on which no tax gets paid.

The largest channel for capital flight is trade, where mis-pricing of transactions, the use of fake transactions and transfer mis-pricing between related affiliates of the same company with the help of tax havens and banking secrecy means that the tax and domestic resource mobilization ability of developing country governments is completely undermined.

Wealthy individuals and other domestic elite piggyback on the institutional apparatus of secrecy, private banking and tax havens to transfer billions of dollars out of poor developing countries depriving their fellow citizens of even the most basic needs such as health care.

Western MNCs, financial institutions, accounting firms, lawyers and financial centres have all been complicit in perpetrating, facilitating and actively soliciting this flight capital. No real progress on sustainable development can be achieved unless this stops.

If we are to move forward on the path of development, it is essential to first get our facts right and start an honest debate about development finance. No such fair debate can be had, leave alone corrective policies implemented until we expose the myth of current development flows and join hands to plug the leaks in the system. ■

Decentralization and sovereignty: how policy space is eroded

Citizens' Network on Essential Services
Nancy Alexander [1]

In many countries, citizens clamor for decentralization which can vest them with greater grassroots power and autonomy. The foundation of decentralization is the "principle of subsidiarity," which assigns power and responsibility to the lowest level of government – the level closest to the people being served.

However, *market decentralization* (another term for "privatization") shifts power and responsibility from governments to firms – even in the areas of health care, education and water services. Particularly in the absence of strong regulation, citizens, especially poor citizens, have little power over firms.

The impacts of decentralization were studied by researchers at the Organization for Economic Cooperation and Development (OECD) in 19 countries, who found that "decentralization has actually led to improvements in poverty reduction in only a third of the cases" (Jutting *et al.*, 2005). Countries where there has been no impact or a negative impact include Uganda, Ethiopia, Mozambique, Vietnam and Sri Lanka.

Many factors contribute to the disappointing impacts of decentralization. This article highlights how the international financial and trade institutions derail decentralization by diminishing "fiscal space" (i.e., options and resources) and transferring the rights of governments to investors. To take back power, citizens must not only struggle to establish accountable, representative government, but also take into account the ways in which the international financial and trade organizations, e.g., the International Monetary Fund (IMF), World Bank and World Trade Organization (WTO), can undercut their efforts.

Budget bosses

During the 1990s, Shahid J. Burki and Guillermo Perry, World Bank Vice President for Latin America and Chief Economist, respectively, engineered decentralization in the region. In *Beyond the Center*, Burki *et al.* (1998) argue that in order to protect against macroeconomic instability caused by subnational (i.e., state and local) fiscal excesses, it is necessary to have a "hegemonic and internally disciplined political party with the power to suppress any defiant behavior on the part of subnational politicians" and to revise electoral rules to "discourage party fragmentation…which makes policy-making more difficult and weakens the position of the president." The authors also stress the importance of rules and legislation that strengthen the office of the presidency in relation to the legislature, including "powers to rule by decree" and "an unassailable presidential veto."

In Latin America, this is called *presidencialismo*. This suits the reformers for whom the ultimate goal of decentralization is the transfer of public responsibilities to private sector actors. Indeed, decentralization redefines the boundaries of the public and private sectors.

The International Financial Institutions – the IMF and the World Bank – centralize power through policy conditionality attached to loans negotiated with the Finance Ministers of developing countries. Some conditions require Presidents to issue "Supreme" or "Executive Decrees." In the aftermath of protests against water price hikes in Cochabamba, Bolivia, the World Bank postponed its requirement that the Executive issue a Supreme Decree further raising water prices. In 2004, a loan called for Mozambique to issue seven decrees.[2] Such measures shift power from the legislative branch to the executive branch of government and undermine the democratic character and functions of the government.

By marginalizing parliaments, Poverty Reduction Strategy Paper (PRSP) processes have also facilitated this shift. Low-income country governments must prepare PRSPs – so-called national development strategies as a requirement for financing. Parliaments need not only greater engagement, but also more power in such processes. As it is, the IMF sets budget parameters for the governments of most low-income and highly-indebted countries to heed.

Donors and creditors do not use their power responsibly when their volatile aid flows create massive budget imbalances. Some countries, such as Ghana and Ethiopia, have absorbed rather than spent aid in order to off-set volatile aid flows, avoid currency appreciation, and build up reserves.[3] In addition, donors and creditors undercut governments when they channel financing through Program Implementation Units (PIUs) which operate in parallel with public administration and budgeting efforts.

When donor priorities appear in the budgets of local governments, these budgets need to be spent on the donors' goals rather than on other local needs. In some countries, such as Mali, donors are requiring governments to devote more resources to foreign-owned projects while local priorities are neglected.[4]

Attempts by donors and creditors to build government capacity for public financial management, including budgeting, have had mixed results. World Bank support for capacity building has encountered "considerable difficulty in the area of public financial management largely because of limited country ownership of the change agenda…"[5] Indeed, such efforts in Ghana were doomed because the government had different goals than the Bank.

Increasingly, donors and creditors provide "budget support," meaning that they pool their resources in support of national and subnational budgets. In 2004, a USAID study finds that the budget support process in Tanzania prompted the disengagement of many parliamentarians (Frantz, 2004, p. 7).

When donors pool their money, it relieves a government of the competing demands of many donors, but it also creates a donor/creditor policy cartel with many "budget bosses."

Steps to shift rights from governments to investors

The World Bank's focus on reforming investment regimes constitutes a centerpiece of its corporate strategy. This emphasis permeates its operations to promote decentralization through structural adjustment, public sector reform,[6] and sector-wide reform (e.g., health care, education) programs as well as its project financing.

Donors and creditors finance privatization, budget austerity, and economic liberalization programs that accompany the decentralization process. The impacts of such policies on local governments are discussed below.

Privatization

1. *Decentralization and Privatization.* Commonly, political decentralization precedes fiscal decentralization, so that local governments inherit "unfunded mandates" – that is, mandates to deliver services without the resources required to do so. This is particularly problematic because local governments may lack access to capital markets and rely heavily upon

1 Nancy Alexander is Director of the Citizens' Network on Essential Services.

2 World Bank Poverty Reduction Support Credit I (PRSC I), 2004.

3 IMF, "The Macroeconomics of Managing Increased Aid Inflows: Experiences of Low-Income Countries and Policy Implications," 8 August 2005.

4 See the IMF's First Review under Mali's 3-Year PRGF arrangement. April 2005

5 World Bank, Operations Evaluation Department (OED). "Capacity-Building in Africa," 2005, p. 29.

6 In Fiscal Year 2005 almost half of the new Bank projects had at least one component addressing governance and public sector reform.

locally-generated taxes and fees for services. Due to the lack of resources, many local governments are forced to privatize assets and services.

The World Bank sometimes cripples local governments by promoting premature decentralization, placing additional financial resources and responsibilities upon local governments before they are prepared to handle them. (See Box 1.)

Box 1.

DECENTRALIZATION AND SERVICES IN SRI LANKA

The 2003-2006 World Bank Country Assistance Strategy (CAS) for Sri Lanka stipulated that the government would gain access to higher levels of financing if it increased the share of revenues transferred to the local level. On one hand, there is a good argument to be made that decentralization needs to be accompanied by corresponding increases in fiscal resources. On the other hand, the CAS suggests that this transfer will be the principal measure of effective decentralization – a classic case of using a simple input (money) to measure a complex outcome (good local governance). Because more World Bank funds are promised if these transfers are sped up, the government has an incentive to channel significant revenue streams before mechanisms are created for ensuring transparent and accountable governance at the local level. ■

In the privatization process, local governments are often faced with demands that they provide subsidies and guarantees for private firms.

2. *Subsidies.* As privatization proceeds at the subnational level, local governments are often required to provide subsidies for corporations. Some schemes provide "performance-based" subsidies to firms when delivery of services (e.g., health care, education, water) to poor populations is verified. However, there are serious transaction costs and constraints to such schemes, especially in low-income countries and those with weak governance.

Donors and creditors promote subsidies to corporations, since cross-subsidies between sectors (telecommunications and water) or between rich and poor rate-payers violate trade rules.[7]

3. *Guarantees.* Generally, investors expect local governments to provide guarantees – particularly for infrastructure projects – which shift specific price, demand and currency risks onto taxpayers. The Articles of Agreement of the World Bank (IBRD and IDA) require that, if the institution provides a guarantee to a subnational government, it must obtain a counter-guarantee from the central government. However, the World Bank and other creditors and donors launched a new Subnational Development (SND) Facility in July 2006 that offers guarantees to local governments without backing from the central government.

When private ventures backed by a guarantee fail, the local government is likely to assume large, debt-like financial obligations without any mechanisms for restructuring or writing down the obligations. Creditors might intercept transfers from the central to local government, leaving the local government impoverished.

4. *Infrastructure spending.* At present, donors and creditors are promoting infrastructure investment. Soon, infrastructure operations will constitute 40% of the World Bank's lending portfolio. The IMF raised its inflation targets to permit higher levels of government spending for infrastructure, among other things. Local governments are being asked to provide significant infrastructure financing and guarantees relative to their fiscal resources. Indeed, the World Bank estimates that during the 1990s, governments and public utilities provided 70% of the financing for public-private partnerships (PPPs) in infrastructure compared with only 22% from aid, and 8% from the private sector.

In 2005, World Bank expert Antonio Estache (2004) released a study of PPPs in infrastructure from 1994 to 2004 which found that efficiency gains were often at the expense of poor people and poor areas. Risks to government budgets increased as governments offered investors costly guarantees and financial supports that ensure profitability, minimize capital outlays, and greatly increase the fiscal exposure of government. Corruption also increased.

In order to expand the supply of infrastructure and social services, donors and creditors are also scaling up community-driven development (CDD) and social fund (SF) operations which finance community groups, civil society organizations, and local governments. World Bank lending in support of CDD approaches increased from USD 250 million in 1996 to approximately USD 2 billion annual investments (or 10% of the Bank's portfolio) in 2004. Social funds have received World Bank financing in about 60 countries for a total of nearly USD 4 billion from all sources.[8] World Bank evaluators found that:

> The experience with community development shows that despite sophisticated targeting mechanisms, the poorest and most vulnerable generally appear to have been missed while the better off among the community have gained more of the benefits... Where social funds have accounted for a substantial share of public expenditure, such as in Bolivia, Honduras, and Nicaragua, they have distorted the efficiency of resource allocation and have negatively affected sectoral and budgetary planning. And where community development projects have been implemented by setting up parallel structures for community participation rather than by working through local governments, they have actually weakened the capacity of local governments and the decentralization process.[9]

Three out of four of the water components of CDD projects failed.[10] External evaluators participating in a World Bank evaluation of such projects suggested that the Bank cease financing CDD and SF operations until performance can be improved.[11]

Budgets that mortgage the future

1. *Cutting Local Governments Loose.* Since 2002, investment reform has taken center stage in the World Bank's corporate strategy. Decentralization can upset the macroeconomic stability prized by investors. Hence, to restrain demand, restore macroeconomic balances and build creditworthy subnational governments, donors and creditors promote policies to:

- limit fiscal transfers from central to state and local ("subnational") governments;
- allow central government transfers to local governments to be "intercepted by creditors in order to collect debt-related obligations;
- require local governments to adopt hard budget ceilings which prevent central governments from bailing them out.

For instance, prior to the 2002 election in Brazil, leaks revealed that the IMF and the Brazilian Finance Ministry agreed to terms which required, among other things, a reduction in revenue-sharing with the states and municipalities, termination of revenue earmarking, and promises by President Lula Da Silva's new administration to resist pressures to reopen the debt restructuring agreements between federal and subnational governments.[12] This deal, which by-passed democratic debate and decision-making by the Brazilian Congress and people, placed state and local governments under significant fiscal pressure. (See Box 2.)

7 In addition, "non-discriminatory" trade rules do not permit a government to favor domestic firms or disfavor foreign firms engaged in "like" activities. Such rules, where they apply, could require that, where a government subsidizes domestic health care or water companies, it must also subsidize "like" foreign companies. (See GATS Article III, Paragraph 17).

8 Draft Concept Note, International Conference on Local Development, Washington, D.C., 16-18 June 2004.

9 World Bank, Independent Evaluation Group, draft Annual Review of Development Effectiveness (ARDE), 2004.

10 World Bank, Operations Evaluation Department (OED). "Efficient, Sustainable Service for All? An OED Review of the World Bank's Assistance to Water Supply and Sanitation," Report No. 26433, 1 September 2003.

11 See comments by Robert Chambers and Norman Uphoff in Annex R of the World Bank IEG's evaluation of "The Effectiveness of World Bank Support for Community-Based and -Driven Development," October 2005.

12 IMF, Brazil – "Request for Stand-by Arrangement," 30 August 2002, p. 23; and "First Review Under the Stand-by Arrangement and Request for Modification of Performance Criterion," 4 December 2002.

Box 2.

THE CASE OF BOLIVIA

In 2002, World Bank loans required that the Government of Bolivia 1) present a legal opinion confirming the legality of the use of revenue intercepts as collateral to municipal credit operations with any lender; 2) adopt major procurement reforms; and 3) require municipalities to adopt fiscal responsibility laws, which ensure that they maintain hard budget ceilings, precluding bail-outs from the central government.[13] Such steps are intended to improve the access of municipalities to financing from the international capital markets for their local investment programs.

Seven municipalities adopted fiscal responsibility laws and accepted fiscal targets that were based on the IMF's assumption of 4% Gross Domestic Product (GDP) growth in 2001. The actual GDP growth rate was only 1.2% with output declining in all areas except for natural gas production. Central government revenues plunged by 26% in 2001 and general transfers from the central to municipal governments were 11% less than projected. However, the municipalities with fiscal responsibility laws were constrained from borrowing; instead, they instituted new taxes and user fees and carried out cutbacks in programs and services. ■

2. *Budgets and Government Procurement.* Donors and creditors engaged in "budget support" operations are in a position to pressure governments to liberalize government procurement at central and subnational levels. Through procurement practices, governments have always promoted national or local productive, employment, and service sectors. However, as government procurement is liberalized, local suppliers and workers must compete for government contracts with global suppliers. Liberalizing government procurement is a sure path to privatization of services.

In Ghana, a binding condition of a 2003 World Bank loan required the liberalization of government procurement.[14] The loan conditionality was so invasive that a World Bank Board member expressed concern that the World Bank's heavy pressure was forcing Ghana to liberalize well beyond WTO requirements.

In 2005, World Bank evaluators stated that IDA exerted "significant pressure" on the government of Malawi to liberalize its procurement and that the Bank did not pay attention to government concerns about proposed procurement reforms, which were finally rammed through.[15]

Trade

1. *Trade liberalization policies.* By definition, trade liberalization cuts trade taxes, hence putting tremendous fiscal pressure on central governments, which turn to local governments to shoulder greater fiscal burdens.

In sub-Saharan Africa, trade taxes accounted for between a quarter and a third of total tax revenue. Consumption taxes (e.g., the value-added tax, or VAT) seek to recoup lost revenue from trade taxes. The VAT is highly regressive, meaning that it hits low-income groups the hardest.

Low-income countries usually fail to replace lost trade tax revenues from other sources. "Using a panel of 125 countries over 20 years, Baunsgaard and Keen (2005) find that low-income countries typically recover at most 30 cents for each dollar of lost trade tax revenue, even over the longer-term."[16]

A recent United Nations Conference on Trade and Development study predicts that the losses in tariff income for developing countries under the WTO's Doha Round could range between USD 32 billion and USD 63 billion annually. This loss in government revenues – the source of developing-country health care, education, water provision, and sanitation budgets – is two to four times the mere USD 16 billion in benefits projected by the World Bank.

While many legislatures have little influence over decisions to reduce tariffs, they are generally faced with a potentially catastrophic budgetary situation after the cuts are made.

2. *Trade and Investment Agreements.* The WTO, including the General Agreement on Trade in Services (GATS), came into force in 1994. The GATS applies its rules, or disciplines, to about 160 sectors. As *central* governments make commitments under the GATS and negotiate other trade and investment agreements, they are committing *local* governments to conformity with trade rules. These trade rules are enforced on the domestic legal and regulatory activities of "*regional*, or *local* governments" and "nongovernmental bodies in the exercise of powers delegated" by any and all government jurisdictions. These rules create a loss of fiscal and policy space at the local level.

When a government's human rights norms and trade rules come into conflict, the conflict would not be resolved in a domestic court, but rather in a secret international trade tribunal, beyond the public "eye."

A UN report, "Economic, Social and Cultural Rights: Liberalization of Trade in Services and Human Rights,"[17] presented extensive evidence that, although increased foreign private investment can upgrade national infrastructure, introduce new technology, and provide employment; it can also lead to:

- the establishment of a *two-tiered service supply* with a corporate segment focused on the healthy and wealthy and an under-financed public sector focusing on the poor and sick;
- brain drain;
- an overemphasis on commercial objectives at the expense of social objectives which might be more focused on the provision of quality health, water and education services for those that cannot afford them at commercial rates; and
- an increasingly large and powerful private sector that can threaten the role of the government as the primary duty bearer for human rights by subverting regulatory systems through political pressure or the co-opting of regulators. ■

References

Burki, S.J., Perry, G. and Dillinger, W. (1998). *Beyond the Center: Decentralizing the State*. Washington, D.C.: The World Bank.

Estache, A. (2004). "PPI partnerships vs. PPI divorces in LDCs". World Bank and ECARES (Université Libre de Bruxelles), October.

Frantz, B. (2004). "General Budget Support in Tanzania: A Snapshot of its Effectiveness". USAID, 3 April.

Jutting, J., Corsi, E. and Stockmayer, A. (2005). "Decentralization and Poverty Reduction". *Policy Insights*, No. 5, OECD Development Centre, January.

13 World Bank Programmatic Structural Adjustment Credit for Decentralization, May 2001; and The Tranche Release Document for the above Programmatic Structural Adjustment Credit (PSAC), July 2002.

14 World Bank Poverty Reduction Support Credit (PRSC), July 2003.

15 World Bank, Operations Evaluation Department (OED), Capacity-Building in Africa, Malawi Case Study, 2005.

16 IMF, "Dealing with the Revenue Consequences of Trade Reform," 15 February 2005, p. 19.

17 Report of the High Commissioner, 15 June 2002.

Reclaiming development: streamline the Bretton Woods institutions

Third World Network
Celine Tan [1]

The Bretton Woods institutions – the World Bank and the International Monetary Fund (IMF) – are considered "specialised agencies" under the Charter of the United Nations (UN) in 1945 and the terms of their relationship with the UN are spelt out in respective "relationship agreements" entered into between the Bank and the IMF and the UN. Central to these agreements between these international financial institutions (IFIs) and the UN are clauses which respect the demarcation of roles between the respective organizations and the affirmation of the autonomy of IFIs in matters within their specific jurisdictions.

This decision to retain the organizational independence of the Bretton Woods institutions from the UN system, and the maintenance of their different governance structures favouring a small cartel of major industrialised countries, has had significant implications for global economic policymaking and international economic and financial cooperation, as well as on the social and economic development of developing countries. It has also largely prevented the institutions from undertaking the tasks they were originally created for – to provide for a stable and orderly international trade and financial system and to facilitate reconstruction and development.

Any reform of the multilateral governance institutions, including the current ongoing discussions on UN reform, must therefore include a reform of multilateral financial institutions to ensure the creation of truly international financial and economic governance organizations which better represent and service the interests of all member states and enable the better coordination among existing multilateral institutions to do the same. These institutions must also be subjected to the overarching universal principles which underlie all multilateral processes of decision-making which encompass not only the principle of equality among states but also a respect for human rights and the right to sustainable development.

An affront to the principle of sovereign equality and the erosion of multilateralism in global economic governance

The constitutional frameworks of the Bretton Woods institutions are an affront to the principle of equality among states and their operational practice over the years since their inception reflects a progressive erosion of the principle of multilateralism in international affairs. Although both institutions justify their autonomy from the United Nations system on the grounds that each of them is "required to function as an independent international organization",[2] neither of these institutions are truly "independent" nor "international" in character.

The governance structure of the Bretton Woods institutions is inherently asymmetrical in favour of developed countries and this asymmetry has been exacerbated over the years by both the development of the global economy and the shift in the nature of the work programmes of both organizations. The result is that those countries least affected by the decisions of the World Bank and IMF have the most influence and the most capacity to hold either institutions to account, while those who are subjected to their policies and who form the bulk of the institutions' operations have the least say in how these institutions are run.

In a paradoxical twist, changes in the financial operations of both institutions over the years have resulted in borrowing members – the developing countries who have little power in the decision-making processes – shouldering the bulk of the costs of administering the Bretton Woods institutions and their activities. While the core capital of the World Bank and the IMF relies on the financial contributions of their wealthiest shareholders – through quota subscriptions for the IMF and paid-in and "callable" capital for the World Bank – the current administrative costs of both institutions are now largely financed by borrowing member states through the charges and interest on their loan repayments and, in the case of the World Bank, their track record in servicing their International Bank for Reconstruction and Development (IBRD) debts which contributes to the Bank's ratings in the international capital markets (Mohammed, 2004).

There has also been a creeping "bilateralism" which has increased the control of specific developed countries over the policies of these supposedly multilateral institutions. As "a form of global collective action", multilateral lending is seen as a type of redistribution and instrument of international economic cooperation in which richer states pool their resources to provide external financing to poorer countries to prevent the negative externalities associated with international capital market failures and to assist in the provision of global public goods (Akyüz, 2006).

However the principle of multilateralism in the Bretton Woods institutions have been significantly weakened since the "introduction of donor-driven concessional windows" (Akyüz, 2006), such as the International Development Association (IDA) (with its three-year replenishment cycle) at the Bank and the Enhanced Structural Adjustment Facility, now the Poverty Reduction and Gross Facility (PRGF), at the IMF. These facilities require periodic replenishments from bilateral donors, providing opportunities for these countries to exercise leverage over the policies of the Bretton Woods institutions outside the usual decision-making process.

Expansion of constitutional mandates and failure in fulfilling traditional responsibilities

The administrative costs for running the World Bank and the IMF have increased substantially in recent decades as a result of policies pursued by their developed country members. After the collapse of the fixed exchange rate system in 1972 and particularly since the advent of the debt crisis in the 1980s, the World Bank and the IMF have greatly expanded the remit of their responsibilities, extending their reach into areas which were traditionally outside their jurisdiction while downgrading or abandoning other aspects of their work.

One of the most fundamental aspects of the Bretton Woods institutions 'mission creep' is the Bank and IMF's shift of focus towards social and economic development policy of developing countries, including domestic economic regulation, trade policy, poverty alleviation, social welfare and even environmental protection. This shift has been most pronounced for the IMF in terms of divergence from its constitutional objectives although the World Bank's expansion has been more extensive in scope.

The IMF no longer plays a role in ensuring international financial and monetary stability although the need for such a multilateral organisation has never been greater given the globalization of finance capital and the volatility of financial flows today. The institution no longer exercises any discipline over exchange rate policies of its member states and has no authority over the important players in the global financial system – the industrialized countries – whose domestic policies affect the stability of international financial architecture more than those of the developing countries for whom IMF regulation has been most pronounced.

1 School of Law, University of Warwick, UK, and the Third World Network, Asia.

2 Articles 1(2) of the Agreement between the United Nations and the International Bank for Reconstruction and Development, 1947; and the Agreement between the United Nations and the International Monetary Fund, 1947.

The Fund's extension of short-term current account financing to countries experiencing financial crises has been seriously circumscribed both by its introduction of conditionality as well as the policy prescriptions of the adjustment programmes which accompany such financing. The IMF's financing operations for crisis countries have also been focused on servicing external debt to private creditors and maintaining capital account convertibility (Akyüz, 2005) rather than assisting countries to manage with the social and economic repercussions of financial crises. Instead, many of the policies instituted by the IMF through conditionality in these countries have worsened the social and economic dislocations of the financial crisis.

Similar impacts have resulted from the Bank's foray into development policy lending and sectoral reform programmes which have promoted liberalisation of markets, market-based land reform, the privatization of essential services such as health, education and water, and the elimination of government subsidies and protection for infant industries and agricultural sectors. This policy-based financing has provided the opposite function to the Bank's mandate of providing capital for reconstruction and development: they are "fast-disbursing" loans serving primarily to meet short-term balance of payments needs and economic restructuring purposes as opposed to long-term developmental targets.

The Bank has also deepened its social and economic policy work, including through revisions of Structural Adjustment Programmes (SAPs) and other sectoral lending instruments to include emphasis on social sectors and poverty reduction; the promotion of various financing instruments for capacity building and technical assistance in a plethora of different issue areas; and through its non-financing activities, such as its dissemination of research and policy papers and consultancy work. A report by the Bretton Woods Project estimates that "between 1997 and 2002, USD 283 million was spent on reorganizing the Bank to be a knowledge institution", with studies indicating that "the Bank's analytical approaches influence policy-making across the world even if the Bank is not involved directly" (Wilks, 2004).

Over the same period, the role of the UN economic agencies, notably the United Nations Conference on Trade and Development (UNCTAD), have been progressively weakened, with these organizations' capacity in economic research, policy formulation and international economic negotiations eroded through financial and other constraints and pressures brought to bear on these agencies and their personnel by developed countries (South Centre, 1996).

These reforms have served to establish the dominance of the Bretton Woods institutions in issues of social and economic development in the international arena and significantly increased the influence of the Bank and IMF in key economic (and lately, even social and political) policy decisions in borrowing member states. The coinciding expansion of the Bretton Woods institutions work programmes with the reduction in the UN's role in economic policy agenda setting represented a slow but sure "transfer of power" from the UN agencies to the World Bank and the IMF, thereby "eroding and weakening those organizations which were *not fully under the major powers' control*" (South Centre, 1996, emphasis added).

"Conditionality" undermines principle of national sovereignty and non-intervention

The expansion of the nature and content of conditionality has taken place in tandem with the expansion of the Bretton Woods institutions' mandate. The scope of conditionality in Bank and Fund lending now encompass conditions which are neither relevant nor critical to the purposes of the financing or are conditions in areas which "neither the IMF nor the World Bank has the expertise to give proper advice", thus creating great margins for error and negative externalities (Khor, 2001: 12). Many of these conditions erode the policy autonomy of countries and constitute interventions in sovereign states' domestic affairs, such as the current proliferation of "governance-related conditionality" (GRC), most notably at the World Bank[3].

Conditionality has also evolved to be a default regulatory instrument for disciplining developing countries, including prescribing social and political reforms. Conditionality has been used as a misguided means of ensuring compliance of World Bank and IMF borrowing countries to social and economic development priorities, ranging from poverty reduction to gender equity, as well as conformity with environmental norms. At the same time, these institutions, notably the World Bank, have failed to comply with internationally agreed standards of protection for social, political and economic rights, and environmental standards through their lending practices.

The use of conditionality in this manner is at odds with the Bank's own constitutional prohibition against political interference in borrowing member states[4]. This practice is also an affront to the principles of international economic relations as enshrined in the 1974 UN General Assembly Resolution 3281 on the Charter of Economic Rights and Duties of States, one of the fundamental norms of international law. Chapter 1 of the Charter stipulates international economic and political relations should be governed, *inter alia*, by respect for the sovereignty, territorial integrity and political independence of states and the principle of non-intervention.

Meanwhile Chapter II of the Charter affirms the "sovereign and inalienable right" of states to choose their own economic, cultural and political system without outside interference (Article 1) as well as the right to "freely exercise full permanent sovereignty, including possession, use and disposal, over all its wealth, natural resources and economic activities" (Article 2(1)). These represent rights of their member states that the Bretton Woods institutions should respect, as the institutions are "specialized agencies" under the Charter of the United Nations.

The Charter of Economic Rights and Duties of States also provides that in efforts to fulfil their primary responsibility to economic, social and cultural development of their peoples, "each State has the right and the responsibility to chose its means and goals of development" (Chapter 2, Article 7) while the 1986 UN General Assembly Resolution 41/128 on the Declaration on the Right to Development provides that "States have the right and the duty to formulate appropriate national development policies" and "the primary responsibility for the creation of national and international conditions favourable to the realization of the right to development" (Articles 2(3) & 3(1)).

The Bretton Woods institutions pay little credence to such international norms in the design and implementation of their conditionalities. The content of Bank and Fund conditionality, has been based on the policies of the Washington Consensus which are premised on fiscal austerity and restrictive monetary policies, the liberalization of capital flows, trade liberalisation, deregulation and privatization. These policies have generally followed a pattern of "one-size fits all" or a "boilerplate template" in which one set of policies are applied to the vast majority of countries without due regard for individual circumstances. The practice of conditionality has therefore undermined the domestic policy space of borrowing governments and curtailed the right of these countries to regulate their economies.

3 For example, public expenditure management (PEM) conditions which constituted 48% of the total share of conditionality in Bank loans in financial year 2005 (World Bank, 2005b: Figure 11).

4 Article III, Section 5(b) of the IBRD Articles of Agreement; see also Article V, Section 1(g) of the IDA Articles of Agreement.

Need for reform and revitalization

The existence of the Bretton Woods institutions with their asymmetrical governance and administrative framework existing in concert with the UN and UN agencies created specifically for social and economic development – such as the UN Conference on Trade and Development, and the United Nations Development Programme – has provided a convenient alternative forum for the discussion of issues and implementation of policies of which the more equitable decision-making framework of the UN system have proven unconducive to the interests of the major political powers.

There is therefore a need to both *reform* the Bretton Woods institutions *and reinvigorate* the economic role of the UN in order to ensure sustainable development and to achieve the objectives of the Millennium Development Goals. Four recommendations can be put forward in this regard:

- **Reforming the governance structure of the World Bank and the IMF to ensure representativeness and accountability.** There has to be a fundamental overhaul of the archaic governance framework of these institutions predicated upon an outdated post-war model which no longer reflects the developments in the global economy today and which skews decision-making control in favour of the economically powerful at the expense of the economically weak. Developing countries must be given greater voice and representation at the Bank and the Fund.
- **Streamlining the Bretton Woods institutions and scaling them down to their original mandate.** The current workload of the World Bank and the IMF is too broad and too intrusive and the administration of their many activities unwieldy and costly. Streamlining the institutions so that they return to their original mandates of facilitating a stable international trade and financial system and providing financing for development would ensure greater efficiency and effectiveness of these institutions and restore policy autonomy to borrowing countries.
- **Revitalizing the role of the United Nations economic and social development agencies.** The reduction in the scope of work of the Bretton Woods institutions should also be accompanied by the revitalizing of the work of the United Nations agencies and other UN "specialised agencies" in the area of international economic cooperation and domestic economic and social development. This would not only reduce the influence of the powerful developed countries but also the influence of the pervasive institutional ideology of the Washington Consensus prevalent at the World Bank and IMF.
- **Removing the regulatory role of the Bretton Woods institutions and subjecting them to UN scrutiny.** The application of policy conditionality as a means of achieving internationally agreed social and development objectives, but especially, global environmental norms in borrowing countries must be reviewed as this has the effect of making the Bretton Woods institutions *de facto* governance organizations in areas for which they are not sufficiently competent. Instead, the Bretton Woods institutions themselves should be subjected to internationally agreed principles, including the rules of international law governing international economic relations, environmental safeguards, protection of minorities and indigenous communities, etc. As international organisations, they should be held accountable if their lending or non-lending practices violate such internationally agreed rules and conditions in lending should only reflect the fiduciary role of the Bretton Woods institutions in this respect and nothing more.

The way forward

The Bretton Woods institutions have undergone significant changes over the 60 years since their birth in the post-war period. None of these changes have sought to change the asymmetries and inequalities which exist within the institutions which impede their role in serving as truly multilateral economic institutions. Instead, the constitutional amendments as well as shifts in operational policy and practice at the two institutions have served to reinforce such imbalances and, more worrying, to shift global economic governance away from more democratic institutions, such as the UN, to these organizations.

However as the discussion above has demonstrated, the solution lays not in increasing the authority of the World Bank and the IMF by granting these institutions more control over aspects of social and economic development but to reduce the remit of their work to their core responsibilities and revitalize the UN agencies which have been given mandate and have the requisite competence to undertake the aforementioned tasks in a more democratic manner. ■

References

Akyüz, Y. (2005). "Reforming the IMF: Back to the Drawing Board", *TWN Global Economy Series* 7. Penang: Third World Network.

Akyüz, Y. (2006). "Rectifying Capital Market Imperfections: The Continuing Rationales for Multilateral Lending". In Kaul, I. and Conçeiao, P. (eds). *The New Public Finance: Responding to Global Challenges*. New York and Oxford: United Nations Development Programme and Oxford University Press.

Khor, M. (2001). "A Critique of the IMF's Role and Policy Conditionality". TWN Global Economy Series. Third World Network: Penang.

Mohammed, A.A. (2003). "Burden Sharing at the IMF". *G24 Discussion Paper Series*, December 2003.

Mohammed, A.A. (2004). "Who Pays for the World Bank ?". *G24 Discussion Paper Series*, May 2004.

South Centre (1996). *For a Strong and Democratic United Nations: A South Perspective on UN Reform*. Geneva: South Centre in association with the Non-Aligned Movement.

Wilks, A. (2004). "The World Bank's Knowledge Roles: Dominating Development Debates", June 2004. London: Bretton Woods Project.

World Bank (2005). "Review of World Bank Conditionality: Recent Trends and Practices", 30 June 2005. Washington DC: World Bank.

From Monterrey to Basel: who rules the banks?

Jan Kregel [1]

The Monterrey Consensus that emerged from the International Conference on Financing for Development held in Monterrey, Mexico, in March 2002 forged a partnership between developed and developing countries based on mutual recognition of the benefits to be gained from the implementation of policies leading to successful development outcomes. Developing countries committed to introduce sound economic and social policies, to improve governance, eliminate corruption and to create a domestic regulatory environment to support the development of the private business sector. While the Consensus was based on developing countries accepting the responsibility for their own development, developed countries pledged to take measures to provide the financial resources that might be required in addition to the mobilization of developing countries domestic resources to meet development goals. These measures included a pledge to strive to provide official development assistance equal to at least 0.7% of each developed country's gross national income, improved market access for developing country exports and completion of the development dimension of the Doha round of the World Trade Organization, the provision of debt relief to ensure that developing country debt service did not impede development efforts, the facilitation of the development impact of foreign direct investment through greater technology transfer, and improvements in the international financial architecture to predict and prevent financial crises.

The Consensus also noted that if developing countries were to have effective responsibility for the development of their own national resources, they should also have full responsibility in framing the international regulations and institutions that determine the international environment in which they participate and which have a major impact on the success of their national development strategies. This additional responsibility could only be meaningful if developing countries were given equitable representation in those institutions and processes that have been created to govern the rules, regulations and institutions that make up the international trading and financial system.

Unequal governance structure

The most obvious example of the current lack of representation of developing countries is in the governance structure of the Bretton Woods Institutions, the World Bank and the International Monetary Fund (IMF) that were created to manage the post-war international financial and trading system. Although both institutions are "specialized agencies" of the United Nations, their governance structure does not follow the traditional United Nations principle of one country, one vote. Rather, decisions are taken by a governing Board with voting power determined on the basis of a rather complicated formula representing an equal amount of basic votes, plus additional votes determined by the country's financial contribution to the institution, the size of the economy and its participation in world trade. Thus, the more powerful developed countries naturally have a large voting power than developing countries. Since the variable items have been adjusted several times to reflect changes in size of different economies, while the basic votes have remained fixed, countries that have grown most rapidly have increased their influence relatively to some of the slower growing developing countries, particularly those who came into existence and joined the IMF after its creation.

The day to day operation of the IMF and the World Bank is governed by a Board of 24 Executive Directors. There are seven countries that sit on the Board who represent only themselves: the United States, Japan, Germany, France, the United Kingdom, China, and Saudi Arabia. Thus the other 17 Executive Directors must represent the interests of the remaining 160 countries. Each of these 17 Directors is assigned a group of countries. In the current allocation, over forty countries comprising sub-Saharan Africa are represented by only two executive directors. Thus, their interests cannot be given the same hearing in the Boards decisions as the members holding single country seats.

Further, the five developed countries holding single seats account by themselves for nearly a third of the total votes. Other developed countries hold seats with another third of the votes. This ensures that any decision requiring a two-thirds majority requires the approval of the developed countries. In addition, the US holds votes that exceed 17% of the total. This is an important number since most major decisions on the structure of the IMF, such as changes in voting power, require an 85% majority. The World Bank has a similar representation and voting structure.

Thus, while developing countries are urged to take responsibility for their own development, improve their governance structures and ensure that their policies are "nationally owned", the major institutions that determine the architecture of the international financial system, and who are responsible for the majority of institutional funding for development, continue with an anomalous, and far from democratic form of governance in which developed countries have a structural majority.

Lack of representation in other rule-making bodies

It is for this reason that the Monterrey Consensus stressed the need to broaden and strengthen the participation of developing countries and countries with economies in transition in international economic decision-making and norm-setting. It sought to enhance participation of all developing countries and countries with economies in transition in the decision-making of the international financial institutions, and thereby to strengthen the international dialogue and the work of those institutions as they address the development needs and concerns of developing countries. While most of the attention to improve voice and representation has been centered on the IMF and the World Bank, there are other international rules and standards making bodies at the global level in which developing country representation is even less equitable and in some cases non-existent. It is for this reason that the Monterrey Consensus went further and urged the Bank for International Settlement's Basel Committees such as the Basel Committee on Banking Supervision, and Financial Stability Forum to continue enhancing their outreach and consultation efforts with developing countries and countries with economies in transition at the regional level, and to review their membership, as appropriate, to allow for adequate participation. It also included in this call all ad hoc groupings that make policy recommendations with global implications to continue to improve their outreach to non-member countries, and to enhance collaboration with financial standard-setting bodies such as the International Association of Insurance Supervisors, the International Accounting Standards Board, the International Organization of Securities Commissions, the International Organization for Standardization, and the International Federation of Stock Exchanges.

Attention to developing countries' representation on these other bodies is particularly important because most of them have no formal governance structure or are voluntary bodies that provide no representation to developing countries. It is also important because given the lack of any formal governance

1 Distinguished Research Professor at the Centre for Full Employment and Price Stability at the University of Missouri, Kansas City.

institutions at the global level, these bodies have taken on the responsibility for formulating rules, regulations, standards and codes for the global economy and the international financial system without even minimal formal representation of developing countries. As a result a de facto global governance system is being built up on the basis of

decisions made by developed countries, without any participation from developing countries. It is the unrepresentative nature of this growing global governance structure that has given rise to what has come to be known as a "democratic deficit" because of the absence of equitable representation of the interests of all countries.

The extent and proliferation of these global regulations, standards and codes is often underestimated. They include the core principles for affected banking supervision issued by the Basel Committee on Banking Supervision, Objectives and Principles of Securities Regulation issued by the International Organization of Securities Commissions, Insurance Core Principles issued by the International Association of Insurance Supervisors, Principles and Guidelines On Effective Insolvency and Credit Rights Systems issued by the World Bank, Principles of Corporate Governance issued by the Organization for Economic Cooperation and Development, International Accounting Standards Issued by the International Accounting Standards Board, International Standards On Auditing issued by the International Federation of Accountants, Core Principles for Systematically Important Payment Systems issued by the Committee on Payment and Settlement Systems, Recommendations for Security Settlement Systems issued by the Committee on Payment Settlement Systems and the International Organization of Securities Commissions, the 40 Recommendations and nine Special Recommendations on Terrorist Financing issued by the Financial Action Task Force on Money Laundering, the Code of Good Practices on transparency of Monetary and Financial Policies issued by the IMF, the Code of Good Practices in Fiscal Transparency issued by the IMF and a Special Data Dissemination Standard, and the General Data Dissemination System issued by the IMF.

A de facto regulatory power

The globalization of finance and the growing internationalization of financial crises in recent years have resulted in increased efforts to force countries to adopt similar regulatory arrangements. However, in difference from national financial regulation there is no formal power at the international level to set and enforce regulations worldwide. Representatives of developed country financial market regulatory and supervisory agencies have been drawing up a set of best practice standards and codes whose adoption is encouraged through peer pressure. However, in practice these global regulations are enforced by the international financial institutions such as the IMF and the World Bank, either by introducing them in the conditions that developing countries are required to meet in order to qualify for financing from these institutions, or as part of the standards used in IMF Article IV surveillance, or as standards by which their commitment to sound governance and institutions specified in the Monterrey Consensus are judged.

Mechanisms have also been put in place to encourage their introduction, govern their use and monitor compliance. The key instrument is the Report on the Observance of Standards and Codes, prepared by the IMF as a part of Article IV consultations or through Financial Sector Assessment Programmes conducted jointly by the IMF and the World Bank. They have been carried out for more than 100 countries. It is thus clear that there is in operation today a de facto international regulatory power monitoring implementation of a set of best practice standards for financial institutions operating in international markets.

Since the credit worthiness of individual countries' liabilities assigned by credit rating agencies is also increasingly judged by the quality of individual countries' regulatory and supervisory systems as measured by their adherence to these international standards, it has become crucially important for developing countries to be seen to be adhering to these standards as minimum conditions for attracting and retaining international capital flows. Thus, the ability of developing countries to attract official or private finance increasingly depends on a governance structure in which they do not participate.

"Democratic deficit"

However, the representatives that meet to propose and implement these standards are far from democratically selected. They overwhelmingly represent the Group of Seven (G-7) developed countries and hardly any provide a formal representation for developing countries. There is thus a large "democratic deficit" in the operation of this de facto global governance system in financial markets. A formal study of the operation of this de facto system is necessary to determine if its democratically inefficient mechanism of operation can be justified by delivering the promised results of increased global financial stability.

Most of the attention has been placed on the question of voice and representation in the World Bank and the IMF, and it is because developing countries have some, even if minor, representation in these institutions that they have been most actively engaged in discussion of the means to provide more equitable voice and representation of developing countries in their governance structures since Monterrey. However, nearly five years after the Conference there are still no formal proposals on how this should be done. The issue will be on the Agenda of the next Annual Meetings in Singapore, but given that there is still no formal proposal for action, prospects are not good for more rapid action on the issue.

Much less attention has been given to the other bodies that set global standards. The first of these de facto international governance institutions was the formation of the Basel Committee on Banking Regulation and Supervision, hosted by the Bank for International Settlements to deal with the risks in making international payments between large global banks from developed countries. It produced regulations known as the Basel Concordats in 1975 and 1978 that attempted to allocate the responsibility for the regulation of global banks operating across borders to each bank's home regulatory agency and to require banks to provide financial reports on a consolidated basis covering all their global operation. In essence the Concordat was a global supervisory agreement that was supposed to provide a substitute for an international lender of last resort, or an allocation of international lender of last resort responsibility, for banks operating internationally. The failure of the Concordat to provide lender of last resort support for the failure of an Italian bank owned by a Swiss-Luxembourg holding company led to a search for an alternative arrangement. This took the form of the creation of global capital adequacy standards set out in the first Basel Accord on Capital Adequacy.

The East Asian crisis of 1997 was instrumental in highlighting the importance given to globally coordinated financial regulation and to ensuring that the multiplicity of such regulations were considered by some central body. The answer was the creation of the Financial Stability Forum, established by the Finance Ministers and Central Bank Governors of the G-7 in February 1999. It was given responsibility for defining a set of standards and codes to be observed by all international banks. This was the first attempt to develop a single set of international rules and principles for domestic policy in the financial and monetary spheres that all countries would adhere to. In addition, The Financial Stability Forum has identified 70 financial standards from which the G7 countries and the multilateral financial institutions have identified a subset of standards deemed necessary to ensure financial stability.

While there is clear inequitable representation in the multilateral financial institutions, they do nonetheless have a clear governance structure. On the other hand, the ad hoc voluntary bodies such as the Basel Committees do not have either democratic mandates or transparent governance structures and lack any formal of representation of developing countries. It is here that the most important democratic deficits are to be found. And it is here that there is the least information on how these institutions functions.[2]

The Basel Committee on Banking Supervision has formulated a Revised International Capital Framework, usually known as “Basel II”. Informal mechanisms were used to provide developing country participation, but its rules of operation are not transparent. For example, the methods used to select countries to participate in the Basel committees are not made public. Nor is there any information on how these countries participate in the deliberation of these bodies. While the implementation of standards and codes is supposed to be voluntary, and implementation is supposed to be adjusted to meet diverse circumstances of different countries and firms, it is unclear whether these differences across countries are taken into consideration at the stage of formulation of the standards, or whether the differential application is considered as only an unavoidable exception to their full application at some later date.

Further, it is unclear how the developing country representatives are themselves chosen, and to whom they are responsible. Neither is there information on how these primarily developing country representatives prepare for their participation in these bodies and whether they consult with other countries that are not invited or try to represent positions other than their own.

Finally, there is the question of how these voluntary standards are implemented in countries that do not participate in their formulation. Are national governments responsible as part of their domestic policies, and thus subject to parliamentary approval and oversight? Are the decisions taken democratically by national representative governing bodies, or by technical agencies? How important is the suasion by the multilateral financial institutions? Is there influence from private market participants?

The Revised Basel II Framework should provide increased global financial stability. This financial stability goal may not be compatible with the essential function of international capital markets of providing financing for the investment process that allows countries to fully use their domestic resources and to undertake decisions in a way that provides for national ownership of these policies.

For example, it has been argued that the introduction of the Revised Framework will make international capital flows to developing countries more pro-cyclical. This would clearly make the international financial system less stable, and more asymmetric. Others have noted that although its application is supposed to respond to national conditions it has only been developed countries, rather than developing countries, that have introduced changes to meet national conditions and objectives. The majority of developing countries have announced their intention to make full implementation on schedule.

The Revised Framework is intended for private financial institutions operating internationally, but in its initial Basel I version it was applied much more generally to all banks, including government owned banks and national development banks in a number of countries. It is unclear whether the capital of such banks, and in particular national development banks, can be considered on the same level as international private banks and whether such a framework is consistent with their national objectives. This is a particularly important issue as a number of countries are again seeking to give a greater role to their development banking system, or to recreate one if they have previously abandoned it. ■

---

2 IBASE, with the support of the Ford Foundation, has launched a major research project headed by Jan Kregel and Fernando J. Cardim de Carvalho, to investigate the issue of the role of these institutions in the governance of the global financial system. For more information write to: lcerqueira@ibase.br

Forever in your debt?

European Network on Debt and Development (EURODAD)
Alex Wilks[1]
Francesco Oddone

UK Chancellor Gordon Brown hailed the G8 debt deal of 2005 as a "historic breakthrough", using the language of 100% debt cancellation. Is it true that after the Gleneagles G8 Summit the debt issue has been taken care of? No. There are still many countries – and therefore many millions of people – who are left outside the official debt initiatives and are forced to pay their creditors at the expense of making social investments in their countries.

The Multilateral Debt Relief Initiative (MDRI) launched at Gleneagles so far covers 19 countries. They will have between 21% and 79% of their debt stocks cancelled. These countries will still, however, have debts in their books. And many countries will receive nothing at all from the initiative. Worthwhile as it was, the Gleneagles deal will leave many developing countries with crippling debts. Indeed, the oft-cited figure of USD 40 billion debt cancellation pales into relative insignificance when compared with the debt stocks of all developing countries of USD 2.6 trillion or the debts of low-income countries of USD 424 billion.

How the deal works

Under the MDRI, eligible countries will obtain cancellation of debts owed to the World Bank, International Monetary Fund (IMF) and African Development Fund.

Eighteen countries can expect to benefit from the International Development Association (IDA) debt cancellation as of 1 July 2006 with a further 25 countries becoming eligible over the next five years. In total, IDA debt cancellation is expected to amount to around USD 37 billion over 40 years. This cancellation will be provided up-front with beneficiary countries receiving a letter from the Bank announcing that they no longer have to meet their IDA debt service payments on loans contracted before the cut-off date of end-2003.

The IMF has approved the debt cancellation for 17 out of the 18 countries that had been promised cancellation at the G8 Summit in Gleneagles in July 2005. Two further countries will also benefit from IMF debt cancellation: Cambodia and Tajikistan. Some USD 3.3 billion of IMF debt has hence been wiped-off the books of 19 countries since January 2006. The adopted cut-off date is end-2004, a full year better than IDA's choice.

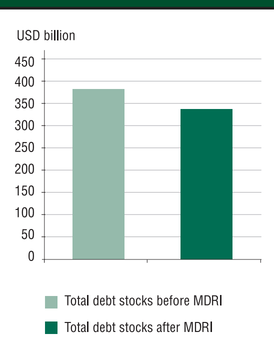
Limitations of the deal

Thus, the G8 debt deal in no way represents 100% debt cancellation: it neither covers 100% of countries in need nor 100% of debts. Debt cancellation has not been extended to all those countries that need it to achieve the Millennium Development Goals (MDGs) by 2015. This agreement covers only 17 impoverished countries' debts to the International Monetary Fund, World Bank, and African Development Fund. Debts to the Inter-American Development Bank (IADB) are excluded, for example. This matters to countries such as Honduras and Bolivia, which owe 40% and 32% of their debts to the IADB respectively.

The deal also remains firmly wedded to the flawed Heavily Indebted Poor Country (HIPC) process – whose list has merely been expanded by a very limited number of potentially eligible countries, i.e., Eritrea, Haiti, the Kyrgyzstan and Nepal – with all of its deeply unpopular economic conditionalities. It is a puzzle how many more extensions and expansions we will see of this initiative before creditors realise that the Initiative as it stands does not offer the solution to unsustainable debts or the global debt crisis. Indeed, what does the MDRI explicitly stand for if not for the acknowledgement that the HIPC Initiative was – is – by far insufficient in order to allow countries to place themselves on a path to achieve the MDGs? And, also, to do away implicitly with all sustainability calculations and methodologies?

Following the MDRI, beneficiary countries will see their overall, aggregated debt burden – in Net Present Value (NPV) terms – decrease from USD 26.5 billion to USD 11.3 billion, and their debt-to-export ratio (also in NPV terms) fall from 139% to 59%. This varies of course from country to country, and even more depending on the region under consideration. The debt-to-export ratio for Uganda is set to decrease by 79%, while for Guyana it will fall just 21%. For the African countries that are included we see a decrease of the debt burden from USD 19 billion to USD 6 billion (with the debt-to-export ratio falling from 144% to 43,9%), while for the Latin American countries (Bolivia, Guyana, Honduras and Nicaragua) the debt burden is reduced from USD 7 billion to USD 5 billion and the debt-to-export ratio goes from 127% to 92%.

CHART 1. Low income countries. Long term debt stock before and after MDRI



In Africa, the picture is mixed: in percentage terms, Uganda will have the largest proportion of its debt cancelled at 79%. This is followed by Ghana at 76%, and Tanzania and Zambia (both at 74%). The two sub-Saharan African countries which will see the least reduction in percentage terms are Mali with a 56% reduction and Mozambique with a 48% reduction, principally because these two countries owe money to creditors other than the IMF, World Bank and African Development Bank. In Latin America, the picture is even gloomier. On average, the four Latin American HIPCs will see less than one-third of their debts written-off thanks to the exclusion of the Inter-American Development Bank, one of Latin America's most important creditors. Guyana languishes at the bottom. It will see its debt reduced by only 21%, Nicaragua by only 23%, Honduras by 28% and Bolivia by 31%. In addition, the net financial gain from the MDRI for individual countries will depend on the quality of the country's policies and institutions as judged by the international financial institutions (IFIs).

Excluded countries

What about those non-HIPCs that urgently need debt cancellation and which are squarely left out of this deal? Again, this deal covers only a very limited number of countries that need debt cancellation urgently if they are to meet internationally agreed development targets. Take Indonesia, a Lower Middle Income Country where more than 50% of its 220 million population live below the UDS 2 poverty threshold, and who owes a staggering USD 130 billion, 60 billion of which to official creditors. Or Ecuador, with a USD 17 billion debt outstanding, with more than USD 6 billion owed to bilateral and multilateral creditors.

When questioned, the World Bank replies consistently that currently no discussions were currently

1 Alex Wilks is Coordinator of EURODAD and Francesco Oddone is Debt Policy and Advocacy Officer Consultant of the same organization

underway about debt cancellation for countries beyond the HIPC Initiative (including the four mentioned above). However given that we have already seen four extensions to the HIPC Initiative and two sets of country expansions, one suspects that it may only be a matter of time before the IFIs and the international community more broadly come to realize that impoverished countries such as Kenya and many more also need comprehensive debt cancellations. Sadly however, time is costing lives and wasted opportunities for too many people.

From debt repayability to a rights-based approach

A necessary step toward this is a radical change in the concept of debt sustainability. As it is now, it simply reflects the capacity of a certain debtor to repay its debts, whatever the consequences on its social and economic development. This principle, enshrined in the IFIs' recent Debt Sustainability Framework, simply does not consider the urgent needs many countries face toward the achievement of the MDGs. It also completely ignores the illegitimate origins of many of the debts – contracted for dubious purposes by undemocratic regimes with the full knowledge of the Northern creditors.

Take Nigeria, a young yet poor democracy that has been consistently left out of the HIPC initiative. As a result of intense pressure both from the inside – parliament, government and civil society – and with the support of the UK government , then G8 President, Nigeria got a Paris Club debt deal in 2005. This amounted to a cancellation of 60% of its bilateral debts (USD 18 billion out of USD 31 billion). Yet to obtain this the government was asked to pay - upfront and in cash a massive USD 12.5 billion over just six months. This represents more than what the MDRI is going to deliver for the rest of Africa in the next 10 years! And these are resources flowing from South to North, rather than in the opposite direction, which are badly needed to fight poverty and tackle the many grave problems faced by the largest African country. They are needed in Abuja and Lagos to finance the government's strategy to achieve the MDGs (it exists, it is called the National Economic Empowerment and Development Strategy (NEEDS) which has even been approved by the IMF through the Policy Support Instrument, not in the coffers of Northern export credit agencies, who may well use them to cause further damage in the South.

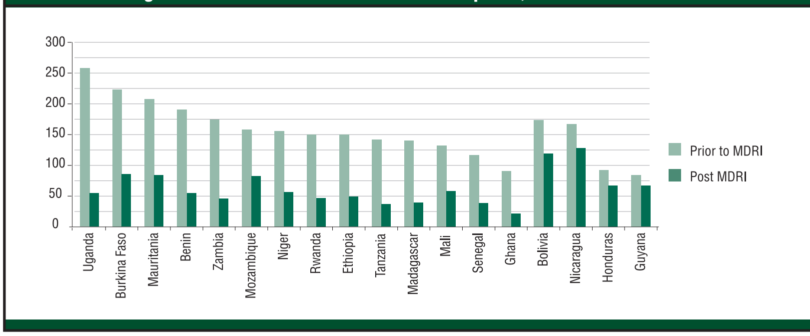
Looking to the future

The debt stock cancellations that some countries have obtained in recent months go some way to alleviating the problem that Northern creditor institutions provide with one hand and take away with the other. Net transfers on debt were minus USD 240 million during 2004 for sub-Saharan Africa, in other words interest payments were higher than incoming net flows on debt. Total sub-Saharan Africa debt service paid during the same year was a staggering USD 15.2 billion. It is acknowledged by the IFIs that "MDRI countries would still require substantial grant resources to preserve debt sustainability if aid were scaled up substantially to help them meet the MDGs". Governments such as that of Zambia and Uganda greeted the Gleneagles deal by starting to announce extra spending plans – for example on HIV/AIDS treatment. But they had not read the small print of the deal. G8 finance ministers said that countries which obtained debt cancellation should have their World Bank future financing reduced, leaving them with little net gain. Dao Dounantié, Secretary General of the Coalition des Alternatives Dette et Développement (Coalition for African Alternatives Debt and Development), a Malian campaign coalition, told Eurodad this month that "nobody in Mali can yet say what have been the savings from this initiative. Because of this and because the international financial institutions have previously never respected their commitments, we are being cautious. We recognize, however, that – if implemented – this will be a small step forward, particularly because it involves debt stock cancellation".

Added to this the richest countries are simply not providing the concessional finance that is needed in order to try to attain the MDGs. The fact that donors are falsely inflating their reported Official Development Assistance by inserting all debt cancellations – even those resulting from export credit subsidies of Northern companies operating in Iraq and Nigeria during completely undemocratic periods – is a blatant attempt to delude the public. Eurodad and many other groups are campaigning for a clean-up of aid reporting, and demanding the provision of additional funding.

While certainly worthwhile, and having set an important precedent of debt cancellation, the G8 deal of last year is not sufficiently comprehensive in the debts it covers, or the countries it covers. The problem of clearing the overhang of past debts is by no means over, and campaigners will continue to highlight the deep injustices of governments having to favour creditors rather than their own people. We will also point out the major problems with the international financial system, which is structurally biased toward the rich and strong, and consistently geared against developing countries' ability to reach the MDGs. ■

CHART 2. Eighteen Countries: NPV of Debt to Exports, Post MDRI



Further reading

"Justice for Latin America on IDB debts", Joint NGO paper, January 2005. Available from: <www.eurodad.org/articles/default.aspx?id=682>.

Christian Aid. "What about us? Debt and the countries the G8 left behind". September 2005. Available from: <www.christian-aid.org/indepth/509debt/index.htm>.

Debt and Trade Project at the Jesuit Centre for Theological Reflection (JCTR), "Zambia After HIPC Surgery And The Completion Point". Available from: <www.eurodad.org/uploadstore/cms/docs/Zambiaafterhipcsurgery.pdf>.

Eurodad, "G8 Debt Deal One Year On: What Happened? What Next?". Available from: <www.eurodad.org/uploadstore/cms/docs/G8_debt_deal_one_year_on_final_version.pdf>.

Jubilee Debt Campaign, "The Good, the Bad and the Ugly - one year on briefing". Available from: <www.jubileedebtcampaign.org.uk/?lid=2098>.

Oxfam, "The view from the summit – Gleneagles G8 one year on". Available from: <www.oxfam.org.uk/what_we_do/issues/debt_aid/bn_gleneagles_oneyear.htm>.

LATIN AMERICA: DEBT, INVESTMENT, CAPITAL FLIGHT

Iara Pietricovsky [1]

The Latin American gross domestic product (GDP) was on the decline until 2002 in concert with the performance of the world economy. From that year forward, signals of a recovery of growth have begun to emerge. This trend is leading to a reduction in the debt/GDP ratio thanks to GDP growth, although other factors must be considered to explain the behaviour of the debt.

The public debt in Latin America was on the rise since 1997, reaching its peak in 2002. In 2003 the tendency toward growth of debt was reversed.

Currently the world economy finds itself in a cycle of expansion, which is to say, it shows high growth rates, which explains in part the behaviour of the debt/GDP ratio in the countries of Latin America. Nevertheless, the region's growth did not match growth in the rest of the world.

With the exception of Chile, the region's countries show a high level of debt, at both the internal and external level. In the case of Brazil, the most worrying part is the internal debt – that owed by the states and large cities to the federal government – because it is among the highest in Latin America.

The countries of Latin America, and especially Brazil, are placing themselves in greater debt insofar as they present only minimal economic growth. There are a great number of macroeconomic goals that they must meet, including maintaining a primary budget surplus and avoiding errors in exchange rate policy. Argentina, following the crisis, presents the highest levels of debt in all of Latin America.

Rates of foreign direct investment in Latin America registered a rise in 2004 for the first time since 1999, brought on especially by Argentina, Chile, Colombia and Mexico, which were the targets of an increase in foreign investment. In any case, the rates of foreign investment in 2004 are significantly lower than those observed in the mid-1990s.

This tendency toward a reduction in foreign investment at the beginning of the present decade can be observed across all of Latin America. In countries that recently suffered economic crises, such as Argentina and Brazil, between 1999 and 2003 foreign investment fell more than 70%.

TABLE 1. Debt/GDP ratio

PERCENT OF GDP	1996	1997	1998	1999	2000	2001	2002	2003	2004
Argentina									
Public debt of the national government	35.7	34.5	37.6	43.0	45.0	53.7	145.9	138.2	126.5
Internal	8.9	9.6	10.4	13.9	16.4	22.3	52.1	58.2	54.5
External	26.8	24.9	27.1	29.1	28.6	31.5	93.7	80	72.1
Interest payment of the non-financial public sector (percentage of income)	8.8	10.2	11.5	14.4	16.5	21.8	11.3	8.9	...
Primary balance	**-1.2**	**0.8**	**0.2**	**-1.1**	**0.8**	**-2**	**1.8**	**4**	**3.3**
Bolivia									
Debt of the non-financial public sector	67	61.7	61.2	65	66.3	74.9	79.3	93.3	85
Internal	14.1	13.6	13.8	16.7	19.4	26.4	29.1	31.6	31.5
External	52.9	48.1	47.4	48.3	46.9	48.5	50.2	61.7	53.5
Interest payment (percentage of current income)	7.9	5.7	4.7	5.1	5.7	7.5	8.2	10.1	10.6
Primary balance	**0.3**	**-1.7**	**-3.2**	**-1.9**	**-1.9**	**-4.8**	**-6.8**	**-5.4**	**-2.9**
Brazil									
Debt of the central government	16.5	19.3	25.3	32.5	32.1	34.4	41.7	37.2	34
Internal	14.9	17.3	21.1	23.9	24.3	25.7	27	26.9	26.9
External	1.6	2	4.2	8.5	7.8	8.6	14.7	10.3	7.1
Primary balance	**0.4**	**-0.2**	**0.6**	**2.3**	**1.9**	**1.8**	**2.4**	**2.5**	**3**
Chile									
Overall balance	2.2	2.1	0.4	-2.1	-0.6	-0.5	-1.2	-0.4	2.2
Public debt	15.1	13.2	12.5	13.8	13.7	15	15.7	13.1	10.9
Internal	10.9	10	9.3	9.8	10	10.4	10	7.6	6
External	4.2	3.2	3.2	4	3.6	4.5	5.7	5.6	4.8
Interest payment (percentage of income)	6.4	5.7	5.7	6.2	5.6	5.4	5.5	5.5	4.4
Primary balance	**3.6**	**3.3**	**1.6**	**-0.9**	**0.6**	**0.7**	**-0.1**	**0.7**	**3.1**
Venezuela									
Debt of the non-financial public sector	46.8	31.7	29.1	29	26.7	30	41.9	45.8	39
Internal	7.8	5.1	4.6	5.9	8.8	12.1	14.8	17.7	14.3
External	39	26.6	24.5	23	17.9	17.9	27.1	28.1	24.6
Interest payment (percentage of total income)	14.5	9.9	12.8	12.3	9.4	12.5	17.7	16.1	...
Primary balance	**12**	**6.7**	**-1.4**	**4**	**7.5**	**-1.2**	**4.2**	**5.4**	**...**
Uruguay									
Public debt	22	22.6	24	26.2	31.9	41.9	98.7	94.3	74.7
Interest payment (percentage of total income)	7	7.4	6.8	8.4	10.2	12	19.1	26.3	22.9
Primary balance	**-0.6**	**-0.2**	**0.2**	**-2.1**	**-1.5**	**-2**	**-0.8**	**1.1**	**2.4**

Source: INESC with data taken from Economic Commission for Latin America and the Caribbean (ECLAC). *Economic Survey of Latin America and the Caribbean, 2004-2005.*

Latin America's attraction of foreign investments is falling continuously, revealing the limitations of the region's capacity to compete for investments at the global level with regions such as Asia and Eastern Europe. The capacity to attract investment varied according to the strategies of the multinational corporations, such as the search for natural resources, new technologies and local markets or the conquest of the markets of third countries.

In Brazil, the peak of foreign investment entrance into the economy coincided with the period of privatizations of state enterprises, when investors were more attracted to our market. Today, even after adopting an economic policy attractive to external investors, foreign investment in Brazil continues to decline gradually, reaching in 2004 the lowest volume since 1995, and thereby demonstrating the inefficiency of this policy.

Since 2000, financial resources are tending to leave Latin America. After the boom in investment attraction in the 1990s, brought on by privatizations and policies to attract foreign capital, the time has come wen the large international investors are reaping their profits from those operations. The scarce new investments in private companies are not sufficient to cover the flight of profit and interest abroad.

Brazil and Venezuela show the greatest drop-offs in financial transfers. Argentina, after its crisis, presents growth in the balance of liquid transfers. In Argentina's position, already "in a deep hole", any entrance of resources represents progress. One must note the case of Chile, which after the period of privatizations up to the 1990s, has found itself since 2000 in a situation of constant resource flight. ■

1 The author is Managing Partner at the Institute of Socio-economic Studies (INESC), anthropologist and political scientist. This text benefited from the participation of the International Politics adviser, Márcio Pontual; the Fiscal and Budgetary Policy adviser, Francisco Sadeck; and the Fiscal and Budgetary Policy assistant, Álvaro Gerin. The data that appears in this article was taken from the Economic Commission for Latin America and the Caribbean (ECLAC) *Statistical Yearbook for Latin America and the Caribbean 2004*.

Migrant worker remittances: a way out of poverty?

Carlos Heredia [1]

The problem: migration and social exclusion

Emigration from Latin America and the Caribbean has sped up drastically since 1980. Some factors that have led to the expulsion of the migrant population are the inability to create jobs with decent wages, armed conflicts, devastation caused by natural disasters, the development gap between the Northern and Southern hemispheres, and the huge wage disparities with respect to the United States.

The Economic Commission for Latin America and the Caribbean (ECLAC, 2006) informs that Mexico, the Caribbean Community and Colombia have the largest number of emigrants. Countries with the largest percentage of population abroad include Cuba (8.7%), Dominican Republic (9.3%), El Salvador (14.5%), Mexico (9.4%), Nicaragua (9.6%), and Uruguay (8.3%). Half of the region's international migrants are women, who often travel alone in search of labour opportunities and find jobs in domestic service. The qualified migration of doctors, nurses and teachers jeopardizes the critical mass of knowledge.

The United States continues to be the favourite destination point; in 2004 it concentrated 18 million immigrants from the region, which together with their offspring born there make up the country's first ethnic minority. In 2006 there were 11.5 million people born in Mexico living in the United States. The current economic model in Mexico has largely favoured emigration. Far from dropping, it has grown during the 12 years since the North America Free Trade Agreement (NAFTA) with the United States and Canada came into effect. Today, United States-bound emigration affects all of the Mexican states and covers income strata that were not included before. As Armando Bartra (2005) says:

> The poor who saved for the trip or found a smuggler that would wait for his pay are leaving, but so are the wealthy; peasants take to the road, while urban dwellers buy a ticket; Indians get out of here and mestizos migrate; PRI, PRD, PAN and Zapatista followers go shoulder to shoulder; Catholics and Protestants desert at the same time; children say goodbye, like the young and the old; men and women; illiterates and doctors. The entire homeland demographically bleeds to death at the gringo rate of half a million deserters a year, more than 40,000 a month, one every minute.

Emigration is often final, since it goes beyond a temporary or seasonal situation of labour mobility. In the states of Michoacan and Zacatecas, for example, there are dozens of communities marked by the permanent absence of economically active people. A significant percentage of that population regularly sends remittances to their families in their countries of origin. Remittances have become one of the main sources of foreign financing for the region. Their use, measurement, transfer costs, and productive potential are issues to research. According to a recent ECLAC study, their impact on the poverty situation is hardly significant, although for the homes that receive them they are a strategic source of income.

Impact of migration and remittances on poverty

In this section we will try to explain in what measure remittances are a mechanism for the poor population to finance their way out of poverty. The issue in question is the access of the poor to financing and public resources, and how they contribute to the elimination of poverty.

First of all, remittances are not public resources. They should not be accounted as development aid, since they are wages earned by emigrants. It is their money: they are private resources that governments are not entitled to allotting as they please. Only as long as the migrants themselves label their money in order to invest it in works that benefit the community may the resources be accounted as development funds. In Latin America, remittances more than double the volume of development aid. In Mexico, they are the second source of foreign currency income nation-wide, after hydrocarbons and thus displacing foreign direct investment and tourism revenues.

The "addiction" Mexico has developed for remittances sent by migrants has become indispensable for 21% of households. These money flows went from USD 1,043 million in 1982 to some USD 22 billion in 2006. Although migrants earn 10 times more in the United States, the amount of money that actually reaches Mexico almost equals what they would earn here.

"When a worker is in the United States, 80% or 90% of his earnings will remain there, that is lost. What reaches Mexico is that little surplus the worker can save… without taking into account the travel costs to the United States… this questions that migration may be a way out for the country's poor families", said Agustín Escobar, from CIESAS.[2]

Monetary dispatches do not always translate into a higher quality of life for the receiving family. Family remittances seek to support relatives that remain in the country of origin of the expatriate worker. They are to pay for their daily livelihood expenses. According to Dr. Jorge Santibáñez Romellón (2005), Chairman of the Colegio de la Frontera Norte in Tijuana, Baja California, the money transfers of Mexicans living in the United States that come to visit Mexico are used as follows:

Food, rent, clothing and health	69%
Buying, repairing or improving their home	22%
Productive use	5%
Other	4%

In addition, a 2003 study by the Pew Hispanic Centre reveals the following percentage patterns in the use of remittances:

Consumer expenses	78%
Education	7%
Savings	8%
Investment	1%
Other	5%

There may be various ways of classifying the final use given to remittances, but in every case the top priority is for expendables, made up mostly by: food, beverages and tobacco; clothing and shoes; housing, home appliances; health; transportation and communication; education; and entertainment. The "Other" category may include – though not exclusively – investments made by migrants, but it never exceeds 5%.

Even more complicated is estimating how remittances are a mechanism to alleviate poverty. Remittances are constant flows whose purpose is mainly subsistence. They are not aimed at capital formation or at the creation of new riches. It is income meant fundamentally for immediate expenses, and not for the stable or permanent creation of new income. Only a small percentage is used for savings or investments. The continuity in the flow of remittances has become for the Mexican government a matter of national security, which is imperative to "shield" so it becomes permanent, at least in the short term.

1 Economist, member of the NGO Equipo Pueblo, AC, Mexico. This article collects the thoughts of scholars and specialists from civil society on the subject. It does not present original research, rather it summarizes the "state of the art" on migration, remittances, poverty and development in Latin America and the Caribbean, stressing the case of Mexico.

2 Centre for Research and Higher Studies in Social Anthropology, Mexico DF, 21 February 2006.

TABLE 1

Types of remittances, uses and areas of priority interest				
TYPES OF REMITTANCES	REMITTENT	RECEIVER	USES	INTEREST AREAS
Family	Individual migrants	Relatives in hometowns or cities.	Expenses in family's basic needs.	Bank transfer costs (from and to receivers).
	Individual migrants	Relatives, partners or the migrant himself/herself.	Investment in business and small companies.	Individual service, technical assistance, information.
Collective or community	Migrants' clubs	Organizations, leaders or authorities in hometowns.	Social expenses: small scale infrastructure.	Knowing local demands. Harmonize local demands with support programmes or funds.
	Migrants' clubs	Partners and investors.	Productive investment in small & mid-sized companies.	Evaluation of investment conditions. Technical assistance and information.

Source: Rodolfo Tuirán (2006).

Solutions for development

We face the challenge of finding mechanisms to minimize costs and capitalize positive impacts of international migration in the different countries, in terms of remittances, savings, markets and new migrant skills.

"For too long, Mexico has boasted about immigrants leaving, calling them national heroes, instead of describing them as actors in a national tragedy. And it has boasted about the growth in remittances as an indicator of success, when it is really an indicator of failure", said Jorge Santibáñez, quoted by Ginger Thompson in The New York Times (2006).

Our governments and societies should question themselves about the huge drain that our migrant exodus entails for the country's productive capacity and the gash in the social tissue caused by the forced separation of families that remain divided. Mexico lacks a nationwide strategy that enables economic opportunities to reach the regions where migrants come from, and the efforts to strengthen those communities have not been addressed. In their absence, the alternative use of remittances has been promoted through savings or investment mechanisms, or their channelling toward financing development projects.

Family remittances: roots and banking of migrants

The Inter-American Development Bank's (IDB) Multilateral Investment Fund (MIF) supports development projects through migrant resources in the United States and their integration to the formal financial sector. Donald F. Terry, MIF manager since 2006, recommends that:

- Remittances firms: improve transparency, promote fair competition, apply appropriate technologies, expand financial services;
- Government authorities: do not interfere, improve information, promote basic financial knowledge, avoid migrant abuse;
- Civil society: support the social and financial inclusion of bi-national families in their communities; promote training, attack obstacles for the impact of remittances in development.

Another crucial task is job promotion for minors under 15, who emigrate from their communities searching for opportunities and usually do not return.

Collective remittances: 3 x 1 co-financing programme

An example of community project funding in Mexico is the Iniciativa Ciudadana "3 por 1" (3 x 1 Citizen's Initiative), a co-financing mechanism whereby each dollar contributed by migrant clubs is matched by another dollar from each one of the three levels of government (federal, state and municipal) with that joint goal. Starting to take part in this mechanism are multilateral development banks and even companies involved in the remittances-transfer business, which would turn the fund into 4 x 1 or even 5 x 1.

Community programmes create a sense of belonging and identity between the migrants and their original communities. Collective remittances are sent to basic infrastructure and social benefit works, such as urban development, drinking water, sanitation, community development centres, road pavement, productive projects, education, health and sports infrastructure, and others such as town fairs or religious ceremonies. The aim is for the projects to include training and evaluation; to be profitable and self-sustaining; to be supported by professional, responsible management with transparency in public resources related to remittances; and to form part of a regional development perspective.

In short: remittances are private resources that may alleviate poverty temporarily, but should be understood as a complement to and not a substitute of state policies to encourage production, employment and growth; to combat exclusion, reduce inequity and lead to social and economic cohesion in our countries. And we should not assume that they will continue to grow in the future. "They are financial flows with high financial benefits, but at a very high human cost. There remains a lot to do to offer the necessary incentives and skills that will enable people to invest their money in a way that better serves them, their families and their futures." (Terry, 2005).

Finally, in the words of Rodolfo García Zamora (2005), for the efforts and initiatives of migrants and their organizations to have a significant impact in their communities of origin and in the country it is necessary to have a comprehensive and long term State policy, that includes them and makes them a part of development. ■

References

Bartra, A. (2005). "Trashumantes mexicanos", *MX Sin Fronteras*, Nº 23, Chicago, November.

ECLAC (2006). "Migración internacional, derechos humanos y desarrollo en América Latina y el Caribe", report presented at the 31st session period of ECLAC. Montevideo, March.

García Zamora, R. (2005). "Migración internacional y remesas colectivas en Zacatecas", *Foreign Affairs* in Spanish, Vol. 5. Nº 3, Mexico DF, July-September.

Heredia, C. (2006). "La relación con Estados Unidos: la prueba de ácido de la política exterior mexicana", in Jorge Eduardo Navarrete (Coordinator): *La reconstrucción de la política exterior de México: principios, ámbitos, acciones*. Centro de Investigaciones Interdisciplinarias en Ciencias y Humanidades, Universidad Nacional Autónoma de México (UNAM), Mexico DF.

Santibáñez Romellón, J. (2005). "El programa 3 x 1 desde una perspectiva de las remesas y el desarrollo sostenible", paper in seminar "México: migración, remesas y el programa 3 por 1", Inter-American Development Bank, Washington DC, 2 June 2006.

Sin Fronteras, Report from the "Seminario-taller regional sobre uso de remesas y aprovechamiento de nuevas habilidades de migrantes retornados", San Salvador, July 2000; Mexico, October 2001. Available at: <www.sinfronteras.org.mx>.

Terry, D. (2005). "Para mejorar el impacto de las remesas en el desarrollo", *Foreign Affairs* in Spanish, Vol. 5, Nº 3, Mexico DF, July-September.

Thompson, G. (2006). "Some in Mexico See Border Wall as Opportunity", *The New York Times*, 25 May 2006.

Tuirán, R. (2005). "Remesas familiares y colectivas en México". Paper in seminar "México: migración, remesas y el programa 3 por 1", Inter-American Development Bank, Washington DC, 2 June 2006.

World Bank (2006). "Las consecuencias económicas de las remesas y la migración", Washington DC. Available at: <www.worldbank.org>.

International taxation: the time is ripe

Peter Wahl [1]

International taxes are a completely new paradigm. Their realisation is an innovation of historical significance because up until now, taxes have been firmly linked to the nation state. However prerequisites for international taxation have appeared because of globalization. The time is ripe for the establishment of international taxes.

In 1996 a number of UN Development Programme staff members published a book (Ul Haq et al. 1996) in which they proposed an international tax on currency transactions (the so-called Tobin tax). The publication may be said to have opened the discussion on international taxes. Since then the debate has grown in intensity. This is not at all surprising. After all, taxes are not simply one economic variable among others.

Taxes - more than one economic variable among others

With their dual function – generating financial resources and serving as a means to achieve regulatory effects – taxes are a key instrument involved in giving shape to social processes. Alongside the monopoly on the use of force, taxation may be said to constitute the second pillar of modern statehood.

For the economic model dominant at present, though, taxes are above all a "negative externality." And for this reason the core points of neoliberal tax policy are:

- tax cuts, above all for business enterprises and the wealthy;
- shift of the brunt of the tax burden to excise taxes and mass taxes;
- imposition of government austerity policies geared to the ideal of the "lean state"; and
- promotion of international tax competition as a means to compel the non-like-minded to bow to the dominant neoliberal tax doctrine.

The outcome is a relentless process of redistribution from the top to the bottom, exacerbation of social polarization, increasing pressure to privatize public infrastructure, government and state sectors with dwindling capacities to act and solve pressing problems. In the end, realization of the neoliberal tax ideology is leading inexorably to social disintegration with unforeseeable political consequences.

This is why, when we discuss tax policy in general and international taxes in particular, we are talking not only about money but also about the possibility of (re)gaining policy space and political options. In a situation in which the scope and reach of national policy instruments is declining under the conditions imposed by globalization, international taxes must be seen as having a major potential for use in regulating globalization. International taxation is an important approach to developing alternatives to the neoliberal paradigm and at the same time an indispensable component of a post-neoliberal world order.

The legitimacy problem bound up with international taxes

In the democratic nation-state the legitimacy of taxes is based on democratic parliamentary procedures. The 1789 French Declaration of the Rights of Man and Citizen established the norm that is still valid today: "All citizens have the right to ascertain, by themselves or through their representatives, the necessity of the public tax, to consent to it freely, to supervise its use, and to determine its quota, assessment, payment, and duration." (Article 14). Or, put in a nutshell: "No taxation without representation."

Since, at least at present, there is no parliamentary representation beyond the nation-state, i.e. no international or global parliament, to say nothing of a world state,[2] there is, in the sense of the principle of parliamentary representation, no democratic legitimation for international taxes and, accordingly, no basis for them in public or international law. This is a fact that must be taken seriously, one which any case for international taxation will have to address. After all, if we attributed absolute validity to the principle of "No taxation without representation," there would, of course, be no need for any further discussion.

It is, in other words, correct to start out by saying that international taxes can in fact not be imposed on the basis of the legal tradition normally used to legitimize taxes. But we should also bear in mind here that globalization was not part of the rationale of historical democracy theories. The territorial nation-state was - and continues to be - identical with social space of parliamentary democracy. Now, the fact that that globalization has at least relativized the principle of territoriality by transnationalizing economy and communication has substantial implications for the functioning of parliamentary democracy in general and for taxation in particular. It is for this reason recommendable to start out by taking a look at the impacts of globalization on national taxes.

Globalization and taxation

The systems of taxation that developed in the course of the 19th and 20th centuries were conceived for the comparatively closed economy of the nation-state. Capital and labor were territorially bound to roughly the same degree. It was relatively easy for national tax legislation to establish the national tax base. Globalization has given rise to a new situation. The latter's economic core may be seen in the fact that national boundaries are increasingly vanishing for movements of capital, goods, and services. And in this connection no other factor of production has proven to be as mobile as capital.

New possibilities to dodge and evade taxes

Globalization has thus opened up new approaches for global players to dodge national tax obligations. And this in turn is serving to erode the nation-state's tax base. Various mechanisms are used in this connection:

- Financial market liberalization has subverted most of the controls on capital movements in place at the national level. And more and more possibilities have also emerged to transfer funds in ways that circumvent national taxes.
- At the same time, most nation-states are actively engaged in cutting taxes on corporate profits, capital gains, and large assets. As a means of attracting capital into their own economies, many governments have seen fit to boost their "locational attractiveness" by cutting taxes for investors. Globalization-related locational competition is fueling a race to cut taxes that is taking on increasingly perverse forms of tax dumping.
- Transnational corporations (TNCs) have ways to distribute their profits and losses across locations most favorable to them in terms of taxes.
- Using procedures like transfer pricing, these corporations are also able to generate artificial profits or losses. One approach used here is for a parent corporation to charge subsidiary excessively high or low prices for intermediate products, services, patents, and the like.
- Offshore banking centers and/or tax havens provide additional incentives to dodge or evade taxes.

1 Collaborator of the German NGO World Economy, Ecology & Development - WEED and founder of Attac Germany. He is an expert on the international financial system.

2 Whether or not this would be desirable in the first place is an entirely different question.

The outcome is that revenues from corporate and asset taxes have started to crumble. This is one of the main reasons for the structural crisis of national finances.

New ways to earn profits

In parallel to the new tax problems besetting the nation-state, globalization has also opened up new sources of corporate profits (Wahl, 2005b). Some of these new profits can of course still easily be taxed in the national framework. But the character of a good part of these new high-yield activities is by nature well suited to dodging national tax obligations.

Now, if anyone profits in this way from globalization, it is actually only logical that these earnings should be taxed globally, with the revenues being used to fund the environment, development, and other global public goods. The Landau Report for this reason sees international taxation of TNCs as "a normal counterpart to the benefits [TNCs] derive from globalization." (Landau, 2004, p. 16).

Globalization as a legitimation for international taxes

The globalization-related erosion of the nation-state's tax base is not only an economic problem. This development at the same time strikes at the heart of modern statehood and democracy. A good measure of democratic sovereignty is being lost because the sovereign is gradually being deprived of the material means it needs to shape and sustain the community. If the chronic crisis of public finances leads to further deterioration of community social and physical infrastructure, the erosion of democratic policy spaces and options will also be a consequence.

Hence, international taxes may be seen as democratically legitimate because they restore to the democratic sovereign – the citizenry – some of the scopes it needs to give positive shape to life in the community. While this can certainly not be seen as the one-and-all solution to the globalization-related problems with which democracy has to contend, it is nevertheless a key moment of democratization. If the argument "No taxation without representation" is not to relinquish its democratic substance – the power of the sovereign to formulate and implement public policy – the new interrelationships between globalization and taxation will have to be taken into account.

Taxes as a regulatory instrument

Another noteworthy advantage of taxes is their regulatory function. They can be used to set incentives to pursue certain economic or socio-political goals. Viewed in economic terms, taxes can serve to eliminate or compensate for negative externalities and/or to generate positive externalities.

We must, to be sure, bear in mind here that a successful regulatory effect may also lead to a decline in, indeed in tendency even to a complete loss of, tax revenues. If this is not intended, or if the ultimate outcome could be new negative externalities, it is essential to strike a proper balance between regulatory effect and tax revenues. International taxes can also be used to achieve such regulatory effects – e.g. a currency transaction tax designed to drain a macroeconomically harmful level of excess liquidity from the market, or an air-transportation tax designed to lower kerosene consumption or reduce emissions.

Earmarking as a key factor for legitimacy

And last but not least, earmarking revenues from international taxes for purposes that enjoy a high level of moral authority may serve to boost the acceptance of such taxes. This is the reason why advocates of international taxes are in favor of starting out by using these revenues to finance the MDGs (United Nations, 2004).

The issue of earmarking is as a rule not relevant for national taxation. One of the fundamental principles of national tax policy is precisely that tax revenues are not earmarked for specific purposes. All the same, at present more and more exceptions to this principle can be observed in national taxes. For example, the revenues from the German ecotax are used to fund social expenditures. Also, the contributions paid by the European Union (EU) member countries to fund community institutions are financed from a given, earmarked share of their national value added tax (VAT) revenues. And the church tax officially levied in Denmark, Germany, and Switzerland also has some very clear-cut features of earmarking.

The most important proposals on international taxes

The most popular of the proposals on international taxes is the one advanced by the Nobel laureate in economics James Tobin. It calls for a tax on currency transactions. The underlying idea goes back to Keynes. The concept, as well as a number of variants, has been elaborated in great and differentiated detail. Some recent studies have worked out the legal and technical aspects to the point where the currency transactio tax (CTT), in a modified, two-tier variant of the Tobin proposal, is virtually ready for implementation (Jetin/Denys, 2005). The issues remaining to be resolved boil down to little more than a matter of the political will needed to take the first step.

Despite massive resistance, the number of advocates of the tax continues to rise. Both the French and the Canadian parliaments have come out in favor of the tax. In 2004 the Belgian parliament even passed a relevant bill, although it is set to come into force only if other EU countries follow suit. The advocates of a CTT also include Nobel laureate Joseph Stiglitz, the German Bundestag's fact-finding commission on globalization (Deutscher Bundestag, 2002), billionaire financier and philantropist George Soros, French president Jacques Chirac, and Austrian Prime Minister Wolfgang Schüssel. At the Davos World Economic Forum 2005 former German chancellor Gerhard Schröder likewise came out in favor of the tax. As early as 2002 the German Ministry for Economic Cooperation and Development (BMZ) commissioned a study that came to the conclusion that a two-tier variant of the Tobin tax would not only be feasible but also desirable in terms of development policy (Spahn, 2002).

The most recent success of the advocates of a CTT is a resolution adopted by the Austrian parliament on April 27, 2006, calling on the government to examine, "in the framework of the European institutions, the feasibility of an EU-wide tax – e.g. a currency transaction tax, a tax in the area of air transportation, shipping, natural resources, etc. – and at the same time to work for uniform steps toward the implementation of such a tax - without placing the Lisbon goals in jeopardy."

Even though other taxes have also found their way on to the agenda, it would be absolutely essential not to abandon the CTT or to play off one tax or tax type against others. The thrust of the CTT is aimed at the core of a globalization dominated by the financial markets. Without political control of the financial markets, alternatives to the dominant neoliberal paradigm are doomed to precariousness.

Certainly, the CTT is not the only instrument suited to regulating the international financial markets; but implementing the CTT would create a precedent. This – and not the tax's alleged weaknesses – is also the reason why the CTT has run up against such vehement resistance. Indeed, what institutions ranging from the Deutsche Bank to the European Central Bank have put forward in the garb of expert arguments has as a rule not been addressed adequately even in the literature of the proponents (ECB, 2004; for a critical assessment see Wahl, 2005a).

Environmental taxes

If we take a close look at environmental taxes, we cannot help but find that the logic of international taxation is quite cogent:

- Many environmental problems are international or global by nature and can therefore not be addressed only in the national framework. And for this reason international financing mechanism also appear called for.
- Viewed in economic terms, environmental damage is a negative externality. That is, such damage causes costs that are not covered by those responsible for them. A tax or levy would serve to internalize these costs by requiring those responsible to pay at least part of these costs.
- Many environmental goods are what is referred to as global public goods, or global commons. And they should therefore be financed publicly, i.e. through taxes.

CURRENCY TRANSACTION TAX

Sony Kapoor

Some technical characteristics

Contrary to commonly held perceptions that a Curency Transaction Tax (CTT) can only work if implemented universally, it is possible to implement a CTT unilaterally on a currency basis. For currencies such as the British pound, the Brazilian real, the Indian rupee, and the Swedish, Danish and Norwegian krone it is a unique opportunity to implement the tax without first needing to bring other countries on board.

The strongest opposition to the CTT to date has come about from the United States, yet one further attractive feature of the proposition is that it does not really need the US to participate for the regime to be successful. This is because whenever the US dollar is traded in the foreign exchange market it is always against another (mostly major) currency. As long as a sufficient number of other major currencies such as the Japanese yen, the Euro and the British pound subscribe to the CTT regime, most US dollar transactions can easily be captured.

Using the money for development

The revenues generated from a CTT should be allocated directly to development. This would then be one of the most progressive taxes in the world – redistributing money from the richest market in the world to those who need it most – from those who have benefited most from globalization to those who have been left behind.

However, the main beneficiaries of the CTT would be the emerging (or middle income) economies that would stand to gain much more by freeing up hundreds of billions of dollars currently locked in unproductive foreign exchange reserves. The reduced cost of sterilizing reserve holding, lower opportunity costs and enhanced financial stability could generate annual dividends well in excess of a hundred billion dollars.

The total revenues raised by the CTT would depend on the degree of sign up, especially from the major currencies such as the euro, the British pound, the Swiss franc, the Japanese yen and the US dollar. It is fairly likely that a CTT can be implemented by a small group of countries (or even a single country such as Norway) in the short term, whereas a more widespread sign up is likely to take much longer. ■

The air-ticket tax

Since July 1, 2006, France is levying a tax on air tickets; the revenues from the tax are set to flow into a fund set up to combat Aids, malaria, and tuberculosis in the developing world. France sees this as a contribution to reaching the Millennium Development Goals (MDGs). The Chilean government has also decided in favor of an air-ticket tax and has already initiated the appropriate legislative procedures. Brazil likewise plans to introduce a tax on air tickets in the course of 2006. Norway and Republic of Korea as well as some other countries have joined the initiative.[3]

The UK has announced to put a certain amount from the revenues of its already existing ticket levy into the fund against AIDS, malaria and tuberculosis. This is part of a French-British deal. France supports in return the British pilot project for an International Finance Facility which is also destinated to the financing of the MDGs.

The French air-ticket tax levies a rate of one Euro on every ticket sold for economy-class domestic and European flights. The rate for business and first class is EUR 10. The respective rates for intercontinental flights are four and EUR 40 per ticket.

The rationale for the higher rates on business and first-class tickets is not distributional policy. With 60% of the revenues of air carriers stemming from these classes, the tax revenues collected are accordingly high. On the whole, the French government anticipates revenues from the tax amounting to up to EUR 200 million.

Estimates for the Brazilian ticket tax foresee an income of USD 12 million and in the Chilean case it would be between USD 5 million and USD 6 million. These are rather small amounts. However, politically it underlines the character of the project as a North-South partnership beyond the traditional donor-receiver relationship.

However, viewed in environmental terms, tax rates as low as these generate virtually no regulatory effects. Even those used to flying at discount rates will have no trouble paying an additional one or four euros for a flight, and the rates for business- and first-class tickets are certain not to induce passengers to switch other means of transportation, or not to travel at all. Any attempt to drastically increase the tax rate with the aim of reducing the volume of air transportation would be bound to run up against virtually insurmountable political problems. At least in the industrialized countries, the ticket tax is a mass tax. The air-ticket tax is unsuited as a means of regulating globalization, at least viewed in terms of the criteria outlined above. An air-ticket tax is acceptable only in view of its function as a first international tax, as a means of gaining a toehold for the new paradigm.

In deciding what use these tax revenues should be put to, France has opted in favor of a dedicated fund, the so-called International Drug Purchase Facility (IDPF). And here we may bear witness, once again, to the truth of the adage: The devil is in the details. Brazil e.g. has already indicated that it intends to pay only part of its revenues from the tax into the IDPF, reserving a certain share for national expenditures. Bearing in mind that Brazil now has a pharmaceutical industry of its own that produces, among other drugs, generics for use against AIDS, we cannot help but conclude that one of the government's aims here

3 Congo, Cyprus, Guatemala, Guinea, Ivory Coast, Jordan, Luxemburg, Madagascar, Mauritius, Nicaragua.

is to foster the national pharmaceutical industry. Viewed in terms of development, though, it certainly also makes sense not to squander funds earmarked for action against epidemics on drugs manufactured by the pharmaceutical TNCs in the North. In this sense these tax revenues could be used to kill two birds with one stone: combating epidemics and strengthening the competitiveness of pharmaceutical production in newly industrializing countries.

Emission tax and CO_2 tax

In view of the air-ticket tax's low regulatory effect, the German Advisory Council on Global Change (WBGU) has come out in favor of a tax on aircraft emissions – from noise to exhaust-gas emissions (WBGU, 2002). This approach, it is argued, would create an incentive to build low-emission aircraft engines.

As far as international ecotaxes are concerned, one of the oldest and at the same time most popular proposals is for the imposition of a carbon dioxide (CO_2) tax. The main concern here would be the tax's regulatory effect, i.e. reduction of the most important greenhouse gas. Under the pressure of climate change, the CO_2 tax appeared, up to the mid-1990s, to have good prospects of being adopted. Subsequently, however, the Kyoto Protocol shifted the paradigm in favor of tradable emission rights. One of the protocol's main functions was, in other words, to fend off a CO_2 tax. With the Kyoto Protocol now in force since 16 February 2002, the situation could change. For one thing is certain: The Kyoto Protocol's reduction targets – assuming they were reached in the first place – are nowhere near sufficient to prevent a climate disaster. On the other hand, it is not yet clear what shape climate-protection strategies may take on in the coming years. This may well be a good opportunity to throw the CO_2 tax into the breach.

The proposal for a kerosene tax also enjoys a certain measure of popularity. There would be no problem levying such a tax on domestic and European flights. But levying it on international flights would entail legal problems in view of the fact that kerosene has been exempted from taxation in hundreds of bilateral air-transportation agreements.

Other relevant proposals include levies on the use of air corridors, taxes on maritime shipping, emissions, and movements of hazardous goods, and fees for the use of maritime straits.

Taxes with a regulatory economic effect

Alongside the CTT there are also debates underway on a good number of other taxes with regulatory economic effects, including international taxation of transnational corporations. A tax of this kind would have a very broad base. At present some USD 860 billion in taxes are levied on TNCs (Landau, 2004, p. 93). An across-the-board hike by only 5% would generate an additional USD 43 billion in tax revenues. In technical terms, a tax of this kind would be easy to collect – after all, TNCs are already being taxed – and it would also involve a high degree of distributive justice (Cossart, 2005). Its problematic sides would include the fact that it would prove difficult to introduce at the regional level – because it would mean competitive disadvantages for the companies forced to pay it; because revenues may fluctuate sharply due to cyclical factors; and because there is massive political resistance to any such tax, thanks in large measure to the influence of the TNCs and their lobby on politicians and the media.

Taxation of bank secrecy and offshore banking centers

Under the header "Bank Transparency as a Public Good" the Landau Report notes: "Bank secrecy exactly meets the economists' definition of a negative externality. In other words, bank secrecy can be seen as producing a 'global public bad.'" (Landau, 2004, p. 96). The proposal on transactions with countries with strict bank secrecy would certainly meet with broad acceptance if the one government or the other marshaled the courage to take the lead on the project.

There are a good number of other innovative proposals currently under discussion, most of them still at the idea stage, and therefore operating with only rough estimates. This is no reason to disparage these ideas. It would be important to further develop them, and above all not to lose sight of them. Such proposals include taxes on securities transactions or on portfolio investments.

Other possibilities would include taxes on direct investments and e-commerce.

Proposals on taxation of the use of inner space for satellites or for use of the electromagnetic spectrum may sound exotic. But in actual fact both cases are examples of public administration and control of public spaces, in principle of the same kind exercised when parking meters are installed on public streets. The International Telecommunication Union in Geneva already charges a fee for registration of satellites and allocation of broadcasting frequencies. These fees could easily be raised and converted into an annual tax.

What is international about international taxes?

The French air-ticket tax will be levied by the internal revenue authorities on every airline ticket purchased on French soil. In this regard the new tax may appear to be just another, normal national tax. Its innovative elements include the facts that it:

- is levied in concert with other countries. It is for practical reasons only that the course of implementation will be staggered, with France taking the lead and Chile and Brazil then following suit. In other words, the first characteristic of an international tax is that it is levied in concert with other countries, at least two countries. The aim of this ticket tax is to continuously raise the number of players, ideally to include all of the countries of the world.
- is earmarked for an international use, in this case for a subgoal of the Millennium Development Goals, viz. to combat AIDS, malaria, and tuberculosis.

The tax will be collected on a national basis, and sovereignty over the use of the revenues will lie with the nation-states concerned. In other words, international taxes do not necessarily require an international organization. However, other, more extensive configurations would also be conceivable. The tax could, for instance, be collected by a multilateral institution, and decisions on the use of the revenues from it could be reached on a multilateral basis. This, though, would call for far more multilateral integration than we have at present. The EU is now practically the only place where some rudimentary steps toward such a higher level of integration have been taken.

The political process

There is a considerable dynamics in the process to establish international taxation. Apart from civil society actors in many countries, the French government is playing a leading role. The international conference on "Innovative Development Financing" held in Paris between 28 February and 1 March 2006 and hosted by French President Jacques Chirac, was a breakthrough.

The Paris conference was the culmination point of a process set in motion by UNDP in 1996. This is a brief period of time, particularly if we consider the fact that in historical terms international taxation is a wholly new phenomenon. After all, until now taxation has been conceivable only in the national framework

Under heavy attack, above all by the finance community, the CTT has dominated the debate up to this point. But in view of the political acceptance problems with which the CCT has had to contend in recent years, other taxes have also come in for discussion. In 2002, for example, the WBGU published a report taking a closer look at air-ticket taxes and other instruments of environmental policy (WBGU, 2002).

The most influential relevant study published thus far is the so-called Landau Report (Landau, 2004). Prepared on behalf of French President Jacques Chirac, the report analyzes the whole range of different concepts advanced for international taxes. It has at the same time served as the basis for a report submitted to the UN General Assembly by the so-called Lula Group, initiated by France, Brazil, Chile, and Spain. The group has now more than 40 members.

With the votes of 115 countries, the UN General Assembly in 2004 adopted a resolution calling for an examination of international taxes as an instrument of development financing. Problems associated with the need to fund the MDGs are exerting more and more pressure working to develop both new and additional sources of funding. The interim review of the progress made in five years of work in implementing the MDGs shows that it will not be possible to reach the goals using the conventional instruments of development financing (Sachs, 2005).

The IMF and the World Bank dealt with the issue at their annual spring meeting in 2005, and in the meantime an internal analysis has weighed the pros and cons of the various proposals advanced thus far (World Bank - IMF, 2005). While the report makes no recommendations, it does point to the political acceptance problems faced by international taxes. In fact, it is mainly the US that is adamantly opposed to any international taxes. To cite an example, in 2005 Washington demanded, successfully, that the term "international taxes" be deleted from the Final Declaration adopted by the UN General Assembly.

All the same, the French initiative has now sparked a new dynamic. A strategy based on a plurilateral approach is proving successful: starting out with a "coalition of the willing," a lead group is paving the way for and promoting the project, without first waiting for a universal consensus to emerge. To cite an example, the Paris conference saw the formation of a "Pilot Group on Solidarity Contributions for Development," an alliance extending beyond the hard core of countries that have already declared their willingness to adopt an air-ticket tax. Thirty eight countries have joined the group (including e.g. Belgium, Germany, the United Kingdom, India, Mexico, Austria, Spain, South Africa and Republic of Korea). This is an institutional framework designed to guarantee the continuity of the process. The group is also open for an involvement of civil society.

In July 2006 the Brazilian government held a follow-up conference, where the details of the International Drug Purchasing Fund (IDPF) and the further process were discussed. Norway will be the next chair of the pilot group and will hold a major conference in early 2007.[4]

4 Cf. Foster, J. "Beyond consultation: innovative sources" in this Report.

Conclusion

Properly conceived and formulated, international taxes can - like national taxes - be used to generate regulatory effects. In other words, international taxes would provide policy-makers with an instrument that could contribute toward regulating the process of globalization. Adoption of an international tax would be a step toward the democratization and equitable configuration of globalization, on which Jacques Chirac has correctly noted: "The way globalization is developing today, it is not only not reducing inequality, it is deepening it further and further."

In addition, using the second basic function of taxes, viz. generation of revenues, an international tax could also serve to develop substantial new policy options.[4] It will, in particular, prove impossible to fund the Millennium Development Goals without the use of unconventional financing instruments. The front of the backers of international taxation is growing broader and broader. In adopting the air-ticket tax, France, Brazil, Chile, and others, have dared to take a first step into an entirely new paradigm.

However, the political resistance to the project is also a factor to be reckoned with. After all, the project is directed against a zeitgeist that generally sees taxes as no more than a "negative externality." In this sense, the debate over international taxes also has a fundamental sociopolitical dimension; the concern here is to replace the widespread and undifferentiated anti-etatist affect against taxes per se – neoliberalism's key to hegemonic power – with a democratically enlightened approach to the issue.

The German philosopher Arthur Schopenhauer once said: "Every good idea goes through three phases. In the first it is declared to be idiotic; in the second it is bitterly opposed; in the third it is implemented." As far as international taxes are concerned, we are presently somewhere between phases two and three. ■

References

BIS, Bank for International Settlements (2005). Triennial Central Bank Survey of Foreign Exchange and Derivatives Market Activity in April 2004, Basel.

Cossart, J. (2004). "International Taxation: A Resource for Global Public Goods". Power Point presentation at a WEED Workshop. Liberdade Brazil and Heinrich Böll Stiftung, Sao Paulo 2004, unpublished.

Deutscher Bundestag (2002). "Schlussbericht der Enquete-Kommission Globalisierung der Weltwirtschaft – Herausforderungen und Antworten". Drucksache 14/9200, Berlin.

European Central Bank (2004). "Opinion of the European Central Bank on the Belgian Law for a Currency Transaction Tax". (CON/2004/34). Frankfurt/M.

German Advisory Council on Global Change (WBGU) (2002). *Charging the Use of Global Commons.* Special Report, Berlin.

Jetin, B. and Denys, L. (2005). *Ready for Implementation. Technical and Legal Aspects of a Currency Transaction Tax and Its Implementation in the EU.* Berlin.

Landau, J.P. (2004). *Les nouvelles contributions financières internationales*, Rapport au Président de la République. Paris.

Sachs, J. (2005). *Investing in Development. A Practical Plan to Achieve the Millennium Development Goals.* Report to the UN Secretary General. Washington.

Spahn, P.B. (2002). *Zur Durchführbarkeit einer Devisentransaktionssteuer, Studie im Auftrag des Bundesministeriums für wirtschaftliche Zusammenarbeit.* Bonn/Frankfurt.

Ul Haq, M., Kaul, I. and Grunberg, I. (eds.) (1966). *The Tobin Tax: Coping with Financial Volatility.* New York/London.

United Nations (2004). *Rapport du groupe technique sur les mécanismes innovants de financement.* Geneva.

Wahl, P. (2005a). Comment on the "Opinion of the European Central Bank on the Belgian Law for a Currency Transaction Tax", Dated from 4th of November 2004 (CON/2004/34). World Economy, Ecology and Development – WEED. Prepared for the Hearing of the Special Commission on Globalisation of the Belgian Chamber of Representatives. Brussels, 13 July 2005. Available from: <www.weed-online.org/uploads/WEED_ECB_CTT.pdf>.

Wahl, P. (2005b). *Internationale Steuern. Globalisierung regulieren – Entwicklung finanzieren.* Berlin.

World Bank/IMF (2005). *Moving Forward: Financing Modalities Toward the MDGs, Draft Report for Development Committee Meeting* – April 17, 2005, SecM2005-0125. Washington.

World Trade Organization (1998). *Electronic Commerce and the Role of the WTO.* Special Studies 2, Geneva.

Global tax evasion

Tax Justice Network
Mike Lewis

Much of the failure to finance development spending – particularly the failure of wealthy donor countries to provide promised increases in aid budgets – is a failure of political will. But states in the Majority World are unable to sustain their own spending on health, education and infrastructure substantially because they cannot raise adequate revenues for social spending themselves. This article argues that this fiscal crisis is fueled by a global financial architecture of tax evasion and capital flight largely sustained by the Minority World. And it presents evidence that combating the causes of this fiscal crisis could not only help bridge the current deficit in global development financing, but correct features of the international financial system which contribute massively to poverty and global inequality.

The last 25 years have witnessed both the growing cross-border mobility of capital, and the rise of a developmental model exhorting developing countries to offer tax incentives for foreign investment and domestic access to international financial flows. Both financial change and economic ideology have thus encouraged the proliferation of mechanisms enabling wealthy, mobile individuals and corporations to escape from contributing to state revenues.[1] Between the early 1970s and the end of 2004 the number of recognized tax havens has increased from about 25 to 72.[2] Correspondingly, the Organization for Economic Co-operation and Development (OECD) estimates that the volume of world trade which on paper appears to pass through tax havens has risen during this period from a few per cent to over 50%, despite these jurisdictions accounting for as little as 3% of Gross Domestic Product (GDP).[3] This extraordinary mismatch is an indication of the extent to which most major multinational corporations have taken advantage of the transnational mobility of their assets to launder their profits through low-tax regimes and tax havens, using a variety of mechanisms, from re-invoicing and transfer pricing (trading goods between companies owned by the same people or company at arbitrary, non-market rates, allowing an increase in the cost of goods or a reduction in their sales value in higher-tax states) to special purpose corporate vehicles and secretive offshore trusts.[4] And as this effectively stateless shadow economy has eroded the fiscal base of national welfare states, particularly in the Global South, so finding ways to tax this evasive wealth could itself provide the funds to finance the Millennium Development Goals (MDGs).

The scale of global tax evasion

There remains an urgent need for empirical study into the scale of global tax evasion and avoidance. Research is hampered by the obsessive secrecy surrounding financial transactions and holdings in tax havens. Nonetheless some estimates of the scale of the problem have been made since the Social Watch Report last reported on global tax evasion and avoidance in 2004. Calculations made by the Tax Justice Network suggest that around USD 11.5 trillion of the private wealth of "High Net Worth Individuals" alone is currently held in tax havens, largely undeclared – and therefore probably untaxed – in their country of residence (Tax Justice Network, 2005, p. 34-37).[5] The benefits from taxing just this individual wealth – let alone the undoubtedly larger sums lost through tax evasion and avoidance by corporations – would far outweigh any realistic increase in aid budgets. The annual worldwide income earned on these undeclared assets is likely to be about USD 860 billion.[6] Taxing this income at a moderate 30% rate would produce around USD 255 billion annually: enough to finance the MDGs in their entirety.[7] Put simply, making just the very rich pay their due taxes could immediately fund measures to halve world poverty.

The global South's burden

Regional breakdowns of tax evasion are even harder to obtain than global estimates. Certainly much of the individual and corporate wealth siphoned into tax havens comes from wealthy countries in the Minority World. But countries in the South arguably suffer disproportionately from tax evasion and avoidance, both because they have proportionately more to lose from capital flight and dirty money flows across their borders to tax havens, and because their under-resourced tax authorities lack the institutional capacity to effectively prevent tax abuse. Oxford University economist Alex Cobham (2005) has used a simple economic model to scale global estimates of the tax revenues lost through individuals' offshore asset-holding and corporate profit-shifting across borders. He estimates that every year developing countries lose USD 50 billion in revenue to each of these mechanisms. Coupled with an estimated USD 285 billion in revenue lost through domestic tax evasion in developing countries' informal economies, Cobham estimates that this individual and corporate profit-laundering contribute to a staggering USD 385 billion in annual lost tax revenue across the developing world. Over 50% of the cash and listed securities of rich individuals in Latin America is reckoned to be held offshore (Boston Consulting Group, 2003). Data for Africa are scarce, but most analysts assume the ratio to be comparable to Latin America or higher. In 1999, *The Economist* estimated that African leaders alone have USD 20 billion in bank accounts in just one tax haven, Switzerland: over 30% more than sub-Saharan African countries were then spending annually in servicing their external debt (Owuso, Garrett and Croft, 2000).

This flight of the global South's financial resources and tax base is not only domestically catastrophic for welfare spending in these impoverished

1 This developmental strategy has not only eroded national tax revenues in the developing world, but has also increased some developing countries' vulnerability to international financial instability. One notorious example of this was the formation of the Bangkok International Banking Facility (BIBF) in 1992, as part of an aggressive strategy by the Thai government to improve the access of Thai firms to the international financial markets. BIBF banks could take deposits or borrow from abroad, and lend in foreign currencies in Thailand and abroad, functioning essentially as an offshore centre with tax incentives and regulatory exemptions on their international business. When the Asian financial crisis broke in 1997, the BIBF accounted for almost half of the country's foreign borrowing. The resulting debt crisis and economic reversal saw Thailand's GDP fall by about 12%, with serious employment and wage impacts, pushing over a million people in Thailand into poverty. See Oxfam GB (2000).

2 Tax havens are here defined as countries or territories whose laws may be used to avoid or evade taxes which may be due in another country under that country's laws. Features include jurisdictions where non-residents undertaking activities pay little or no tax; there is no effective exchange of taxation information with other countries; a lack of transparency is legally guaranteed to the organizations based there; there is no requirement that local corporations owned by non-residents carry out any substantial local activity (indeed, such corporations may be prohibited from doing business in the jurisdiction in which they are incorporated). Tax Justice Network, 2005, p. 12-13.

3 French finance minister D Strauss-Kahn, in a speech to the Paris Group of Experts in March 1999, quoted in Christensen and Hampton (1999).

4 For more on the mechanisms of multi-national tax avoidance, including transfer pricing, thin capitalization, re-invoicing, corporate inversions, special purpose vehicles, trusts, see Tax Justice Network, 2005.

5 Estimates made using figures on offshore wealth from Merrill Lynch / Cap Gemini's 1998 World Wealth Report and Boston Consulting Group's 2003 Global Wealth Report.

6 Based upon Merrill Lynch / Cap Gemini's and Boston Consulting Group's estimates that wealth holders expect returns on their assets of 7-8% per annum.

7 The UN Millennium Project estimated in 2005 that meeting all the MDGs would require an estimated USD 135 billion of Official Development Assistance, rising to USD 195 billion by 2015. See: <www.un.org/apps/news/story.asp?NewsID=15497&Cr=MDGs&Cr1=WHO>.

countries. It is internationally regressive, because these flows are overwhelmingly towards the Minority World. Although tax havens include a handful of developing countries like Uruguay or Sao Tomé e Principe, most are linked to wealthy OECD jurisdictions (35 of the world's 72 tax havens are linked jurisdictionally, economically or historically to the United Kingdom alone). The financial architecture of mainly wealthy jurisdictions thus sustains a global theft from South to North, siphoning capital resources from impoverished regions into bank accounts and offshore trusts from Switzerland to the UK's Cayman Islands. Amherst University economists James Boyce and Leoncé Ndikumana (2002) have estimated that between 1970 and 1996, the flight of private capital from 30 severely indebted sub-Saharan African countries accounted cumulatively for over 170% of the region's GDP. This has decimated both African investment and domestic tax revenues.[8] Much will have gone via Northern tax havens. With this rate of capital flight, Ndikumana argues that Africa – a continent we are continually told is almost irrevocably indebted – may actually be a net creditor to the rest of the world.

Systemic effects of global tax evasion

The figures discussed above make a powerful case that stopping international tax evasion and avoidance could provide both for the financing of the MDGs, and in the longer term for developing countries' own sustainable spending on health, education and infrastructure, providing sustainable revenues which might even outweigh the burdens of debt financing. But action is needed to stop tax evasion and avoidance not simply because it has the potential to bridge the development financing gap, but because unchecked, tax havens and tax avoidance positively damage economic equity.

Since internationally mobile capital benefits from tax havens and international tax avoidance mechanisms, they place wealthy individuals, who can afford to spread their assets internationally, at a distinct financial advantage over ordinary people. They provide market advantages for multinational corporations who can avoid tax through the international movement of their capital and assets, over nationally-based businesses. Even those who advocate growing private enterprise in developing countries as the route to reducing poverty must accept that tax havens and tax evasion damages developing countries' domestic business sectors and wealth accumulation (OECD, 2004). Finally, the banking secrecy and financial services provided by global financial institutions operating offshore provide the 'supply side' of political corruption, fraud, embezzlement, illicit arms trading, and the global drug trade. The lack of transparency in international financial markets contributes to the spread of globalized crime, terrorism, the bribery of under-paid officials by western businesses, and the plunder of resources by business and political elites. Wealthy donor countries continue to insist that corruption in the Global South threatens development; yet tax havens within wealthy donor country jurisdictions, as well as the Western companies and banks who operate in them, provide the 'pinstripe infrastructure' facilitating the money laundering of the proceeds of corruption and all types of illicit commercial transactions.[9]

More insidious still may be the systemic fiscal effects of international tax evasion and avoidance, which may be pressuring states to lower their own tax rates to attract direct foreign investment in a race to the bottom whose consequences for economic equity and development are discussed in much more detail in the chapter on tax competition in this Report.[10]

What can be done

Sustainable development spending – free from aid and debt dependency, and encouraging political accountability and participation in the global South itself – will remain difficult unless developing countries can mobilize their own domestic resources. This is made impossible by tax evasion and avoidance on an unprecedented scale. Global taxes and innovative finance mechanisms are vital to bridge the development finance gap in the short-term. But they must be coupled with a more traditional finance mechanism: wealthy individuals and corporations paying their due taxes.

This 'traditional' goal, however, will nonetheless require innovative legal and financial action. In contrast to other areas like intellectual property and market access laws, tax policies and law have strikingly failed to keep up with globalization, remaining resolutely national as capital has become transnational. National legislation may be useful in slowing the erosion of national tax bases by closing particular tax avoidance loopholes or ending tax haven legislation enshrining banking secrecy or tax benefits for non-residents. Equally, efforts by corporations towards greater transparency and social responsibility in paying taxes may be valuable, especially in economic sectors like the extractive industries, dominated by multinational companies with a history of siphoning profits from resource-rich developing countries to tax havens. The Extractive Industries Transparency Initiative (EITI) is a useful tool in this respect, although it continues to lack commitment from key countries and companies.[11] National commitments to tackling tax evasion within their jurisdictions should be monitored and reported by international financial institutions as part of global initiatives to tackle corruption, with public reports on tax haven jurisdictions' demonstrable efforts to implement transparency and anti-avoidance measures.

But properly tackling a problem generated by the international mobility of capital will ultimately require international and multi-lateral action. This will need to include:

- Automatic information exchange between countries of interest payments, dividends, royalties, license fees and other income paid by banks and financial institutions to citizens of another country.
- An internationally agreed basis for corporate taxation, taxing profits in the countries in which they are earned.
- A general anti-avoidance principle, enshrined in national or international laws, which would end the 'arms race' of tax avoidance loopholes being opened by creative accountants as soon as they are closed by revenue authorities

All these objectives would be assisted by the creation of a World Tax Authority, as proposed in 1999 by former IMF director of fiscal affairs Vito Tanzi. This body would be charged with ensuring that national and dependent territory tax systems do not have harmful international implications, and working towards international cooperation in these key areas of information exchange, corporate taxation and anti-avoidance.

International progress in these areas has been mixed in 2005. The United Nations should ideally provide the setting for a global tax authority by substantially strengthening the UN Committee of Experts on Cooperation in International Tax Matters,

8 This percentage includes interest earnings on the stock of flown capital.

9 See, for example, the recent report by the UK's All-Party Parliamentary Group on Africa (2006).

10 Cf. Wahl, P. "International taxation: the time is ripe" in this Report.

11 <www.eitransparency.org>.

which met for the first time as a formalized committee in December 2005. But the Committee is currently dominated by OECD countries and tax havens, and representation of the interests of developing countries remains inadequate. The OECD Initiative Against Harmful Tax Practices has made some progress towards creating a framework for negotiating tax information exchange agreements (TIEAS) on a bilateral basis. They have also widened their initiative to cover not only the small island tax haven jurisdictions, but also major players such as Switzerland and the United Kingdom, previously excluded from OECD tax haven lists. Their latest model tax treaty includes a banking secrecy override clause which could be effective in tackling tax evasion. In practice, however, very few TIEAS have been negotiated, and developing country governments will need considerable support in negotiating such treaties, and making effective use of the information provided.

Ultimately, if international institutions like the UN and the OECD are to respond adequately to the unprecedented global challenge of tax evasion and avoidance, then global civil society must force them, and national governments, to take action. The stakes, as this article makes clear, could hardly be higher: the risk of destroying welfare states across the global South; and the potential to fund measures to halve global poverty. ■

TAX JUSTICE NETWORK ACTIONS

In 2006 the World Social Forum in Bamako saw a proposal to form a continent-wide Tax Justice Network for Africa, to be launched at the 2007 World Social Forum in Nairobi, Kenya. This will be a major step in a new global development struggle, at whose forefront should be activists and campaigners from the Majority World. We invite you to join us. <www.taxjustice.net>.

References

Oxfam GB (2000). *Tax Havens: Releasing the Hidden Billions for Poverty Eradication.* Oxfam Policy Paper, 8 June. Available from: <www.oxfam.org.uk/what_we_do/issues/debt_aid/tax_havens.htm>.

Tax Justice Network (2005). *Tax Us If You Can*. Available from: <www.taxjustice.net/cms/upload/pdf/tuiyc_-_eng_-_web_file.pdf>.

Christensen, J and Hampton, M. (1999). “All Good Things Come to an End,” *The World Today.* Vol 55, No. 8/9 (Royal Institute of International Affairs).

Cobham, A. (2005).*Tax Evasion, Tax Avoidance and Development Finance.* Queen Elizabeth House Working Paper Series No. 129, Oxford.

Boston Consulting Group (2003). *Global Wealth Report 2003*.

Owuso, K., Garrett, J. and Croft, S. (2000). *Eye of the Needle: Africa debt report*. Jubilee 2000. Available from: <www.jubileeresearch.org/analysis/reports/needle.htm>.

Boyce, J.K. and Ndikumana, L. (2002). *Public debts and private assets: explaining capital flight from sub-Saharan African Countries*. University of Massachusetts, Department of Economics and Political Economy Research Institute, Working Paper No. 32. Available from: <www.umass.edu/peri/pdfs/WP32.pdf>.

OECD (2004). *Accelerating Pro-Poor Growth through Support for Private Sector Development*. Available from: <webdomino1.oecd.org/COMNET/DCD/PovNet.nsf/viewHtml/index/$FILE/priv_sect.pdf>.

UK All-Party Parliamentary Group on Africa (2006). *The Other Side of the Coin: The UK and corruption in Africa*. Available from: <www.africaappg.org.uk/download/other%20side%20of%20the%20coin%20PDF.pdf>.

Beyond consultation: innovative sources

North South Institute
John W. Foster [1]

Financing for Development: the formal process

The Financing for Development process, led by the United Nations was begun in the context of the Asian crisis in the 1990s. In 1997-1998 the General Assembly moved to plan an International Conference on Financing for Development, which was held in 2002, in Monterrey, Mexico, along with a People's Forum which brought several thousand civil society people together. Social Watch had many participants at these events and has followed the process quite closely, facilitating civil society representation and input. Since Monterrey regular high-level meetings, research and special events and an ongoing Financing for Development Office within the Department of Economic and Social Affairs at the UN in New York have continued.[2]

Some notable characteristics of this process include:

- *A comprehensive agenda.* Monterrey included a remarkable range of development finance issues, including many, like debt and financial crisis, Overseas Development Assistance (ODA), etc., which preoccupy civil society, trade and development dimensions. It also included systemic issues which can includes many development implications as well as issues of governance, including the governance of international financial institutions, representation and relative power of developing countries, etc.
- *Institutional coverage.* The Financing for Development (FFD) process includes not only the UN and its agencies but the World Bank and the International Monetary Fund (IMF), the World Trade Organization (WTO) and more recently United Nations Conference on Trade and Development (UNCTAD). The process is a big tent. For civil society organizations concerned with how the whole international system works, it offers an opportunity not present elsewhere.
- *"Stakeholder" engagement.* From the planning period for Monterrey to the present day the process has included participation and voice for civil society organizations as well as the private sector. The FFD office has engaged with representatives of these sectors in developing study projects and consultations and has taken care to utilize NGO networks to secure nominees to speak at its various meetings. The process is relatively open; organizations can gain access even if, as has been the case for many in 2001 and since, they do not have Economic and Social Council (ECOSOC) consultative status.
- *Site for initiative.* Although the process has not been able to move the whole membership of the UN in a given direction, or to make the World Bank, IMF or WTO accountable to that body, it has provided an ongoing forum for the testing and launching of initiatives, like those in innovative financing, which we examine below.

Why are we raising Financing for Development at this time?

The Monterrey Conference agreed that there should be a major review of implementation in five years, which would normally have been this year, 2006. In fact, it is likely to be held a couple of years late. The UN will debate and, it is hoped, decide on a review conference at the General Assembly which begins in September 2006. There is an invitation on the table from Qatar and a general target date of 2008-2009.

At this stage it is important to assure:

- that there is *a high level conference* to review the Monterrey "consensus"
- that the *agenda is comprehensive*, including systematic issues and issues of governance
- that there is a *full preparatory process* for that conference which will involve preliminary sessions to prepare the evaluation of progress and proposals for further action
- that *civil society organizations (CSOs) are a full part* of the preparatory process and that organizations like those represented in this report and their many allies and associates, take advantage of that process to engage governments to ensure these initial objectives.

The CSOs in Monterrey in 2002 made it very clear that while they appreciated the comprehensive agenda, accepted the opportunities to participate in roundtables and other forums and appreciated support for the people's forum, they did *not* endorse the so-called "Monterrey Consensus" which was adopted by the inter-governmental conference. It is fair to say that many CSOs maintain the same position today, taking the opportunity to engage, but continuing to challenge the results endorsed by governments and the international economic institutions.

The Financing for Development process is the product of initiatives from developing and middle income countries. It has obvious weaknesses and limitations. However it offers opportunities for engagement which are not present elsewhere, particularly for those who are concerned with governance, democracy and transparency, with how the different parts of the system work either for or against development. It can also be a forum in which new proposals are put forward and support built.

Breaking taboos: innovative instruments broach the idea of global taxes for global goods

> Following years of adhering to the widespread illusion that globalizing the economy would be enough to solve all development problems, the international community is finally accepting the need for solidarity. The solution is new financing mechanisms that mobilize part of the benefits of globalization. The proposals were considered completely unrealistic a very short time ago. They were even taboo in certain international organizations. Now they are discussed in all the major international forums… With these contributions, we are going to extend our solidarity base using a fraction of the new wealth created by the globalization process, a large part of which escapes States' taxation. We are going to use the most advanced techniques of our modern economy in the interests of the poorest.[3]

When Presidents Lula Da Silva of Brazil and Jacques Chirac of France announced Action against Hunger and Poverty at a meeting at the UN in 2004, the thought that it might take concrete shape within two years in a linking of innovative instruments to provide additional development funding and specific priority health needs (HIV/AIDS, TB and malaria) seemed a dream indeed. Hostility to the idea

1 John W. Foster is Principal Researcher at the North-South Institute, Canada, and has followed the UN Financing for Development since 2000 and attended the Paris Conference on Innovative Financing March 2006.

2 See <www.un.org/esa/ffd> for detailed information.

3 Speech by M. Jacques Chirac, President of the Republic. Paris International Conference "Solidarity and Globalization: Innovative Financing for Development and Against Pandemics." Paris, 28 February- 1 March, 2006. Available from: <www.diplomatie.gouv.fr>.

of new, possibly global, levies like the Currency Transaction Tax (CTT) was palpable, particularly in Washington. The idea of a tax on air travel or a carbon tax seems equally unrealistic.

On 1 July 2006 France implemented its air ticket levy, Chile began one in January, more than a dozen other countries have pledged similar measures, and an international "Leading Group on Solidarity Levies to Fund Development" has more than 40 government members. The Group is growing and developing a drug purchase agency or UNITAID which will use funds resulting from the levies to invest in providing consistent supplies of affordable drugs to those in need of them.

The levy

At the Paris Conference, President Chirac convened a large international ministerial conference to mark progress on this agenda and build momentum. The involvement of a significant number of AIDS-related, development and finance-reform NGOs was demonstrated in both speakers and participants.[4]

The French government detailed its intention to begin a levy graduated according to class and destination of service on air tickets.[5] Together with Gordon Brown of the UK it confirmed that the UK would contribute to the trust fund created by the air ticket levy, and that France would contribute to the UK's innovative International Financing Facility for Immunization. The French-initiated fund would be aimed at issues of consistent and sustainable supplies of life-saving drugs for people with HIV/AIDS and other diseases.

The International Drug Purchase Facility (IDPF) or UNITAID

In a joint declaration (2 June 2006), Brazil, Chile, France and Norway established the "foundations" of the IPDF, which has been named UNITAID in all languages. Noting the at least six million people with HIV who need anti-retroviral treatment (currently available to only 1.2 million), the sponsors stated "it is imperative to change the scale at which treatment is available, which in turn, implies a change in scale in the mobilization of resources."[6]

UNITAID aims to assist in the consistent provision of essential drugs for HIV/AIDS, TB and malaria in poorer nations. It claims the principles of: solidarity, complementarity, sustainability, predictability, additionality, adaptability, partnership, independence, accountability and aid effectiveness – no small order.

It seeks to use new innovative additional funds to provide predictable and sustainable sources of financing to pool drug purchases, provide a new impetus for drug prequalification processes and to support strengthened national regulatory agencies for drug quality control. It hopes to promote the diversification of generic products, induce price reductions and attract new manufacturers.

Current thinking is that organizationally, the facility will be a "small body legally embedded in an existing organization." The facility will be governed by a combination of a Board with responsibility for oversight over the trust fund and the secretariat and a consultative forum, meeting at least annually involving "donors and other stakeholders", allowing "for reporting and broad accountability." Interim forms of these structures will be established for the first year and the World Health Organization (WHO) has agreed to act as secretariat and trustee of the funds. The issue of representation of CSOs, people living with HIV/AIDS and vulnerable groups in the governing structures remains in debate.

The sponsors have already informally involved interested NGOs and people living with the diseases, welcomed participation of pharmaceutical companies, major multilateral organizations in the field like WHO, the Global Fund, UNAIDS, UNICEF, the World Bank and UNDP, and constructive contributions by both the Gates and Clinton Foundations.

From intention to implementation

The number of countries agreeing to launch a "Solidarity Levy" on air tickets continues to expand. South Korea has joined the group of 15 countries intending to launch this year; India, Guatemala and China are among others rumored to be considering it.

The UNITAID facility continues to develop as well. While the French levy is expected to contribute approximately USD 250 million annually initially, Spain has agreed to fund USD 100 million a year for the first four years with no levy, Norway USD 25 million, Brazil USD 12 million and Chile USD 4 million. France indicates that 90% of its levy resources will go to the International Drug Purchase Facility (IDPF) and 10% to the International Financing Facility (IFF) for immunization.

On 2 June 2006, as part of the lead up to the Football World Cup in Germany, the FIFA through 1995 Player of the Year George Weah underlined the sports organization's commitment to human rights by announcing that two UNITAID branded official match balls will be exchanged by the two team captains before the kick-off of each of the 64 matches.

Civil society organizations concerned with the financing side of this activity have met not only in Paris in February but at the first Plenary Meeting of the Leading Group in Brasilia, in July, 2006.

Progress and challenge

While governance issues for the new facility remain in debate, CSOs have made further trenchant critiques of the current response to HIV/AIDS as it is shaped by existing policies and WTO agreements on intellectual property. As a number of spokespeople have indicated, what is the use of raising significantly greater resources for drug purchase if countries are still paying companies two or three or more times the lowest price, and the money is essentially recycled North, leaving many without treatment.

It has been forcefully suggested that the UNITAID initiative will only succeed in contributing significantly to the achievement of universal access to treatment by 2010 if a) it combines efforts with other purchasers, gaining greater leverage, b) it works to support governments in utilizing all flexibilities and openings in the existing Trade Related Intellectual Property (TRIPS) regime and opposes further extensions thereof, c) works to break patent barriers.

Whether governments muster the will to make the most effective and efficient use of the resources through these steps is quite unclear, and probably – like the achievement of the Doha declaration on intellectual property and health – dependent on the extent of civil society agitation and pressure.

It's not just about air tickets

The innovative financing initiative is about a *menu* of practical projects, from Gordon Brown's IFF and IFF for immunization, Chirac's air ticket levy, through the Chilean interest in a new round of Special Drawing Rights, and the German Development Minister's continuing interest in a Currency Transaction Tax (CTT), among others. Non-Governmental organizations are vitally interested in several of these initiatives and raising other themes including a carbon tax, debt cancellation and an international tax agreement and "tax justice". A good deal of interest in advancing government action against tax evasion

---

4 The Paris Conference was attended by approximately 600 people, including representatives of 93 states, 3 heads of state, more than 70 ministers, the UN Secretary-General and representatives of many multilateral organizations and NGOs.

5 Cf. Wahl, P. "International taxation: the time is ripe" in this Report.

6 Interestingly the declaration was made by two foreign ministers (Brazil, France) a health minister (Chile) and a development minister (Norway). This cross-sectoral mix is typical of the approach of these initiatives.

and tax havens has been expressed both in the Paris and Brasilia conferences.

Looking forward

What is of interest overall?

- As President Chirac noted in Paris in March 2006, these initiatives *break through* a taboo (forcefully pressed by the US) which had prevented negotiation and action about international levies like the CTT for several years.
- The overall initiative came from a *productive combination of South-North* leadership (Presidents Lula and Chirac) joined by Chile, Spain, Germany, Algeria, and ultimately many more.
- The initiative on the air ticket levy broke through one of the main conceptual limitations on international levies, that is that they must be universally supported to be initiated. The principle of *an international tax, nationally administered*, moved past the barrier.
- The linkage *between new financing instruments and urgent health issues* is the essential ingredient for political support and implementation.
- The leadership to date has encouraged the participation of non-governmental and other stakeholders.
- The approach has been one of a menu of possibilities, with different countries taking the leadership on one or more choice items.

These innovative financing for development efforts by "like-minded" coalitions have benefited from the support of the UN Secretary-General, have sprung in part from the encouraging framework of the UN's Financing for Development process and office, and have utilized the UN to brief, encourage and report on participation and progress. CSOs at the July Leading Group meeting in Brasilia argued that this should be the year of "pilots". Once having moved the airlines levy and UNITAID into operation, in a relatively short time, governments were encouraged to maintain the momentum by initiatives to implement a pilot Currency Transactions Tax and conferences and initiatives on tax evasion, tax havens, transfer pricing and other "leaks" of vital resources from South to North.

The proposed review Conference of Financing for Development in 2008-2009 should highlight what conditions have made these initiatives possible and how others might be encouraged. It offers the opportunity to broaden the agenda to consider longer term issues of global economic governance and economic policies for equitable sustainable development. ■

The new aid modalities for MDG financing: will the European Union keep its promises?

Eurostep
Simon Stocker [1]
Europe External Policy Advisors (EEPA)
Mirjam van Reisen

In 2005 the European Union (EU) positioned itself as the global leader in mobilizing resources for achieving the Millennium Development Goals (MDGs). The EU is currently negotiating its funding framework for 2007-2013, covering almost entirely the period up to 2015. The nature of these negotiations gives a strong indication, in terms of available funding and the prioritization in their implementation, of whether increased commitments to the achievement of the MDGs are being made.

EU pledges in funding

For the first time, a timetable was set for reaching the long-standing UN target of 0.7% Gross National Income, by the EU as a whole. While the majority of donor countries have not achieved or surpassed this target, those that have are members of the EU.[2] With an interim target for the EU to reach an average minimum level of 0.56% by 2009, the current commitment is for the 15 "old" member states to reach the 0.7 % target by 2015, coinciding with the deadline for achieving many of the MDGs, including the principal one of halving the proportion of people living in absolute poverty.

The European Commission funds for overseas development aid (ODA) will remain the same, and therefore the increase in funding will be channelled largely by the EU Member States directly.

Broadening the definition of development aid?

The commitment to supporting the MDGs are also confirmed in revised development policy statements adopted by the EU at the end of 2005. The European Consensus on Development (European Parliament, 2005), which sets out the EU development policy for the coming years, and the EU Strategy for Africa (Council of the European Union, 2005) both give prominence to the centrality of the MDGs in the EU cooperation strategies towards developing countries and in the use of its aid. However both these documents also give increased emphasis to issues related to security in the context of the "war on terror" and proliferation of weapons of mass destruction, and migration. The guidelines which are used for the programming of EU development aid from 2007 to 2013 include guidelines on the war on terror and migration, demonstrating the European Commission is serious in its intent to use development money for these purposes (Eurostep, 2006).

EU policies are increasingly in agreement to integrate the European Commission and Member States' development funds, in line with the Paris Declaration on harmonization of aid. Therefore the widened scope for development to include the war on terror and migration has implications not only for the aid from the European Commission but equally for aid given by all 25 EU Member States.

In addition, considerable funds are set aside by the European Commission to fund transport and infrastructure works. In its programming to African, Caribbean and Pacific (ACP) countries, a third of all allocable funds are aimed at such works. While these fit the ODA criteria, their significance for the achievement of the MDGs is less clear, and the rationale – from the perspective of the MDGs, for these programmes is lacking.

At the same time the definition of development is challenged as well to include new aspects of spending within ODA thus increasing the possibility for donors to increase their levels of ODA without necessarily providing additional finance to developing countries. The European Commissioner, Benita Ferrero-Waldner, recently stated that the Commission wanted to broaden the definition of development to allow it to use funds designated for development in the context of a new legal framework to govern the EU development aid. While the Commission has failed to provide any specific reasons why a change in the definition would be needed, they do say it specifically relates to the EU cooperation with countries such as China and India – large growing market economies to which the EU would clearly like to have increased market access (EEPA, 2006b).

TABLE 1. EU aid pledges at a glance

TARGET YEAR	EU 15 MEMBER STATES (AUSTRIA, BELGIUM, DENMARK, FINLAND, FRANCE, GERMANY, GREECE, IRELAND, ITALY, LUXEMBOURG, NETHERLANDS, PORTUGAL, SPAIN, SWEDEN AND THE UNITED KINGDOM)		EU 10 MEMBER STATES (CZECH REPUBLIC, CYPRUS, ESTONIA, HUNGARY, LATVIA, LITHUANIA, MALTA, POLAND, SLOVAK REPUBLIC AND SLOVENIA)	
	INDIVIDUAL MINIMUM	COLLECTIVE AVERAGE	INDIVIDUAL MINIMUM	COLLECTIVE AVERAGE
2006	0.33%	0.39%	-	-
2010	0.51%	0.56%	Country specific	0.17%
2015	0.7%	0.7%	0.33%	0.33%

Note: All percentages are ODA as a proportion of Gross National Income.

Source: Joint European NGO Report (2006). *EU aid: Genuine leadership or misleading figures?*

The Paris Declaration

The European Union is spearheading the implementation of the 2005 Paris Declaration on aid harmonization, alignment to Poverty Reduction Strategy Papers (PRSPs) and National Development Programmes, and donor coordination. The European Commission intends to programme 50% of its aid for 2007-2013 through general or sectoral budget support. The European Commission also argues that through budget support, it will target the MDG sectors.

In its 2006 Resolution on corruption the European Parliament warned that corruption and shifts in the budget may undermine the effectiveness of budget support in achieving the MDGs and recommends that only sectoral budget support focusing on the MDG sectors, especially health and education, be agreed. Given the size of funds intended to be allocated through budget support for the period up to 2013, the EU is taking a formidable risk in that if budget support does not work to increase investment in MDG sectors, there will be insufficient corrective measures to turn investment to the MDGs.

The European Commission is setting up incentive tranches for countries which receive budget support and perform well. It is crucial that the performance indicators give high priority to the MDGs, if the MDGs are to be achieved through budget support. If not, incentive will be lacking for partner countries to invest in the MDGs (European Commission, 2006).

In addition the question needs to be raised as to how performance is measured, and which indicators are used to measure performance in budget support. This might be an important area for Social Watchers to develop further expertise.

1 Simon Stocker is Director of Eurostep and Mirjam van Reisen is Director of Europe External Policy Advisors (EEPA).

2 Denmark, Luxembourg, the Netherlands, and Sweden all provide at least 0.7% of their GNI annually in ODA. Norway is the only country outside the EU that is a member of this club.

Cross-cutting issues are particularly vulnerable through budget support, given that these are not treated as sectors. Social Watch and Eurostep published a report identifying this question in 2005, called 'Accountability Upside Down' (Eurostep/Social Watch, 2005), which lead to a conference organised by UNIFEM with the European Commission in 2005 identifying how gender equality would be implemented by the new aid modalities. The conference identified a number of instruments, in particular gender budgeting and monitoring the implementation of international instruments promoting gender justice, CEDAW, the Beijing Platform for Action and the Millennium Declaration. The Social Watch Gender Index was presented as a tool for performance indicators on gender equality.

Currently, Ghana is a pilot country for the EU to implement budget support in a co-ordinated fashion with EU Member States. Given that the revision of the Paris Declaration will also take place in Ghana in 2008, it is clear that the EU is hopeful that results with budget support in this country will prove to be successful. It will be important to identify whether budget support is helping to produce shifts in the national budget in the direction of the MDGs, and whether these budget shifts lead to greater investment in the MDGs and increased output towards their realization.

SOME CONSIDERATIONS REGARDING BUDGET SUPPORT

Cecilia Alemany (Social Watch)

A trend of the New Financial Perspectives 2007-2013 of the European Union is the fact that budget support is becoming widespread as an instrument for channelling cooperation in the developing countries. This mechanism involves reducing the high costs of mediating and administering cooperation, and points to expanding the strategic lines of national budget performance.

Although there are already some successful cases, the efficiency of budget support is still not clear. For one part, the requirements for payments can vary and in some cases present a new bottleneck, and for another, oversight mechanisms need to be clarified not just for the sake of the EU as the donor but also for the civil society and the local citizens.

Citizen oversight of budget support and budget performance is viable in some countries and even formal settings, while in others it seems that the conditions are still not ready because governments do not always have a culture of consultation or of policies of transparency. In addition, budget support will also be applied to some governments in which there are high rates of corruption. It would seem contradictory that while the EU points to the problems of governance in some developing countries, it simultaneously injects direct funding into their budgets.

On the other hand, budget support is part of the donor countries' trend toward aligning and harmonizing the donors (a trend that surged from the Paris Declaration) and assumes that the donors will negotiate in many cases in conjunction with the national authorities. This presents the logic of efficiency from the perspective of the EU, but one cannot ignore that this limits the receiving countries´ room for negotiation and conditions cooperation even more on the will of the donors. In a certain sense, while the empowerment of the national counterparts, efficiency, harmony and alignment of international cooperation are all heralded, the social organizations of the developing countries might ask themselves if this is not a resurgence of the ancient conditions of aid disguised in politically correct language. ■

Trade

The trade agenda is a key issue for the EU, in which the European Commission plays a central role.[3] Within the current Doha Round of the World Trade Organization (WTO) the EU has continually stressed that it is taking an approach to trade defining new trade rules that champion the interests of developing countries. This is not the view of most developing countries, however, who criticize the EU for maintaining an agricultural trade subsidy regime that gives unfair advantages to European producers, thus undermining the competitiveness of producers in developing country. A recent document on the EU budgetary proposals made a direct statement that EU trade policy was motivated by defensive and offensive measures to protect its own key interests (EEPA, 2006b).

The EU *Everything but Arms* trade regime for Least Developed Countries (LDCs) has failed to provide any real meaningful options for producers from those countries as it fails to tackle the constraints on producing goods to an acceptable EU standard.

Alongside the WTO negotiations the EU has been negotiating with different regional groups to establish regional free trade agreements. For the African Caribbean and Pacific (ACP) group of countries, the scope for negotiating Economic Partnership Agreements (EPAs) was embodied in the Cotonou Agreement, as a successor agreement to the Lomé Convention. The EU forced the inclusion of the EPA negotiations on the ACP so that by 2008 the EU trade arrangements would become compatible with WTO rules. In the face of substantial criticism that within the EPA negotiations the EU was once more failing to address the supply side constraints of ACP countries, the EU countries have stated that they will provide aid for trade to support adjustment costs of the EPAs once they are in place. However, this will be financed from the existing aid budget and therefore the compensation for losses of the ACP countries will be paid from the development budget and will therefore reduce the funds for the MDGs. Already, within the current budget negotiations the 'additional' money promised to compensate for the reform of the EU sugar arrangement with ACP countries, is arranged to be financed by a cut of resources for social development, affecting especially MDG sector funding for health and education. This is in addition to other cuts on the budget line which specifically targets the MDGs (EEPA, 2006a).

Debt cancellation

While the EU 2005 commitments on achieving the MDGs have been welcomed, concern remains on how these will be put into practice, and moves to change the framework in which the EU co-operation is pursued. A report published in May 2006 analized the current use of EU aid. Put together collectively by a number of NGOs from across Europe, the report concluded that a third of all official aid provided (some USD 14.4 billion[4]) in 2005 from the EU (Members States and European Community taken together) did not reach developing countries and remained within the donor country. Such expenditures include debt cancellation (USD 9.6 billion of which most was the cancellation of Iraq's export credit debts), financing the costs of migrants arriving from developing countries (USD 1 billion), and costs of education for foreign students (USD 1.2 billion). While these costs can be counted as official aid according to the definitions established by the OECD/DAC,[5] this does not provide resources for use in developing countries targeted at achieving the MDGs. For instance in the case of debt cancellation donor governments made a commitment at the Monterrey Financing for Development Conference in 2002 that debt cancellation would be implemented through the use of new resources. Since these were debt write-offs, these cancellations did not translate into additional funds being available for the MDGs. The countries being granted debt cancellation would not have been able to repay the debts that were cancelled, and so the additional levels of aid registered by donors was simply a bookkeeping exercise that inflated ODA levels.

Conclusions

Unfortunately, everything indicates that the implementation of the pledges is merely an accounting trick, rather than an increase in investments in the MDGs. The "war on terror" and migration issues are included

3 The European Commission is responsible for managing EU's trade policies and for negotiating trade rules and agreements on behalf of the EU.

4 Equivalent to EUR 12 billion.

5 The Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD).

GENDER BUDGET INITIATIVES IN CEE/CIS REGION

Network of East–West Women (NNEW)

After the first women's budget was established in Australia, in the mid - 1980s it has become an inspiration for several of the current initiatives all over the world. However it took a bit longer to implement the idea in Europe and especially in Central and Eastern Europe. The Commonwealth Secretariat (ComSec),[1] to which Australia belongs among others, has had an explicit programme of support for gender budget initiatives since 1996. The United Nations Development Fund for Women (UNIFEM) has not had an explicit programme but has, nevertheless, provided support of various kinds under other programme headings.[2] In 2005 the Council of Europe published a Gender Budgeting Report,[3] so the strategy of Gender Mainstreaming and Gender Budgeting itself are becoming more and more influential. Also in some countries in the CEE/CIS region Gender Budgeting has become quickly popular, especially in Kosovo and Georgia.

Kosovo[4]

Women's NGO Shoqata Afariste e Gruas SHE - ERA[5] has prepared the first analysis in Kosovo of Gender Budget and the impact of fiscal policies on the poverty level of rural women in the municipality of Gjakova. Their study presents the findings of research in Gjakova, focusing on the possibility of applying a gender perspective to the budget allocations of the Gjakova municipality. This research identified causes, problems and opportunities for introducing a gender balance in the allocation of resources, starting at the local level with a focus on the Department of Agriculture. The research revealed that the application of gender balanced policies in the agriculture development sector has five main constraints: the need to empower women farmers in the rural areas of Gjakova, a lack of ownership by women over the land they farm, municipal budget limitations and inadequate support from the local government towards rural agriculture development, the constant need to build the capacities of the Municipal Gender Office, the need to build the capacities of civil society for advocacy on gender balanced budgeting in municipal policies of all sectors.

Poland[6]

Network of East-West Women has raised the topic of Gender Budget in Poland. The Association coordinated "GdaÒsk Gender Budget Initiative", which main objectives were to point out to areas which demand improvement and present recommendation for action and advocacy. In the Report[7] many issues having an immediate impact on the lives of the inhabitants were raised. Due to the complexity of the research NEWW applied an interdisciplinary approach to the analysis. Among the most important problems that the inhabitants of Gdansk have to face are: lack of programs for seniors (both women and men), unequal treatment of women and men on the labour market and poor professional activation of women, long term unemployment of women and men. This report was an invitation to further discussion on the problems vital to GdaÒsk and finding possible solutions. It was also a suggestion that analyses of that type can be a tool to fight discrimination. The project presented Gender Budgeting as an excellent instrument for the city, local authorities and local community to advocate and apply more transparency in spending meant for the benefit of the local community. ■

1 Fifty-three independent states working together in the common interests of their citizens for development, democracy and peace: www.thecommonwealth.org

2 Budlender D., "Review of gender budget initiatives", Community Agency for Social Enquiry, 2001, http://www.internationalbudget.org/resources/library/GenderBudget.pdf

3 "Gender budgeting: Final report of the Group of specialists on gender budgeting (EG-S-GB)", Directorate General of Human Rights, Strasbourg, 2005

4 For further information, contact Mirlinda Kusari: lindawba@yahoo.com

5 The Story Behind the Numbers: Women and Employment in Central and Eastern Europe and the CIS: "Gender Budget analysis and the impact of fiscal policies on the poverty level of rural women in the municipality of Gjakova in Kosovo", Shoqata Afariste e Gruas/ Women's Business Association, Gjakova, Kosovo, 2006

6 For further information, contact Zofia Lapniewska: zofia@neww.org.pl

7 Balandynowicz-Panfil K., Opacka U.:ÑGdaÒsk Gender Budget Initiative", Network of East-West Women, Gdansk, Poland 2005

in aid programmes as a "broadening" of the definition of ODA next to long-standing priorities in infrastructure which remain in place. New aid modalities piloted on a large scale in the follow-up of the Paris Declaration – which the EU is spearheading – de-link aid to allocation in particular areas. While these new aid modalities may provide some opportunities, the hypothesis that these might advance the MDGs is untested. Given that the EU is by far the largest contributor to ODA, the largest sponsor of the MDGs, and currently heavily involved in large-scale testing of the new aid modalities, it may be concluded that there is considerable risk that the investment in MDG sectors will remain minimal, and that ODA is not targeted towards their achievement. In addition, the direction of the trade negotiations seems to fail to assist developing country partners and where compensation or extra measures are due, these are taken from existing development finance and redirected from direct investment in MDG areas.

The achievement of MDG 8 by the EU can therefore be regarded as extremely weak and currently lacking conviction and political will to implement the pledges made for the realization of the MDGs. ■

References

Council of the European Union (2005). T*he EU and Africa: towards a strategic Partnership.* Brussels: 15961/05.

EEPA (2006a). *Budgeting for the realisation of the MDGs.* [online]. Available from: <www.eepa.be/wcm/dmdocuments/Paper_FPAnalysis_060403.pdf>.

EEPA (2006b). *Debate on 2007 Budget in Joint Hearing Budget Committee and Foreign Affairs Committee, May 30th 2006.* [online]. Available from: <www.eepa.be>.

European Commission (2006). *Issues Paper Towards an European Consensus on governance in development cooperation.* Brussels: European Commission.

European Parliament. Council of the European Union. European Commission (2005). *Joint statement by the Council and the representatives of the governments of the Member States meeting within the Council, the European Parliament and the Commission on European Union Development Policy: 'The European Consensus'.* Brussels: (2006/C 46/01).

Eurostep (2006). *EC aid programming for ACP countries* [online]. Available from: <www.acp-programming.eu>.

Eurostep. Social Watch (2005). *Accountability upside down.* [online]. Available from: <www.eurostep.org/wcm/dmdocuments/PUB_Unifem_OECD_RV.pdf>.

The Arab region: at the crossroad of development security and human rights

Arab NGO Network for Development
Ziad Abdel Samad
Kinda Mohamadieh [1]

The Millennium Summit in the year 2000 set out a global development plan based on a set of Millennium Development Goals (MDGs), which countries worldwide committed to achieving. The International Conference on Financing for Development (Monterrey, 2002) was convened for the purposes of looking into mechanisms to finance this development process. It resulted in the Monterrey Consensus, which highlighted several key issues, including: points of action for mobilizing domestic financial resources; mobilizing international resources for development, including foreign direct investment; addressing international trade flows as an engine for development; increasing international financial and technical cooperation; addressing issues of external debt; and addressing the coherence and consistency of the international monetary, financial, and trading systems. Later, during the UN World Summit held in September 2005, donor countries renewed their commitment to improve aid effectiveness through harmonization of procedures and alignment of aid with developing countries' priorities, and to scale up development assistance aimed at building national capacities (such as "aid for trade"), prioritizing the least developed countries (LDCs) and countries hit by crises and the HIV/AIDS pandemic.

However, two different viewpoints emerged among the developed and developing countries in their approach to the issues under discussion. The developed countries promoted a link between more aid and trade liberalization policies, while the developing countries stressed the need for more unconditional aid. Their major concern was the increase in conditionalities imposed by the World Bank and the International Monetary Fund (IMF) through aid flows. As a consequence, the pledge made by the developed countries at the 6th World Trade Organization (WTO) Ministerial Meeting in Hong Kong (December 2005) for an aid for trade package for the LDCs was highly questioned. Developing countries expressed their concern that this package would significantly constrain them in the negotiation process. They were also concerned that this aid would be administered through the international financial institutions, which would allow for even more conditionalities to be imposed on them through these institutions.

The core challenge is to restructure the flow of aid and its management by increasing the linkages between aid and human development needs. By enhancing these linkages and the efficiency of the mechanisms used, aid will be more responsive to national needs, and governments will be more accountable for the expected results of aid flows.

It is worth noting that aid and debt have been tackled by the MDGs through targets 13 and 15, which fall under Goal 8: develop a global partnership for development. Target 13 is aimed at addressing the special needs of the LDCs, which includes tariff- and quota-free access for LDCs' exports; enhancing the programme of debt relief for Heavily Indebted Poor Countries (HIPC) and the cancellation of official bilateral debt; and making available more generous official development aid (ODA) for countries committed to poverty reduction. Target 15 calls for dealing comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. These items draw a connection between the international development framework and the debate around aid and debt, but the targets do not address several key points in the aid issue. When discussing more generous aid for countries committed to poverty eradication, there is no clarification as to the specific poverty reduction strategies envisioned. Does it refer to strategies based on the approach of the international financial institutions and used to exert pressure on developing countries, or to strategies based on genuine national goals and needs? There is also no clarification or guidance as to the kind of national and international measures that may be considered as linked to debt sustainability. This ambiguity allows developed nations and international institutions to continue linking debt alleviation to other constraining measures, such as enforcing economic liberalization, privatization, and other structural adjustment measures.

One of the main challenges facing aid efficiency is that aid flows are highly linked to international political considerations. Donors' pledges are not consistent from year to year and fluctuate greatly based on political factors and emerging priorities. Moreover, aid cannot be viewed in isolation from the conditions imposed by the international trading system and developed nations' foreign policies. Developed nations and international institutions give with one hand – aid – and take with another – the costs of forced integration in the international trading system. This creates an aid system that is superficial at best and manipulative at worst. All of these factors have resulted in the failure by most developed countries to meet their pledge to commit 0.7% of their gross domestic product (GDP) to ODA, a promise that dates back to the 1970s.[2] According to figures from the Organization for Economic Cooperation and Development (OECD), in 2005 the US allocated just slightly more than 0.2% of its GDP or USD 27.5 billion to ODA. Only the Netherlands, Norway, Sweden, Luxemburg, and Denmark surpassed the target of 0.7% of their GDP and reached 0.8% and beyond. Japan dedicated around 0.3% of GDP or USD 13.1 billion to ODA. Italy and Spain dedicated the same percentage, which amounted to USD 5.1 billion and USD 3.1 billion respectively. France and the United Kingdom came closer to 0.5% of their GDP, representing USD 10.1 billion and USD 10.8 billion respectively.

US and EU aid policy towards the region

The International Conference on Financing for Development took place at a time when numerous considerations in the global and regional policy-making process and on the economic, political, and security fronts were being rearranged, following the terrorist attacks of 11 September 2001. In fact, it was noted in the Monterrey Consensus that after the attacks of 9/11, "it is more urgent to enhance collaboration among all stakeholders to promote sustainable economic growth and to address long-term challenges of financing for development." The UN General Assembly, gathering on 16 November 2001, in the aftermath of the 9/11 attacks, concluded that terrorism must be addressed in parallel with poverty, underdevelopment, and inequality.[3]

In this context, the Arab region has been the subject of heightened international attention, especially from the US and the EU. Various initiatives have been proposed as solutions or gateways for change and democratization in the region. The perception has emerged that terrorism threats are rooted in radical Islamic movements that are entrenched in the Arab region. The high influence of these movements has been attributed to a lack of good governance and democracy, as well as weak developmental conditions and high levels of poverty.

Accordingly, the US and EU policies focusing on democracy in the Arab region have clearly adopted "the idea of using development assistance

1 Ziad Abdel Samad is executive director of the Arab NGO Network for Development; Kinda Mohamadieh is the Network's programme manager.

2 The donor governments promised to spend 0.7% of gross national income on ODA at the UN General Assembly in 1970 (*UN General Assembly Resolution 2626)*, over 35 years ago. The deadline for reaching that target was the mid-1970s.

3 The 56th UN General Assembly Plenary, 57th Meeting (PM), press release GA/ 9971, <www.un.org/news/Press/docs/2001/ga9971.doc.htm>.

as a foreign policy tool."[4] Yet, in disregard of the Millennium Declaration adopted by 189 heads of state in September 2000, both the US and the EU ignore the need to interrelate peace and security along with democracy and poverty eradication. Their initiatives call for peace building and peaceful conflict resolution, yet at the same time, they practice and support foreign occupation of land, expansion of military bases, and consistent double standards in the implementation of international laws and resolutions related to the rights of citizens in the Arab region, whether in Palestine, Iraq, or Arab countries with foreign military bases. As a result, the policies they have established to confront terrorism and promote development and democracy in the Arab region do not touch on one of the main factors behind the rise of terrorism: the feelings of humiliation and hatred that some citizens of this region have accumulated due to the above-mentioned practices.

In February 2002, the US Senate resolved that "the United States foreign assistance programmes should play an important role in the global fight against terrorism to complement the national security objectives of the United States."[5] During 2004, the US administration presented its new strategy entitled "The Greater Middle East Initiative". The initiative was proposed as a tool for achieving political reform and facing Islamic fundamentalism, which was considered, according to the initiative itself, as the roots of increasing terrorism in the world. In addition, there were several European initiatives, including the EU "Strategic Partnership with the Mediterranean and the Middle East", which is based on the Euro-Mediterranean partnership known as the Barcelona Process.[6]

The US presented its Greater Middle East Initiative at the 2004 Summit of the G-8 countries, where it was further developed as a result of scepticism and suggestions from the EU. The reformed initiative, now called the "Broader Middle East and North Africa Initiative", included some new rhetoric. It referred to the Palestinian conflict and the occupation of Iraq as major problems that need immediate solutions. It also highlighted that democratization cannot be a process imposed from abroad, but rather, it needs to be an internal dynamic taking into consideration local participation and reflecting local needs and cultural aspects. For its part, the EU initiative was further developed into the "European Neighbourhood Policy", which was proposed in the framework of the EU enlargement of May 2004. This policy is supposed to be based on national action plans covering a number of key areas for specific action: political dialogue and reform; trade and measures preparing partners for gradually obtaining a stake in the EU internal market; justice and domestic affairs; energy, transport, the information society, the environment and research and innovation; and social policy and people-to-people contacts. However, this rhetoric is still not reflected in efficient mechanisms in either of the initiatives.

It is worth noting that all these proposals and reform initiatives (the US initiative, the Euro-Mediterranean partnership initiative, and that of the G8 countries) included three main issues:

- The promotion of democracy and good governance (including topics such as free elections, parliamentary exchange, freedom of expression and independent media initiatives, freedom of association, civil society enhancement, etc.)
- The building of a knowledge society (through a basic education initiative)
- Expanding economic opportunities, the creation of forums, trade initiatives and financing for growth initiatives.

MEDA and MEPI: Case studies of aid initiatives

The two main active aid arms of the US and the EU reform initiatives in the Arab region are the US Middle East Partnership Initiative (MEPI) and MEDA, the main financial instrument for the Euro-Mediterranean Partnership. MEDA has been in place since the 1995 Barcelona Convention and was upgraded from MEDA I to MEDA II in 2000. Since its launch, MEDA has invested in programmes to support political, economic, and educational reform efforts and women's empowerment in the Middle East countries. Under MEDA I, the EU committed more than EUR 3.4 billion for the period 1995-1999, followed by EUR 5.35 billion earmarked for MEDA II, which covered 2000-2006. In addition, the European Investment Bank provided EUR 7.4 billion in loans for the Euro-Mediterranean area.[7]

During the period 1995-1999, some 86% of the resources allocated to MEDA were channelled bilaterally to "partner" states in the Middle East (Algeria, Egypt, Jordan, Lebanon, Morocco, Syria, Tunisia, the Palestinian Authority, Turkey and Israel). Another 12% of the resources were devoted to regional activities in which all Mediterranean partners and EU member states were eligible to benefit. The remaining 2% were set aside for technical assistance offices. In the meantime, the European Parliament launched the European Initiative for Democracy and Human Rights (EIHDR) in 1994. Currently, the EIHDR is funded with EUR 132 million for activities worldwide, of which approximately 10% goes to the Middle East. The EIHDR functions as a unit within EuropeAid, which was established by the European Commission in 2001.[8] It is worth noting that MEDA funding is used primarily for government programming, while the EIHDR funding (the relatively insignificant sum of EUR 1.3 million for the Middle East) goes to non-governmental organizations (NGOs).[9] According to a study published by the US Institute for Peace,[10] the EU has not accorded high priority to contacts with Arab NGOs, and funding has been given only to those groups with a decidedly secular, pro-Western outlook and to apolitical organizations such as environmental groups.

The eligibility criteria used for selecting countries to receive support for economic transition and the establishment of a Euro-Mediterranean free-trade area under MEDA II included undertaking a reform programme approved by the Bretton Woods institutions (the IMF and World Bank) or implementing programmes recognized as analogous, in coordination with those institutions, but not necessarily financially supported by them, in accordance with the scope and effectiveness of the reforms.[11] At the same time, the connection between the level of democratization and reform in a country and the funding it receives is not explicit. For example, "Egypt, despite its poor record on reform, has received a disproportionate amount of aid over the years because of its critical role in the Middle East peace process".[12] Also, Tunisia is considered as a model for the partnership by several European governments, despite the clear violations of democratic processes and human rights that it consistently commits. For example, it was clear that these conditions were dismissed by French President Jacques Chirac in his press briefing during a visit to Tunisia in December 2003, when he saluted "the progress and radical changes in this country… and the efforts the Tunisian authorities have set to …modernize Tunisia".[13]

In view of the above, it is clear that the flow of aid is directly linked to the extent to which recipient countries accept and integrate policies and conditionalities imposed by the World Bank and the IMF, which are based on market liberalization approaches and the prioritization of privatization policies and the interests of multinational institutions.

It is interesting to note how the Euro-Mediterranean Partnership divides the "Arab Region"; it includes countries of the Middle East and North Africa (Morocco, Tunisia, Algeria, Syria, Lebanon, Jordan, Palestine, and Egypt) and excludes Gulf

4 Hirvonen, P. (2005). *Why recent increases in development aid fail to help the poor.* Global Policy Forum, p. 7.

5 *Ibid*, based on the US Senate Resolution 204, 5 February 2002.

6 The partnership includes eight Arab countries, in addition to Turkey and Israel, and 25 European countries. The Barcelona Process was launched in 1995 and aims at establishing a free-trade market between Europe and the Mediterranean countries by 2010.

7 EuroMed Special Feature (2001). *From Meda I to Meda II, What's New?* Issue No. 21, 3 May. Available from: <ec.europa.eu/comm/external_relations/euromed/publication/special_feature21_en.pdf>.

8 Yacoubian, M. (2004). *Promoting Middle East Democracy: European Initiatives.* Special Report No. 127, p. 4. Available from: <www.usip.org/pubs/specialreports/sr127.html>.

9 EuroMed Special Feature (2001). *Op cit*, p. 7.

10 <www.usip.org>.

11 Euro-Med financial cooperation figures. Available at the gateway to the European Union: <europa.eu.int/comm/external_relations/euromed/meda.htm#2>.

12 EuroMed Special Feature (2001). *Op cit*, p. 8.

13 Press briefing given by Mr. Jacques Chirac upon his visit to Tunisia, 4 December 2003. Available from: <ambafrance-uk.org/article.php3?id_article=4670>.

States like Iraq, among other Arab countries. Jordan has been included in the Partnership without any clear justification or criteria: the geographic aspect is not evident, nor is the cultural aspect, which is not prioritized by the partnership, nor is there any economic advantage for Jordan when considering the complementarities aspect among the southern Mediterranean countries. On the other hand, Libya was excluded from the process. The embargo imposed on Libya by the US and EU was reviewed when the Libyan leadership changed its international policy to better suit the US and EU agendas, especially in relation to its nuclear policy. Moreover, European countries that are not on the Mediterranean, such as the UK, Sweden, Finland, Belgium, the Netherlands and others, are part of the Partnership.

These questions left unanswered leave the partnership open to subjective calculations, which are often based on the interests of the European partners and not the region as a whole. This artificial geographic definition of the Euro-Mediterranean region, which is clearly driven by the geopolitical interests of European states, helps to increase the divisions between Arab countries instead of creating a more equitable playing field for all the countries involved and facilitating cooperation and coordination between them.

Although the Euro-Mediterranean Partnership has set three main tracks of action, including the issues of peace and security, economics and free trade, as well as development and cultural aspects, progress since 1995 has been concentrated on the economic aspect. Bilateral trade association agreements were signed and ratified with all the partner countries (except Syria) with the aim at creating a free trade area. It is worth noting here that the assessments of the association agreements have shown negative short-term and medium-term impacts on the southern partner countries. The Sustainability Impact Assessment Study (SIA) for the Euro-Mediterranean Free Trade Area (EMFTA), due to be established in 2010, indicates that this free trade area might generate only slight net gains in regional economic welfare, but significant social and environmental costs in the Arab nations and Turkey.[14] It is clear that without adequate economic preparedness, as well as the ability to sustain successful development policies and a stable and secure environment, governments are not able to set adequate economic and national policies that allow them to benefit from free trade agreements. Therefore, the priority from the European perspective is obviously based on their own economic and trade interests and not on building a true and sustained partnership.

Moreover, one cannot disregard the European tendencies to integrate "peace building" within the partnership, given that the new European Neighbourhood Policy includes the Mediterranean Arab countries and Israel in common plans towards the year 2010. The EU position on the Middle East peace process states that its main objective is a "two-State solution leading to a final and comprehensive settlement of the Israeli-Palestinian conflict based on implementation of the Road Map, with Israel and a democratic, viable, peaceful and sovereign Palestinian State living side-by-side within secure and recognized borders enjoying normal relations with their neighbours in accordance with UN Security Council Resolutions 242, 338, 1397, 1402, and 1515 and on the principles of the Madrid Conference."[15] However, the EU does not react to the double standards in the implementation of international laws and resolutions related to the Middle East conflict, particularly with regard to the rights of the Palestinians. It also ignores the need to introduce radical political, economic and social reforms in the region as a whole. Therefore, it is evident that the European initiative does not aim at spurring reform, but rather at buying stability and avoiding massive illegal immigration. The Barcelona Process started by focusing almost exclusively on aid and trade;[16] this is still reflected in today's European policies towards the region.

For its part, MEPI was launched in 2002 as a US presidential initiative with support from the Congress. It is operated through the US Department of State. MEPI set in motion more than 350 programmes in 15 countries of the Middle East and the occupied Palestinian territories. It works through partners that include local and international non-governmental organizations, businesses, universities, international institutions, and in some cases, the governments of the region. According to the official website of the programme, to date, the U.S. Congress has committed around USD 300 million to MEPI over four fiscal years. MEPI's funding comes in addition to the bilateral economic assistance that the US provides annually to the Middle Eastern countries.

MEPI channels funds into projects tackling four main pillars: democracy, covering democratic elections, free media, and independent judicial systems; economics, including foreign direct investment, local investments, and job creation; education, which encompasses training, improving curriculum contents, and promoting employable skills; and women's empowerment.

The US strategy was initially aimed at tackling democracy issues within the framework of the Broader Middle East Initiative. While the initiative re-divides the region and brings in Israel as part of one framework along with Arab countries, its strategy neglects the need for stability and development, and so it does not tackle core issues that could serve peace building. It maintains the bias towards Israel, and neglects the provocations caused by the Israeli occupation. It also maintains the double standards in implementing international laws, since it is obvious that many UN resolutions were forced to be respected and implemented using all tools, including military action, while others have been suspended for decades without implementation.

The Broader Middle East and North Africa Initiative – the US initiative adopted by the G8 after modifications, also referred to as the "Partnership for Progress and a Common Future" – lacks a real sense of local participation, especially from civil society organizations. Furthermore, it fails to address core issues aimed at fighting poverty and achieving development. US funding directed towards civil society organizations, unlike other foreign funding, creates a significant level of tension among these organizations in the Arab region. This is evident in certain Arab countries more than others. This situation owes to the belief by some groups that the funding received from the US does not serve the priorities set by Arab civil society groups, but leads these groups to be implementers of an agenda set according to US priorities in the region. In this context, the funding administered to civil society groups via the G8 initiative is leading towards the fragmentation of local civil society due to participation in various parallel initiatives in partnership with civil society organizations from the G8 countries. These initiatives focus on governance and transparency issues, dialogue for democracy, women's participation, judiciary reform, etc. In addition to the lack of coordination among these initiatives, local civil society groups are becoming mere implementers of policies set by the funding groups without a local and participatory consultation process. This raises issues related to the relevancy of capacities and expertise of the local civil society entities implementing the proposed programmes and activities. Consequently, it raises serious questions on the effectiveness of the outcomes and expected results of this work.

The connection of aid to militarization and terrorism

The US was the first to draw upon the connection between militarization, terrorism and aid. It imposed a condition upon countries and institutions that benefit from its aid programmes whereby the beneficiary must commit not to work with organizations and individuals that are judged by the US administration as linked to terrorism.

The EU is also linking aid to fighting terrorism, with European ministers warning countries that their relations with the economically powerful bloc will suffer if they fail to cooperate in the fight against terrorism. An EU official was quoted as saying, "Aid and trade could be affected if the fight against terrorism was considered insufficient," leading to accusations of "compromising the neutrality, impartiality, and independence of humanitarian assistance."[17] It is worth mentioning that in May 1995,

14 Martin, I., Byrne, I. and Schade-Poulsen, M. (2004). *The Social Impact of the Euro-Mediterranean Free Trade Areas: A First Approach with Special Reference to the Case of Morocco.* Routledge, Taylor & Francis Group.

15 EU's position on Middle East Peace Process, section on external relations. Official website of the European Commission: <ec.europa.eu/comm/external_relations/mepp/index.htm>.

16 EuroMed Special Feature (2001). *Op cit*, p. 8.

17 Bianchi, S. (2004) "Politics-EU: War on Terror Threatens Aid". IPS, 25 March. Available from: <www.ipsnews.net/interna.asp?idnews=23031>.

the EU developed a democracy and human rights clause governing relations with third countries that stipulated the suspension of aid and trade in the event of serious human rights violations (COM 95(216)23 May 1995).[18] In practice, these two approaches could come in serious opposition to each other, as will be explained later in this section.

The categorization used to link aid to terrorism is not based on a specific, clear and objective definition of terrorism and terrorists. It is thus of the utmost importance to call upon the United Nations to adopt a fair definition that takes into account all the factors, realities and circumstances that generate terrorism. Not only are the links between terrorism and development not fully explored or explained by the US and the EU, but also the definition currently adopted by the UN focuses on individual terrorism and neglects state terrorism; it focuses on the violation of human rights and of international and domestic laws at the individual level, but does not talk about the violation of international rights and laws by states.

What do anti-terrorism measures mean to the Arab region?

The efforts undertaken in the name of fighting terrorism in the US have included measures that are judged as restricting civil liberties and individual freedoms and thus impacting the civic and political rights of US citizens. Now, through their aid programmes, the US and EU are trying to impose counter-terrorism measures on their partners – which include the Arab countries – as "key elements of political dialogue". This was stated in the declaration that resulted from one of the EU foreign ministers meetings in Brussels in March 2004.

In the view of development and humanitarian NGOs, this could impact the EU's aid policy, as it poses the risk of aid being used as a tool in the war on terror (as stated by Howard Mollet, policy analyst at British Overseas NGOs for Development). While trying to achieve "coherence" between development policy and foreign policy, the EU is not able to guarantee clear boundaries between coherence, cooption and subordination, and there are also no guarantees that these purposes will not be financed through existing development funds. In fact, the EU has indicated that counter-terrorism concerns will be integrated into "all relevant external assistance programmes."[19] Some Arab governments with long track records of human rights violations will use the security demands of the US and the EU to continue imposing additional restrictions on individual freedoms, including freedom of association and expression, in the Arab region. The current EU and US policies bolster the ability of Arab governments to violate the basic human rights of their citizens.

On the other hand, countries such as Turkey, Jordan, Pakistan, Indonesia and the Philippines, which are considered critical in the "war on terror", have seen significant increases in credits and aid from the US, some of it from the Economic Support Fund (ESF), a category of security assistance used during the Cold War to give support to key geopolitical allies.[20] The increases in military and ESF funding come largely at the expense of humanitarian and development assistance, whose core programmes, such as education and child and maternal health, were estimated to be reduced by about USD 400 million in 2005, according to a budget analysis by Inter Action, a coalition of 160 US relief and development groups.

All these measures are being implemented with little attempt to examine the root causes of terrorism and the factors that generate it. This will never lead to winning the war against terrorism. Moreover, reducing social and economic aid will exacerbate the lack of basic necessities and increase poverty, which is a main factor behind criminality, delinquency and terrorism.

Aid and relations with Israel

For the United States, the concept of "opening up" (to neighbouring countries) goes hand in hand with a resolution of the conflict with Israel. Relations with Israel are an indicator for relations with the rich and "civilized" world. Following their peace agreements with Israel, economic aid to Egypt and Jordan increased dramatically. Israel and Egypt remain the largest bilateral recipients, accounting for nearly USD 5 billion in aid. It is worth noting that most of the USD 3 billion earmarked for Israel goes to military credits.[21]

In the Palestinian case, in the context of negotiations for an "agreement at all cost", Palestinian moderation is rewarded with a great many promises, but only trickles of support. This has created an atmosphere of intimidation and doubt following any attempt for an independent position on the peace process.[22] The double standards and subjectivity of aid processes and mechanisms were clearly reflected after Hamas was democratically elected by the Palestinian people, with the US and EU threatening to stop the flow of aid to Palestine due to these election results. Although the US has always claimed to be a champion of democracy, the Palestinian elections did not gain its recognition due to the obvious conflict between Hamas and Israeli interests.

The 2007 foreign aid bill approved by the US House of Representatives Appropriations Committee includes USD 2.46 billion for Israel, of which USD 2.34 billion goes to military aid and the rest to civilian aid. US aid for Israel is calculated according to a formula set in the late 1990s, which aims at eliminating US civilian aid to Israel. This is based on the assumption that the US Congress would not support civilian aid for long to a country with a developed economy like Israel's. Under this formula, US military aid for Israel would increase by USD 60 million a year to a ceiling of USD 2.4 billion a year, beginning in 2009. Israel will receive its last USD 60 million of US civilian aid in the 2008 US fiscal year. Egypt will be receiving the second largest aid amount from the US, totalling USD 1.7 billion, of which USD 1.3 billion is earmarked for military purposes. It should be noted that the US House of Representatives, whose foreign aid will total USD 23.1 billion in 2007, will dedicate the limited amount of USD 3.4 billion to fight AIDS, tuberculosis and malaria; USD 522 million for stabilization efforts in Iraq; and USD 962 million for Afghanistan.[23]

The impact of the aid flow as currently managed

The Monterrey Conference placed equal stress on three pillars that serve financing for development: (1) more free trade, including foreign direct investment, but with a more democratic, transparent and fair trading system; (2) more aid, with the main focus on the quality of aid and on non-conditional, non-tied official development assistance; and (3) sustained debt relief. However, through a quick analysis of the aid policy towards the Arab region, one can easily conclude that it is highly linked to strategically calculated political decisions, and focuses on enhancing free trade, which remains one of the main objectives for any aid channelled to the region. This aid policy is hardly conducive to development, because trade alone cannot guarantee growth and sustained development. The trade policies conducted by the US and the EU do not reflect any serious willingness to help developing countries, since they insist on subsidizing their own agricultural sectors, misusing antidumping measures, abusing intellectual property rights, and modifying the rules of trade in services. This was reflected in the trade negotiations at the successive WTO ministerial and mini-ministerial meetings in Doha, Cancun, Hong Kong and Geneva. Moreover, the economic reforms being tied to much of the ODA flow are perceived by different governmental stakeholders and decision makers – from the international financial institutions to local governments – as a matter of economic and trade liberalization and more privatization. This assumption highly limits the role of the state in economic regulation and reduces the available policy options. It also shrinks social reforms to the mere establishment of safety nets to face the negative effects resulting from

18 EuroMed Special Feature (2001). *Op cit*, p. 4.

19 Bianchi, S. (2004). *Op. cit.*

20 Lobe, J. (2004). "US Foreign Aid Budget Takes on Cold War Cast". IPS, 3 February. Available from: <www.ipsnews.net/interna.asp?idnews=22232>.

21 Shah, A. (2006) "The US and Foreign Aid Assistance". Global Issues that Sustain Everyone, Sustainable Development. Available from: <www.globalissues.org/TradeRelated/Debt/USAid.asp#AidisActuallyHamperingDevelopment>.

22 Abou Chakra, S. (December 2005). "Alternative Priorities". Paper prepared for the ANND as a contribution to the *Annual Report on the Reality of Aid Security, Development, and Cooperation.*

23 This paragraph is based on the article "US aid for Israel USD 2.46 billion in 2007", *Globes Online, Israel Business Arena*, 28 May 2006. <www.globes.co.il>

these economic reform policies. Furthermore, ODA is increasingly being conditioned by the "war on terror", and the reaction to the results of the elections in Palestine is an interesting example. Finally, the debt issue was never seriously negotiated; it remains, as in the case of Lebanon, a way to exert more conditionalities towards liberalization and privatization.

The United Nations General Assembly repeatedly stressed the inter-linkage between security, development, and human rights at the September 2005 World Summit. The correlation between security and development is the basic principle of modern political and sociological thought. Problems of security and development can only be tackled together, in a comprehensive effort to face conditions that, on one hand, cause stability and instability, and, on the other, stimulate or hinder development.[24]

The areas into which aid is being channelled by the donor community overlap with several areas that civil society organizations in the Arab region are working to promote and strengthen, such as good governance, freedom of expression, sound electoral systems, the independence of the judiciary, and the empowerment of women, among others. However, the surrounding environment being enhanced by the donor countries themselves is hampering the process of change in the Arab region. Three main factors have a direct and negative effect on the impact achieved by aid flows for the purposes of financing for development in the region. These are:

- The double standards of the US and the EU with regard to the UN resolutions and the 2004 International Court decision[25] addressing the rights of the Palestinian people. Moreover, Israeli nuclear weapons remain a taboo subject, while insecurity in the region and tendencies towards militarization and strengthening defence policies persist.
- The link between aid and terrorism is weakening the ability to sustain an efficient and effective flow of aid based on the national needs of recipient countries, and not on the foreign policy demands of the rich donor countries. This approach is also providing new justification for the prioritization of defence and security policies at the expense of development and social security, which has long been the main dilemma in the Arab region.
- The undemocratic regimes in the Arab region, which continue to repress freedoms, violate rights, and limit the space of civil society organizations, are continuously being supported by various donor countries for reasons related to energy and oil sources or the military bases located in several Arab countries.[26]

No efforts will genuinely help the region unless the rights of all peoples are protected in accordance with international conventions, laws, and UN resolutions. Change requires the introduction of radical reforms at different levels: political, economic, social and cultural. In order for any reform agenda to be effective, it must be comprehensive and take all of these dimensions into consideration These reforms should be aimed at establishing regimes that respect human rights and democracy and adopt policies leading to social justice. From the perspective of Arab civil society organizations, there is no opposition to any initiative calling for democracy and respect of human rights. Peace, security, and adequate socio-economic policies in addition to democracy and human rights would be the main factors needed for their success. Moreover, change requires the implementation of a fair and comprehensive solution for the Palestinian-Israeli conflict and a real and effective end to any form of foreign occupation in Iraq.

Ideally, aid should complement local development plans. This requires addressing "national" obstacles hindering these plans, such as lawlessness, the absence of democracy, and the prevalence of corruption, in addition to the lack of expertise and scarcity of technology. If conditionalities were related to issues such as the freedom to vote, the right to free expression and association and the independence of the judiciary, rather than privatization and the removal of subsidies that support basic services, then the aid regime could become the developmental lever needed by poor countries. Local development plans should answer the needs of the majority of the population that lives below the poverty line in most countries of the region. Foreign aid for these plans will contribute to raising the living standards of real people, and not merely raising general economic indicators that only actually benefit a minority in the upper classes, mainly because of the lack of a fair redistribution of wealth. It is essential to stress that foreign aid should be aimed at poverty reduction policies, and this will depend on the harmonization of the policies, practices, and procedures of the development assistance agencies, as well as on national public capacities to absorb, manage and distribute this aid.

For its part, civil society can play a crucial role in the process of reforming aid mechanisms, guaranteeing their outreach, and making them more responsive to local and national needs, and therefore more sustainable within the development policies of developing countries. ■

24 See reference 20.

25 The International Justice Court issued a statement in 2004 concerning the construction of the separation wall by Israel. It was stated that the wall is a main obstacle for economic, social, and human development in the occupied Palestinian territories. Moreover, it causes humiliation among Palestinians, generating more tensions and increasing insecurity and instability.

26 These undemocratic behaviours of the Arab governments are generating more corruption and contributing to the misuse of the aid flow. The lack of transparency and accountability are the direct reasons behind the lack of responsibility.

What if developing countries could finance poverty eradication from their own public resources?

Global Policy Forum Europe
Jens Martens [1]

For decades development cooperation has been based on the assumption that countries of the global South need to be *helped* in their development with monies coming from the rich North. A symbol of this "partnership" (a euphemism for what are too frequently paternalistic donor-recipient relationships) is the 35-year-old unfulfilled promise by developed countries to allocate 0.7% of their gross domestic product (GDP) to official development assistance (ODA).[2] Since the time this pledge was made, the discourse about development financing has concentrated on the question of how to mobilize more money for the South, whether through an increase in ODA or through new financial instruments like global taxes.

Yet, however useful, "aid" is not the solution. It is not sufficient and, in the long term, Southern countries can only overcome their dependency on rich donors when their governments are able to mobilize enough domestic resources to guarantee universal access to reasonable quality essential public goods and services. New perspectives are needed.

The basic starting points for achieving this goal include, among others, an effective tax system that enables governments to raise the necessary resources, and transparent and democratic ("participatory") budgets that focus on the financing of key development tasks. The most urgent of those tasks are outlined in the so-called Millennium Development Goals (MDGs), and they address issues such as education, health, nutrition, safe water provision and social security.

However, up to now the mobilization of domestic resources and the strengthening of fiscal policies for the purposes of poverty eradication and social redistribution has been met by several internal and external obstacles.

Billions lost through tax evasion

Southern countries lose billions of dollars of potential income every year. Some of the main causes of those *leaks* are the following:

- Ineffective tax systems fail to reach landowners, foreign corporations and wealthy individuals. This comes hand in hand with a corrupt financial administration that is not in a condition to actually stop tax revenue from falling.
- Through tax cuts and frequent tax exemptions for foreign investors, developing countries forego revenues without ensuring the corresponding development benefits of the investments thus promoted. This is particularly true in the more than 3,000 currently existing export processing zones (sometimes called "special economic zones"), where workers' rights and environmental regulations are frequently abolished. The competition to attract foreign investment becomes a "race to the bottom" in tax terms. Transnational corporations profit from this practice, but the local populations seldom see the benefits.
- The globalization of corporate activities allows firms with a transnational presence to manipulate the prices of their internal transactions so that the profits are accounted for in the countries where the taxes are lower, in a move known as "transfer pricing". While markets and production are globalized and money can circulate around the world in seconds, tax policy is confined within national borders.
- Even countries with properly functioning tax systems lose billions of dollars every year due to capital flight to tax havens.
- Finally, the pressure towards trade liberalization and tariff reduction deprives many countries in the South of vital income. In Africa in particular, customs revenues provide an important percentage of government income. Dropping tariffs and providing no replacement leaves a gap in the budget.

The resources that are actually lost through capital flight, tax avoidance and tax fraud can only be estimated, as there are no official statistics on these phenomena. The dimension of the problem, however, can be assessed from the following figures:

- If low-income countries were to revise their taxes, strengthen their financial administrations and abolish tax exemptions for transnational investors so that the proportion of public revenues within gross domestic product (which was 12.0% in 2003) was brought to the average level of the rich countries (25.7% in 2003), their governments' income would increase by approximately USD 140 billion per year.[3]
- The tax income of the developing countries would increase by over USD 285 billion per year if the informal economy could be integrated completely into the formal economy and taxed accordingly. Even if this is unrealistic, partial integration would already bring in many billions in additional income.
- Manipulating the accounting of the prices of intra-firm transactions or falsely declared import or export prices led to shortfalls in revenue of USD 53 billion in one year in the USA alone. For developing countries no numbers are available so far, but the tax losses for public budgets are considerable in any case.
- On a worldwide level, capital flight to tax havens results in losses to governments of an estimated USD 255 billion a year due to uncollected income and property taxes. Of this total, roughly 20% – or approximately USD 50 billion – would most likely correspond to the countries of the South (Cobham, 2005a, p. 10).

In contrast to these numbers, the United Nations Millennium Development Project has estimated that in order to achieve the MDGs, low-income countries should be spending USD 180 billion in 2006 on essential services, or USD 43 billion more than in 2002. Those domestic expenditures would still need to be supported by an increase in ODA by USD 73 billion (between 2002 and 2006). Thus the fulfilment of the MDGs requires both a substantial increase in development assistance and substantial additional tax revenues in the countries of the South. In other words, only if the tax loopholes are plugged and tax evasion is drastically reduced in the countries of the South can the MDGs still be achieved.

Nevertheless, functioning tax systems, the reduction of capital flight and the effective taxation of the rich elites and transnational corporations do not guarantee that governments will actually use the additional revenues for the fight against poverty and the development of their countries. And that is because parallel to the obstacles on the income side, there are various problems on the expenditure side which can prevent the use of public revenues in a way that actually contributes to development.

Reallocation in budgets would bring in billions for social development

Many governments of the South do not spend a substantial portion of public income on measures that fight poverty. Instead, a major part of the usually meagre public revenues flow into debt servicing,

1 The author is Executive Director of Global Policy Forum Europe.

2 Resolution A/RES/2626 (XXV) of the UN General Assembly (1970).

3 For the poorest countries, however, in which the majority live at the margins of minimum acceptable standards of living, an increase in the proportion of tax revenues within GDP to the level of the industrialised countries is hardly probable.

into subsidies that do not help development and harm the environment, and into military budgets. This is partially due to the pressure from foreign creditors (including the IMF and World Bank) or hostile neighbour states. But part of the responsibility for the misuse of resources lies with the governments of these countries themselves. The sums at stake are enormous:

- In 2004 the governments of Africa, Asia, Latin America and the CIS (former Soviet Union) spent USD 333.7 billion on servicing their foreign debts.
- The subsidies of non-OECD countries to agriculture, water, energy, forestry, fishery and other environmentally relevant sectors have been estimated at USD 340 billion per year.
- The annual military expenditure of the countries of the South reached a volume of USD 193 billion in 2004.
- At the same time, public expenditures on education and health remain stagnant in many developing countries. Costs are being transferred, particularly in the area of health, from the public to private budgets. This affects the poor above all.

A reform of government budgets would set billions free for poverty eradication and social development programmes. The cost estimates of the implementation of the MDGs entail that public budgets for essential services must more than double between today and 2015. This can only be possible in the countries of the South if, along with higher tax income, they also reduce their debt service payments, cut harmful subsidies, and lower their military expenditure. The possibility of reforming the resource allocation in the national budgets of developing countries should not however obscure the fact that in the budgets of the rich countries there are far larger possibilities of savings and better utilization of funds. Some USD 725 billion per year is spent on subsidies, which are problematic for both social and environmental reasons. The military expenditure of the rich countries was USD 842 billion in 2004, which is more than four times greater than the defence budgets of all of the countries of the South put together. The Bush administration spends USD 10 billion *per month* on the war in Iraq and Afghanistan alone, more than what the United Nations and all their development programmes and funds spend in an entire year.

Steps toward global tax justice and eco-social fiscal reforms

In recent years, NGOs, social movements and international expert committees have formulated comprehensive recommendations for global tax justice and eco-social fiscal reforms. Realizing these requires a paradigm shift in the international discourse on development financing and the implementation of the MDGs, which lies along the following lines:

1. *Build efficient and fair tax systems*. A basic condition for the strengthening of public revenues is a broadly based tax system. The rich and the large landowners should pay more. Capital and resource consumption should be taxed more than labour. A flat value added tax is regressive and burdens the poor. The governments and parliaments of the countries concerned carry the responsibility for undertaking this kind of tax reform. Development cooperation should actively support these reforms through capacity building and technical assistance.

2. *Strengthening of tax administration and public financial management*. A tax system is only as effective as the administrative machinery that implements it. In many countries such tax administration still needs to be built, or at least strengthened. This involves the legal framework, the staff and the technical infrastructure. Only in this way can the untaxed shadow economy be reduced, tax avoidance overcome and tax evasion prevented. Development cooperation can provide crucial technical and financial support here.

3. *Effective taxation of transnational companies*. Tax exemptions or tax incentives for transnational investors in export processing zones are counterproductive in this regard. They should be abolished, if possible in an internationally coordinated way (see below). Furthermore, laws against manipulative transfer pricing should be introduced and the necessary technical capacities must be created. In view of the rapid technological development, international support and cooperation are urgently necessary here.

4. *Tax compliance as part of corporate responsibility*. The debate on corporate social responsibility and accountability has concentrated so far on fundamental environmental and social standards, human rights and corruption. Taxation questions have so far played a minimal role in this debate. Only the OECD Guidelines for Multinational Enterprises demand in chapter X: "It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. In particular, enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations. This would include such measures as providing to the relevant authorities the information necessary for the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle." These norms should apply to all corporations, particularly those participating in the UN-promoted Global Compact. A company that evades taxes through accounting tricks should not be labelled as "socially responsible".

5. *Binding rules on the transparency of payment flows*. Taxes and royalties from foreign investments in the oil, natural gas and mining sectors are of great importance to commodity-rich countries. These taxes are frequently not published by the governments nor by the companies involved. But lack of transparency facilitates corruption and tax evasion. Since the disclosure of information could create a competitive disadvantage to an individual company, it does not make sense to rely on voluntary initiatives, and governments should make it mandatory for a corporation quoted on the stock market – in particular oil and mining firms – to disclose all information about the taxes and royalties they pay, as well as fees and other financial flows between them and public institutions in all countries.

6. *Fight against corruption and bribery*. In order to reduce the losses due to fraud, corruption and bribery, stronger rules and procedures are necessary both in the countries concerned and at the international level. The United Nations Convention Against Corruption plays an important role here. It came into force on 14 December 2005 and has been signed by 140 countries and ratified by 60 (as of August 2006). It must now be ratified as rapidly as possible by more countries and then converted into national law. A monitoring mechanism needs to be established in order for the Conference of States Parties to be able to examine its implementation country by country.

7. *Strengthening international tax cooperation*. The success of national tax reforms depends on improved international cooperation between governments, since the freedom of transnational capital movement limits the possibilities of success of a government acting alone. In the global tax race to

the bottom, governments that compete alone in this race are inevitably the losers. In contrast, a better coordinated tax policy would benefit the large majority of countries (with the exception of some of the more aggressive tax havens).

8. *Improved information exchange among revenue offices*. A first step in the fight against tax evasion would be the introduction of an automatic information exchange between revenue offices and the different countries in which an investor operates. Countries and territories which are not prepared to participate should be properly sanctioned by the United Nations.

9. *Introduction of an international minimum tax on corporate profits*. A minimum of harmonization and a new basis for taxing corporations are necessary in order to counteract the harmful tax competition to attract foreign investors. Different principles can be put into practice, such as, for example, the principle of "unitary taxation" or the universal application of the residence principle. The introduction of a minimum tax on corporate profits or a special tax for transnational companies would be politically meaningful, but it requires a harmonization of the tax systems.

10. *Establishment of an international tax organization*. As of now there is no intergovernmental forum on a global level to deal with questions of taxation. The OECD carried out pioneer work with its activities against harmful tax competition, tax havens and manipulated transfer prices. However, the activities against tax havens are at best moderate and the countries of the South are not equal partners in the OECD. In order to close this global governance gap, the creation of an International Tax Organization was proposed in 2002 by the Zedillo panel in its report in preparation for the Monterrey Conference on Financing for Development. So far it has only succeeded in upgrading the United Nations ad-hoc committee of tax experts into the Committee of Experts on International Cooperation in Tax Matters in 2004. Further steps toward an intergovernmental tax forum under the auspices of the United Nations are still pending.

11. *No more pressure to liberalize in international trade negotiations.* As long as the budgets in many countries, particularly in Africa, depend on customs revenues, forced trade liberalization leads to substantial income losses. The governments of the affected countries cannot compensate for these cuts in the short term. The European Union and the USA should therefore stop pressuring these countries to reduce their tariffs in the negotiations of the World Trade Organization or in regional or bilateral trade agreements. Instead, the countries concerned (in accordance with the principle of "Special and Differential Treatment" for poor countries) should be able to determine the speed and the range of further liberalization steps independently.

12. *Abandon flawed fiscal policy conditionalities*. The IMF usually demands indebted countries to reduce their public expenditures and privatize public services, such as water provision, for example. At the same time, it requires the reduction of tariffs and the uniform introduction of the value added tax to compensate for the income losses. The neoliberal policies of the IMF have been weakening the income basis and thus the political space of governments and have contributed to the increased gap between rich and poor in many countries. The IMF and other donors should draw the proper conclusions from these experiences and abandon this interference into the fiscal policy of recipient countries. At the same time, a comprehensive independent evaluation should assess the concrete consequences of the interventions of the IMF and World Bank on the budgetary policy of individual countries of the South.

13. *Debt sustainability should depend on ability to reach the MDGs*. In many countries substantial parts of the national budget must be used for debt servicing and are therefore not available for the fight against poverty and the financing of the MDGs. An independent evaluation of the sustainability of the debt of these countries is urgently needed to replace the notoriously unreliable evaluations of the IMF and World Bank. The UN Secretary-General demanded in his report to the Millennium+5 Summit in 2005 that debt sustainability be defined in such a way that a debtor country has to service its debt only after having secured the resources needed to achieve the MDGs. Domestic indebtedness of the state has to be considered in this regard together with the external debt.

14. *Eliminate harmful subsidies - also in the South*. Every year subsidies devour several hundred billion dollars in the countries of the South. A huge part of them serve environmentally or socially damaging purposes, such as financial incentives for transnational companies or the lowering of oil prices. In the context of an eco-social fiscal reform, such subsidies must be diminished. Development cooperation can promote this process, for example, by providing support for the introduction of energy-saving technologies.

15. *Reduce military expenditure and strengthen peacebuilding*. Large sums for expenditure on education and health could be freed up by the reduction of the military budget in many countries. A condition for this, however, is stronger support for these countries in the context of civilian conflict prevention, peacekeeping and peacebuilding measures. The new UN Peacebuilding Commission can play an important role, if it is equipped with the necessary financial resources. At the same time, the largest weapons-producing countries (in particular the five permanent members of the Security Council) have a responsibility to improve the regulation and control of their arms exports and to support a global arms trade treaty.

16. *Transparent budgets and gender budgeting*. Free access to all budget information and effective controls (e.g. by audit offices) are basic conditions in order to increase the accountability of governments in the use of public funds. Only in this way can it be guaranteed that additional public revenues are actually used for the purposes of the fight against poverty and the implementation of the MDGs. Governments should therefore ensure the effective participation of civil society in budgetary planning, especially in the context of national strategies for the implementation of the MDGs. With the help of gender budgeting analysis it should be determined in particular whether and to what extent governments comply with their commitment to promote gender equality. Similarly, it should be determined if budgets comply with the obligation for the fulfilment of economic, social and cultural human rights.

17. *Budget support.* The provision of ODA in the form of direct budget support can strengthen the institutions and the political responsibility (and *ownership*) of the recipient governments. In this way, transaction costs can be reduced, "projectitis" overcome, and donor coordination improved. Budget support is only meaningful, however, if the criteria of transparency specified above are fulfilled, if citizens have a democratic say, and if independent control of the utilization of funds is ensured. In addition, the capacities must be present for the effective use of the additional budget resources, or they should be built. Finally, it must be guaranteed that budget support is assured on a long-term basis, so that the recipients can plan their budgets

with the certainty that the funds will be available, and are not bound to harmful political conditionalities.

The implementation of this and further steps to global tax justice and eco-social fiscal reforms will not be easy and can only result from social and political mobilization. Although the majority of the population will benefit from the outlined reforms, they will adversely affect those who are the beneficiaries of the present system. These include corrupt elites in some countries of the South as well as wealthy individuals who place their fortunes in tax havens and those transnational companies that maximize their profits through manipulative transfer pricing and production outsourcing in export processing zones. On the other side of the spectrum stand many millions of people whose living standards would improve noticeably through increased government expenditure on public education and health care, active social policies and more national investments in public infrastructure. Whether the necessary paradigm shift in international economic, financial and development policy takes place will depend considerably on the pressure exerted by civil society groups, particularly in the face of the political influence wielded by powerful lobbyists acting on behalf of the wealthy and the transnational corporations who benefit from the current status quo. With civil society campaigns and networks, such as the Tax Justice Network, Publish What You Pay, and the initiatives on participatory, gender and human rights budgeting, the first important steps toward this direction have been made. ■

Suggested reading

Baker, R.W. (2005). *Capitalism's Achilles Heel. Dirty Money and How to Renew the Free-Market System*. Hoboken: Wiley.

Baunsgaard, T. and Keen, M. (2005). "Tax Revenue and (or?) Trade Liberalization". Washington DC: IMF. IMF Working Paper 05/112.

Christian Aid (2005). *The Shirts off their Backs – How Tax Policies Fleece the Poor*. London: Christian Aid.

Cobham, A. (2005a). "Tax evasion, tax avoidance and development finance". Oxford: Queen Elizabeth House. QEH Working Paper Series.

Cobham, A. (2005b). "Taxation Policy and Development". Oxford: Oxford Council on Good Governance. OCGG Economy analysis No. 2.

Epstein, G.A. *et al.* (2005). *Capital Flight and Capital Controls in Developing Countries*. Cheltenham UK: Edward Elgur Publishing.

Giegold, S. (2003). "Steueroasen: trockenlegen! Die verborgenen Billionen für Entwicklung und soziale Gerechtigkeit heranziehen". Hamburg: VSA-Verlag. AttacBasisTexte 4.

International Monetary Fund (2005). *World Economic Outlook 2005*. Washington, D.C.: IMF.

Liebert, N. (2004). *Globalisierung, Steuervermeidung und Steuersenkungswettlauf – Die zunehmende Umverteilung von unten nach oben*. Berlin: weed.

Murphy, R. (2005). *Fiscal Paradise or Tax on Development? What is the role of the tax haven?* London: Tax Justice Network.

OECD (2005). "Environmental Fiscal Reform for Poverty Reduction". A DAC Reference Document. Paris: OECD.

OECD (2001). *Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations*. Paris: OECD.

Shultz, J. (2005). *Follow the Money. A Guide to Monitoring Budgets and Oil and Gas Revenues*. New York: Open Society Institute.

Tax Justice Network (2005a). *Tax us if you can*. London: Tax Justice Network.

Tax Justice Network (2005b). "The Price of Offshore". London: Tax Justice Network. Briefing Paper.

UN Millennium Project (2005). "Investing in Development. A Practical Plan to Achieve the Millennium Development Goals". New York. Available from: <www.unmillenniumproject.org>.

World Bank (2006). *World Development Indicators*. Washington, D.C.: World Bank.

MEASURING PROGRESS

Ensuring basic capabilities, an essential task for development

…the ideal of free human beings enjoying freedom from fear and want can only be achieved if conditions are created whereby everyone may enjoy his economic, social and cultural rights, as well as his civil and political rights…

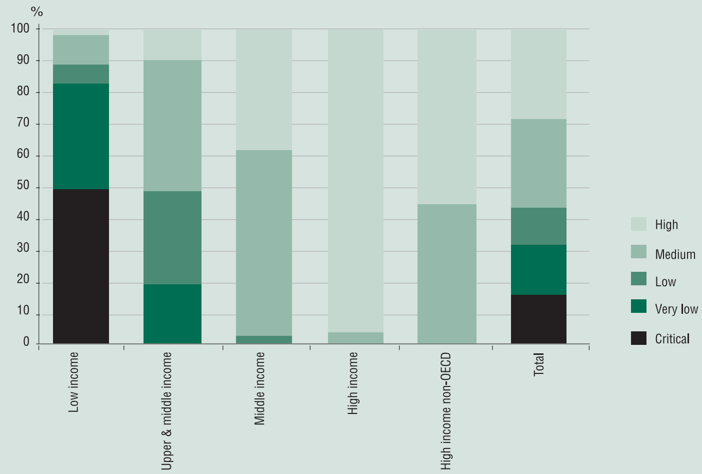
Preamble of the International Covenant on Economic, Social and Cultural Rights

Social Watch Research Team[1]

The multiple dimensions of the notions of development and poverty imply taking into consideration a very large set of elements in order to evaluate the degree in which a country or community progress toward the well-being of their population. However, minimum basic capabilities have to be met in order to stride toward that goal. Those requirements are associated to capabilities that members of a society must have and that are reciprocally strengthened in order to enable their individual and collective performance. They refer, especially, to the capabilities achieved by their younger members, who are the driving force in the future of their countries.

Social Watch has developed the Basic Capabilities Index (BCI)[2] as an approach to measure poverty and well-being based solely on capabilities.[3] Each of its three indicators (percentage of children enrolled in first grade that reach 5th grade, malnutrition in children under 5, percentage of deliveries attended by skilled health personnel) express results in different dimensions of the human condition included in the development goals (education, children's health and reproductive health). The BCI as a summary-measure is able to summarize, in general, the sanitary status and the basic educational performance of a population. Also, it has shown it is highly correlated with the measure of other human capabilities related to the social development of countries.

SATISFACTION OF BASIC NEEDS: A REFLECTION OF WEALTH INEQUALITIES AMONG COUNTRIES



The level of satisfaction of basic needs clearly shows the inequalities in wealth among countries, measured through the Gross National Income (GNI) per capita.

Half of the countries with the lowest level of income[1] are in the most critical situation in satisfying their basic capabilities. Furthermore, none of the countries with *Very Low* or *Critical* BCI rankings are above the middle low income level.

In the other end, only high income countries belonging to the Organization for Economic Cooperation and Development are almost completely in the highest BCI category, with the full or almost full satisfaction of their basic capabilities. Meanwhile, the remaining high income countries are close to satisfying their basic capabilities, ranking all of them in the two higher BCI categories. In short, among high income countries the level of unsatisfied basic needs is minimum or inexistent.

However, some low income countries have achieved a *Medium* or even *High* BCI ranking. Almost 15% of those countries are placed in the category with the highest satisfaction of capabilities, showing that overcoming a population's basic needs is possible beyond the wealth of those countries. ■

1 World Bank country classification by GNI per capita.

Through this index it is possible to assign a value to each country that ranks them in relation with the other countries.[4] This ranking was possible for 162 countries.

Likewise, with the goal of analysis, the countries were grouped in categories with similar conditions in relation to the degree of satisfaction of these basic capabilities. The most serious situations are concentrated in countries with *Critical BCI*. In the *Very Low BCI* category are countries that also show very significant obstacles to achieving the well-being of the population. Countries with *Low BCI* are at an intermediate level in the satisfaction of basic capabilities and their performance varies in some development dimensions.

The countries that have progressed to meet most or all of their population's basic capabilities are in the

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

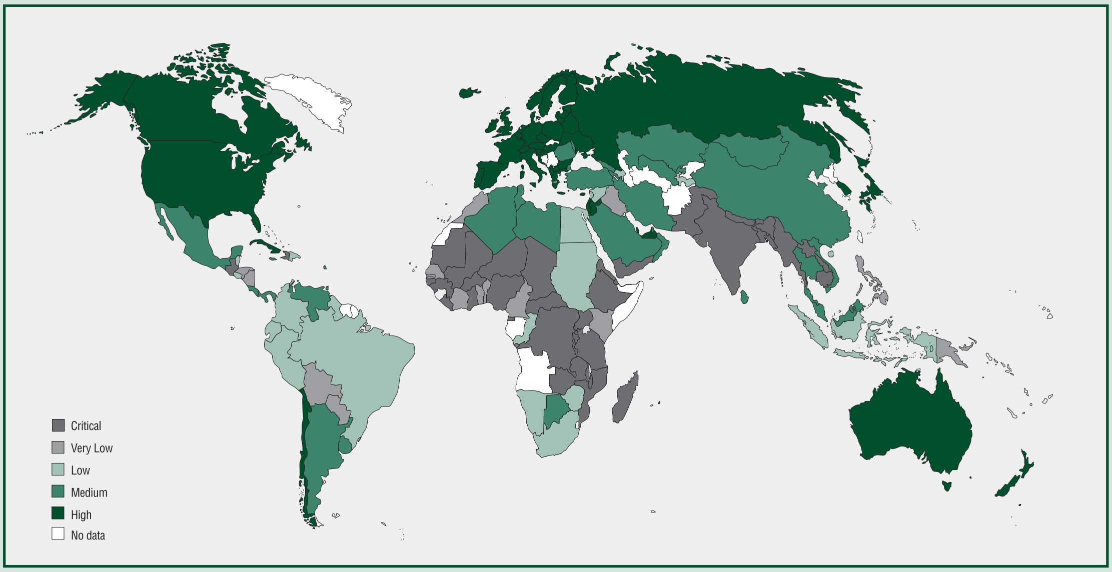
2 The BCI is originated in the Quality of Life Index developed by the non-governmental organization Action for Economic Reforms-Philippines, which was derived from the Capability Poverty Measure (CPM) proposed by Professor Amartya Sen and popularized by the United Nations Development Programme Human Development Index (HDI).

3 In contrast with the HDI, which combines capability indicators with income measurements.

4 All the statistics tables in this Report include the BCI ranking in the row "BCI ranking (out of 162 countries)".

GEOGRAPHY ACCORDING TO THE BCI

Sub-Saharan Africa and South Asia are the two regions with the highest concentration of basic needs



More than 7 in every 10 countries with a *Critical BCI* belong to sub-Saharan Africa. This region and South Asia make up 88% of the countries with highest basic needs (*Very Low BCI*).

From a regional perspective, South Asia and sub-Saharan Africa are the areas in the world with the largest percentage of countries in the lowest BCI categories (four of the South Asian countries are in the *Critical* level and two of them rank in the *Very Low* level).

In the sub-Saharan region, half the countries are in the *Critical* level and 36% are at the *Very Low* level in the BCI.

In an intermediate situation are some regions in which there are countries with very diverse behaviours. In Latin America, 11 of the 31 countries with available information have a *Low* or *Very Low* level in the BCI, all of them in Central America and the Caribbean. Only Chile ranks among the *High* BCI level countries.

Among the East Asia and Pacific countries, five belong to the *Critical* or *Very Low* BCI, while four reach the *High* values in meeting their basic capabilities.

The Northern Africa and Middle East region also has countries with diverse performances. Although four countries have *Very Low* or *Critical* levels, five are in the group of higher BCI level.

More uniform is the performance of Central Asia, where the five countries with available information have *Low* or *Medium* BCI values.

In Europe and North America, the BCI shows *Medium* and *High* values for all of the countries with available information. ■

two categories with higher BCI values (*Medium* and *High BCI*). However, belonging to these groups does not imply a high level of development, but rather meeting the minimum essential requirements in order to progress towards higher levels of well-being.

In the *High BCI* group are the most developed countries and those without major problems to guarantee the satisfaction of the aforesaid capabilities.

The BCI, a summary indicator for the multiple dimensions of development

The BCI is a summary index that efficiently ranks countries according to the basic dimensions usually associated to social development – and present in the goals pledged by the countries in their international commitments. Each country's ranking in the BCI categories is closely related to the ones obtained as a summary of the current situation in the various areas of development that Social Watch analyzes based on a wider set of specific dimension indicators.[5] In each one, the situation improves in average as the countries rise in the BCI ranking.

The BCI's usefulness arises from an efficient identification of countries in more critical situations, enabling a viewing of their situations in relation to their stages of development. According to the analysis shown in the following chapters, it is clearly visible that the group of *Critical BCI* countries have, in average, extreme insufficiencies in all of the social development dimensions assessed by Social Watch. This behaviour explains that the majority of these countries belong to the groups of "worse relative situation" in each of the areas under study. ■

5 Food security; Health; Reproductive Health; Education; Public Expenditure; Information, Science and Technology; Water and Sanitation, and Gender Equity. The tables in this Report assess countries according to the average performance of the set of specific indicators in each development dimension, ranking them among four categories: Countries in a better relative situation within the area, Countries above average, Countries below average, Countries in worse relative situation. For more details on this ranking, see the Methodology section in this Report.

Basic Capabilities Index (BCI) by country*

CRITICAL LEVEL	PLACE	BCI	VERY LOW LEVEL	PLACE	BCI	LOW LEVEL	PLACE	BCI	MEDIUM LEVEL	PLACE	BCI	HIGH LEVEL	PLACE	BCI
Chad	162	47	Myanmar	136	70	Bolivia	110	80	Kuwait	92	90	Trinidad and Tobago	45	98
Ethiopia	161	49	Togo	135	70	Ecuador	109	81	Suriname	91	90	United Arab	42	98
Rwanda	160	52	Cameroon	134	70	Guyana	108	81	Belize	89	90	Ukraine	42	98
Bangladesh	159	53	Côte d'Ivoire	133	71	Paraguay	107	82	Cape Verde	89	90	Jordan	42	98
Niger	158	55	Burkina Faso	132	71	Gabon	106	82	Botswana	88	90	Bulgaria	41	98
Nepal	157	56	Guatemala	131	72	Cook Islands	105	82	Viet Nam	87	91	Italy	40	99
Burundi	156	56	Honduras	130	73	Tajikistan	103	83	Panama	86	92	Latvia	37	99
Lao PDR	155	58	Comoros	129	73	Azerbaijan	103	83	Mexico	85	92	Barbados	37	99
Equatorial G	154	59	India	128	73	Indonesia	102	84	Turkey	83	92	Belarus	37	99
Cambodia	153	59	Nicaragua	127	73	Peru	101	84	Grenada	83	92	Hungary	35	99
Pakistan	152	60	Benin	126	73	Dominican Republic	96	85	Brazil	82	92	Lithuania	35	99
Guinea-Bissau	151	60	Tanzania	125	74	Vanuatu	99	85	China	81	93	Croatia	33	99
Mozambique	150	61	Senegal	124	74	Namibia	98	86	Iran, Islamic Rep.	80	94	Mauritius	33	99
Yemen	149	61	Zambia	123	74	Syrian Arab	97	87	Tonga	79	94	Slovenia	32	99
Malawi	148	63	Papua New Guinea	122	75	South Africa	96	87	Georgia	78	94	Estonia	28	99
Uganda	146	63	Iraq	121	75	Marshall Islands	95	88	Palau	77	94	Cuba	28	99
Nigeria	146	63	Mauritania	120	76	Egypt	94	88	Albania	76	94	Australia	28	99
Liberia	145	64	Zimbabwe	119	77	Colombia	93	89	Dominica	75	94	Canada	28	99
Madagascar	144	65	Swaziland	118	77				Malaysia	73	94	France	26	99
Mali	143	66	Philippines	117	78				Jamaica	73	94	Czech Republic	26	99
Ghana	142	66	Sao Tome and Prin.	116	78				Venezuela	72	94	Bahrain	25	99
Eritrea	141	67	El Salvador	115	78				Mongolia	70	95	Chile	22	99
Guinea	140	67	Djibouti	114	79				Tunisia	70	95	Poland	22	99
Bhutan	139	69	Maldives	113	80				Algeria	69	95	United States	22	99
Gambia	138	69	Morocco	112	80				West Bank and Gaza	67	95	Ireland	17	99
Lesotho	137	70	Sudan	110	80				Saudi Arabia	67	95	Israel	17	99
									St. Kitts and Nevis	66	95	United Kingdom	17	99
									Romania	65	95	Malta	17	99
									St. Vincent	63	95	Cyprus	17	99+
									Moldova	63	95	Korea, Rep.	6	99+
									Macedonia	62	95	Netherlands	6	99+
									Fiji	61	96	New Zealand	6	99+
									Bahamas	60	96	Greece	6	99+
									Qatar	57	96	Spain	6	99+
									St. Lucia	57	96	Austria	6	99+
									Slovakia	57	96	Belgium	6	99+
									Lebanon	56	96	Switzerland	6	99+
									Kazakhstan	54	96	Germany	6	99+
									Costa Rica	54	96	Denmark	6	99+
									Argentina	53	96	Portugal	6	99+
									Uruguay	52	97	Finland	1	99+
									Armenia	51	97	Japan	1	99+
									Samoa	50	97	Norway	1	99+
									Luxembourg	49	97	Sweden	1	99+
									Oman	48	97	Iceland	1	99+
									Brunei Darussalam	47	97			
									Thailand	45	98			

* Countries for which there is sufficient information available to construct the index. See the section on Methodology.

POVERTY AND INEQUALITY

A question of rights

Poverty is a phenomenon with many dimensions. We will approach it from a human rights perspective, whereby the fight to eradicate poverty becomes a political responsibility. The available data show that a worryingly high proportion of countries will not achieve the first Millennium Development Goal, which is to reduce the percentage of the population living in extreme poverty by half between 1990 and 2015. If we leave India and China out of the calculations we find that not only has the number of poor people in the world not fallen, it has actually increased.

Social Watch Research Team[1]

Selected indicators:

- Gini Index
- Population living on less than USD 1 per day (international poverty line)
- Population living on less than USD 2 per day (international poverty line)
- Population below the national poverty line
- Participation in the poorest consumption/income quintile

The phenomenon of poverty is on the agenda of virtually all the social and political actors in the world today. It is on the policy agendas of governments, multilateral bodies and civil society organizations too. However, there is a wide range of focuses on this problem and alternative ways to analyse it, some with slight differences and some that are in complete contrast to each other. There is laboured discussion about just how being poor ought to be conceptualized, but behind these debates about concepts what is in play here are the different policies and different paths towards achieving a decent life for all human beings.

From the very beginning Social Watch has taken the view that poverty as a complex, multidimensional phenomenon which must be tackled with a holistic approach. Poverty is regarded as "a situational syndrome that involves under-consumption, malnutrition, precarious housing, low levels of education, bad sanitation, unstable insertion into the productive structure, discouragement, anomie, little participation in social integration mechanisms, and perhaps adherence to a particular set of values that are to some extent different from those of the rest of society."[2] There are also qualitative dimensions to poverty that call for a wider perspective: "To feel that one is poor is a relative concept that has a lot to do with having access to the resources needed to maintain the standard of living one is accustomed to or which is considered suitable by the society one belongs to."[3]

If poverty is defined in terms of a lack of well-being or the resources to be able to enjoy a good quality of life, we have to bear in mind dimensions like the availability of free time, personal security, protection against public and domestic violence, protection against natural disasters, and gender equity.[4] It also involves other non-material, symbolic dimensions and having the personal resources to be able to avoid exclusion, like various systems of codes that operate in the modern world the most important of which are analytic thought, the ability to process information, and communication and management skills that enable people to participate fully in the globalized world and adapt to new modalities of work and production.

When it comes to conceptualizing and measuring poverty and taking action to combat it in the world, the human rights approach (and in particular the economic, social and cultural rights approach) is useful in that it sheds light on some dimensions of the problem that are usually overlooked.

> The rights-based approach marks a shift away from an earlier development focus on meeting basic needs, which relied on charity or good will. A rights-based approach, in contrast, recognizes individuals as "rights-holders", which implies that others are "duty-bearers". Needs, on the other hand, have no object – there is no person or mechanism designated to meet them.
>
> Under a human rights framework, governments are the primary duty-bearers. Among their duties are the establishment of equitable laws and systems that enable individuals to exercise and enjoy their rights, and to seek judicial recourse for violations under the rule of law. As rights-holders, people can claim their legitimate entitlements. This approach emphasizes the participation of individuals and communities in decision-making processes that shape policies and programmes that affect them.[6]

> "…poverty may be defined as a human condition characterized by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights."[5] ■

The United Nations Committee on Economic, Social and Cultural Rights (CESCR) has stated that poverty constitutes a negation of human rights,[7] and this is a crucial element in the analysis of the phenomenon. From the perspective of rights, it is essential to know how far each country has progressed or lost ground in the struggle against poverty. If poverty is conceived of as a negation of rights, there have to be criteria to make it possible to judge when a certain situation constitutes a violation of rights.

The criteria of the maximum utilization of resources and of non-regression (not to retreat from positions that have been won in the realization of rights) can be key elements in this analysis. Another important variable is the distribution within a country of wealth and resources, these being understood as the people and the material, financial and technical assets that there are. It is clear that this variable covers a much wider field than just income.

States have responsibilities that go beyond specific governments and that are subject to contractual agreements in the international human rights system. These obligations are not subject to

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

2 Altimir, O. (1979). *La dimensión de la pobreza en América Latina*. ECLAC.

3 *Ibid.*

4 Economic Commission for Latin America and the Caribbean (ECLAC). (2003). *Documento sobre la pobreza para la III Conferencia Regional de Seguimiento de la Cumbre de Desarrollo Social.*

5 Committee on Economic, Social and Cultural Rights (2001). "Substantive issues arising in the implementation of the International Covenant on Economic, Social and Cultural Rights: Poverty and the International Covenant on Economic, Social and Cultural Rights". Document E/C.12/2001/10. Available at: <www.unhchr.ch>.

6 UNFPA (2005). *State of the World Population 2005*. Chapter 3: "The Promise of Human Rights". Available at: <www.unfpa.org/swp/2005/english/ch3/index.htm>.

7 Committee on Economic, Social and Cultural Rights (2001), *op cit.*

variations contingent upon what resources are available, they have to do with the right that all people have to a decent life.[8]

> …a State party in which any significant number of individuals is deprived of essential foodstuffs, of essential primary health care, of basic shelter and housing, or of the most basic forms of education is, prima facie, violating the Covenant. Such minimum core obligations apply irrespective of the availability of resources of the country concerned or any other factors and difficulties.[9]

The international community also has a responsibility to provide support and solidarity for the implementation and promotion of human rights. Aid in the fight to eradicate poverty does not constitute a gift from the richest countries to the poorest, it is a political responsibility.

In the international system there are declarations in various fora and organizations, and the CESCR declaration is just one among many. However, there is no agreed, exhaustive and comprehensive definition of poverty that involves a commitment to action.

The 1995 Declaration of the World Summit on Social Development was one of the first international declarations with a multi-dimensional focus that was signed and ratified by governments from all over the world. Paragraph 19 of the Summit's Programme of Action affirms:

> Poverty has various manifestations, including lack of income and productive resources sufficient to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments; and social discrimination and exclusion. It is also characterized by a lack of participation in decision-making and in civil, social and cultural life.

In recent decades we have witnessed the application of global remedies in which poverty is spoken of not as a social phenomenon but as if it were an intrinsic attribute of specific individuals. Another factor here is that poverty is basically identified with lack or insufficiency of income, and while it is true that level of income is a major determinant factor, it is not the only factor. In a multi-dimensional focus, income is seen as relative. For one thing, poverty of income cannot be used to identify other dimensions of the concept of a decent life that are not connected to monetary income, so income alone cannot yield an accurate estimate of access to material goods and services. To consider the satisfaction of needs only from the perspective of the consumption of goods and services that are purchased for money is to overlook access to other goods and services that are provided outside the market by the State, NGOs or at home. In many communities there are other ways of exchanging goods and services, ways that do not involve money. The importance of monetary income is associated with specific patterns of modern life and well-being, but it can vary considerably from one community to another.

From the income perspective, a person is defined as being poor when his or her income is below the threshold that is considered the minimum to satisfy specific needs and wants. The method of using an income threshold can be based on a poverty line that is relative or absolute.[10]

A specific level of income determines whether we regard an individual as poor or not poor. Depending on the standards used to quantify income poverty, an individual may be poor in the national sphere but not poor according to an 'international' definition, or vice versa, while his or her conditions of life are still the same.

Identifying whether someone is poor or not poor 'defines' who will benefit from most poverty eradication policies. In 2000 the first Millennium Development Goal (MDG) proposed to "eradicate extreme poverty and hunger in the world", and to this effect poverty was defined by income: an individual is considered poor if he or she lives on less than USD 1 per day.

Although practically every government in the world is committed to the first MDG, it is almost impossible to evaluate what progress has been made in most countries. The basis for making diagnoses and for implementing measures to combat poverty is information, but unfortunately this is a scarce commodity. Indicators are only available for a relatively small number of countries, and those that are available are not always up to date. Estimates for regions and for the world have to depend on a whole series of suppositions, and the figures they arrive at mainly have to do with the numbers of people who are poor. This means they tend to ignore other aspects of the phenomenon like how many countries are reducing or increasing the percentage of the population (not even the number, just the percentage) living in poverty.

Every year Social Watch publishes a poverty and income distribution table ("The present situation of poverty in the world") that is based on the little information available from international data sources. This table shows just some of the indicators used to measure the situation of countries as regards income distribution among the inhabitants and the proportion of the population living in income poverty.

It is estimated that at the present time there are more than one billion people living on less than USD 1 a day, which is defined as extreme poverty or indigence.[11]

We have information about how many people live on less than USD 1 or USD 2 per day for only 95 countries. Of these, there are at least 13 in which more than half the population have to live on less than USD 1 per day. If we take USD 2 per day as the line there are at least 36 countries in which more than half the people are living in poverty, and in 20 of these more than three quarters of the population have a daily income of less than USD 2.

TABLE 1. The number of countries by percentage of the population living in poverty (the USD 1, USD 2 and national poverty lines)

POVERTY LEVEL	USD 1 PER DAY	USD 2 PER DAY		NATIONAL POVERTY LINE
Less than 2%	33	10	Less than 20%	14
From 2% to 9%	14	14	20% to 29%	17
From 10% to 24%	21	15	30% to 39%	20
From 25% to 49%	14	20	40% to 49%	16
50% to 74%	10	16	50% and over	18
75% and over	3	20		
Countries with information	95	95		85

Source: World Development Indicators 2006 on line. The World Bank <www.worlbank.org>.

8 These concepts were widened by a group of experts in a document that determines what action or omissions constitute a violation of economic, social or cultural rights, and which stresses the importance of distinguishing lack of capacity from lack of will on the part of the State to fulfil its obligations under international treaties. "Masstricht Guidelines on Violations of Economic, Social and Cultural Rights", Maastricht, 22-26 January 1997.

9 *Ibid.*

10 The **relative poverty line** is fixed in such a way that a person is considered poor if his or her income is lower than the average or the mean or some other statistic that depends on the distribution of income across people in a society. The **absolute poverty line** is established in a way that reflects the amount of money needed to have a minimum level of life, and does not depend on income distribution.

11 World Bank (2006). *World Development Indicators 2006*.

These poverty lines have been legitimized internationally on the assumption that they make it possible to identify the most critical situations, compare different countries, and decide where the main weight of international aid should be sent. However, in different countries poverty is analyzed using different parameters which are national poverty lines, and these are a more suitable approach since they take account of the context of the society in which poor people live.

For the national poverty line indicator, information is available for only 85 countries. In 18 of these more than 50% of the population live below this poverty line.

According to United Nations estimates, the number of people in extreme poverty has fallen by approximately 200 million since 1990. However, this reduction has been concentrated in only a few countries. If China is excluded from the estimates the panorama changes dramatically and it emerges that over the last 12 years the number of people living in extreme poverty in the world has fallen by a mere 9 million.[12] If India (where poverty has decreased over the period) is also excluded from the calculations we find that the number of poor people in the world has not gone down at all, in fact it has risen.

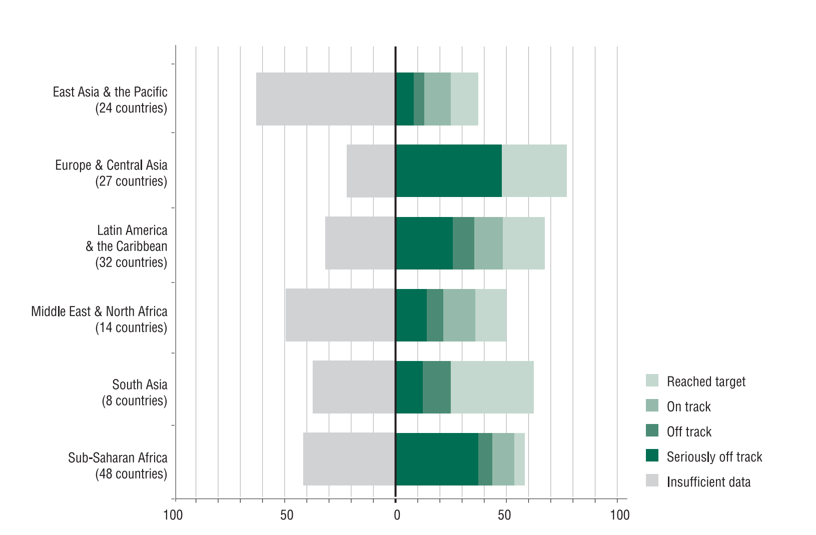
Between 1990 and 2002 the number of people in the world living on USD 2 a day fell by 40 million, but there are still 2.6 billion people on the planet who have to survive on this amount or less.

According to the latest World Bank estimates,[13] if the developing countries maintain their current rates of growth until 2015 there would still be 600 million people living on less than USD 1 per day.

Using the United Nations time series data on the percentage of the population living on less than USD 1 per day[14] we can follow the evolution of this indicator for the limited number of countries for which there is information for the 1990-1994 and 1999-2003 periods.

The conclusions are not encouraging. The number of countries that have managed to reduce their poverty percentages over the period is about the same as the number (25 countries) in which the proportion of poor people has increased. There are 13 countries that have the same percentage, or only slight differences, for the two periods, and in most of these only 2% or less of the population are critically poor. However, there are three cases in which poverty has stagnated at very high levels (Bangladesh 36%, Uganda 85% and Zambia 64%).

CHART 1. Share of countries on track to achieve the poverty reduction target by region



Source: World Bank.

The World Bank makes an evaluation of the possibilities that countries (for which information is available) have of achieving the first MDG. This estimate is based on these countries' rates of progress in these years.

As can be seen in Chart 1, the prospects of achieving the first of the MDGs are far from good. The information that is available makes up a worrying panorama in which few countries will have actually cut extreme poverty by half by the end of the 1990-2015 period. In some regions, especially sub-Saharan Africa, the percentage of countries that will be able to reach this target is minimal. The countries of Europe and Central Asia fall into two clear groups. On the one hand there are those that have already reached this objective, and on the other hand there are countries, mostly in south-east Europe and the Community of Independent States, that fall a long way short of the target.

Another conclusion can be drawn from Chart 1: there is simply not enough information available to make reasonable evaluations. For some regions we do not have data for more than half the countries, and this means that any global evaluations that are made involve a wide margin of uncertainty.

The distribution of resources must be promoted through measures that are universal and focalized. The rationale of social policy should not be limited just to the fight against poverty. If a state focalizes its programmes only on people living in extreme poverty it will not be tackling the problem in its entirety, and this can lead to more people beginning to slide into poverty. ■

However, as we pointed out at the start of this article, to base the concept of poverty and inequality only on income is to adopt a narrow focus that makes it impossible to evaluate the real magnitude of these problems in the world. ■

12 *Ibid.*

13 *Ibid.*

14 United Nations Statistics Division. Millennium Development Goals Indicators. Available from: <mdgs.un.org/unsd/mdg/Default.aspx >.

FOOD SECURITY

More and more people are going hungry

Some countries have made progress, but others, those in the most critical situation, are clearly losing ground and the gap between the countries that are better off and the poorest is widening. In the countries in worse situation an average of 35% of the population are undernourished, while in the countries in better situation the figure is no more than 7%. Since 1997 the number of people who are undernourished has risen, and the regions that are affected most are sub-Saharan Africa and Southern Asia.

Social Watch Research Team[1]

Selected indicators:

- Undernourishment (% of total population)
- Underweight at birth (%)
- Malnutrition among children under 5, low weight (%)

Food security is one of the most critical dimensions of community development and one of the basic human rights established in the ICESCR. It features in declarations and proposed objectives in countries, in regions, and on the international stage.

However, the reality is that effective achievements in this area fall a long way short of governments' declared intentions. At the present time there are an estimated 842 million people in the world who are undernourished out of a total world population of 6 billion, and the trend in the last 10 years has been most discouraging.[2] In at least 35 countries more than a quarter of the people are undernourished,[3] and in some cases the figures are simply shocking: in Burundi, the Republic of the Congo and Eritrea, three fifths of the population are undernourished.

According to UNICEF, in the developing countries one quarter of the children under 5 suffer from malnutrition,[4] which amounts to a total of 146 million children.[5] The statistics show that the situation in 31 countries is even worse, and in Bangladesh and Nepal, for example, half the children in the country show signs of malnutrition.

Food insufficiency is also perpetuated through maternity. Every year more than 20 million children (15.5% of all live births) come into the world weighing less than 2,500 grams (5.5 pounds).[6] They are underweight mainly because their mothers were undernourished during pregnancy. In 16 of the countries analyzed at least 20% of babies are underweight at birth, and in Bangladesh, India, Sudan and Yemen the figure is over 30%.

The huge gap between the countries in the better and worse situations as regards food security is just one more sign of how important this aspect of development is. In addition, it should be borne in mind that there are no statistics available for many developed countries, so the differences that the indicators show underestimate the real gap.

In the countries that are worse off an average of 35% of the people are undernourished, while only 7% of the people in the countries that are better off are affected.

When it comes to children the situation is no better. In the countries that are in the worse position an average of 30% of children under 5 are undernourished, but in the better group the figure is less than 7%. On average, 15% of children are born underweight in the worse-off countries, but only 7.5% are underweight at birth in the countries at the other end of the scale.

In many communities the problems of food insecurity are accentuated when extreme situations give rise to food emergencies. Food crises are associated not only with natural disasters but also with direct human causes like armed conflicts, economic crises and forced population displacement, and these have increased dramatically in the last 10 years. The consequences are much worse in poor countries, and very much worse indeed among the most vulnerable communities and population groups, above all in rural areas where the impact is usually more direct and cruel.

However, food insecurity is a global problem whose causes go far beyond natural disasters or armed conflicts.

Food security is linked to other aspects of development in that it is of crucial importance for people in a community to be able to attain a decent level of life.

The latest Food and Agriculture Organization (FAO) report gives an analysis based on studies and examples of the numerous mechanisms that link food security to the other aspects of development (see boxes). The aim is to show that it is inconsistent to consider development targets, and in particular the Millennium Development Goals (MDGs), in isolation from one another, and the report concludes that if these goals are to be reached it is essential to see them as necessarily interconnected and tackle them as an integrated whole. If this interconnection is evident in a series of specific and limited goals like the MDGs it is more consistent to talk of human rights to understand why they should be seen as an integrated whole.

The human rights focus shows how essential the ideas of unity and interdependence are not only in the legal sphere but also as a consequence of the very nature of the processes involved. In a community, not being able to exercise one of these rights, or having one violated, has an effect on all the other rights.

It is not possible to talk about the right to food outside the framework of the wider concept of food sovereignty, which has to do with a country's or a community's capacity to feed itself through autonomous

The right to adequate food is enshrined in the International Covenant on Economic, Social, and Cultural Rights (ICESCR). When States sign this Covenant they commit themselves to working to improve their methods of food production, conservation and distribution, and to ensure the equitable distribution of food in the world according to people's needs. ■

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

2 FAO (2005). *The State of Food Insecurity in the World 2005*. Available from: <www.fao.org/docrep/008/a0200e/a0200e00.htm>.

3 Undernourishment: the percentage of the population who consume less than the required minimum of food energy. According to the World Health Organization (WHO) the essential daily minimum, which takes account of calories needed to maintain body weight while performing a light activity, varies in different countries but is approximately 2,300 kcal per capita, depending on age, sex and stature.

4 Infant malnutrition: the percentage of children under 5 whose weight by age is less than minus 2 of the standard deviation of the mean for the international reference population of ages from 0 to 59 months. The reference population adopted by WHO in 1983 is based on children in the United States of America, who are assumed to be well fed.

5 UNICEF (2006). "Progress for Children. A Report Card on Malnutrition". No. 4, May.

6 Low birth weight has been defined by WHO as weight at birth of less than 2,500 grams (5.5 pounds). This practical cut-off point for international comparison is based on epidemiological observations that infants weighing less than 2,500 g are approximately 20 times more likely to die than heavier babies. A birth weight below 2,500 g is more common in developing than in developed countries, and it contributes to a range of poor health conditions. UNICEF and WHO (2004). *Low Birthweight: Country, regional and global estimates.*

control of the food production process. Therefore food sovereignty has to do with the rights of communities, countries or groups of countries to define their agrarian policies in a way that excludes dumping (an unethical strategy in normal international trade transactions whereby a product is placed on the market in another country at a price below its value in the country of origin). This includes, for example, policies of making land and credit available to small farmers, but it also includes international trade regulations. The international trade system currently in operation systematically perpetuates inequalities between rich and poor countries by the use of tariff and non-tariff barriers and by subsidizing production in rich countries.

It is no surprise that the countries that are worse off as regards food security are also those that are in difficulties in the other areas of development, as can be seen in accordance with their ranking in the Basic Capabilities Index (BCI).[7]

All the countries in a critical situation in the BCI ratings are also below average in food security, and of the 26 countries in this group 18 are in the worse situation.

In the group of critical BCI countries, 17% of babies are underweight at birth, at least 33% of children under 5 have malnutrition-related problems, and on average 32.5% of the people are undernourished. In the countries that rate high on the BCI, on the other hand, only 7% of babies are born underweight, only 6% of children suffer from malnutrition and a mere 6% of the population are undernourished.

The problems of food insecurity are clearly more serious in some geographical areas than in others. The two regions where a higher proportion of countries are in severe difficulties in this respect are sub-Saharan Africa and Southern Asia. More than half the undernourished children in the world are in Southeast Asia, and 57 million live in India.[11]

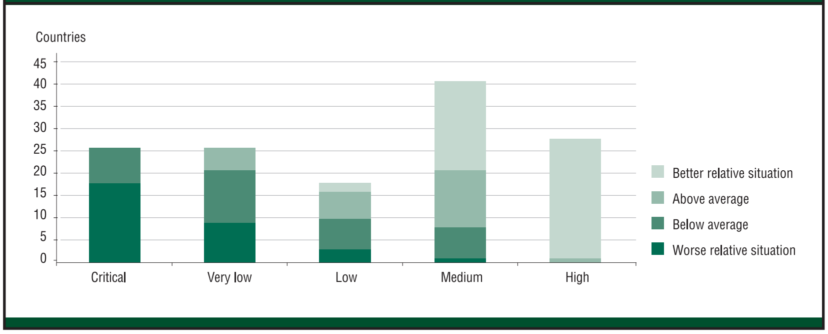
According to the latest FAO evaluation, some progress has been made in reducing hunger in the world. Between 1990 and 2002 the number of undernourished people in the developing countries fell by 9 million.[12]

Nevertheless, this global figure conceals enormous differences between regions and countries. In East Asia the figure fell by 47 million over the period, mainly thanks to improvements in China, but in sub-Saharan Africa there are 34 million more undernourished people than there were at the start of the 1990s.

In fact, the number of people on the planet who suffer from hunger has risen since 1997.

At the current pace, we will fall a long way short of the objective to reduce by half the number of people suffering from hunger by 2015, adopted at the FAO World Food Summit in 1996 and renewed in the MDGs in 2000.

CHART 1. Current food security situation by regions



Food security and gender equity

In Southern Asia infant malnutrition is even more serious than in sub-Saharan Africa.

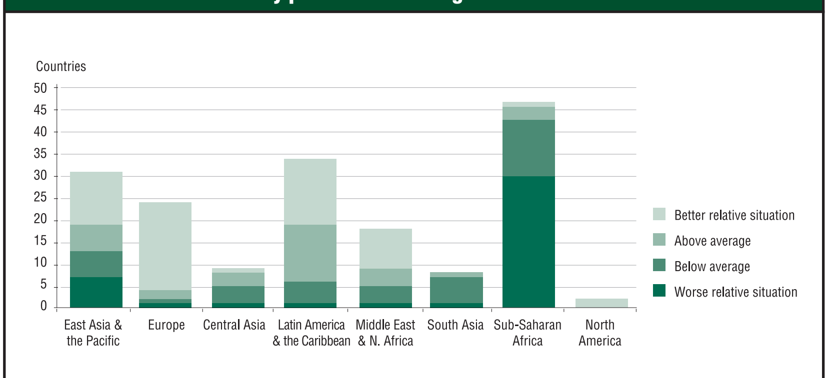
Lack of food affects women more than men. "Extreme gender inequalities mean that women in Southern Asia are deprived of education, employment opportunities and participation in decision-making. As a consequence, millions of mothers in the south of Asia 'do not have the knowledge, the means or the freedom to take action for their own benefit or for that of their children'. They are very much more likely to suffer from malnutrition. In some parts of Southern Asia the men and boys consume twice the calories that women and girls consume, but the women and girls do a lot of the heavy work."[10] ■

Food security and children's health

Hunger and malnutrition are the main causes of more than half of total infant deaths. Each year they kill nearly 6 million children.[8]

Many babies who are born underweight do not survive because of inadequate food. At least 5.6 million children under 5 die each year as a consequence of malnutrition, which is responsible for more than half of mortality in children under 5 years old.[9] ■

CHART 2. Final food security position according to the BCI



7 See the section entitled "Achievement of basic capabilities is an indispensable task for development" in this Report.

8 FAO (2005), *op cit.*

9 UNICEF and WHO (2004), *op cit.*

10 FAO (2005), *op cit.*

11 UNICEF (2006), *op cit.*

12 United Nations (2006). *The Millennium Development Goals Report.* <mdgs.un.org/unsd/mdg/Resources/Static/Products/Progress2006/MDGReport2006.pdf>.

TABLE 1. Current situation by food security evolution						
	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	3	5	5	9	8	30
Countries below the average	0	3	4	11	8	26
Countries above the average	1	2	6	10	2	21
Countries in better situation	0	1	7	6	0	14
Total	4	11	22	36	18	91

TABLE 2. Averages by indicator of countries in better and worse relative food security situations				
		UNDERNOURISHED (% OF TOTAL POPULATION)	LOW BIRTH WEIGHT (%)	MALNUTRITION AMONG CHILDREN UNDER 5, LOW WEIGHT (%)
Countries in worse situation	Average	34.9	15.4	30.2
	Number of countries	30	37	30
Countries in better situation	Average	6.8	7.5	7.9
	Number of countries	12	51	13
Total	Average	26.9	10.8	23.5
	Number of countries	42	88	43

Social Watch has analyzed the evolution of food security using data by country from two of the relevant indicators (undernourishment and infant malnutrition), and the conclusions are alarming. Although some countries have made progress others are losing ground, and these are mainly countries in the most critical situation. This means the gap between the better-positioned countries and the worst affected is widening.

There are four countries in particular for which information is available that show marked regression in their food security situation, and this is mainly due to the fact that the number of people who are undernourished has shot up. The most serious cases are the Democratic Republic of the Congo and Burundi, where in just a decade the proportion of the population who were undernourished went from 32% and 48% respectively, to a situation where 70% of the people in these countries were suffering from hunger at the start of the new millennium. In both these cases food insecurity has been exacerbated by climate factors and by armed conflicts whose dire consequences have lingered on long after the events themselves passed into history. Peace is currently being restored in Burundi.

Another case is the Democratic Republic of Korea, where the proportion of people who are undernourished doubled in this period from 18% to 36%. ■

The most critical situations at the present time:

At least one person in two suffers from hunger (*) in ...	
Eritrea	73
Congo, Dem. Rep. of	71
Burundi	68
Sierra Leone	50
Zambia	49

* Undernourishment (% of total population)

3 out of every 10 newborn babies are significantly under normal weight (*) in...	
Bangladesh	36
Yemen	32
Sudan	31
India	30

* Low weight at birth (%)

Nearly 50% of children under 5 suffer from malnutrition (*) in...	
Bangladesh	52
Nepal	48
Ethiopia	47
India	47
Yemen	46
Burundi	45
Cambodia	45

* Malnutrition in children under 5, low weight

EDUCATION
The challenge of universality

The emergence of the information society has opened up new possibilities in education but it has also exposed some basic deficiencies. While illiteracy is now almost negligible in the developed countries it is still only too prevalent in the poorest nations. Although indicators show that overall progress has been made, future demographic growth is going to cause serious problems in some parts of the world. The educational systems in the developing countries are in urgent need of greater public investment and contributions from the international community.

Social Watch Research Team[1]

Selected indicators:

- Literacy (15-24 years old)
- Enrolment rate in primary education (net)
- Children who reach 5th grade
- Enrolment rate in secondary education (net)
- Enrolment rate in tertiary education (gross)

Improving education has been on the agenda of international bodies, governments and civil society organizations for decades. Education is a basic instrument for eradicating poverty, constructing citizenship and improving people's ability to control their own futures, and it has attracted the attention of numerous actors and given rise to policies to tackle the main problems. Good progress has been made overall, but in the background we can still discern serious inequalities.

The new systems of production and new kinds of culture that the information society has brought in its wake have helped to push education back into the spotlight of world interest, but the response to this challenge from the decision-makers has been fragmented and inadequate.

In the modern world there is an unprecedented flow of information, but paradoxically some of the major problems facing education on a global level have still not been overcome. For example, many countries have virtually banished illiteracy, but many others are still struggling to establish universal literacy. There are nearly 800 million illiterate adults in the world today (two thirds of whom are women) and more than 100 million children who do not go to school (80% of them in Africa), so this challenge involves huge swathes of the world's population.[2]

The Secretary General of the United Nations, Kofi Annan, has made the point that teaching people to read and write is not just an end in itself, it is also a vital tool for eradicating poverty, promoting gender equity, improving health, fostering political participation and improving people's lives in many other dimensions. It is a basic human right, and as such it cannot be renounced.

TABLE 1. Least literate countries, by region

COUNTRY	REGION	% OF LITERACY
Niger	Sub-Saharan Africa	27
Burkina Faso	Sub-Saharan Africa	40
Mali	Sub-Saharan Africa	41
Iraq	Middle East and North Africa	46
Bangladesh	Southern Asia	51
Mauritania	Sub-Saharan Africa	51
Senegal	Sub-Saharan Africa	56
Benin	Sub-Saharan Africa	59
Comoros	Sub-Saharan Africa	60
Ethiopia	Sub-Saharan Africa	61

The developed countries have achieved almost universal literacy but the poorest countries are still plagued with widespread illiteracy. In India more than a third of the people cannot read or write, and this problem is also severe in sub-Saharan Africa, the Arab world and large parts of Asia.

Of the ten countries with the highest illiteracy rates, eight are in sub-Saharan Africa, which is the by far the most deficient region in this respect.

It is vitally important that enrolment rates in formal education be raised, because there are still more than 100 million children growing up without any primary education, which is a serious deficit for humankind. However, in many cases the task of extending the coverage of formal educational systems is complicated since it can be difficult to reach children in rural areas or with special needs, or children who belong to cultural or linguistic minorities.

The latest data from UNESCO shows that between 1998 and 2002 school enrolments worldwide went up very slightly, by just one percentage point, from 83.6% to 84.6%.

The current situation as regards primary, secondary and tertiary education is very different in different regions of the world. In the richer countries the percentage of university graduates in health sciences, engineering and computing is more than double the rate in the poor countries.

Another dimension to the problem is that not all children in the world who go to school finish primary education. For example, in Latin America there are around six million adolescents who did not complete their primary school education. This is further complicated in parts of Africa because educational facilities are simply not available, partly due to lack of public funds, as was recently reported by some African Ministers of Education. In some African countries the budgetary allocation for education is less than 3% of GDP. It is policy decisions like this that define the future of education in these countries.

The situation of education in the world today is very far from uniform, and the indicators show that rates of progress vary greatly from one region to another. Between 1990 and 2000, the number of children without schooling fell by 20% in Asia, due to the fact that the educational systems in that part of the world have developed very rapidly and efficiently. However, in the same ten-year period, the number of children without schooling in sub-Saharan Africa increased by 13%. Demographic growth has been cited[3] as the cause of this trend, along with a more general phenomenon called 'de-schooling' which is the result of many parents taking their children out of education or, what is worse, not even enrolling them in schools in the first place.

One of the factors that underlie these problems is that most of the countries in that region have high fertility rates. According to some estimates, the school population will grow by 34 million between 2000 and 2015. These demographic characteristics exert an influence on how the challenge of providing universal education is met, and on the direction that public policies will take in the years ahead.

Another generalised difficulty has to do with the ability of educational systems to retain the children who have enrolled, and here again the outlook is rather bleak. The problem is to keep children in school until the last year of primary education. There are many countries, above all in Africa, that have primary school retention rates of less than 70%, and the worst case is Malawi which retains only 22% in primary education.

An efficacious educational system has to do more than simply keep children in school, it has to teach them, and the repetition rate, the percentage of pupils who have to repeat a year, which is connected to retention, is one indicator of how effective the teaching is. The repetition rate is under 3% in most of the countries for which UNESCO has data, but more than half the nations in sub-Saharan Africa have rates above 15%, and the figures go as high as 34% in Gabon and 40% in Equatorial Guinea.

A further complication in schools is classroom overcrowding. In Southern and Eastern Asia, for example, overcrowding in the classroom is a serious hindrance to effective learning. On average there are 40 children per teacher, but in some cases there may be

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

2 Henceforth the figures given are taken from various UNESCO reports.

3 UNESCO (2005). World Report *Towards Knowledge Societies*.

many more, and for example in Bangladesh, one of the most populous countries in the world, the average is 57 pupils per teacher.[4] The only solution to this is to undertake teacher training on a large scale.

The latest information[5] that has become available shows the differences in the amounts of public expenditure allocated to education. This expenditure, as a proportion of GDP, is greater in the richer countries, and these are usually the countries that have reached the goal of universal education. To bring the global picture into focus we can consider mean expenditure on education for different regions of the world. The figures speak for themselves: in North America and Western Europe the mean is 5.52% of GDP, in Asia and the Pacific it is 3.9%, and it is a mere 3.3% in sub-Saharan Africa.

One of the most urgent needs of the educational systems in developing countries is increased public investment. In cases where human, financial and other resources are lacking, the international community should step in and provide them. This is laid down in the International Covenant on Economic, Social and Cultural Rights (CESCR); it is a binding obligation that the developed countries have with respect to the developing countries.

Higher education is becoming increasingly commercialized, and this is opening up unprecedented possibilities for the future. There are predictions such as the following, "it is very possible that in 2010 the so-called corporate universities that were originally founded to update employees' competencies will outnumber traditional universities",[6] and if this kind of situation emerges the question of democratizing tertiary education will be complicated by problems that have never been met before.

When we survey the general panorama in the world we find that almost all the countries in the best overall situation in terms of education indicators have a medium or high rating on the Basic Capabilities Index (BCI). There is a very strong correlation between these two variables (BCI ranking and the final position given by combining the various education indicators). All the countries that rank high on the BCI are in an above average position in education, and 41 of the 45 countries in the middle range on the BCI are also above average in education.

It is no surprise to find that all 25 countries with a critical BCI rating are below average in terms of education, and of the 26 countries in the very low BCI group only one, the Philippines, is above average for education.

There has been a significant overall improvement in the area of education in the world, and only 8 out of 164 countries have slipped into a worse situation while 127 have improved. Besides this, headway has been made where it was most needed, in countries in an unfavourable situation; these mostly showed some improvement in education. Apart from a few exceptions (Gabon, the Cook Islands and the Turks and Caicos Islands), the below-average countries have not regressed, and most have made some kind of progress even if it is only slight.

The two regions that have the best indicators for education in relative terms are North America and Europe; not one European country is below the world average. Latin America and the Caribbean are in a relatively good situation since 27 of the 33 countries in that region are above the world average. Last on the list comes sub-Saharan Africa which, like in so many other dimensions, is in the worst situation of all. More than 90% of the countries in this region are in a below average situation, and only the Seychelles figure among the nations that are in the better situation.

The averages for each indicator show how great the difference is between the countries in the worst and the best situations. In the former group over two thirds (69.4%) of the population are illiterate, but in the more advanced countries less than 0.5% of the people cannot read or write. There are similar or even greater gaps between the two groups when it comes to school enrolments and educational efficacy indicators, and the widest gulf of all is in enrolment in tertiary education: the countries in the best situation send more than 50% of their young people into higher education, but in the countries in the worst situation the average rate is a paltry 3%. ■

CHART 1. Current situation in education, by regions

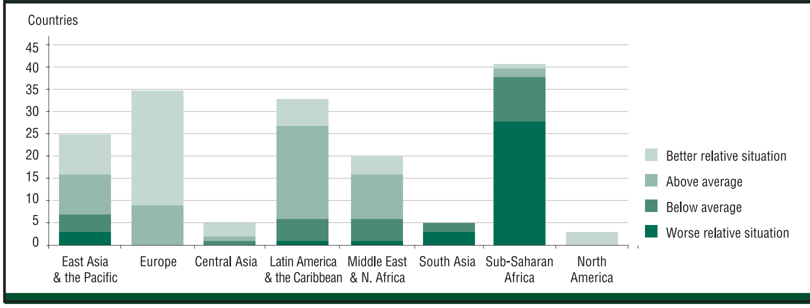


CHART 2. Final position of education according to BCI

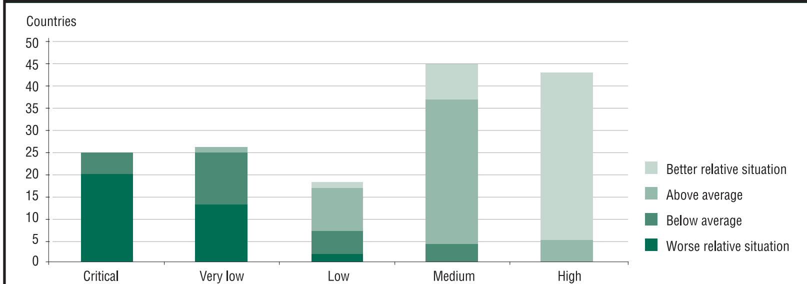


TABLE 2. Current situation by evolution in education

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	1	2	4	13	16	36
Countries below average	0	0	5	14	7	26
Countries above average	0	4	15	25	8	52
Countries in better situation	0	1	5	39	5	50
Total	1	7	29	91	36	164

TABLE 3. Averages by indicator of countries in better and worse relative situations in education

		LITERACY (15-24 YEARS OLD)	ENROLMENT RATE IN PRIMARY EDUCATION (NET)	CHILDREN WHO REACH 5TH GRADE	ENROLMENT RATE IN SECONDARY EDUCATION (NET)	ENROLMENT RATE IN TERTIARY EDUCATION (GROSS)
Countries in worse situation	Average	69.4	65.1	65.6	24.1	3.3
	Number of countries	30	33	31	27	35
Countries in better situation	Average	99.6	95.9	97	88.9	54.8
	Number of countries	31	49	30	48	50
Total	Average	84.8	83.5	81.1	65.6	33.6
	Number of countries	61	82	61	75	85

4 UNESCO (2004). Regional Bureau for Education in Latin America and the Caribbean. <www.unesco.cl/esp/atematica/eduygenero/noticias/1.act?menu=/esp/atematica/eduygenero/>.

5 UNESCO (2005). *Education for All Global Monitoring Report 2005. The Quality Imperative.* Available from: <www.efareport.unesco.org>.

6 *Ibid*, p. 98.

INFORMATION, SCIENCE AND TECHNOLOGY

Digital gap, people gap

Access to communication technologies has generated new inequalities. More than four fifths of the people in the world do not have access to Internet and are therefore disadvantaged when it comes to making progress in production, education, and constructing full citizenship. In the most backwards regions, investment in new technologies is not geared to spreading them on a large scale.

Social Watch Research Team[1]

Selected indicators:

- Internet users (per 1,000 people)
- Personal computers (per 1,000 people)
- Telephone mainlines (per 1,000 people)
- Scientists and engineers in research and development (per million people)
- Expenditure on information and communication technology (% of GDP)
- Expenditure on research and development (% of GDP)

TABLE 1. Personal computers per thousand people: the ten most disadvantaged countries by region

COUNTRIES	REGION	PERSONAL COMPUTERS PER 1,000 PEOPLE
Dominican Republic	Latin America and the Caribbean	0.5
Niger	Sub-Saharan Africa	0.7
Malawi	Sub-Saharan Africa	1.6
Chad	Sub-Saharan Africa	1.6
Burkina Faso	Sub-Saharan Africa	2.2
Central African Republic	Sub-Saharan Africa	2.8
Cambodia	East Asia and the Pacific	2.8
Angola	Sub-Saharan Africa	3.2
Ethiopia	Sub-Saharan Africa	3.2
Mali	Sub-Saharan Africa	3.2

For some years now the experts have been talking about the potential of the new "information society" (and more recently about the "knowledge society"[2]), and the challenges and dangers it involves. The capability to manage information is increasingly important, and one consequence of this is that unequal access to communication technologies is currently generating new inequalities in terms of social development.

The global aim ought to be to achieve "computer literacy" for the widest possible range of people. In the information society, a world democratic order depends on equal participation for all in the global information flow. However, there are great inequalities in access to this flow, and this has been called "the digital gap". For example, at the present time 40% of the people in Canada and the United States have access to Internet, but in Latin America and the Caribbean the figure is only 2% or 3%. One of the main challenges facing the world in the new millennium is to narrow this gap.

In fact there is not just one digital gap but several, since people's access to current information systems is conditional upon a whole series of factors. UNESCO has listed economic resources, geography, age, gender, language, education, cultural background, employment and physical well-being as reasons why people may be "left out" when it comes to being able to make use of the new technologies.

Access to personal computers is a prerequisite for access to the new sources of information. Table 1 shows that the countries which are most deficient in this tool are all in the world's poorest regions, which are precisely the regions with the greatest need for insertion into the information society in order to make progress in other spheres like production and politics.

There are more than one billion Internet users on the planet and this has been a great success story, but more than four fifths of the people in the world still do not have access to Internet and are therefore being held back in various ways from making progress in production, education and the construction of citizenship. According to UNESCO, 90% of Internet users are in the industrialized countries.

One measure of inequality is the availability of access to broadband, and this is and will continue to be problematic. According to the United Nations Trade and Development Conference, some countries have made spectacular progress in this respect. China, for example, jumped from almost no broadband subscribers to 23 million in just three years. But at the other end of the scale there are some least developed countries that do not even have statistics about broadband access.

Some governments have placed restrictions on access to Internet, and this goes to show just what a powerful political tool it is for shaping public opinion. Internet may not have turned out to be as pluralistic, horizontal, open, democratic or decentralized as its early promise suggested since there are control mechanisms that can be used to restrict it, but it is still the most participative means of mass communication.

Broadly speaking, technological scientific development in a country depends to a large extent on government decisions, and indicators such as public spending on research and development (R&D) can give a clear idea of how governments are performing in this respect. Public investment in R&D as a percentage of Gross Domestic Product (GDP) is high in the countries that belong to the Organization for Economic Cooperation and Development (OECD), where the average is 2.2% and the top investors, relatively speaking, are Israel (4.7%) and Sweden (4.0%).[3] But what is worrying here is that the rate in most underdeveloped countries is under 0.2%. For example, at the start of the millennium the Arab countries in North Africa and Asia were allocating only 0.1% of GDP to R&D.

It has been calculated that in Latin America and the Caribbean more than USD 20 billion has been invested in private telecommunications projects, while in the Middle East, Southern Asia and sub-Saharan Africa less than USD 2 billion has been invested in information and communication technology (ICT). To make matters worse, the investment in ICT that there is in these countries is very often just private initiatives to provide services for wealthy users in urban areas, and is not geared to the large scale diffusion of these technologies.

It is clear that State investment is a key factor. This is confirmed by the fact that experiences that are successful in terms of scientific and technological progress usually enjoy solid support from the government. This is what is happening in China, where the current surge in ICT has been underpinned by a big increase in State investment in R&D, which jumped from 0.83% of GDP in 1999 to 1.23% in 2002.[4] China's recent progress not only in ICT but

1 The members of the Social Watch Social Sciences Research Team are listed on the credits page at the start of this book.

2 UNESCO (2005a). *World Report: Towards Knowledge Societies*. Paris: UNESCO Publishing.

3 *Ibid*, p. 110.

4 UNESCO (2005b). *UNESCO Science Report 2005*. Paris: UNESCO Publishing.

TABLE 3. Averages by indicator of the countries in better and worse relative situations in science and technology

		INTERNET USERS (PER 1,000 PEOPLE)	PERSONAL COMPUTERS (PER 1,000 PEOPLE)	TELEPHONE MAINLINES (PER 1,000 PEOPLE)	EXPENDITURE ON INFORMATION AND COMMUNICATION TECHNOLOGIES (% OF GDP)	EXPENDITURE ON RESEARCH AND DEVELOPMENT (% OF GDP)	SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (PER MILLION PEOPLE)
Countries in better situation	Average	570	564	565	6.76	2.40	3,972
	Number of countries	26	26	26	20	22	22
Countries in worse situation	Average	31	26	52	4.51	0.29	308
	Number of countries	87	84	87	17	29	37
Total of countries	Average	206	159	180	5.76	0.95	1,409
	Number of countries	176	172	176	69	92	103

also in biotechnology and new materials development has been largely based on financial support from the government.

Another key statistic is the amount of human capital that each country has, in terms of researchers and scientists. It has been reported[5] that only 3% of the world's researchers are in Latin American and the Caribbean, and, as regions go, this is not in the worst situation. These deficiencies serve to perpetuate a vicious circle which denies under-developed countries the tools they need to make progress towards sustainable development.

In some countries there is almost no generalized access to "techno-science", and this seriously impairs their development prospects. In others there are sectors that are linked to the information society, but there are also sectors that are very far indeed from any connection with how the modern world works. This schism can be found in India, for example, and in various Latin American countries, and it amounts to a chasm that cuts right across society. There are basic skills to do with people's cognitive capabilities, and acquiring these skills depends on whether or not an individual has access to, and can participate in, the world of scientific and technological information.

Put simply, a country's ability to take advantage of the new information systems is connected to its capacity to revalue its culture, traditions and values, and this revaluation should involve full integration into the modern world. If a poor country cannot do this it will remain as a receiver of information and it will be limited to a passive role in the information society. A country's development is directly connected to ICT tools, and this also applies to political aspects that have to do with sovereignty.

It has often been said in recent years that access to these technologies is directly linked to other dimensions of social development. The way that gender inequality, education and reproductive health are managed in a society is closely connected to the way and the extent to which that society accesses modern information and communication systems.

The countries that according to the Basic Capabilities Index (BCI) rank as developed are mostly in a

CHART 1. Current situation of science and technology by regions

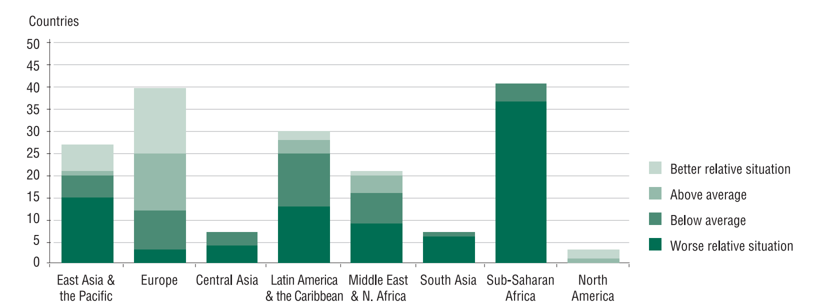


CHART 2. Final science and technology position according to BCI

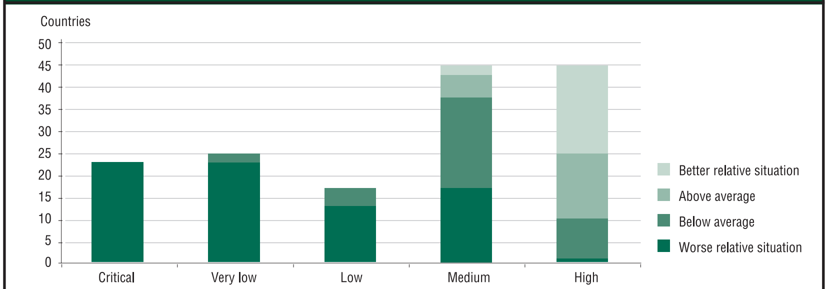


TABLE 2. Current situation by evolution in science and technology

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	2	12	66	7	87
Countries below average	0	0	9	22	10	41
Countries above average	0	0	0	9	13	22
Countries in better situation	0	0	1	15	9	25
Total	0	2	22	112	39	175

favourable situation as regards information, science and technology. This relation is not as marked as in other areas of development but it is clear enough, although there are some exceptions, like Cuba for example.

It is also worth noting that nearly all the countries for which information is available made progress in information, science and technology. Only Kazakhstan and Tajikistan showed regression on this indicator.

The overall geographical picture is that, like in so many other dimensions of development, sub-Saharan Africa is the region in the worst situation as regards technological development, and it is particularly backward in ICT. All the sub-Saharan countries are below the world average, and nearly 90% of them are in a worse relative situation.

The digital gap between the countries where science and technology are more developed and those that are most backward is huge. Access to personal computers is an important indicator in this area. In the more developed countries there are 563 computers per 1,000 people but in the most backward there are only around 25 per 1,000 people, which is to say there are 20 times more in the developed world. That is just one measure of the size of the digital gap. ■

5 Red de Indicadores de Ciencia y Tecnología (2003). "El Estado de la Ciencia. Inversión en I+D: un período de fluctuaciones". Available from: <www.ricyt.org/interior/difusion/pubs/elc2003/3.pdf>.

PUBLIC EXPENDITURE

Abysmal differences

There are big differences in the absolute amounts per capita that governments in different countries spend on health and education. In the underdeveloped countries a smaller proportion of the national budget is allocated to these areas and often there is more private expenditure than public, so resources do not fully reach those who have the greatest difficulty in accessing these services. To improve their situation, these countries ought to be able to manage their public indebtedness in a way that does not compromise their pursuit of national development objectives.

Social Watch Research Team[1]

Selected indicators:

- Public expenditure on health (% of GDP)
- Public expenditure on education (% of GDP)
- Foreign debt service (% of GNI)
- Military expenditure (% of GDP)

Public expenditure is the value of the goods and services bought by the State and its agencies. An analysis of the distribution of public expenditure can shed light on the priorities that governments have in responding to their different obligations.

Public expenditure for social sectors has to compete against other sectors for the resources available in a country's budget. This expenditure has to ensure that the people's economic, social and cultural rights, and the government's legal obligations laid down in a variety of international human rights agreements, are honoured. Budgets are mechanisms to allocate public resources, so they are key instruments for ensuring that these rights are not violated. In a democratic State the budget should be an expression of the will of the people operating through political parties and participative institutions.

The four indicators selected for this study have been used to evaluate the share of the national budget that goes on health and education (social welfare) on the one hand and military expenditure and debt servicing on the other, since the latter can be seen to limit a State's capacity to deal adequately with the former.

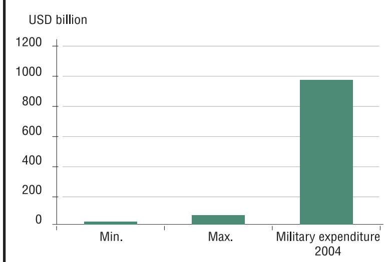
A useful approach to make a comparative analysis of the way States allocate their expenditure is to consider the figures for each sector as a proportion of total Gross Domestic Product (GDP), which is the total monetary value of the goods and services produced by a country in a given period. This approach makes it possible to compare rich and poor countries in spite of the vast differences in the scale of their economies and the absolute amounts they allocate to social expenditure.

Health expenditure per capita is a paradigm example of these inequalities, not only between different countries but also within the same country. The world average for expenditure on health is less than USD 500 per capita, but in 2003, for example, the average in countries belonging to the Organization for Economic Cooperation and Development (OECD) was USD 2,307. The country that spends most is the United States, with an average of USD 5,635 per capita, which is much more than the figure for European nations like Switzerland or Norway (USD 3,800), and very much more than countries like Spain (USD 1,640). At the other end of the scale there are regions where expenditure on health is only a twentieth of the world average, like sub-Saharan Africa (less than USD 29 per capita per year) and Southern Asia (barely USD 21).

There are also shocking inequalities when it comes to expenditure on education. The industrialized countries contain less than one fifth of the world's population but they enjoy 80% of total world spending on education. Southern Asia has 25% of the world's population but benefits from only 4% of the total, and sub-Saharan Africa has 10% of the world's population, including a third of the children on the planet, but benefits from a mere 1% of total expenditure on education. The world average is USD 630 per capita per year, but while mean expenditure in the OECD countries comes to nearly USD 4,636 per child in primary or secondary education, in the African countries it is only USD 49, and in Southern Asia only USD 38.

The evolution of public expenditure is directly linked to all of a government's social goals. First, because the country's development possibilities, and particularly the future of the most vulnerable groups of citizens in each society, will depend to a large extent on the allocations that are implemented in the budget. When governments signed the International Covenant on Economic, Social and Cultural Rights, one of the commitments they made was to allocate the maximum possible resources to guaranteeing that the citizens of their countries would be able to enjoy the full exercise of all the dimensions of human rights. But besides this, countries have to be able to manage their public debt in such a way that this does not compromise their national development objectives. Millennium Development Goal 8 involves a commitment to reducing foreign indebtedness and making payment more flexible, so the international community, and the creditor countries and the multilateral banks in particular, are under an obligation to negotiate conditions that will bring about a real improvement in the way debtor countries are able to manage their resources. ■

CHART 1. Expenditure needed to reach health MDG



These are blatant inequalities in the absolute amounts spent on the welfare services a person enjoys just because he or she happens to have been born in a rich or a poor country, but to make matters worse, in the poor countries a lesser *proportion* of the budget is spent on providing these services.

In the OECD countries average total (public and private) expenditure on health comes to 8.6% of GDP, and in the United States the figure is no less than 15% of GDP (public expenditure alone amounts to 6.8%), but in sub-Saharan Africa and Southern Asia total spending in this sector is less than 5% of GDP. However, the real gap is much wider than that since, in the poorest countries, private expenditure on health accounts for a higher proportion of total expenditure, and on average public spending on these services comes to barely 2% of GDP. In most poor countries private expenditure exceeds public spending, so most of the resources invested do not reach the people who have most difficulty in accessing these services. This phenomenon also occurs within rich countries where a large proportion of the services are privately

1 The members of the Social Watch Research Team are listed on the credits at the start of this book.

provided. For example, according to the World Health Organization, the United States comes 37th of the list for public health provision, behind countries like Morocco (which is 29th, with only USD 186 in expenditure), Spain (seventh) or France (first). In fact the United States ranks just two places higher than Cuba (which spends USD 236). One of the reasons for this low ranking is that in the United States, the country that spends most, there are more than 40 million people who have no health coverage at all.

Another aspect of the situation is that social expenditure in itself does not guarantee that the conditions of life of the people in a country will improve. Social policies and the ways in which the budget is implemented can also have a bearing on how much of an impact this expenditure has on the population's quality of life.

According to the World Bank, the additional foreign aid needed to reach the MDGs in health would amount to just somewhere between USD 25 billion and USD 70 billion per year. However in 2004 alone total military expenditure in the world was USD 976 billion, which was 11% more than in the previous year. The main cause of this rise was increased spending by the United States on the war in Iraq. The 31 highest-income countries in the world are responsible for 75% of total global military expenditure, and the United States alone accounts for 50%.[2] But these nations have enormous incomes so military expenditure comes to only a relatively small part of their GDP, and this means that these countries do not show up prominently in relative indicators like military spending as a percentage of GDP or of Gross National Income (GNI). But there are other comparisons that reveal absurdities in the real situation, like the fact that these countries allocate ten times more to the military sector than to official development aid.[3]

Another obstacle to allocating resources to development in general and raising spending on basic social welfare services in particular is that many countries have to service considerable foreign debts. Even the multilateral bank has acknowledged that the weight of these payments constitutes a serious obstacle to growth and economic stability in a large number of countries. In 1996 the World Bank and the International Monetary Fund undertook the Heavily Indebted Poor Countries (HIPC) Initiative as a first general attempt to eliminate unsustainable debt among the poorest and most indebted countries in the world.[4] According to recent declarations by the World Bank, in July 2006 work began on processing some debt cancellations that were announced in July 2005 by the Group of Eight (G8 – the seven most industrialized countries plus Russia).

Chart 2 shows the performance of countries as regards public expenditure according to their rating on the Basic Capabilities Index (BCI). It can be seen that the countries that rate better in the use of public expenditure are in better positions according to this index.

Table 1 shows that the countries with the greatest deficiencies (according to the BCI) are also those that allocate the lowest proportion of their national budget to health and education.

CHART 2. Final public expenditure position by BCI

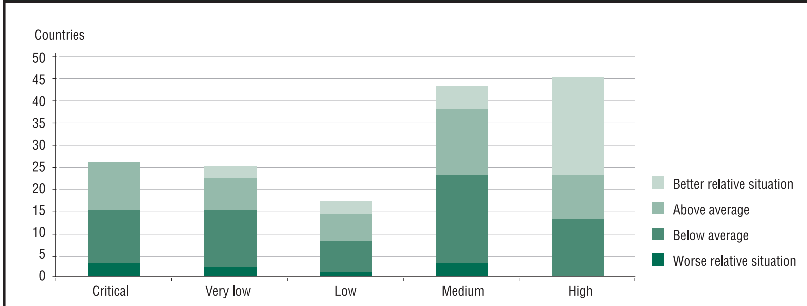


TABLE 1. Public expenditure indicators of countries according to their BCI level

BCI 2006		PUBLIC EXPENDITURE (% GNI 2003-2004)			
		HEALTH	EDUCATION	DEBT SERVICE	MILITARY EXPENDITURE
Critical	Average	2.1	3.6	3.3	3.4
	Number of countries	26	24	26	25
Very low	Average	2.6	4	4.5	2.6
	Number of countries	26	19	24	22
Low	Average	3.4	4.9	5.1	2.1
	Number of countries	17	15	15	14
Medium	Average	3.5	4.8	7.5	2.4
	Number of countries	46	40	38	32
High	Average	5.6	5.6	9	2.2
	Number of countries	45	44	15	42

TABLE 2. Public expenditure indicators of countries by region

REGIONS	PUBLIC EXPENDITURE (% GNI 2003-2004)			
	HEALTH	EDUCATION	DEBT SERVICE	MILITARY EXPENDITURE
East Asia & Pacific	4.2	5.5	4.9	1.8
Europe	5.7	5.3	8.4	1.7
Central Asia	2.3	3.4	8.0	2.6
Latin America & Caribbean	3.5	4.6	7.6	1.3
Middle East & North Africa	3.1	5.5	5.6	5.0
South Asia	2.0	4.0	2.9	2.4
Sub-Saharan Africa	2.4	4.0	3.9	3.0
North America	6.8	5.5	-	2.5

2 Stockholm International Peace Research Institute (2004). *SIPRI Yearbook 2004. Armaments, Disarmament and International Security*. Oxford University Press. Available at: <editors.sipri.se/pubs/yb04/aboutyb.html>.

3 *Ibid.*

4 The International Development Association and the International Monetary Fund (1999). "Heavily Indebted Poor Countries (HIPC) Initiative. Perspectives on the Current Framework and Options for Change". Prepared by the Staffs of the World Bank and IMF. Approved by Masood Ahmed and Jack Boorman. Available at: <www.imf.org/external/np/hipc/options/options.pdf>.

When it comes to debt servicing, the countries that rank medium and high on the BCI are most affected, with averages of over 7.5%. It is noteworthy that these countries do not qualify for the Heavily Indebted Poor Countries (HIPC) initiative.

Table 2 shows that average social expenditure (health plus education) is around 8.5% of GDP, and military expenditure comes to 2.5% of GDP. But it is obvious that behind these averages there are wide variations in what different countries spend. In the countries in the better situation on the BCI, the averages for education and health are three times higher than those for the countries in the worse situation. This table shows that the countries in the better relative situation (33) have a public expenditure structure in which education and health are given considerable weight (an average of 13.6% of GDP). These countries spend an average of USD 9 on these services for every USD 1 that goes to the military budget. Furthermore, in this group of countries the average weight of debt servicing is 2.8% of GNI, which is significantly less than in the rest of the countries. At the other end of the scale, the countries in the worse situation (11) spend an average of 4.3% of GNI on education and health, which is not much more than they allocate to military expenditure (3.7%). Another negative aspect is that a sizeable chunk of GNI (14.4%) goes on servicing the foreign debt.

A geographical analysis of performance in public expenditure shows that Central Asia is the region with the most countries below average (8 of the 9 countries in that region). In Asia and Africa the proportion of countries below the average is also very high. We should note, however, that the situation varies depending on which indicator is studied. The countries in the worse situation in terms of public expenditure on basic social services are in Central and Southern Asia and sub-Saharan Africa, where averages are below 2.5% of GNI in health and around 4% in education. Relative military expenditure, on the other hand, is highest in the Middle East and North Africa, at 5% of GNI. The regions in which average debt servicing as a percentage of GNI is highest are Europe (8.6%), Central Asia (8%) and Latin America (7.6%).

The evolution of performance in public expenditure between 1990 and the early years of the 21st century shows that, of the 177 countries for which data are available, only 4% (7 countries) have made significant progress and 25% have made slight progress. There was no change in half the countries, and in 18.6% of them the proportion of budget allocations going to social services fell. ■

CHART 3. Current situation of public expenditure by regions

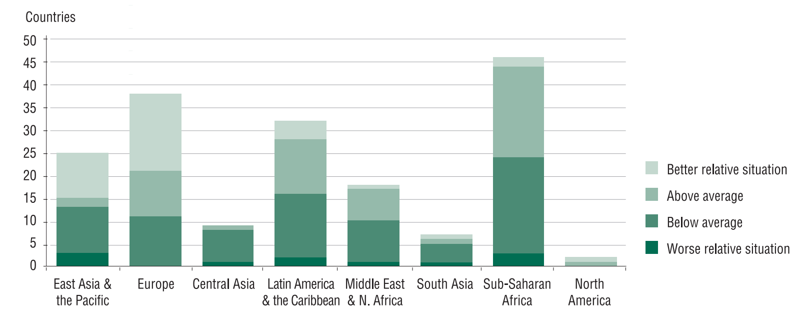


TABLE 3. Current situation by evolution of public expenditure

CURRENT SITUATION	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	4	6	1	0	11
Countries below average	4	14	45	13	0	76
Countries above average	0	9	23	18	4	54
Countries in better situation	1	1	18	13	3	36
Total	5	28	92	45	7	177

TABLE 4. Averages by indicator of countries in better and worse relative situation in public expenditure (2003-2004)

CURRENT SITUATION		HEALTH (% OF GDP)	EDUCATION (% OF GDP)	FOREIGN DEBT SERVICE (% OF GNI)	MILITARY EXPENDITURE (% OF GDP)
Countries in worse situation	Average	1.8	2.7	14.4	3.7
	Number of countries	11	11	9	10
Countries in better situation	Average	6.4	7.2	2.8	1.5
	Number of countries	36	33	10	26
Total of countries	Average	3.7	4.8	5.8	2.5
	Number of countries	187	159	133	151

The reduction in the burden of foreign debt servicing is noticeable in… (% of GNI)

	1990	2004
Congo, Rep. of	22.9	10.7
Jordan	16.5	6.0
Jamaica	15.9	9.9
Algeria	14.7	7.1
Côte d'Ivoire	13.7	3.7
Honduras	13.7	4.7
Mauritania	13.5	3.5
Nigeria	13.0	4.0
Syria	9.9	1.4
Kenya	9.6	2.3
Trinidad and Tobago	9.6	3.4
Costa Rica	9.2	3.8

DEVELOPMENT ASSISTANCE

Discouraging trends

Official development assistance – in the form of grants and soft loans – is no longer the main source of foreign income for most middle income countries, but it still is for the poorest. Since 1997, developing countries have transferred more financial resources to developed countries (to cancel debt commitments) than they have received in ODA. At the same time, assistance from donor countries as a percentage of their GDP has fallen.

Social Watch Research Team[1]

Selected indicators:

- Official Development Assistance from the countries belonging to the Development Assistance Committee of the Organization for Economic Cooperation and Development and from multilateral organizations (% of GNI)

International cooperation plays an important role in countries' progress towards economic and social development and in the struggle against poverty.

In this sphere financial assistance is vitally important, and it has a big influence on how some of the most disadvantaged countries will develop in the future. Contributions from developed countries through international cooperation can be vitally important for nations that have limited resources to be able to provide for the economic, social and cultural rights of their citizens. In fact, in this sense, this kind of cooperation is an international instrument to promote human rights.[2]

The developed countries have made commitments that are an expression of their political will and that quantify assistance to the poorer countries. In recent years, there have been government commitments to allocate a fixed proportion of their resources to ODA. In Commitment 9 of the final declaration of the 1995 World Summit on Social Development in Copenhagen, it was agreed that the donor countries would allocate 0.7% of their Gross National Income (GNI) to official development assistance (ODA).

According to the Organization for Economic Cooperation and Development (OECD), ODA consists of grants and loans with very soft financial conditions[3] made by public institutions in the developed countries with the aim of promoting economic development and well being in developing countries.[4]

However, official assistance and development are currently under debate because of the broad trends that have emerged in flows of official finance. In recent years there have been three main trends in global net flows into the developing countries:[5]

- Official flows of resources have become relatively less important and private sources of finance for development have been growing. The latter mainly consist of direct investment, which tripled between the 1990-1994 period and 2000-2004. There has also been a considerable increase in remittances sent by emigrants to their countries of origin, which more than doubled in the same period from USD 40 billion to USD 99 billion.[6]
- Official net flows have been highly volatile and have tended to decrease. ODA grew between 1970 and 1990 but since then it has been shrinking. The annual average between 1990 and 1994 was USD 52 billion, but between 2000 and 2004 it was only USD 36 billion.
- The modalities of private and official flows of resources have been changing. In the private sphere foreign direct investment and share acquisitions have been gaining ground over debts contracted with private banks and on capital markets. Direct investment is considered to be more stable and a better long term prospect than contracting debts with private international creditors.

Goal 8 of the Millennium Development Goal (MDGs) involves promoting a global partnership for development. This means the richer countries have made a firm commitment to giving development aid, and the countries that receive this aid have a responsibility to channel it into social development. The contribution needed from the international community to reach the MDGs is in fact far more than the set target of 7% of GNI in the donor countries. ■

Official sources of finance have been reducing the amounts they lend, but grants have increased from an annual average of USD 9.5 billion in the 1970s and 1980s to USD 31 billion per year in the 1990s. The underlying logic of this is that middle-income countries would seek more of their finance in capital markets and that ODA would be increasingly channelled to the poorest countries, especially those in sub-Saharan Africa.[7] Only in this region and in Southern Asia, where the poorest countries on the planet are found, have official flows exceeded private finance since the 1990s.

In recent years financial flows to developing countries have tended to be channelled through new instruments, and as a consequence ODA, as it was originally defined, is no longer the main source of foreign finance for most middle-income countries. But this does not apply to the poorest countries, where official assistance still amounts to over 7% of GNI.

It was noted above that private flows account for an increasing share of total finance for development at the expense of official flows, but this does not apply uniformly across the globe. These private flows of foreign direct investment are mostly going to a limited number of emerging countries, and to

1 The members of the Social Watch Research Team are listed in the credits at the start of this book.

2 The International Charter on Economic, Social and Cultural Rights (CESCR).

3 At least 25% should be donated, and loans have very low rates of interest (around 1% per year) and very long repayment periods (30 to 40 years).

4 Official Development Assistance (ODA), grants or loans to countries and territories in Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a grant element of at least 25%]. In addition to financial flows, technical co-operation is included in aid. Grants, loans and credits for military purposes are excluded. For the treatment of the forgiveness of loans originally made for military purposes, see Notes on Definitions and Measurement below. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.

5 Economic System of Latin America and the Caribbean (SELA) (2005). *La Ayuda Oficial para el Desarrollo en América Latina y el Caribe: contexto y perspectivas.*

6 Since the mid 1990s the amount of remittances received by the developing countries as a whole has exceeded ODA.

7 The main agencies in the United Kingdom, the Netherlands and Canada, among other donor countries, have indicated that ODA will be concentrated more and more in the lowest-income countries.

COMMITMENTS MADE INDIVIDUALLY BY SOME EU COUNTRIES:		
Belgium		0.7% 2010
France	0.5% 2007	0.7% 2012
Sweden	1% 2006	
Spain	0.33% 2006	0.5% 2008
United Kingdom	0.47% 2008	0.7% 2013

specific sectors within those countries. In fact, between 2000 and 2004, some 65% of these flows went to just five countries, namely China, India, Brazil, Russia and Mexico.

ODA flows changed direction after the 1997 crisis in Asia. The developing countries as a group transferred more financial resources to the developed countries (to pay off debt commitments) than they received, so their net balance was negative. In 2004 the balance ceased to be negative. Some developing countries were able to build up financial reserves thanks to favourable prices for their exports, and they used part of these resources to pay off their foreign debts or at least to make advance payments.

Between 2000 and 2004 ODA increased by around USD 12 billion, but when the figures are analyzed as a percentage of GNI in the donor countries it emerges that the trend is for proportionally less assistance to be given. In this period ODA amounted to only 0.25% of GDP, which falls far short of the 0.7% agreed by the donor countries in the 1960s and is also well below the 0.5% that was paid during that decade.

In 2004 the only countries that exceeded the United Nations target of 7% of GNI were Denmark, Luxembourg, the Netherlands, Norway and Sweden. In 2004 the average for the countries of the European Union went up from 0.35% in 2003 to 0.36%, but some nations in the bloc are still below the 0.33% that the EU set for its members after the Monterrey Summit in 2002, and even further below the 0.39% that was fixed as the target for 2006.

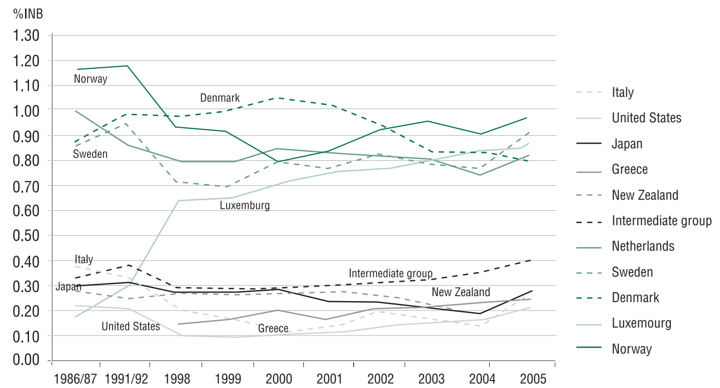
An evaluation of development assistance cannot be confined only to quantifying the funds involved. There is growing concern about the quality of this assistance, that is to say its efficacy, transparency and the real impact that it makes. To improve these dimensions, evaluation tools are being brought into play that allow much better follow up on what is really achieved.

A review of the 2000-2004 period shows that the increases in ODA at that time were in the areas of increased technical cooperation (46%), debt forgiveness for the poorest countries (32%), contributions to multilateral organizations (21%) and emergency aid (15%). At the same time there were decreases in other areas, such as loans and other grants (-14%).

Variations in ODA 2003-2004:

CONSIDERABLE INCREASES	%	REASON
Austria	22.0	Mainly through forgiving debt
Greece	13.1	Increase in technical cooperation and emergency aid
Canada	12.2	Ceased to receive repayments from India
Luxembourg	10.5	Increased cooperation with regional development banks
Portugal	187.5	Forgiving big debts owed by Angola
Spain	14.5	Contributions to international organizations
United Kingdom	8.8	Forgiving debt and increasing assistance for programmes and projects
New Zealand	8.2	Includes a considerable increase in grants to organizations in the South Pacific
SLIGHT INCREASES		
Denmark	3.5	
Finland	5.9	
France	4.3	
Australia	2.3	
Ireland	2.2	
Sweden	1.4	
DECREASES		
Belgium	-30.3	A fall from 2003, when the Democratic Republic of the Congo was granted considerable debt relief
Italy	-9.7	Due to less debt forgiveness
Netherlands	-4.0	Due to India's repayment of assistance loans
Switzerland	-3.0	
Norway	-2.9	

CHART 1. Net ODA payments at current prices and exchange rates (% of GNI), 1986-2005*



* Evolution of the five countries with highest and lowest contributions in 2004, and average value for countries with middle-level contributions.

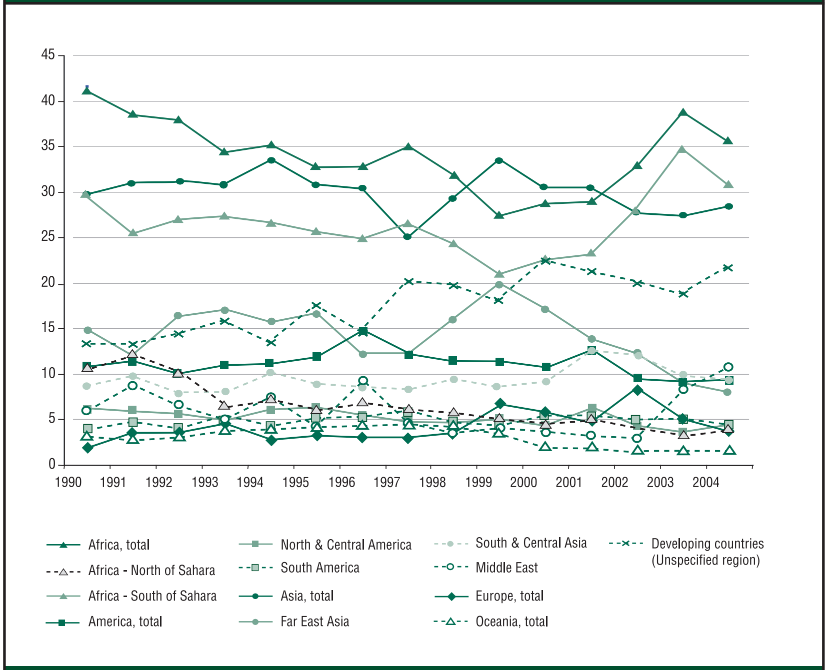
The commitments made at Monterrey meant an increase from the 2004 figure of 0.25% to 0.30% in 2006. It would seem that this proportion will increase, since the G8 (the seven most industrialized countries plus Russia)[8] announced in September 2005 that they would assume the cost of forgiving the debts that 40 countries have with multilateral organizations.

According to estimates made by the Development Assistance Committee of the OECD, annual OECD contributions will rise by USD 50 billion between 2004 and 2010, and reach USD 130 billion in 2010, which would amount to 0.36% of GDP in that year. In relative terms this is just half of what the donor countries committed themselves to in the 1960s.

The World Bank announced recently that the Multilateral Debt Relief Initiative (MDRI) came into force on 1 July 2006, and this would forgive the debts that some of the poorest countries in the world have with the International Development Association. This Association, under the aegis of the World Bank, is to grant some USD 37 billion in debt relief over the next 40 years, which is additional to the approximately USD 17 billion in relief that the Association is already committed to under the Heavily Indebted Poor Countries Initiative (HIPC).

According to the World Bank, countries that have 'graduated' from the HIPC Initiative would be able to opt for additional relief from their debt burden. In the first stage nineteen countries would enjoy total cancellation "of debts that satisfy the requirements" (Benin, Bolivia, Burkina Faso, Cameroon, Ethiopia, Ghana, Guyana, Honduras, Madagascar, Mali, Mauritania, Mozambique, Nicaragua, Niger, Rwanda, Senegal, Tanzania, Uganda and Zambia). The other heavily indebted poor countries would have to meet the requirements of the programme to be able to accede to the debt cancellation mechanisms.[9] ■

CHART 2. Evolution of destination of ODA (1990-2004)



8 At the 2005 G8 Summit in Gleneagles in Scotland, these countries committed themselves to cancelling the debts of the most indebted countries in the world, most of which are in Africa. The International Development Association of the World Bank, the International Monetary Fund and the African Development Fund will forgive the debts of countries that have 'graduated' (that is, that have reached the 'culmination point') of the HIPC initiative. In March 2006 the donors agreed on a financial package for the MDRI which involves additional funds so as to ensure the flow of new resources for the fight against poverty. Compensatory financial assistance that is given during the period and covers cancelled loans is based on solid commitments that have already been made, and the donors are taking additional measures in the countries of origin to meet the need for supplementary financing in the period.

9 Cf. Wilks, A. and Oddone, F. "Forever in your debt?" in this Report.

THE ENVIRONMENT

Access versus the privatization of resources

Fair access to natural resources is essential for sustainable development. In Millennium Development Goal number 7 there is a call to reduce by half the proportion of people without sustainable access to safe drinking water and to achieve significant improvement in the lives of at least 100 million slum dwellers by 2020. Although more people now have access to drinking water, in 2010 an estimated 215 million still will not. The situation is critical, and the growing trend towards privatizing the service and commercializing this essential resource will lead to even more inequality.

Social Watch Research Team[1]

Selected indicators:

- People with access to improved water sources (%)
- People with access to sanitation (%)

The importance of people's habitat and adequate standards of life have been analyzed and stressed at various international conferences under the auspices of the United Nations and in human rights instruments.

These dimensions of people's quality of life must be approached with an integrated focus because they are connected to other aspects like access to health services, water, sanitary facilities, and decent housing. Governments are under a series of obligations, laid down in the International Covenant on Economic, Social and Cultural Rights, to meet standards that will enable the people of their countries to have a decent life. These standards or values assumed by a society have also been accepted at international conferences like the Copenhagen Summit and the Beijing Conference, and the commitments have been enshrined in the Millennium Declaration and quantified in Goal 7 of the Millennium Development Goals (MDGs).

There are other dimensions that are interconnected with these commitments, like the links between habitat and health, habitat and poverty, and habitat and discrimination.

It is clear that poverty is very closely linked to discrimination, but within population sectors that suffer from discrimination – including indigenous groups, people of African descent, migrants and the homeless – very often the women suffer from double or even triple discrimination. In order to combat this there have to be specific policies for women geared to providing them with improved access to drinking water, sanitary facilities and housing as a basic structural foundation for complying with all the other commitments that countries have made, including those that have to do with reducing poverty, providing work, and children's and reproductive health (MDGs 1, 4 and 5).

In the 1990s the United Nations called several international conferences to tackle different aspects of sustainable development. In 2000 a series of indicators were set so as to facilitate implementation of the MDGs. These would allow for evaluation of the progress made towards MDG 7, which connects access to water and sanitary facilities with sustainable development, the environment and land. This Goal also links these variables together in that it maintains a focus on urban and land development, habitat, access to drinking water and slum settlements. The Goal includes a call for the proportion of people without access to drinking water to be cut by half, and for a significant improvement in the lives of at least 100 million slum dwellers by 2020.

On this last point, it should be borne in mind that the urban population is growing fast and this is having a big impact on the environment. What makes this even more serious is that over 70% of the urban population in poor countries live in slum settlements and do not have adequate access to drinking water, sanitary facilities or other essential services.

It is very difficult to measure countries' real progress or regression with respect to goals that are fixed internationally because only data about access to drinking water and sanitation are available. There are no complete and up-to-date data available internationally to be able to monitor what percentage of populations have secure access to land tenancy, and analysis of housing quality is still in its early stages.

The seventh of the Millennium Development Goals requires governments to reduce the numbers of people living in slum settlements, but it is extremely difficult to systematize the information available so as to construct relative indicators of the quality of life in these settlements, access to services, quality of housing or the displacement of population groups.

This report will focus on indicators for which data is available so as to try to shed some light on the world situation as regards access to water and sanitary facilities.

Access to water is a basic human right, and according to UNICEF the amount needed to meet the basic needs of one child is 20 litres per day, which is equivalent to two buckets of water. UNICEF has reported that more than one billion people are still using water that is not fit for consumption, and more than 2.6 billion (40% of the world's population) lack basic sanitary facilities. As a result, thousands of children are dying from diarrhoea and other illnesses connected to water, sanitation and hygiene. Some 4,000 children die every day simply because they do not have access to drinking water.

In 2002 the United Nations Human Rights Committee passed General Observation No. 15,[2] which recognizes the right to water as an indispensable factor for human dignity, and links this basic right to life and health. Polluted water and lack of access to adequate sanitary facilities are directly linked to illnesses, which means they amount to a violation of the human right to health. Access to this resource is so important that the General Assembly of the United Nations passed a resolution proclaiming the period 2005-2015 as the "International Decade for Action: Water for Life". The aim of this initiative is to reach the targets that have been agreed internationally and to lay the foundations to be able to make real progress in the years ahead.[3]

According to UN-Habitat, between 1990 and 2002 some 1.1 billion more people gained access to potable water, which raised global coverage from 77% to 83%. However, in spite of what has been achieved, it is estimated that the number of people without such access will double from 108 million to 215 million in the 1990-2010 period.[4]

This situation is further complicated by the fact that globalization has accelerated the trend towards privatizing essential services such as water. In some countries more than half the urban population has to depend on private companies for their water, and this is usually more expensive than public supplies.[5]

Civil society organizations have called on the international water forums to oppose this commercialization on the grounds that private companies do not allow universal access to this resource and this constitutes a violation of a basic human right. They also claim that the privatization of water services involves very serious human, social and environmental costs.[6]

1 The members of the Social Watch Research Team are listed on the credits at the start of this book.

2 The Committee for Economic, Social and Cultural Rights. General Observation No. 15 (2002), "The right to water" (Articles 11 and 12 of the International Charter on Economic, Social and Cultural Rights). Geneva, 11-29 November, 2002.

3 United Nations. World Water Day. "Water as the source of life, 2005-2015". Available at: <www.un.org/spanish/events/waterday/2005/>.

4 UN-Habitat (2006). *State of the World's Cities 2006/7: The Millennium Goals and Urban Sustainability.*

5 UN-Habitat (2003). *Water and Sanitation in the World's Cities: Local Action for Global Goals.*

6 Joint Declaration by the Movement for the Defence of Water. Mexico City, 19 March, 2006.

Discrimination in access to water is not just a matter of socio-economic level, but also involves where people live. According to the World Health Organization, approximately 80% of those who do not have access to drinking water live in poverty in rural areas, and this means they are less able to apply political pressure or to claim their rights. What's more, the time it takes them to collect water is time they cannot spend on productive activities, education or family care.[7]

Another dimension to this problem is gender discrimination. The fact that there is discrimination in access to land, to the means of production and to potable water means that very often rural women have to leave their homes. Most displaced women have children, and they gravitate to areas where they can survive on the outskirts of cities, swelling still more the number of people living in slum settlements.

As if these structural circumstances were not bad enough, the situation of poor people is often further blighted by more transitory phenomena like armed conflicts and natural disasters, and this calls for an extra effort on the part of national governments and the international community to honour the commitments they have made.

These problems are not always rooted in a lack of resources. In 2005 the United States was plunged into a major crisis affecting the safety and health of large numbers of people when Hurricane Katrina devastated the city of New Orleans. A sizeable percentage of the population of this city was living below the poverty line;[8] these were mostly African Americans who were poor and did not have the means to escape when the disaster struck. Not enough shelters were provided, and these refugees lacked drinking water, decent sanitation and other basic services, and were plunged into a grim, large-scale humanitarian crisis right in the heart of the richest country in the world.

In the developed countries access to water and sanitary facilities is not universal but on average it stands at over 90%, and this is a far cry indeed from the situation in the developing countries. The amount of water consumed per person also varies widely. In the rich countries, average daily consumption is between 500 and 800 litres, but in the poor countries it is between 60 and 150 litres.[9]

CHART 1. Current situation of environmental indicators by regions

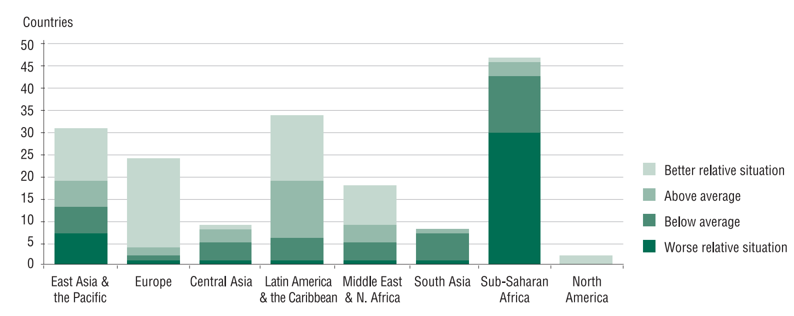
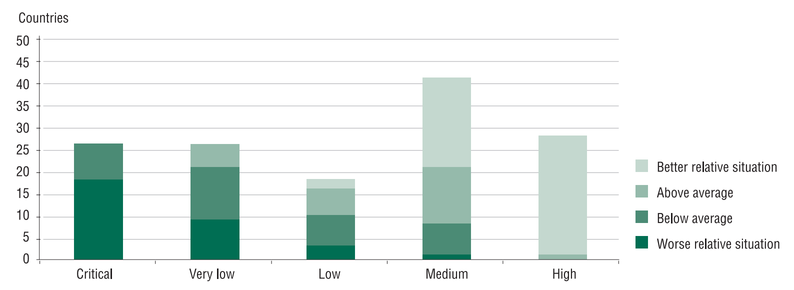


CHART 2. Final position in environmental indicators by BCI



The official international statistics that Social Watch publishes show that in 150 countries for which data is available, 22% are in a worse relative situation, 25% are below average, 18% are above the average and 35% are in a better relative situation.

When we compare the countries in the worse relative situation and those in the better relative situation with the Basic Capabilities Index (BCI) constructed by Social Watch, it can be seen that most of the countries in the worse relative situation have a critical or very low BCI rating, and most of the countries in this category are in sub-Saharan Africa.

One country that stands out for the wrong reasons is Romania. It ranks 65th on the BCI but has very poor rates of coverage as regards drinking water and sanitary facilities, with access below 58% for both services.

Most of the countries in the better relative situation – that is to say those that have better rates of access to these resources – rate middle or high on the BCI. There are two exceptions, Egypt and the Cook Islands, which rank low on the BCI but are in the better relative situation category.

Ethiopia and Chad have the worst national coverage as regards sanitary facilities. In both countries access is below 10%, they have not made significant progress for a decade (the 1990-2002 period), and in fact, in Ethiopia, coverage was actually less in 2002 than in 1990.

When it comes to an analysis by regions we find that most of the countries in Europe and North America have the best averages for coverage, and the worst situation is in sub-Saharan Africa where the figures for coverage are critical.

The countries that regressed the most as regards coverage of sanitary facilities were Liberia and Burundi, which both fell by more than ten percentage points in the last decade, and less than 40% of the population now have access. At the other end of the scale Myanmar made the greatest progress in sanitary facilities over the period: coverage increased from 21% in 1990 to 73% in 2002.

Mauritania, Kiribati, Haiti, Benin and Madagascar are all in a very critical situation according to the Basic Capabilities Index but they have made the most progress in extending coverage of sanitary facilities, although overall coverage is still very low.

The countries that regressed most in terms of providing drinking water were the Maldives, the Marshall Islands and Algeria. In all three people's access fell by around ten percentage points, and in the Maldives the situation is serious because in 1990

7 World Health Organization (WHO) (2003). *The right to water*. Available at: <www.who.int/water_sanitation_health/rtwrev.pdf>.

8 UNESCO (2006). *Water, a shared responsibility. The UN World Water Development Report 2*. Chapter 1: "Living in a Changing World". Available at: <www.unesco.org/water/wwap/wwdr2/pdf/wwdr2_ch_1.pdf>. According to the report, in 1999 some 28% of the inhabitants of New Orleans were living below the poverty line.

9 UN-Habitat (2006), *op cit.*

some 99% of the population had access to potable water but coverage fell to 84% in 2002.

Namibia, Benin and the Central African Republic have very low rankings on the BCI but have managed to improve water coverage. The Central African Republic made the most progress with an increase in national coverage from 48% in 1990 to 75% in 2002.

For the total of 135 countries for which data are available, 59 have not progressed or have stagnated, and most of these are countries in the better situation. They have already achieved high coverage in this respect (on average above 95%), but they have not progressed in spite of the fact that they have made international commitments to attain total coverage in water and sanitary facilities.

Half the countries have improved in this area, with 35 making slight progress and 32 significant progress. Nevertheless, an alarmingly high number of people in the world are still living without adequate water or sanitary facilities, and not only is this linked to illnesses among children and adults, but it also has a severe long-term negative impact on national development and the conditions of daily life. ■

TABLE 1. Current situation by evolution in evironmental indicators

CURRENT SITUATION	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	4	4	11	8	27
Countries below average	1	0	4	11	15	31
Countries above average	0	1	6	10	7	24
Countries in better situation	0	3	45	3	2	53
Total	1	8	59	35	32	135

TABLE 2. Averages by environmental indicator of countries in better and worse situation

CURRENT SITUATION		POPULATION WITH ACCESS TO SANITATION (%)	POPULATION WITH ACCESS TO IMPROVED WATER SOURCES (%)
Countries in worse situation	Average	30.86	54.17
	Number of countries	42	42
Countries in better situation	Average	95.96	97.55
	Number of countries	50	58
Total of countries	Average	66.24	79.33
	Number of countries	92	100

HEALTH

Extreme risk

There is a huge gap between the countries in the better and worse relative situations as regards health care. Conditions in some poorer countries amount to a public emergency, but in the more developed countries lethal diseases have been brought under control. No country has regressed significantly in health care recently, but fewer than 10% have made good progress. Health care provision is a question of human rights, and this means there must be universal access and efficient public services.

Social Watch Research Team[1]

Selected indicators:

- Malaria (cases per 100,000 people)
- Tuberculosis (cases per 100,000 people)
- People with HIV/AIDS (15 to 49 years old)
- Infant mortality (per 1,000 live births)
- Mortality among children under age 5 (per 1,000 live births)
- Children under age 1 immunized against diphtheria, whooping cough and tetanus (DPT)
- Children under age 1 immunized against polio
- Children under age 1 immunized against measles
- Children under age 1 immunized against tuberculosis

There are good and bad aspects to the health situation in the world. On the one hand, good overall progress has been made, but there are still threats to health that affect the whole world. According to the World Health Organization (WHO), "Chronic diseases, consisting of cardiovascular and metabolic diseases, cancers, injuries, and neurological and psychological disorders, are major burdens affecting rich and poor populations alike."[2]

On the other hand, there are shocking differences in the sphere of health care between countries. In the least developed countries some population groups are at extreme risk in situations that amount to public emergencies, but in the more developed countries some of the most lethal illnesses have been brought under control to the point that they can now be considered merely chronic, that is to say, manageable. The gap is wide, and life expectancy at birth is a key indicator that reflects this inequality.

One of the crucial factors underlying this gap between countries is the amount of health infrastructure that there is, and lack of infrastructure goes a long way towards perpetuating these inequalities. Poor living conditions in general, and poverty, gender inequity and environmental pollution in particular, are also important causes of inequalities in health. This is a question of human rights, and what is needed is not just universal access to health services but also that people and communities should play an active role in their own health care and in the efficiency of public services.

The greatest global pandemic is HIV/AIDS. It has now spread to such an extent that it has become the main cause of death among people in the 15 to 49 age bracket. According to UNICEF, "in 2003 alone, 2.9 million people died of AIDS and 4.8 million people were newly infected with the HIV virus. Over 90 per cent of people currently living with HIV/AIDS are in developing countries… In sub-Saharan Africa, HIV/AIDS has led to increasing child mortality, dramatic reductions in life expectancy and millions of orphans."[3]

Today there are more than 40 million people in the world living with the virus, but only 5% of them are in the rich countries. Medical treatment has improved, but even so, in 2005 more than 3 million people died from causes attributable to HIV/AIDS, and half a million of the victims were children.

According to the United Nations Development Programme (UNDP), only 4% of the people in Africa who are living with HIV/AIDS are receiving the necessary antiretroviral treatment. Not receiving treatment for the virus has a direct negative impact on life expectancy. To improve this situation it is vitally important to authorize the use of generic equivalents to partly replace patented medicines so that treatment can be rapidly universalized.[4]

In many African countries more than 15% of the population between 15 and 49 years of age has the virus, and in some of these countries the repercussions in terms of morbidity and mortality are catastrophic. In Botswana, for example, life expectancy has fallen to just 19.5 years. The 10 countries with the highest incidence of HIV/AIDS are all in the sub-Saharan region.

TABLE 1. Countries with highest incidence of HIV/AIDS, by region

COUNTRY	REGION	% OF POPULATION WITH HIV/AIDS
Swaziland	Sub-Saharan Africa	39
Botswana	Sub-Saharan Africa	37
Lesotho	Sub-Saharan Africa	29
Zimbabwe	Sub-Saharan Africa	25
South Africa	Sub-Saharan Africa	22
Namibia	Sub-Saharan Africa	21
Zambia	Sub-Saharan Africa	17
Malawi	Sub-Saharan Africa	14
Mozambique	Sub-Saharan Africa	12
Tanzania	Sub-Saharan Africa	9

Like in other spheres of social development, morbidity and mortality indicators are connected to economic factors, although there are other causes as well. Experience in various countries has shown that the economic factor that has the most bearing on these aspects of health is not per capita income or the rate of economic growth, but rather, equity in income distribution.

An indicator that clearly reflects a country's health situation is life expectancy at birth. The human race has made good progress in the last 30 years, and average global life expectancy has risen from 59.9 to 67.1 years, but in some regions there has been almost no improvement. In sub-Saharan Africa this indicator has increased by a mere 0.3 years, and it Eastern Europe it has actually fallen by 0.9 years.

What is particularly alarming is that within these populations there are some groups that are especially vulnerable. In the poorer countries there is a greater risk of child mortality in the first year, and mortality among children under 5 is also higher. Worldwide, 11 million children under 5 die from preventable diseases every year.

Since the 1960s some progress has been made in this area and by the 1990s there had been an 11% improvement, although this showed more in some regions than in others. As in so many other dimensions of development, sub-Saharan Africa is in the worst relative situation. In this region there has been no significant improvement over this period, there

1 The members of the Social Watch Research Team are listed in the credits at the start of this book.

2 WHO (2006a). *The World Health Report 2006. Working together for health.* P. 7. Available from: <www.who.int/whr/2006/06_overview_en.pdf>.

3 UNICEF (2005). *The State of the World's Children 2005. Childhood under threat.* Available from: <www.unicef.org/sowc05/english/childhoodunderthreat.html>.

4 UNDP (2005). *Human Development Report 2005.*

are still serious deficiencies in health care, and this can be clearly seen from the list of the ten countries in the world that have performed worst as regards mortality among children under 5 years old.

Another crucial factor in improving morbidity and mortality indicators is a country's ability to immunize its population. The poor countries find this far more difficult to do, and they suffer the consequences. WHO has reported that in Gambia and in other African countries, pneumonia and meningitis (illnesses linked to pneumococcus infections) are ten times more common than in the industrialized countries.[5]

Health is one of the dimensions reflected in the Basic Capabilities Index (BCI), so a country's ranking in this index is directly connected to its performance on indicators in the health area. All the countries in the worse relative health situation rate as critical or very low on the BCI. By the same token, the countries with the highest levels of social development, as shown by high BCI rankings, also show the best performance in terms of health: they are all in the group of countries in a better relative situation except for Trinidad and Tobago, and even that country is above the world average.

In recent years no country has regressed significantly in health care, and this is good news, but on the other hand fewer than 10% of countries have made significant progress. Most have advanced, but only to a small extent. But what gives real cause for concern is that countries in the worse relative situation have not managed even slight progress and have simply stagnated (Burkina Faso, Burundi, Cameroon, the Democratic Republic of the Congo, Guinea, Sierra Leone and Zambia) or have lost ground (Côte d'Ivoire, the Central African Republic).

There is no doubt that the most disadvantaged geographical region as regards health is sub-Saharan Africa, where around 90% of the countries are below the world average when it comes to health indicators. In contrast, the Middle East and North Africa are in a favourable situation and nearly three quarters of the countries there (15 out of 21) are in a better situation relative to the rest of the world.

The gap between the countries in the worse and better relative situations is clear to see in all the indicators in the sphere of health. The incidence of malaria, for example, is only 6 cases per 1,000 in the countries in the better situation, but the average in countries in the most critical situation is more than 143 per 1,000, that is to say, it is 23 times

5 WHO (2006b). *We are getting into a great era of hope. WHO immunization work : 2005 highlights.* Available from: <www.who.int/immunization/WHO_Immunization_highlights2005.pdf>.

CHART 1. Current health situation by regions

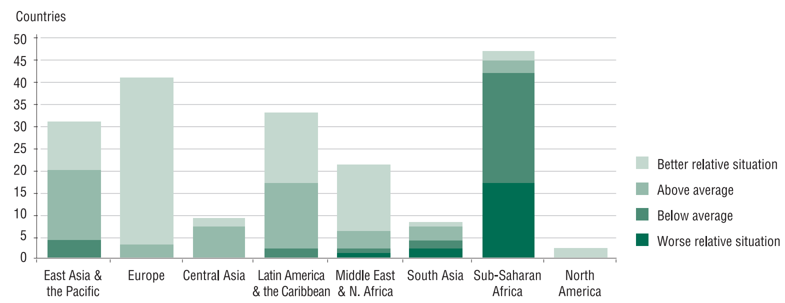


CHART 2. Final health position according to BCI

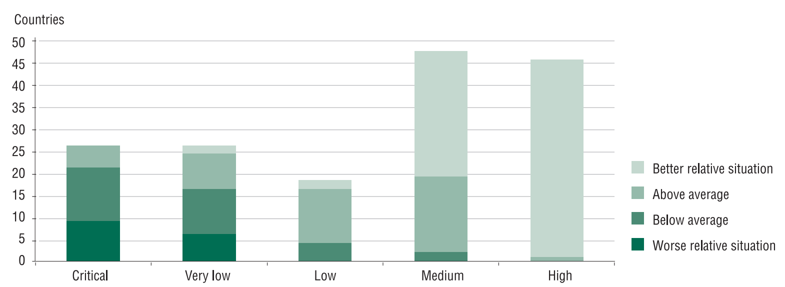


TABLE 2. Mortality among children under 5: the ten countries that have performed worst

COUNTRY	REGION	MORTALITY AMONG CHILDREN UNDER 5 (PER 1,000)
Sierra Leone	Sub-Saharan Africa	283
Angola	Sub-Saharan Africa	260
Niger	Sub-Saharan Africa	259
Afghanistan	Southern Asia	257
Liberia	Sub-Saharan Africa	235
Somalia	Sub-Saharan Africa	225
Mali	Sub-Saharan Africa	219
Dem. Rep. of Congo	Sub-Saharan Africa	205
Equatorial Guinea	Sub-Saharan Africa	204
Guinea-Bissau	Sub-Saharan Africa	203

TABLE 3. Current situation in evolution in health

CURRENT SITUATION	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	2	7	7	1	17
Countries below average	0	6	5	14	4	29
Countries above average	0	1	14	19	4	38
Countries in better situation	0	0	6	53	5	64
Total	0	9	32	93	14	148

TABLE 4. Averages by indicator of countries in better and worse relative situations in health

		INFANT MORTALITY (PER 1,000 LIVE BIRTHS)	MORTALITY AMONG CHILDREN UNDER 5 (PER 1,000 LIVE BIRTHS)	MALARIA (CASES PER 100,000 PEOPLE)	PEOPLE WITH HIV/AIDS (15-49 YEARS OLD) (%)	TUBERCULOSIS (CASES PER 100,000 PEOPLE)	CHILDREN UNDER AGE 1 IMMUNIZED AGAINST DPT (%)	CHILDREN UNDER AGE 1 IMMUNIZED AGAINST MEASLES (%)	CHILDREN UNDER AGE 1 IMMUNIZED AGAINST TUBERCULOSIS (%)	CHILDREN UNDER AGE 1 IMMUNIZED AGAINST POLIO (%)
Countries in worse situation	Average	111	178	144	11.6	577	67.9	66.2	80.0	67.7
	Number of countries	20	20	16	14	20	20	20	20	20
Countries in better situation	Average	12	14	7	0.2	32	93.3	91.7	93.5	92.6
	Number of countries	87	87	11	52	87	87	87	60	87
Total	Average	30	44	88	2.7	134	88.6	86.9	90.1	87.9
	Number of countries	107	107	27	66	107	107	107	80	107

higher. An equally shocking example of this overall inequality is the incidence of tuberculosis: on average, in the countries in the worse relative situation, more than half the population is affected.

Immunization is another area where the health care gap is plain to see. In all the immunization indicators (coverage against polio, diphtheria, whooping cough, tetanus, measles and tuberculosis) the average difference between the two groups of countries is around 20 percentage points. ■

REPRODUCTIVE HEALTH

Deficiencies that cost lives

Since 1994 good progress has been made in extending reproductive health and sexual health services, but in some parts of the world medical care for women is still seriously deficient. Every year some 500,000 women die because of complications in pregnancy and 100,000 more from unsafe abortions.

Social Watch Research Team[1]

Selected indicators:

- Women between 15 and 49 attended at least once during pregnancy by skilled health personnel
- Births attended by skilled health personnel per 100,000 live births
- Estimated maternal mortality rate
- Contraceptive use among in-union women aged 15 to 49

According to the latest annual report from the United Nations Fund for Population and Development, nearly one fifth of morbidity and premature mortality in the world and one third of illnesses among women of child-bearing age are caused by deficiencies in reproductive and sexual health services.

In the last 12 years public policies in the sphere of population and reproductive and sexual health have been conditioned by the International Conference on Population and Development (ICPD) (Cairo, 1994), and the Fourth World Conference on Women (Beijing, 1995), and by the follow-up on both conferences. The follow-up evaluations on the Cairo Programme for Action (Cairo + 10, in 2004) and the Beijing Platform for Action (Beijing + 10, in 2005) revealed that, although important progress has been made towards implementing the resolutions stemming from these conferences, the situation of women's rights in general and of reproductive and sexual rights in particular is plagued by politics, which is jeopardizing and tending to weaken or reverse what has been achieved.

The ICPD Programme of Action stipulated that all States are obliged to:

- ensure that comprehensive and factual information and a full range of reproductive health-care services, including family planning, are accessible, affordable, acceptable and convenient to all users; comfortable for all users through a system of primary health attention by 2015;
- enable and support responsible voluntary decisions about child-bearing and methods of family planning of their choice, as well as other methods of their choice for regulation of fertility which are not against the law and to have the information, education and means to do so;
- meet changing reproductive health needs over the life cycle and to do so in ways sensitive to the diversity of circumstances of local communities.

The Programme of Action further notes that all countries should strive to make reproductive health accessible through the primary health-care system, as soon as possible and no later than the year 2015.

According to the definition adopted at the ICPD, reproductive health not merely the absence of disease or infirmity, but rather a state of complete physical, mental and social well-being in all matters relating to the reproductive system and to its functions and processes. Reproductive health therefore implies that people are able to have a satisfying and safe sex life and that they have the capability to reproduce and the freedom to decide if, when and how often to do so.[2]

These platforms for action have a legal basis in the Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). This Convention, which came into force in 1981, treats reproductive health as an inalienable right for all women in the world, and links it closely to the right to a decent life.[3]

The General Secretary of the United Nations, Kofi Annan, has pointed out that the Millennium Development Goals (MDGs) and the Cairo Plan for Action are not independent objectives. "The Millennium Development Goals, particularly the eradication of extreme poverty and hunger, cannot be achieved if questions of population and reproductive health are not squarely addressed. And that means stronger efforts to promote women's rights, and greater investment in education and health, including reproductive health and family planning."[4]

Since 1994 good progress has been made towards the ICPD objectives in terms of universal access to reproductive health services. Many countries have adopted the idea and the practice of reproductive health, broadened their programmes to reach more people who need these services, and integrated family planning into pre-and post-natal care, childbirth attendance services, the prevention of sexually transmitted diseases and HIV/AIDS, and the detection of cervical and other kinds of cancer. In many countries reproductive health services are included in basic health care.

Although clear progress has been made in extending coverage and improving the quality of attention to women, in some countries there are still serious qualitative and quantitative deficiencies in the services provided, and this is reflected in poor health indicators: high rates of maternal mortality, low rates of the use of contraception, and a low percentage of births attended by skilled health care personnel. Every year some 500,000 women die from complications in pregnancy and another 100,000 as a result of unsafe abortions.

- At the present time women make up 40% of the adults in the world living with AIDS.
- A pregnant woman in Africa is 180 times more likely to die than a pregnant woman in Western Europe.
- In Ethiopia one woman in seven dies during pregnancy or in childbirth, but in the United Kingdom the figure is one in 19,000.
- Every day 1,440 women die in childbirth. That amounts to one death every minute.
- For every case of maternal mortality in Spain, 182 mothers die in Cameroon, 200 in Niger and 425 in Angola.[5]

1 The members of the Social Watch Research Team are listed in the credits at the start of this book.

2 United Nations Fund for Population and Development (1994). Programme of Action of the International Conference on Population and Development. See: <www.unfpa.org/icpd/icpd_poa.htm>

3 The right to female reproductive health is enshrined in articles 11, 12 and 14 of the CEDAW, and in its General Recommendation number 24. See: <www.un.org/womenwatch/daw/cedaw/recommendations/recomm-sp.htm>.

4 Message from UN Secretary General Kofi Annan to the Fifth Asian and Pacific Population Conference, Bangkok, December 2002.

5 Data taken from the United Nations Development Programme (UNDP) (2005). *Human Development Report 2005.*

It is clear that there are huge differences between the developed world and the developing world in the rates of mortality caused by complications during pregnancy or childbirth. The rate of maternal mortality is 18 times higher in the developing countries. On average, women in the developing countries have more pregnancies, and they do not always receive adequate health care, so the actual length of time they are exposed to the risk of maternal mortality is 40 times greater than in the developed world. More than 95% of deaths related to poor reproductive health occur in developing countries, where there is no health care for one third of pregnancies, only 40% of births take place in health care establishments, and only half the births are attended by skilled health personnel.

For the purposes of this report four indicators were used: the percentage of women receiving attention from skilled health personnel during pregnancy, the maternal mortality rate, the percentage of women using contraception, and the percentage of births attended by skilled health personnel. Evolution was analyzed using the same indicators except for the maternal mortality rate, since there are problems with this that hinder comparisons.

Of the 27 countries in the worse relative situation on these indicators, 21 are in the critical group on the Basic Capabilities Index (BCI) and 6 are very low on that index. At the other end of the scale, of the 63 countries in the better relative situation as regards reproductive health, 28 have a middle level on the BCI and 33 a high level, and only 2 rate low on that index.

The reproductive indicators in this area show that overall progress has been made recently in all the groups of countries. Only 9 of the 112 countries show slight or significant regression, and 72 have made slight or significant progress.

There is a strong correlation between reproductive health indicators and geographical region, and an analysis of this shows major inequalities. The countries in the worse relative situation are mostly in sub-Saharan Africa (70%) and Southern Asia (14%), while those in the better relative situation are in Europe (39%), Latin America and the Caribbean (23%) and East Asia and the Pacific (17%). The general evolution of reproductive health indicators for the world is encouraging, but there are huge inequalities between regions.

In the countries in the worse situation an average of only 36% of births are attended by skilled health personnel, but the figure for the countries in the better situation is 98%. Other statistics are even more shocking. In the countries in the worse relative situation maternal mortality is 965 per 100,000 live births as against only 43 per 100,000 live births in the countries in the better situation, which means that women in the developing world are 22 times more likely to die during pregnancy or childbirth. ■

CHART 1. Present reproductive health care situation by regions

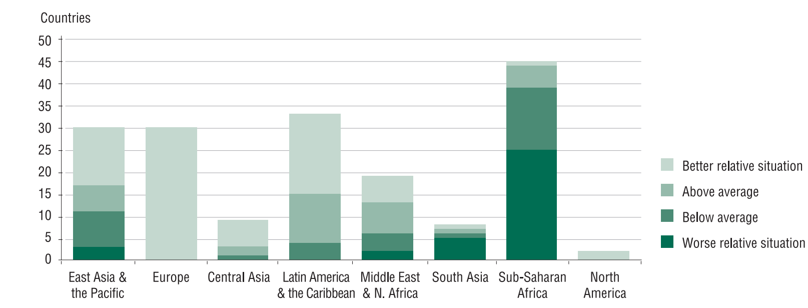


CHART 2. Final position in reproductive health by BCI

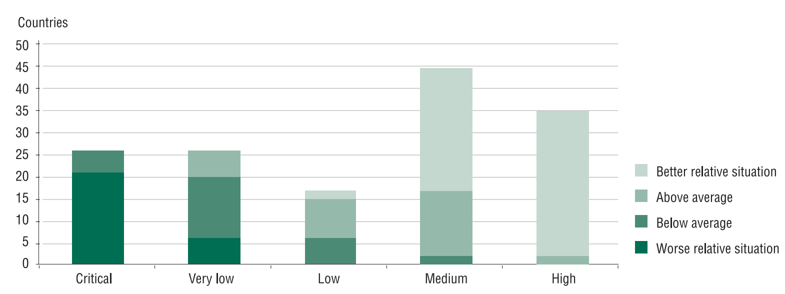


TABLE 1. Present situation by evolution of reproductive health

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	1	6	9	10	26
Countries below average	1	2	6	6	9	24
Countries above average	0	2	4	12	7	25
Countries in better situation	1	2	15	11	8	37
Total	2	7	31	38	34	112

TABLE 2. Averages by indicator of countries in better and worse relative situations in reproductive health

		BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL (%)	CONTRACEPTIVE USE AMONG CURRENTLY IN-UNION WOMEN AGED 15 TO 49 (%)	WOMEN AGED 15 TO 49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL (%)	ESTIMATED MATERNAL MORTALITY RATE (PER 100,000 LIVE BIRTHS)
Countries in worse situation	Average	36.1	18.3	64.2	964.9
	Number of countries	35	32	24	35
Countries in better situation	Average	98	65	92.1	43.4
	Number of countries	67	56	12	73
Total	Average	77	47.7	73.5	342.0
	Number of countries	102	88	36	108

GENDER EQUITY

The need to acknowledge discrimination

For every 100 boys who do not attend primary school, there are 117 girls who do not attend. Women represent 67% of the world's illiterate people and only 16.6% of the world's legislators. What is more, they do not receive equal pay to men for doing the same work. Acknowledging that gender relations relegate women to second class status is the first step in creating policies and political will to put an end to these inequities.

Social Watch Research Team[1]

The tables presented in this Social Watch Report 2006 take the year 1990 as their starting point for measuring advances and setbacks in gender equity. For each indicator selected, the data presented are the latest available.

While the necessary consideration of gender inequalities should cover all dimensions of analysis of the social phenomena at play, a set of indicators has been incorporated that intends to show the principal areas in which inequalities complicate the fulfilment of women's rights and women's advancement to more equitable positions. Modifying the position and traditional roles of women in society and changing relations between men and women in the public as well as the private spheres are complex tasks that require formulating and evaluating specific policies. The first consideration to take into account is that societies and governments must accept and assume that there is a gender system functioning that generates inequalities between men and women. Therefore, societal inequities exist that must be acknowledged as such, because to acknowledge them means to recognize that an additional factor exists, namely gender, that as so many other already recognized factors is a generator of social inequalities. This "obligates" governments to promote policies to correct these inequalities. Indicators and statistics are needed in order to monitor the situation and evolution of these relations. As the United Nations report *The World's Women 2005: Progress in Statistics* shows, the compilation of statistics continues to be deficient and fragmented in many low income countries, while in 90% of the developing world essential statistics do not exist by gender. The Report finds that the last 30 years have shown very little progress, both in the number of countries that publish national statistics and in the degree to which national statistics reflect questions of gender.

Since its 2004 report, Social Watch has incorporated a specific thematic area on gender equity with an eye to making the different treatment faced by men and women evident and facilitating its monitoring and evaluation.

Gender: Education

Selected indicators:

- Gap in literacy rates (women/men)
- Gap in net primary education enrolment rate (women/men)
- Gap in net secondary education enrolment rate (women/men)
- Gap in gross tertiary education enrolment rate (women/men)

Gender equity in education becomes relevant through UNESCO statistics that show us that 67% of the world's illiterate individuals are women. The majority of illiterate women live in rural areas of developing countries, especially Africa, the Arab countries and Southeast Asia. Table 1 shows countries in the worst situation in relation to literacy between women and men. In Chad, for every 100 literate men, there are only 42 literate women; in Mali, 52; in Niger, 54, while in Burkina Faso there are 55.

For every 100 boys who do not attend primary school, there are 117 girls who do not attend, generally due to gender discrimination. More than 40 countries have not met the Millennium Development Goal related to gender equality in primary education, set for 2005. At the same time, achieving gender equality in education constitutes one of the six objectives of the Education for All Programme that 164 governments made their own at the World Education Forum at Dakar in 2000. As a first step toward achieving gender parity the commitment was made to reach equality in the number of male and female students enrolled in primary and secondary education and again the year 2005 was the deadline for achieving this goal. This goal has not been achieved.

The greatest disparities in access to primary education are found principally in Sub-Saharan Africa. In Chad, for every 100 boys at school, there are only 68 girls; in Guinea Bissau and Niger, 71; in Pakistan, Yemen and Burkina Faso, 73.

Considering as a set the four indicators in the area of education, we observe that of a total of 157 countries, 100 find themselves in the best relative situation, of which 83 also have medium to high BCI levels. The 23 countries that find themselves in the worst position in this area all show critical or low BCI levels. Additionally, upon analyzing trends over time, a majority of the countries that currently find themselves in the worst situation are making positive progress: 20 have advanced while 2 are at a standstill (Chad and Gambia) and 2 have fallen back (Angola and Eritrea). If we look at geographical regions, we see that the countries in the worst situation are largely in sub-Saharan Africa.

It is interesting to place the averages for each indicator in comparative perspective for the countries in a better and worse situation in each area (Table 4). Significant distances exist between both groups. While all indicators demonstrate the inequity in the countries that find themselves in the worst position, in some cases it is even more evident. The gap between women and men with regard to tertiary education enrolment rates shows the greatest distance: 0.4 in the worst positioned countries and 1.4 in the best positioned ones.

TABLE 1. Countries with the largest gap between female and male illiteracy rates

COUNTRY	
Chad	0.42
Mali	0.52
Niger	0.54
Burkina Faso	0.55
Benin	0.56
Yemen	0.60
Liberia	0.64
Mozambique	0.64
Sierra Leone	0.64
Central African Republic	0.67

TABLE 2. Countries with the greatest disparity in access to primary education

COUNTRY	
Chad	0.68
Guinea-Bissau	0.71
Niger	0.71
Pakistan	0.73
Yemen	0.73
Burkina Faso	0.73
Benin	0.77
Liberia	0.78
Côte d'Ivoire	0.78
Djibouti	0.80

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

CHART 1. Current situation in education and gender by region

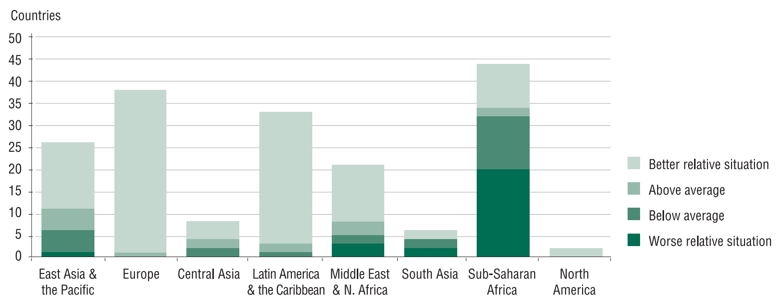


CHART 2. Final position in education and gender according to BCI

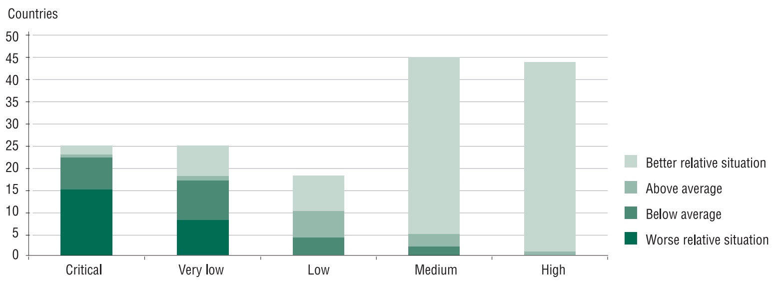


TABLE 3. Current situation based on evolution in education and gender

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	2	0	2	6	14	24
Countries below average	0	2	2	6	8	18
Countries above average	0	0	7	5	3	15
Countries in better situation	0	2	91	16	2	111
Total	2	4	102	33	27	168

TABLE 4. Averages by indicator for the countries in the best and worst relative situation in education and gender

		GAP IN LITERACY (WOMEN/ MEN)	GAP IN NET PRIMARY EDUCATION ENROLMENT RATE (WOMEN/MEN)	GAP IN NET SECONDARY EDUCATION ENROLMENT RATE (WOMEN/MEN)	GAP IN GROSS TERTIARY EDUCATION ENROLMENT RATE (WOMEN/MEN)
Countries in worse situation	Average	0.68	0.83	0.62	0.41
	Number of countries	20	24	19	25
Countries in better situation	Average	1.01	1.00	1.06	1.44
	Number of countries	76	106	101	105
Total	Average	0.94	0.97	0.99	1.24
	Number of countries	96	130	120	130

Gender: Empowerment

Selected indicators:

- Female professional and technical workers
- Female legislators, senior officials and managers
- Women in government decision-making positions at the ministerial level
- Women members of parliament

An undeniable fact is that the world's women are absent from parliaments. On average, according to figures from the Inter-Parliamentary Union (IPU), in 2006 women represented 16.6% of legislators worldwide. The level of female political involvement does not depend – unlike other factors involved in development – on the wealth or poverty of a country. Regional averages show that levels of female participation are low in all regions.

Some of the richest countries of the world, including the United States (14%), France (12%), Italy (12%) and Japan (9%) have fewer than 15% female representation in parliament, lower than the 16% average found in sub-Saharan Africa, the poorest part of the world. This region includes some of the most egalitarian countries in terms of the percentage of female legislators, such as Ethiopia (21%), Uganda (24%) and Burundi (31%). One case that stands out is Rwanda, where women make up 48.8% of parliament. At the opposite end of the spectrum are Kuwait and the United Arab Emirates, who do not grant women the right to vote or to be elected to office.

In the United Nations system, women comprise 37.1 % (2,136 out of 5,754) of all staff in the professional and higher categories with appointments of one year or more. Six out of 37 (16.2%) of the most senior policy-making positions (Under-Secretary-General) are held by women.

There are 39 women ambassadors to the United Nations. They are from Algeria, Australia, Burkina Faso, Costa Rica, Egypt, Estonia, Finland, Kenya, Kyrgyzstan, Malaysia, Mexico, Sri Lanka, Sweden, Thailand, and Turkmenistan, among others.[2]

This dimension of gender equity related to female participation in decision-making positions and positions of power is one of the dimensions included in the Millennium Development Goals aiming to strengthen the position of women in the world.

2 United Nations. Office of the Special Adviser on Gender Issues and the Advancement of Women. <www.un.org/womenwatch/osagi>. Accessed November 2005.

In the last 12 months important changes have occurred, among them the election of the first woman president of an African country, Ellen Johnson-Sirleaf in Liberia, and the first woman president of Chile, Michelle Bachelet. Currently there are 11 women heads of state or of government in countries on all continents. Nevertheless, despite these achievements, progress toward gender equality continues to be slow.

Recently, Rwanda superseded Sweden as number one in the world in terms of women's parliamentary representation – 48.8% women compared to 45.3% in Sweden. Rwanda is an example of the new trend to use electoral gender quotas as a fast track means of achieving gender balance in politics. Despite these exceptions, women are notably absent in parliaments and, as mentioned, on average only constitute 16% of the world's members of parliament. As a result, women's interests and concerns are not represented in the process of creating public policies and women lack influence over fundamental decisions in the social, economic and political spheres that affect the whole of society.

The use of electoral quota systems for increasing the proportion of female officeholders is much more extended than is commonly believed. A growing number of countries are introducing diverse types of gender quotas into their elections. Currently 98 countries have some system of quotas at the electoral, political party or constitutional level.

Given the slow speed at which the number of women in politics is growing, there are increased calls for more efficient methods to reach a gender balance in political institutions. Quotas present one such mechanism. Because of their relative efficiency, there is strong hope quotas can produce dramatic gains in women's representation. At the same time, quotas raise serious questions and, in some cases, strong resistance. "The core idea behind quota systems is to recruit women into political positions and to ensure that women are not only a few tokens in political life".[3]

Electoral quotas for women may be mandated by constitutional or legislative means, or take the form of a political party quota. They may apply to the number of women candidates proposed by a party for election, or may take the form of reserved seats in the legislature.[4]

Today, quota systems aim at ensuring that women constitute at least a "critical minority" of 20%, 30% or 40%, or even to ensure true 50-50 gender balance. In some countries quotas are applied as a temporary measure; that is to say, to be used only until the barriers for women's entry into

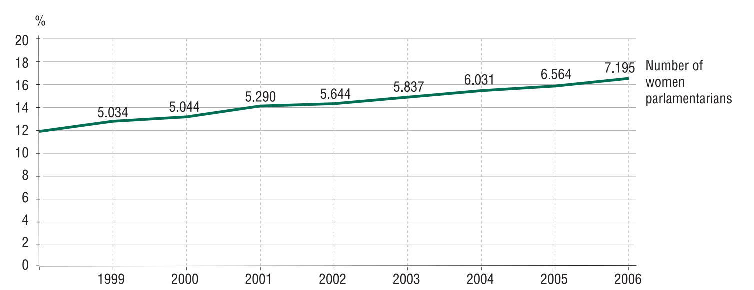
TABLE 1. Regional Averages

	SINGLE HOUSE OR LOWER HOUSE (%)	UPPER HOUSE OR SENATE (%)	BOTH HOUSES COMBINED (%)
Nordic countries	40.0	—-	40.0
Americas	20.2	21.4	20.4
Europe - OCDE member countries			
including Nordic countries	19.6	16.3	18.9
Europe - OCDE member countries			
excluding Nordic countries	17.5	16.3	17.2
Sub-Saharan Africa	16.5	17.6	16.6
Asia	163	14.7	16.1
Pacific	12.3	26.5	14.3
Arab States	8.2	5.9	7.7

Regions are classified by descending order
of the percentage of women in the lower or single House.

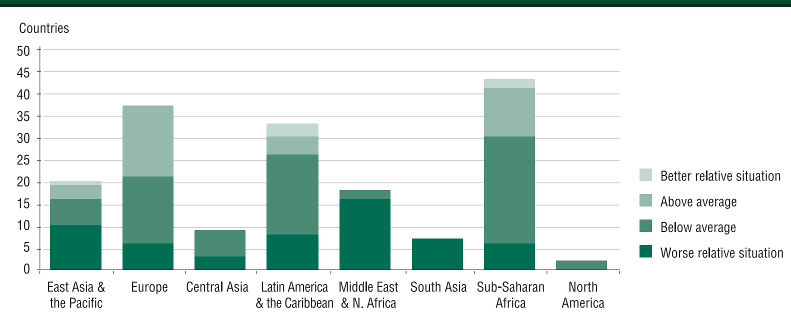
Source: Inter-Parliamentary Union (IPU, 2006).

CHART 1. Percentage of women parliamentarians in the world, 1999-2006



Source: Inter-Parliamentary Union

CHART 2. Current situation in gender empowerment according to region



3 Global database of quotas for women. A joint project of IDEA and Stockholm University. See: <www.quotaproject.org>.

4 *Ibid.*

politics are removed, but most countries with quotas have not set time limits to their use of quotas.

The indicators presented in this Report show that of a total of 150 countries, 33% are in the worst position, 42% are below average and only 25% are above average or in the best position. The countries in the worst position have variable BCI positions. Of the countries that find themselves in the worst position in the area of empowerment, 29 have middle or low BCI (among them Armenia, Mexico, Italy, Thailand and Greece). At the other extreme we find that, of 38 countries that find themselves in the best position or above average, 11 have critical or very critical BCI and 24 have middle or high BCI.

Regarding the countries that find themselves in the worst situation, we find that 75% of them have advanced slightly or significantly, while 13% have regressed. We see a tendency toward slow but meaningful progress.

Upon analyzing the particular situation of each indicator for the countries in the worst and best position relative to empowerment, one can clearly appreciate where the deficiencies are greatest. The average presence of women at the ministerial level in the countries in the best situation is 29%, compared to 6% in the countries in the worst situation. In terms of female members of parliament, in turn, the countries in the best situation reach an average of 33%, while those in the worst situation barely reach 9%. In indicators related to women in professional and technical positions and women who are managers or have high-ranking positions, 31 countries find themselves in the worst relative position. The six countries that find themselves in the best situation in relation to gender empowerment do not publish statistics on these indicators. These six countries are Cuba, Granada, Guyana, Rwanda, South Africa and Timor Leste.

Gender: Economic activity

Selected indicators:

- Women wage employment in non-agricultural sector (as a percentage of total non-agricultural employees)
- Estimated earned income ratio (women/men)

Levels of participation in economic activity provide an important indicator of gender equity because the relationship between participation and poverty is direct; two of the reasons for a great deal of female poverty are unequal levels of access to the labour market and work discrimination that translates into women receiving lower wages than men for the same work.

CHART 3. Final situation in gender empowerment according to BCI

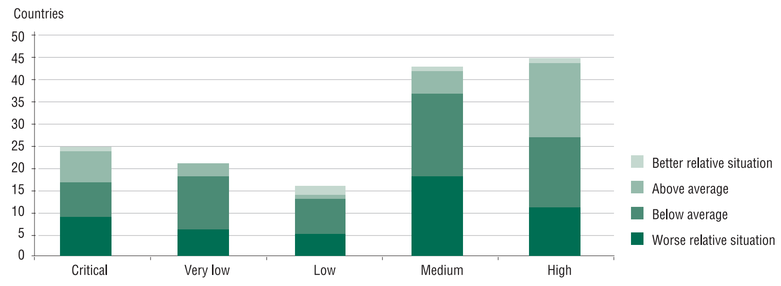


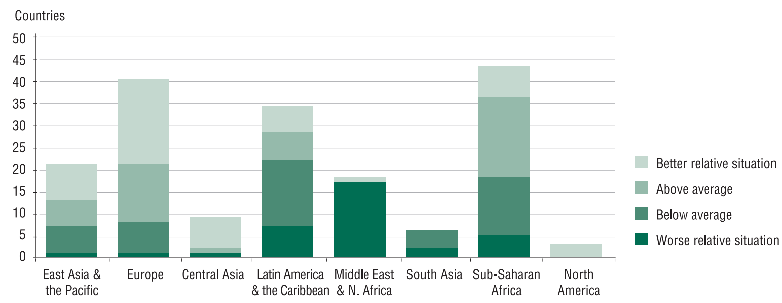
TABLE 2. Current situation according to evolution in gender empowerment

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	2	5	7	35	5	54
Countries below average	0	3	7	40	21	71
Countries above average	0	1	3	10	20	34
Countries in better situation	0	0	0	0	5	5
Total	2	9	17	85	51	164

TABLE 3. Averages by indicator for the countries in the best and worst relative position according to gender empowerment

		WOMEN IN GOVERNMENT DECISION-MAKING POSITIONS AT THE MINISTERIAL LEVEL	WOMEN MEMBERS OF PARLIAMENT	PROFESSIONAL AND TECHNICAL WOMEN	WOMEN LEGISLATORS, HIGH OFFICIALS AND DIRECTORS
Countries in worse situation	Average	6.52	8.63	38.16	19.35
	Number of countries	54	54	31	31
Countries in better situation	Average	29.5	33.5	N/A	N/A
	Number of countries	6	6		
Total	Average	8.82	11.12	38.16	19.35
	Number of countries	60	60	31	31

CHART 1. Current situation in gender parity in economic activity by region



According to a report from the International Labour Organization (ILO) women represent 40% of the current labour force yet in nearly every position receive lower pay than their male colleagues for doing the same work. Women do not receive equal pay for equal work.

Social Watch monitors gender inequity in economic activity in terms of two indicators: the percentage of women's wage employment in the non-agricultural sector and the gap between the income earned by women and men in the labour market.

In the European Union (EU, made up of 25 countries, among them the most developed countries on the continent) the female employment rate does not exceed 51%, compared to 71% male employment, and the salary gap hovers around 16%.

In over 60 of the world's states, women's income is 50% lower than men's income. Women make up only 39% of salaried workers, but 62% of unpaid family workers.[3]

If we study the position of women in the area of economic activity within the countries, we find that in 134 countries 1 of every 5 are in the worst position, 30% are below average, 20% are above average and 30% are in the best relative position.

Of the 34 countries ranked in the worst position, 20 are countries with a middle or high BCI and 14 are countries with a low, very low or critical BCI. As we mentioned, gender inequities are not directly related to a country's level of well-being. In turn, if we observe the 43 countries located in the best position, 75% possess middle or high BCI and 25% show a low or critical level.

We find differences in the rates of evolution of gender equity in different countries. Of all the countries observed, 44% are stagnant while 47% are advancing slowly or significantly.

Half of the countries in the worst category are stagnant, while 20% have seen slight progress, another 20% significant progress and the remaining 10% have fallen back.

Finally, half the countries in the worst situation with regard to gender equity are located in the Middle East and North Africa, 20% in Latin America and the Caribbean, 15% in Sub-Saharan Africa and the remaining 15% are located in Europe, Central and East Asia and the Pacific.

Of the best-positioned countries, 37% are European, 16% East Asian and Pacific, 14% Central Asian, 14% Sub-Saharan African, 12% Latin American and Caribbean. While the three countries of North America are among the best positioned countries in the category, of the 18 countries of the Middle East and North Africa, 17 are in the worst position.

Upon observing the summary of the indicators in this category, it is clear that in the countries with the greatest gender equity in economic participation, nearly half the paid workers outside the agricultural sector are women, while for those countries in the worst position, women do not reach a quarter. Another meaningful statistic in this same vein is the income gap, that is to say the relationship between female/male earnings: even in the countries in the best position the gap is 66%, while in the countries in the worst position the gap is more extreme, given that women receive earnings that equal a third of the earnings men take in. For all countries combined, women's income barely exceeds half that of men. ■

CHART 2. Final position in gender parity in economic activity according to BCI

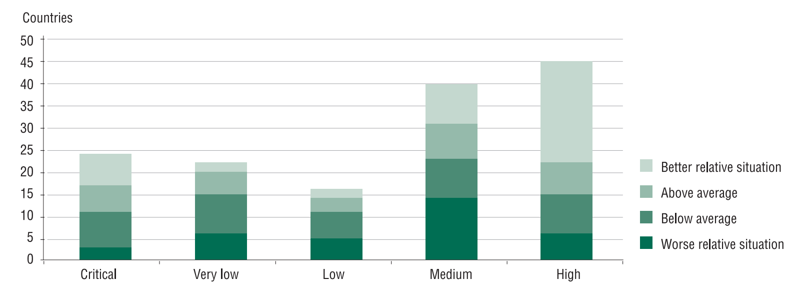


TABLE 1. Current situation based on evolution in economic activity by gender

	SIGNIFICANT REGRESSION	SLIGHT REGRESSION	STAGNATION	SLIGHT PROGRESS	SIGNIFICANT PROGRESS	TOTAL
Countries in worse situation	0	3	15	6	6	30
Countries below average	2	0	11	11	9	33
Countries above average	0	0	11	11	5	27
Countries in better situation	2	3	22	10	5	42
Total	4	6	59	38	25	132

TABLE 2. Averages by indicator for the countries in the best and worst situation with regard to economic activity by gender

		ESTIMATED EARNED INCOME RATIO (WOMEN/MEN)	WOMEN WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR (AS % OF TOTAL NON-AGRICULTURAL EMPLOYEES)
Countries in worse situation	Average	0.34	24.99
	Number of countries	31	30
Countries in better situation	Average	0.67	49.66
	Number of countries	46	42
Total	Average	0.54	39.38
	Number of countries	77	72

3 United Nations (2005). *Millennium Development Goals Report 2005*. Available from: <www.un.org/millenniumgoals>, accessed November 2005.

The long road to gender equity

In every human society, there are given practices, relations, institutions and identities that make up a gender system, along with a sexual division of labour that transforms gender differences into inequalities. The first step towards gender equity is for societies and governments to first accept and understand that this system generates inequalities between men and women, and then to promote policies to address them. Social Watch's Gender Equity Index (GEI) provides conclusive evidence that women's opportunities in the economic and political spheres are still limited.

Social Watch Research Team[1]

Since the General Assembly of the UN adopted the Convention for the Elimination of all Forms of Discrimination against Women in 1979, gender equity has been a central theme of the world development agenda. After the World Summit for Social Development in 1995 and the Fourth World Conference on Women in Beijing in 1995, the international community dedicated two of the Millennium Development Goals (MDGs), whose deadline is the year 2015, to improving the situation of women. MDG 3 calls for the promotion of equality of opportunity between the sexes and for women's empowerment – equitable representation of both sexes in decision-making processes; MDG 5 requires the reduction of maternal mortality rates by three quarters.

Despite these gestures, the ratification of the consensus continues to be troublesome, since there are still 47 UN member countries that have not signed or ratified the Convention and another 43 that have done so with reservations; meanwhile, the gender equity statistics look grim. Of the 1.3 billion poor people in the world, 70% are female. Women also form two thirds of the 860 million people who cannot read or write, and in the entire world, women's income is between 30% and 60% of men's. Each day, complications during pregnancy and childbirth kill 1,600 women and cause another 50 million to suffer damages to their health.

There can be no social justice without a reversal of this situation. The UN Secretary General, Kofi Annan, has emphasized that, "By effectively increasing the impact of women on public life at all levels, the potential for change towards gender equality and empowerment of women and a more democratic and just society is increased."[2] As illiteracy and female poverty virulently affect the countries of the South and, if in smaller measure, the industrialized ones as well, women's marginalization from decision-making processes is a global phenomenon. According to international studies, for women to have a real influence on political processes their participation should be at least 30%.

To comprehend the theoretical and methodological scope of the dimension of gender, it is first necessary to establish as an underlying theoretical framework the sexual division of labour and the social organization that regulates it, in other words, the gender system that shapes relations between men and women. Briefly, as it is not the premise of this article to delve deeply into this issue, by "gender system" we mean the practices associated with daily social life: symbols, customs, identities, dress, beliefs and persuasions, common values and meanings, and other loosely bound elements that make reference, directly or indirectly, to a culturally specific form of considering and understanding the difference between recognized genders; that is to say, in the majority of cultures, between men and women.[3]

In line with this view, we can imagine the gender system as a collection of highly disparate elements, ranging from superficial markers of style and personal preferences to the deep-rooted norms regulating social institutions and relations. Within this collection of practices, relations, institutions and human identities, those which are "marked" for gender have been historically variable. Therefore, the "salience" of gender in different spheres of life is viewed as a factor that is conditioned by time, place and circumstances. This illustrates two of the main characteristics of the gender system, namely, that it is both dynamic and culturally and historically determined. These characteristics imply the possibility of change and modification in gender systems.

The other concept that is central to the understanding of the reach of this perspective is the sexual division of labour. In every society women and men carry out some different tasks, considered as feminine and masculine activities. Although this sexual division of labour has never been the same and has varied in each actual society, it is a phenomenon that has been maintained throughout history. There are norms that set the codes of acceptable behaviour for men and women and mechanisms of punishment that prevent individuals from deviating from these norms in their personal conduct. The social organization of labour that stems from the existence of this sexual division of labour is the gender system – the processes and factors that regulate and organize society in such a way that both sexes act differently and consider themselves different and determines which social tasks lie within in the scope of each gender.

Although gender roles are different in each culture, the common theme which defines them in all countries is segregation; that is, that men and women are not found in the same sectors of society.

One important element, perhaps the first step toward gender equity, is for societies and governments to accept and understand that a gender system exists and that it generates inequalities between men and women. Society must acknowledge these inequalities, for to acknowledge them means to understand that gender is one of many already recognized factors that generate social inequality. This "obligates" governments to promote policies that will redress these inequalities. A second central element is to establish that the main concern is not differences in themselves, but the transformation of differences into inequalities. Addressing inequalities should be the objective of policy. The State then has the responsibility of forming clear and explicit gender policies to oppose the negative effects of social, cultural and market forces that cause inequality among genders and greater social exclusion of women.

Gender equity: equality of opportunity, recognition, and socioeconomic valuation

As debates around the notion of equity are very extensive at the moment, it is important to approach this concept methodologically and conceptually with the recognition of three dimensions that must be taken into account when speaking of gender equity: *equiphony*, *equipotency*, and *equivalence.*[4]

"Equiphony" refers to access to discourse, to the possibility of having a voice. But it is not enough to have a voice; rather, this voice must have the

1 The members of the Social Watch Social Sciences Research Team are listed in the credits at the start of this book.

2 United Nations, Commission on the Status of Women (2005). "Equal participation of women and men in decision-making processes at all levels. Report of the Secretary-General". E/CN.6/2006/13, 19 December, p. 14. Available from: <http://daccessdds.un.org/doc/UNDOC/GEN/N05/651/17/PDF/N0565117.pdf?OpenElement>.

3 Anderson, J. (2006). "Sistemas de género y procesos de cambio". In: Batthyány, K. (Coord.) *Género y desarrollo: una propuesta de formación.* Montevideo: UDELAR-FCS.

4 Batthyány, K. (2004). "Cuidado infantil y trabajo: ¿un desafío exclusivamente femenino?". Montevideo: CINTERFOR-OIT.

TABLE 1. Gender Equity Index (GEI) - 2006

Sweden	89	Switzerland	74	Jamaica	65	Malta	58	Mali	46
Finland	86	Hong Kong (China)	73	Kazakhstan	65	Mozambique	57	Niger	46
Norway	86	Hungary	73	Sri Lanka	65	Tajikistan	57	Turkey	46
Denmark	81	Israel	73	Suriname	65	Uzbekistan	57	Bahrain	45
New Zealand	81	Portugal	73	Viet Nam	65	Albania	56	Bangladesh	45
Bahamas	80	Slovenia	73	El Salvador	64	Ghana	56	Egypt	45
Iceland	80	Ukraine	73	France	64	Korea, Rep.	56	Eritrea	45
Australia	79	Austria	72	Azerbaijan	63	Cape Verde	55	Guinea-Bissau	45
Barbados	79	Czech Republic	72	Chile	63	Lesotho	55	Kuwait	45
Latvia	79	Panama	72	Dominican Republic	63	Mauritius	55	Algeria	44
Lithuania	79	Argentina	71	Italy	63	Nicaragua	55	Equatorial Guinea	44
Canada	78	Romania	71	Belize	62	Lao PDR	54	Morocco	44
Moldova	78	Thailand	71	Kenya	62	Madagascar	54	Oman	44
United States of America	78	Ireland	70	Armenia	61	Senegal	53	Syrian Arab Republic	44
Colombia	77	Macedonia, FYR	70	Cambodia	61	Solomon Islands	53	Congo, Rep.	43
Estonia	77	Trinidad and Tobago	70	Ecuador	61	Zambia	53	Nigeria	43
United Kingdom	77	Uruguay	70	Japan	61	Guatemala	52	Saudi Arabia	43
Netherlands	76	Belarus	69	Malaysia	61	Indonesia	52	United Arab Emirates	43
Philippines	76	Georgia	69	Maldives	61	Tunisia	51	Sudan	42
Spain	76	Brazil	68	Mexico	61	West Bank and Gaza	51	Nepal	41
Croatia	75	South Africa	68	Swaziland	61	Angola	50	Burkina Faso	40
Namibia	75	St. Lucia	68	Uganda	61	Zimbabwe	50	Togo	40
Russian Federation	75	Venezuela	68	Fiji	60	Iran, Islamic Rep.	48	India	39
Rwanda	75	Costa Rica	67	Kyrgyzstan	60	Gambia	47	Central African Republic	38
Slovakia	75	Honduras	67	Peru	60	Guinea	47	Pakistan	38
Belgium	74	Tanzania	67	Bolivia	59	Jordan	47	Sierra Leone	37
Botswana	74	Cuba	66	Burundi	58	Benin	46	Chad	36
Bulgaria	74	Cyprus	66	China	58	Ethiopia	46	Côte d'Ivoire	36
Mongolia	74	Paraguay	66	Guyana	58	Lebanon	46	Yemen	26
Poland	74	Greece	65	Luxembourg	58	Malawi	46		

same value and impact as the voice of other social actors. It is not merely a matter of being able to contribute to discourse, but also the recognition and value granted to this contribution.

"Equipotency" refers to equity in the access to and exercise of power. This is an element that commonly gives rise to conflicts, because it involves aspects of power and access to power.

Finally, *"equivalence"* refers to assigning equal value and equal recognition to the activities carried out by men and women, in both economic and social terms. In this regard there is a sphere which must not be ignored, which is the reproductive sphere, and its relation to the productive sphere. "Equivalence" relates to the economic value attached to the activities undertaken by women in both the productive and reproductive spheres. It involves the world of work in both of its forms: paid work and unpaid work.

The Social Watch Gender Equity Index

For the specific theme of gender equity – a concept that is complex, multifaceted and difficult to measure – and in order to contribute to the debate and consistent monitoring of women's situation, Social Watch developed a Gender Equity Index (GEI). This allows for the positioning and classification of countries through the selection of indicators relevant to gender inequity, chosen according to information that is available and comparable at the international level. The GEI classifies 149 countries and verifies, by conclusive evidence, that in no country do women enjoy the same opportunities as men, that the elimination of gender inequality does not require increased revenues, and that, even though women's situation has improved in certain respects over the years, it is clear that women's opportunities in the economic and political spheres are still limited.

The three dimensions included in the GEI are economic activity, empowerment and education. The possible values of the GEI range from 0 to 100, with 0 the least degree of equity and 100 the greatest.

TABLE 2. Income gap (women/men) by geographic region

REGION	AVERAGE
Middle East and North Africa	0.32
Latin America and the Caribbean	0.43
South Asia	0.46
Sub-Saharan Africa	0.56
Europe	0.58
East Asia and the Pacific	0.59
Central Asia	0.62
North America	0.63
Total	0.53

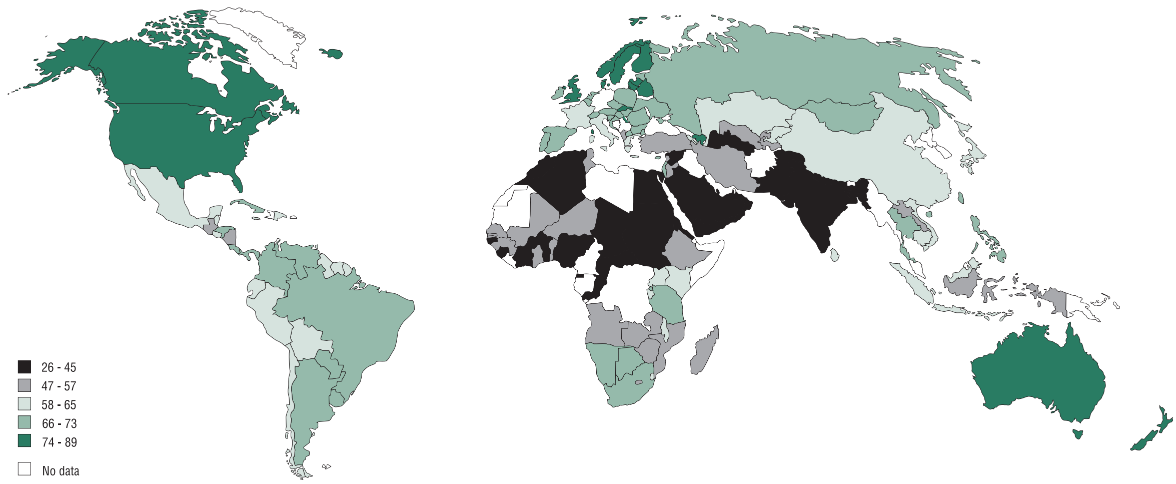
The results obtained by the 2006 GEI indicate that Sweden, Norway, Finland and Denmark are the countries with the highest scores. The Nordic countries have, in general, a good showing in terms of gender equity due to the advanced application of progressive policies (above all, quotas and policies of gender equity in the labour market.)

Income gap

The degree of gender equity in the economic participation dimension is measured through two indicators: the percentage of the total paid work force (excluding the agricultural sector) made up by women, and the income gap between women and men.

Throughout the world, women have less access to the labour market than men, and face the additional discrimination of lower wages. The average income gap between women and men is 0.53, which means that on average women earn 53% of what men earn for the same work. This situation varies across regions; the smallest gap is found in North America (0.63) and Central Asia (0.62), while the largest is seen in the Middle East and North Africa (0.32), followed by Latin America and the Caribbean (0.43).

MAP 1. GEI value for each country



Equality: less and more

The educational sphere is the one with the fewest disparities found in the 2006 GEI. The greatest inequalities in educational access are seen in Chad, the Central African Republic, Guinea-Bissau, Guinea, Sierra Leone, Benin and Yemen, where the gap is greater than 0.5.

By contrast, it is in the empowerment dimension that inequity is most sharply marked. This dimension is measured by assessing the percentage of women in professional and technical jobs, high administration and management positions, parliamentary seats and decision-making posts at the ministerial level. Despite constituting more than a half of the world's population, women occupy a mere 6% of cabinet posts in national governments. Only in Norway, Sweden and Finland (and only in the past few years) have these rates surpassed 40%. In 1995, Sweden appeared before the world as the first nation in history whose cabinet had 50% women. Other countries, such as Spain in 2004 and Chile in 2006, have followed this same path and appointed 50/50 cabinets.

The global average for legislatures is 16% women. Their overall absence in government institutions implies that national, regional and local priorities are defined without their contributions and opinions, despite the fact that their life experience and subjectivity can reveal important differences in the perception of a community's needs, concerns and priorities.

Since 2004, there has been an improvement in the number of women participants in decision-making processes; the 2006 edition of the GEI reveals that many countries have an index above 30%, with as many from the South as the North: Argentina, Austria, Belgium, Costa Rica, Cuba, Denmark, Finland, Germany, Iceland, Mozambique, the Netherlands, New Zealand, Norway, Rwanda, South Africa, Spain and Sweden.

Gender inequity by regions and national income

This global map of the GEI permits the identification of regional gender equity patterns.

Excepting Australia, all the highest-scoring countries are European. Most countries in the following level are European and North American, with a minor presence of countries from East Asia and the Pacific, Latin America and the Caribbean.

In general terms, the Latin American countries can be found in high and intermediate positions. Meanwhile, the countries of the Middle East and North Africa, South Asia and Sub-Saharan Africa are found mostly among the intermediate and low positions, revealing the worst degrees of gender inequity. ■

TABLE 3. Countries with worse GEI performance and corresponding region

COUNTRY	REGION
Yemen	Middle East and North Africa
Côte d'Ivoire	Sub-Saharan Africa
Pakistan	South Asia
Burkina Faso	Sub-Saharan Africa
Chad	Sub-Saharan Africa
Central African Republic	Sub-Saharan Africa
Togo	Sub-Saharan Africa
India	South Asia
Nepal	South Asia
Congo, Rep.	Sub-Saharan Africa

Development indicators at the service of human rights monitoring

Social Watch Research Team[1]

International commitments and human rights

The General Assembly of the United Nations approved the Universal Declaration of Human Rights on 10 December 1948. Since then governments have signed a series of fundamental international treaties[2] on human rights that are legally binding at the international level. These international treaties and conventions proclaim specific rights that are indivisible and inalienable. The rights they proclaim are indivisible because human realization depends on the enjoyment of all human rights, and the deprivation of one specific right directly or indirectly affects the enjoyment of all the rights; they are inalienable because they cannot be taken away even if they are not exercised.

A long list of rights are consecrated through international agreements such as the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights (ICESCR), including the right to life and physical integrity, to think and express oneself freely, to participate in the government of one's own country, to not be arrested without legal cause, to be judged with the guarantee of impartiality, and to own property, as well as the right to health, education, decent housing, freedom from discrimination, decent work for everyone and the rights of children, among others.

Upon signing and ratifying these international treaties, countries contracted certain obligations within the international system for protecting human rights. Among them are the commitment to guarantee the fulfilment of rights at the national level, by passing laws and implementing policies oriented toward their realization; to respect, promote and protect these rights; and to inform the United Nations on progress toward implementing these rights at the national level, presenting periodic reports before the respective watchdog organizations.[3]

In addition, throughout the 1990s the United Nations held a series of international conferences[4] that dealt with the major themes emerging in the area of social development, and the Declarations or Programmes of Action adopted at these meetings have given rise to a group of principles and commitments that have been assumed internationally.

The international commitments of these Summits have included diverse themes related to social development:

- extreme poverty and hunger
- universal access to primary education
- gender equity
- the health of the population (infant mortality, maternal health, HIV/AIDS, malaria and other diseases)
- environmental sustainability
- guidelines on forms of international cooperation to promote development, especially in the poorest countries.

In 1995, the Copenhagen Declaration adopted at the World Conference on Social Development introduced for the first time the quantification of the diverse goals by way of certain indicators considered key for the monitoring and achievement of the commitments in different areas of social development. Minimum thresholds were established that the countries would have to reach before the year 2000 for these goals to be successfully met.

Since 1995, Social Watch[5] has held governments, the United Nations and international organizations accountable by monitoring progress toward the achievement of the development commitments assumed at the international level for gender equity and the eradication of world poverty.

The Social Watch annual reports track the status of countries around the world with regard to poverty and monitor how governments are implementing policies to fulfil the commitments assumed, in particular during the World Summit on Social Development (Copenhagen, 1995) and at the Fourth World Conference on Women (Beijing, 1995), as well as the most recent goals expressed in the Millennium Declaration (New York, 2000).

Social Watch has contributed innovative methodological proposals for the creation of tools to evaluate the pace at which governments are advancing toward these goals. Based on the information available in official international statistical sources, Social Watch has designed specific indicators that allow for comparing the degree of advances and setbacks in countries around the world, as well as the sufficiency or insufficiency of the improvements made toward the assumed goals.

In 2000 the General Assembly of the United Nations presented the Millennium Declaration, which gave rise to new targets for 2015: the Millennium Development Goals (MDGs). These goals redefined previous targets in both quantitative and qualitative terms. While Social Watch has carried out a critical revision of the operationalization of the goals established in the Millennium Summit,[6] the MDGs are nonetheless considered a minimum threshold and important point of reference for monitoring social development and human security in the broadest sense.

Since 2004 the monitoring strategy of Social Watch has focused on a set of basic areas of social development that goes beyond what is strictly proposed by the MDGs. Criteria that permit the analysis of human security have been incorporated and strengthened. Toward that end, Social Watch presents in its annual report a series of statistical tables designed to allow country by country analysis of basic indicators in the different areas of social development.[7] The dimensions addressed by

1 The members of the Social Watch Research Team are listed in the credits at the start of this book.

2 Universal Declaration of Human Rights, 1948; International Convention on the Elimination of All Forms of Racial Discrimination, 1965; International Covenant on Economic, Social and Cultural Rights, 1966; Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), 1979; United Nations Convention on the Rights of the Child (1989).

3 Social Watch annual reports monitor these last categories. See the table "Human Rights International Treaties: how do countries fulfil their obligations".

4 Second United Nations Conference on Human Settlements (Habitat II), Fourth World Conference on Women, International Conference on Population and Development, World Conference on Human Rights, United Nations Conference on Environment and Development, World Summit for Children (WSC), World Summit for Social Development.

5 The International Secretariat of Social Watch is based at the Instituto del Tercer Mundo (ITeM) in Montevideo, Uruguay. ITeM is one of the founding organizations of the Uruguayan Chapter of the Inter-American Platform on Human Rights, Democracy and Development.

6 The redefinition of the goals has meant for many areas reduced aims, meaning fewer demands on governments, focusing primarily on the countries in the worst situation.

7 The indicators selected for defining and evaluating these basic areas of development respond not only to conceptual criteria but also to functional criteria based on the evaluation of coverage and the international comparability of the indicators. In several areas the decision was made to include indicators that, in spite of having high correlations between them, assure that these areas are represented even when some of the indicators are absent from the summary value.

"Everyone has the right to education. Education shall be free… Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding [and] tolerance…"

Universal Declaration of Human Rights, Article 26, 1948.

"To ensure that [by 2015] children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education."

Millennium Declaration, Paragraph 19, 2000.

HUMAN RIGHTS

The **right to universal education** is enshrined in:

Universal Declaration of Human Rights (1948): Art. 26

International Convention on the Elimination of All Forms of Racial Discrimination (1965): Art. 5

International Covenant on Economic, Social and Cultural Rights (1966): Art. 13 & 14

Convention on the Elimination of All Forms of Discrimination against Women (1979): Art. 5, 10 & 14

Convention on the Rights of the Child (1989): Art. 28 & 29

INTERNATIONAL COMMITMENTS

Education is considered in:

Millennium Development Goals - Goal 2

World Summit for Social Development - Commitment 1

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

these indicators also represent thematic areas relevant to the understanding of poverty from a multidimensional perspective.

Beyond political will

The link between social development goals and economic, social and cultural rights is reflected in the tables presented in the Social Watch report. Both the goals and the rights concern issues such as health, education, housing, access to drinking water, work and international cooperation. One might surmise, then, that the concept of social development springs from the same source as the idea of the complete realization of the human being. In this sense one might say that these "agreements" compile a series of values or ethical principles that society has defined as fundamental for people to live with dignity.

The ICESCR, as with other international treaties on human rights, and unlike the declarations issued at United Nations conferences, is not a commitment of political will, but rather an enforceable legal commitment. The treaties are a matter of state and countries are obligated to respect the commitments signed and ratified by their governments.

Social Watch analyzes the performance of the world's countries with regard to meeting the MDGs and realizing and promoting the economic, social and cultural rights.

In this analysis each one of the commitments assumed at the Social Summits has been linked to its corresponding Human Rights Covenant. One aspect that is very relevant for this comparison is that in both cases, these instruments are backed by the near-unanimous approval of world governments, given that the majority have signed and/or ratified them.

By means of example, let us take the area of **EDUCATION** and analyze which articles within the International Human Rights Conventions deal with the right to education, at the same time that we review the basic social development commitments.[8]

This linkage allows us to show how the achievement of commitments assumed internationally in United Nations international conferences has an enforceability that goes beyond mere political will of national governments. An international legal framework transforms these commitments into obligations.

The commitments to guarantee food security, universal access to education, health care improvements, gender equity, access to reproductive health services, access to information and to an adequate environment including housing are intrinsic **rights** of all human beings and thus cannot be granted or withheld, but rather must be guaranteed and protected.

Governments have the obligation to respect, protect and do everything within their power to ensure the respect and fulfilment of these rights. Human rights are universal, which means that they are valid and possess legal force anywhere in the world. At the same time they are also indivisible, together constituting a group of rights that cannot be divided.

At the same time, the thematic tables reflect the progress and regression in people's quality of life through the evolution of a series of basic indicators (access to education, health coverage, access to drinking water, women's participation in decision making, etc.).[9]

Progress and regression are evaluated on a scale comprising five categories and indicated in the tables by a column entitled "Progress and Regression."[10]

Let us take as an example some countries in the table on Education:[11]

8 This does not imply disregard for commitments adopted at conferences of specific UN bodies, such as UNESCO, World Health Organization (WHO), etc.

9 Available information from as close to 1990 as possible was taken as the starting point (except when information for all countries is more recent) and compared with the most recent figures available for each country.

10 See the section on Methodology.

11 See the complete table in the section of statistical tables.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY (15-24 YEARS OLD)			PRIMARY SCHOOL ENROLMENT RATE (NET)			CHILDREN REACHING 5TH GRADE	SECONDARY SCHOOL ENROLMENT RATE (NET)			TERTIARY SCHOOL ENROLMENT RATE (GROSS		
			1990 (%)	2005 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	2003 (%)	1991 (%)	2004 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression
○	Benin	126	40.4	59.0	⟶	41.0	82.6	⟶	69.4	15.9[N]	17.1[P]	→	2.4	3.0[P]	II
●	Canada	28				97.7	99.5[P]	II		88.8	94.1[N]	→	95.2	57.2[Q]	⟵
◓	Philippines	117	97.3	99.2	II	96.5	93.8[R]	←	76.0[Q]	49.3[M]	59.2[R]	⟶	27.1	29.4[R]	II
●	Portugal	6	99.5	99.8	II	98.4				82.9[N]	82.3[R]	II	23.0	55.5[R]	⟶
◓	Tunisia	70	84.1	95.7	⟶	94.1	97.2[R]	→	96.2[Q]	69.3[P]	64.0[R]	⟵	8.5	26.2[R]	→
◓	West Bank and Gaza	67				97.5[N]	86.3	⟵		76.2[N]	89.4	⟶	11.0[M]	37.9	⟶

The development indicators viewed from the perspective of the economic, social and cultural rights

From a human rights perspective, the indicators allow us to draw another lesson. Based on Article 2 of the ICESCR, it is possible to use these development statistics as tools to evaluate the current situation and the progress of the economic, social and cultural rights.

> ICESCR, Article 2:
>
> Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation, especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the rights recognized in the present Covenant by all appropriate means, including particularly the adoption of legislative measures.
>
> The States Parties to the present Covenant undertake to guarantee that the rights enunciated in the present Covenant will be exercised without discrimination of any kind as to race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.

At least two points which spring from this article show the pertinence of the use of indicators for monitoring and the contribution they can make through the work of Social Watch.

The first is the characteristic of **progress** and, above all, the absence of **regression**, which generates a commitment on the part of the governments and whose primary evaluation can be realized through indicators. The evolution across time of specific plans and processes implemented by governments to gradually guarantee the full exercise of rights can be monitored using indicators that demonstrate the result of these initiatives.

When it is said that a country falls back in one of the areas involved in the international development goals, it is evident that the country is not fulfilling its obligation to progress toward realizing that right; nevertheless, to speak of violating a right it is necessary to have more information to that effect, because in general, violations of human rights are complex. Nevertheless, a situation of regression can signal a possible violation.

In the case of education, for example, the indicators Social Watch uses encompass some basic elements related to the right to education. Primary school completion rates reflect the results of actions taken to achieve universal access to primary education; stated differently, they show whether all boys and girls have access to the educational system. Nevertheless, access alone does not guarantee the fulfilment of the right to education. Monitoring must include at the least an examination of whether children can complete the first cycle of education. Thus the indicator "Children reaching 5th grade" may be used to evaluate to what extent public actions are permitting younger citizens to effectively exercise their right to gain an education, to the extent that they are staying in the system through at least the basic cycle of primary education.

Finally, literacy rates for young people between the ages of 15 and 24 indicate the results of recent steps taken to promote education. Nevertheless, as an indicator of results, these statistics are quite basic, as the classification of individuals as "literate" does not mean that they are fully exercising their right to an education.

With respect to an international comparison of statistics in the same area, the possibilities are limited to a small group of indicators. Nevertheless, within each country, the possibilities of monitoring based on specific indicators are much broader.

As part of their obligations in the area of human rights, states must produce the information necessary to diagnose and evaluate progress in the actions undertaken to guarantee the fulfilment of rights. At the same time, these indicators must be adapted to the realities and the goals proposed by each particular country.

In the area of education, for example, there are many countries where access to primary education and keeping children in the system throughout the basic primary school cycle are currently the principal challenge. Nevertheless, in other countries the greatest obstacle to realizing the right to education is no longer at this level, but instead lies in assuring, for example, determined educational content and practices that guarantee a quality education for all students across the country. This means that it is necessary to consider other indicators that reveal evolution in the area of educational quality and not just access. In any case, to monitor against regression, it is necessary to continue following indicators of access and permanence within the system.

A second fundamental point that springs from the ICESCR and Article 2 in particular refers to the obligation on the part of governments to guarantee that rights are exercised by all members of society, without any form of discrimination. The governments have committed themselves not only to the ICESCR but also to conventions such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and the International Convention on the Elimination of All Forms of Racial Discrimination, and to taking the action necessary to achieve these objectives.

In this case, to return to the example of education, when we analyze educational coverage rates and more specifically school completion rates, it is necessary to analyze who is being excluded from the system, beyond the numbers alone. It is possible to identify if these children belong to communities, groups or specific territorial areas which could mean they face discrimination. That is to say, the statistics also help us identify possible cases of discrimination if we use indicators that break down exactly which people are those "that are not included".

Gender equity is another area that Social Watch monitors in countries around the world. Both the tables on gender equity (in education, economic activity and empowerment) and the Gender Equity Index are fundamental tools for evaluating the progress made by countries in one of the most serious areas of discrimination. Once again, the lack of indicators that can be compared on an international level limits options for monitoring the distinct sources of discrimination, in particular discrimination on the basis of gender, but also on the basis of ethnicity and race.

At the national level in each country, nevertheless, greater possibilities should exist for adequate indicators to allow monitoring of the reduction in inequities that translate into forms of discrimination against the exercise of rights.

Conclusion

The information compiled and articulated in the international treaties on human rights and in the commitments assumed in previous UN conferences and in the Millennium Development Goals can constitute yet another lobbying tool that can be used by organizations to press their governments to take action aimed at the eradication of poverty and its causes, with the goal of ensuring equitable distribution of wealth and the realization of human rights.

Upon signing and/or ratifying the ICESCR, the governments committed themselves to doing everything possible to guarantee the progressive enjoyment of the rights therein articulated. To that end, policies and programmes to ensure basic development objectives must have as their objective the enjoyment of these rights by all members of society. In other words, the governments are committing themselves to taking actions with a focus on human rights. This means that each policy or programme implemented by the government must ensure that the distinct themes encapsulated therein consider the general framework of human rights.

The legal force of human rights can recast the struggle for social development in new terms. If civil society groups can base their lobbying efforts on the legal commitments unfulfilled by their governments, it will provide them with a more powerful tool in the pursuit of social development goals.

In that sense, the availability of specific measurements and a systematic monitoring programme for the fulfilment of rights constitute decisive contributions to the monitoring of commitments assumed in each state. ■

WHEN INFORMING IS A STATE OBLIGATION AND A CITIZEN RIGHT

States have the obligation to immediately adopt measures to advance toward the progressive realization of rights. The results may take time to materialize, but the measures must be implemented immediately. Among the measures to adopt, the states have the obligation to revise national legislation to bring it into harmony with legal obligations that the state has contracted upon ratifying a document of international law. In addition to legislative measures, the states must adopt other measures of an administrative, judicial, economic and educational character, among others.

In order to be able to adopt pertinent measures of progress in the area of human rights, states must have information related to the status of each right. Consequently, other concrete obligations arise. The state has the obligation to produce information that allows for diagnosis of the current situation relative to each right, making known in particular the situation in the sectors that are especially vulnerable or those that might face discrimination. The state must also guarantee the broadest access to this information, favouring its free circulation, appropriation and the possibility of criticism stemming from it.

The state must design policies and define priorities compatible with the commitments of international law related to human rights, adopting plans of action that set forth goals and concrete timetables. The state must broadly publicize these plans favouring and promoting the broadest participation possible both in the process of policy design and in monitoring. The state must make periodic evaluations from a rights perspective and must explain the reasons why some of the goals might not have been reached.

The policies are aimed at guaranteeing the progressive realization of rights and in this sense create an obligation for progress whose fulfilment is evidenced in the periodic evaluations based on the established goals. They also imply an obligation against regression that is immediately applicable when state action has the effect of setting back the degree to which a right has been respected. Any measure that deliberately creates regression must become the subject of a careful examination and can only be justified with reference to all of the rights consecrated and in light of complete utilization of the resources available. ■

How to read the Social Watch tables

In this section Social Watch presents a set of tables that permit an evaluation of the countries of the world based on the present situation of the principal indicators of development and their evolution over the last 15 years. At the same time it relates these indicators to the commitments assumed by the world's governments and their obligations under the principal treaties of the international human rights system.

All of the tables present the information available from the sources consulted, with countries listed in alphabetical order.

In the section on Measuring Progress, different types of tables are presented that permit follow-up and monitoring through different tools:

- **The Present Situation of Poverty in the World:** This table presents the latest data available from the sources consulted regarding different indicators of poverty and inequality of income distribution.

- **Trends in Official Development Assistance:** This table presents the assistance given by OECD donor countries as a percentage of their gross national income (GNI) and the evolution of this assistance between 1986 and 2005.

- **Human Rights:** A series of tables track the status of ratification of the main international human rights treaties, fundamental International Labour Organization (ILO) conventions, and international treaties mentioned in the Millennium Declaration, as well as the status of official country reports to UN committees. This makes it possible to monitor the extent to which countries are fulfilling their obligations with regard to human rights.

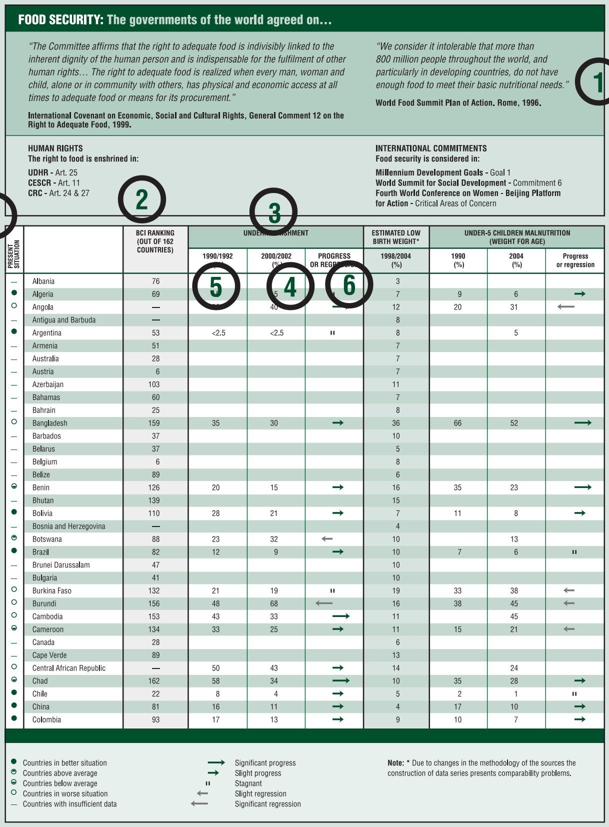
- **Tables by thematic areas:** Each table presents the indicators available from international sources, permitting an evaluation of the current global and country-specific situation in these particular dimensions and their evolution over the past 15 years.

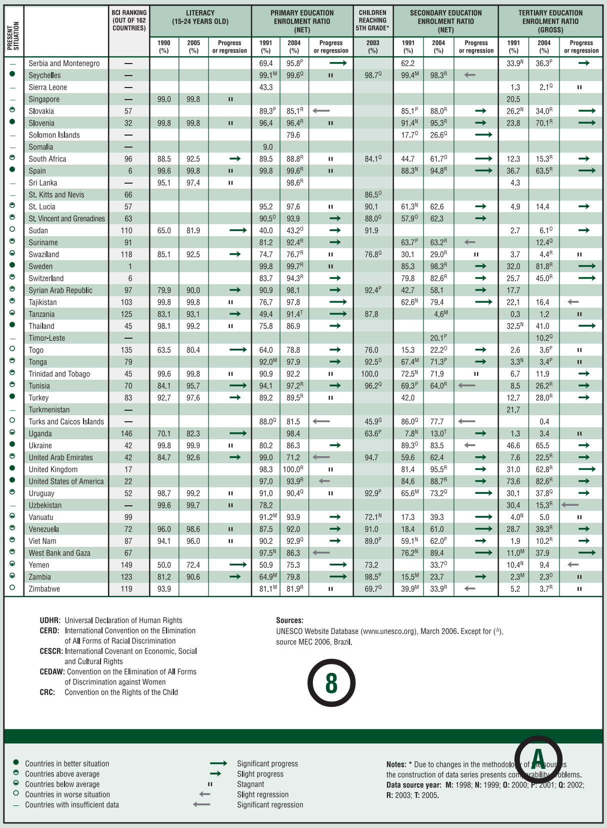
Thematic areas:

- Food security
- Education
- Information, science and technology
- Public expenditure
- Environment
- Health and children's immunization
- Reproductive health
- Gender equity: education, economic activity and empowerment

How to read the thematic area tables

The thematic area tables present the statistical information available for each indicator. But in addition, they include a group of tools – both quantitative and qualitative – aimed at facilitating the analysis and evaluation of the statistical information in the context of the corresponding area of development.





1. Heading: For each area of social development, the related commitments assumed at the social summits are linked to the corresponding human rights treaties. In both cases, these instruments have the near-unanimous approval of the world's governments, given that the majority have signed and/or ratified them.

2. BCI ranking: Presents a ranking of countries (from 1 to 162) based on their scores on the Basic Capabilities Index (BCI), a measurement designed by Social Watch that evaluates country status with regard to the basic conditions of development. (For more information about the BCI, see Basic Capabilities Index – Methodological Notes in Methodology.) Countries with the highest BCI scores are listed first.

3. Indicator: Each thematic area includes indicators that are pertinent to evaluating the dimension in question and for which information is available from a large number of countries. This makes it possible to visualize the situation in each country while comparing the distances between them. (The definitions of each indicator can be found in the Glossary.)

4. Present situation: This column presents the latest data available for each country according to the source consulted. These figures allow us to evaluate and compare the present situation in the countries of the world. Given that in many cases, the latest available figures are not up to date, it is important to take into account the time period to which the data correspond (if data do not correspond to the time period listed in the heading, they are identified with a letter that refers to a note at the bottom of the page. See Notes A).

5. Initial data or starting point: This column presents the available information from as close as possible to 1990 (the year that is taken as the starting point in the international commitments that set quantitative goals in different aspects of social development). For some indicators, the reference year (indicated in the heading) is later because sufficient information for 1990 was not available. (As in Present Situation, data from periods different from those listed in the heading are identified with a letter that refers to a note at the bottom of the page. See Notes A).

6. Progress or regression: Based on current and initial data, the rate of progress or regression over the intervening time period is calculated for each country, taking into consideration the evolution of all of the countries in this indicator (See Measurement of the current situation of countries and the rate of change in Methodology). The result is expressed graphically (See the related note at the bottom of the page), facilitating the reading and evaluation of performance in the indicator during this period. The possible categories are: Significant regression, Slight regression, Stagnant, Slight progress, Significant progress.

7. Category of present situation: This column illustrates the present situation of the countries in the corresponding dimension through a summarizing measurement that evaluates countries based on their performance on the set of indicators included for which information is available (See "Measurement of the current situation of countries and the rate of change" in Methodology). The categories are: Countries in better situation, Countries above average, Countries below average, Countries in worse situation.

8. Sources: The information used for the indicators is obtained from recognized international organizations that compile the statistics produced by the countries (See "Sources and handling of information" in Methodology).

THE PRESENT SITUATION OF POVERTY IN THE WORLD

	BCI RANKING (OUT OF 162 COUNTRIES)	GINI INDEX		POPULATION LIVING WITH LESS THAN USD 1 A DAY		POPULATION LIVING WITH LESS THAN USD 2 A DAY		POPULATION BELOW THE NATIONAL POVERTY LINE		SHARE OF POOREST QUINTILE CONSUMPTION/ INCOME	
		YEAR		YEAR	(%)	YEAR	(%)	YEAR	(%)	YEAR	(%)
Afghanistan	—										
Albania	76	2002	28.2	2002	2.0	2002	11.8	2002	25.4	2002	9.1
Algeria	69	1995	35.3	1995	2.0	1995	15.1	1995	22.6	1995	7.0
Andorra	—										
Angola	—										
Antigua and Barbuda	—										
Argentina	53	2003	52.8	2003	7.0	2003	23.0			2003	3.2
Armenia	51	2003	33.8	2003	2.0	2003	31.1	2001	50.9	2003	8.5
Aruba	—										
Australia	28	1994	35.2							1994	5.9
Austria	6	2000	29.1							2000	8.6
Azerbaijan	103	2002	19.0	2002	2.0	2002	2.0	2001	49.0	2002	12.2
Bahamas	60										
Bahrain	25										
Bangladesh	159	2000	31.8	2000	36.0	2000	82.8	2000	49.8	2000	9.0
Barbados	37										
Belarus	37	2002	29.7	2002	2.0	2002	2.0	2000	41.9	2002	8.5
Belgium	6	2000	33.0							2000	8.5
Belize	89										
Benin	126	2003	36.5	2003	30.9	2003	73.7	1999	29.0	2003	7.4
Bermuda	—										
Bhutan	139										
Bolivia	110	2002	60.1	2002	23.2	2002	42.2	1999	62.7	2002	1.5
Bosnia and Herzegovina	—	2001	26.2					2002	19.5	2001	9.5
Botswana	88	1993	63.0	1993	23.5	1993	50.1			1993	2.2
Brazil	82	2004	55.9*	2003	7.5	2003	21.2	2004	33.6*	2003	2.6
British Virgin Islands	—										
Brunei Darussalam	47										
Bulgaria	41	2003	29.2	2003	2.0	2003	6.1	2001	12.8	2003	8.7
Burkina Faso	132	2003	39.5	2003	27.2	2003	71.8	2003	46.4	2003	6.9
Burundi	156	1998	42.4	1998	54.6	1998	87.6	1990	36.4	1998	5.1
Cambodia	153	1997	40.4	1997	34.1	1997	77.7	1999	35.9	1997	6.9
Cameroon	134	2001	44.6	2001	17.1	2001	50.6	2001	40.2	2001	5.6
Canada	28	2000	32.6							2000	7.2
Cape Verde	89										
Cayman Islands	—										
Central African Republic	—	1993	61.3	1993	66.6	1993	84.0			1993	2.0
Chad	162							1996	64.0		
Channel Islands	—										
Chile	22	2000	57.1	2000	2.0	2000	9.6	1998	17.0	2000	3.3
China	81	2001	44.7	2001	16.6	2001	46.7	1998	4.6	2001	4.7
Colombia	93	2003	58.6	2003	7.0	2003	17.8	1999	64.0	2003	2.5
Comoros	129										
Congo, Dem. Rep.	—										
Congo, Rep.	—										
Cook Islands	105										
Costa Rica	54	2001	49.9	2001	2.2	2001	7.5	1992	22.0	2001	3.9
Côte d'Ivoire	133	2002	44.6	2002	14.8	2002	48.8			2002	5.2
Croatia	33	2001	29.0	2001	2.0	2001	2.0			2001	8.3
Cuba	28										
Cyprus	17										
Czech Republic	26	1996	25.4	1996	2.0	1996	2.0			1996	10.3
Denmark	6	1997	24.7							1997	8.3
Djibouti	114										
Dominican Republic	100	2003	51.7	2003	2.5	2003	11.0	1998	28.6	2003	3.9
Ecuador	109	1998	43.7	1998	15.8	1998	37.2	1998	46.0	1998	3.3
Egypt	94	2000	34.4	2000	3.1	2000	43.9	2000	16.7	2000	8.6
El Salvador	115	2002	52.4	2002	19.0	2002	40.6	1992	48.3	2002	2.7
Equatorial Guinea	154										
Eritrea	141							1994	53.0		
Estonia	28	2003	35.8	2003	2.0	2003	7.5	1995	8.9	2003	6.7
Ethiopia	161	2000	30.0	2000	23.0	2000	77.8	2000	44.2	2000	9.1
Finland	1	2000	26.9							2000	9.6
France	26	1995	32.7							1995	7.2
French Polynesia	—										
Gabon	106										
Gambia	138	1998	50.2	1998	59.3	1998	82.9	1998	57.6	1998	4.8
Georgia	78	2003	40.4	2003	6.5	2003	25.3	2003	54.5	2003	5.6
Germany	6	2000	28.3							2000	8.5

Source: World Development Indicators 2006, World Bank (www.worldbank.org). Except for the (*) source IBGE, 2006 Brazil.

THE PRESENT SITUATION OF POVERTY IN THE WORLD

	BCI RANKING (OUT OF 162 COUNTRIES)	GINI INDEX		POPULATION LIVING WITH LESS THAN USD 1 A DAY		POPULATION LIVING WITH LESS THAN USD 2 A DAY		POPULATION BELOW THE NATIONAL POVERTY LINE		SHARE OF POOREST QUINTILE CONSUMPTION/ INCOME	
		YEAR		YEAR	(%)	YEAR	(%)	YEAR	(%)	YEAR	(%)
Ghana	142	1999	40.8	1999	44.8	1999	78.5	1999	39.5	1999	5.6
Greece	6	2000	34.3							2000	6.7
Guam	—										
Guatemala	131	2002	55.1	2002	13.5	2002	31.9	2000	56.2	2002	2.9
Guinea	140	1994	40.3					1994	40.0	1994	6.4
Guinea-Bissau	151	1993	47.0							1993	5.2
Guyana	108	1999	43.2	1998	2.0	1998	6.1	1998	35.0	1999	4.5
Haiti	—	2001	59.2	2001	53.9	2001	78.0	1987	65.0	2001	2.4
Honduras	130	2003	53.8	1999	20.7	1999	44.0	1999	48.0	2003	3.4
Hong Kong (China)	—	1996	43.4							1996	5.3
Hungary	35	2002	26.9	2002	2.0	2002	2.0	1997	17.3	2002	9.5
Iceland	1										
India	128	2000	32.5	2000	34.7	2000	79.9	2000	28.6	2000	8.9
Indonesia	102	2002	34.3	2002	7.5	2002	52.4	1999	27.1	2002	8.4
Iran, Islamic Rep.	80	1998	43.0	1998	2.0	1998	7.3			1998	5.1
Iraq	121										
Ireland	17	2000	34.3							2000	7.4
Isle of Man	—										
Israel	17	2001	39.2							2001	5.7
Italy	40	2000	36.0							2000	6.5
Jamaica	73	2000	37.9	2000	2.0	2000	13.3	2000	18.7	2000	6.7
Japan	1	1993	24.9							1993	10.6
Jordan	42	2003	38.8	2003	2.0	2003	7.0	1997	11.7	2003	6.7
Kazakhstan	54	2003	33.9	2003	2.0	2003	16.0	1996	34.6	2003	7.4
Kenya	—	1997	42.5	1997	22.8	1997	58.3	1997	52.0	1997	6.0
Kiribati	—										
Korea, Dem. Rep.	—										
Korea, Rep.	6	1998	31.6	1998	2.0	1998	2.0			1998	7.9
Kuwait	92										
Kyrgyzstan	—	2003	30.3	2003	2.0	2003	21.4	2001	47.6	2003	8.9
Lao PDR	155	2002	34.6	2002	27.0	2002	74.1	1998	38.6	2002	8.1
Latvia	37	2003	37.7	2003	2.0	2003	4.7			2003	6.6
Lebanon	56										
Lesotho	137	1995	63.2	1995	36.4	1995	56.1			1995	1.5
Liberia	145										
Libya	—										
Liechtenstein	—										
Lithuania	35	2003	36.0	2003	2.0	2003	7.8			2003	6.8
Luxembourg	49	2000	30.8							2000	8.4
Macedonia, FYR	62	2003	39.0	2003	2.0	2003	2.0			2003	6.1
Madagascar	144	2001	47.5	2001	61.0	2001	85.1	1999	71.3	2001	4.9
Malawi	148	1997	50.3	1998	41.7	1998	76.1	1998	65.3	1997	4.9
Malaysia	73	1997	49.2	1997	2.0	1997	9.3	1989	15.5	1997	4.4
Maldives	113										
Mali	143	1994	50.5	1994	72.3	1994	90.6	1998	63.8	1994	4.6
Malta	17										
Marshall Islands	95										
Mauritania	120	2000	39.0	2000	25.9	2000	63.1	2000	46.3	2000	6.2
Mauritius	33										
Mayotte	—										
Mexico	85	2002	49.5	2002	4.5	2002	20.4	2002	20.3	2002	4.3
Micronesia, Fed. Sts.	—										
Moldova	63	2003	33.2	2001	22.0	2001	63.7	2002	48.5	2003	7.8
Monaco	—										
Mongolia	70	1998	30.3	1998	27.0	1998	74.9	1998	35.6	1998	5.6
Morocco	112	1999	39.5	1999	2.0	1999	14.3	1999	19.0	1999	6.5
Mozambique	150	1997	39.6	1996	37.9	1996	78.4	1997	69.4	1997	6.5
Myanmar	136										
Namibia	98	1993	74.3	1993	34.9	1993	55.8			1993	1.4
Nauru	—										
Nepal	157	2004	47.2	2004	24.1	2004	68.5	2003	30.9	2004	6.0
Netherlands	6	1999	30.9							1999	7.6
Netherlands Antilles	—										
New Zealand	6	1997	36.2							1997	6.4
Nicaragua	127	2001	43.1	2001	45.1	2001	79.9	1998	47.9	2001	5.6
Niger	158	1995	50.5	1995	60.6	1995	85.8	1993	63.0	1995	2.6
Nigeria	146	2003	43.7	2003	70.8	2003	92.4	1992	34.1	2003	5.0
Niue	—										
Northern Mariana Islands	—										

Source: World Development Indicators 2006, World Bank (www.worldbank.org). Except for the (*) source IBGE, 2006 Brazil.

THE PRESENT SITUATION OF POVERTY IN THE WORLD

	BCI RANKING (OUT OF 162 COUNTRIES)	GINI INDEX		POPULATION LIVING WITH LESS THAN USD 1 A DAY		POPULATION LIVING WITH LESS THAN USD 2 A DAY		POPULATION BELOW THE NATIONAL POVERTY LINE		SHARE OF POOREST QUINTILE CONSUMPTION/ INCOME	
		YEAR		YEAR	(%)	YEAR	(%)	YEAR	(%)	YEAR	(%)
Norway	1	2000	25.8							2000	9.6
Oman	48										
Pakistan	152	2002	30.6	2002	17.0	2002	73.6	1998	32.6	2002	9.3
Palau	77										
Panama	86	2002	56.4	2002	6.5	2002	17.1	1997	37.3	2002	2.5
Papua New Guinea	122	1996	50.9					1996	37.5	1996	4.5
Paraguay	107	2002	57.8	2002	16.4	2002	33.2	1991	21.8	2002	2.2
Peru	101	2002	54.6	2002	12.5	2002	31.8	1997	49.0	2002	3.2
Philippines	117	2000	46.1	2000	15.5	2000	47.5	1997	36.8	2000	5.4
Poland	22	2002	34.5	2002	2.0	2002	2.0	1993	23.8	2002	7.5
Portugal	6	1997	38.5	1994	2.0	1994	2.0			1997	5.8
Puerto Rico	—										
Qatar	57										
Romania	65	2003	31.0	2003	2.0	2003	12.9	1994	21.5	2003	8.1
Russian Federation	—	2002	39.9	2002	2.0	2002	12.1	1994	30.9	2002	6.1
Rwanda	160	1985	28.9	2000	51.7	2000	83.7	1999	60.3	1985	9.7
Samoa	50										
San Marino	—										
Sao Tomé and Principe	116										
Saudi Arabia	67										
Senegal	124	1995	41.3	1995	22.3	1995	63.0	1992	33.4	1995	6.4
Serbia and Montenegro	—										
Seychelles	—										
Sierra Leone	—	1989	62.9	1989	57.0	1989	74.5	2003	70.2	1989	1.1
Singapore	—	1998	42.5							1998	5.0
Slovakia	57	1996	25.8	1996	2.0	1996	2.9			1996	8.8
Slovenia	32	1999	28.4	1998	2.0	1998	2.0			1999	9.1
Solomon Islands	—										
Somalia	—										
South Africa	96	2000	57.8	2000	10.7	2000	34.1			2000	3.5
Spain	6	2000	34.7							2000	7.0
Sri Lanka	—	2000	33.2	2002	5.6	2002	41.6	1995	25.0	2000	8.3
St. Kitts and Nevis	66										
St. Lucia	57	1995	42.6							1995	5.2
St. Vincent and Grenadines	63										
Sudan	110										
Suriname	91										
Swaziland	118	1994	60.9							1994	2.7
Sweden	1	2000	25.0							2000	9.1
Switzerland	6	2000	33.7							2000	7.6
Syrian Arab Republic	97										
Tajikistan	103	2003	32.6	2003	7.4	2003	42.8			2003	7.9
Tanzania	125	2001	34.6	2000	57.8	2000	89.9	2001	35.7	2001	7.3
Thailand	45	2002	42.0	2002	2.0	2002	25.2	1992	13.1	2002	6.3
Timor-Leste	—										
Togo	135							1989	32.3		
Tonga	79										
Trinidad and Tobago	45	1992	40.3	1992	12.4	1992	39.0	1992	21.0	1992	5.5
Tunisia	70	2000	39.8	2000	2.0	2000	6.6	1995	7.6	2000	6.0
Turkey	83	2003	43.6	2003	3.4	2003	18.7	2002	27.0	2003	5.3
Turkmenistan	—	1998	40.8							1998	6.1
Turks and Caicos Islands	—										
Tuvalu	—										
Uganda	146	1999	43.0					2003	37.7	1999	5.9
Ukraine	42	2003	28.1	2003	2.0	2003	4.9	2003	19.5	2003	9.2
United Arab Emirates	42										
United Kingdom	17	1999	36.0							1999	6.1
United States of America	22	2000	40.8							2000	5.4
United States of America	22										
Uruguay	52	2003	44.9	2003	2.0	2003	5.7			2003	5.0
Uzbekistan	—	2000	26.8					2000	27.5	2000	9.2
Vanuatu	99										
Venezuela	72	2000	44.1	2000	8.3	2000	27.6	1989	31.3	2000	4.7
Viet Nam	87	2002	37.0					2002	28.9	2002	7.5
West Bank and Gaza	67										

Source: World Development Indicators 2006, World Bank (www.worldbank.org). Except for the (*) source IBGE, 2006 Brazil.

FOOD SECURITY: The governments of the world agreed on…

"The Committee affirms that the right to adequate food is indivisibly linked to the inherent dignity of the human person and is indispensable for the fulfilment of other human rights… The right to adequate food is realized when every man, woman and child, alone or in community with others, has physical and economic access at all times to adequate food or means for its procurement."

International Covenant on Economic, Social and Cultural Rights, General Comment 12 on the Right to Adequate Food, 1999.

"We consider it intolerable that more than 800 million people throughout the world, and particularly in developing countries, do not have enough food to meet their basic nutritional needs."

World Food Summit Plan of Action. Rome, 1996.

HUMAN RIGHTS
The right to food is enshrined in:

UDHR - Art. 25
CESCR - Art. 11
CRC - Art. 24 & 27

INTERNATIONAL COMMITMENTS
Food security is considered in:

Millennium Development Goals - Goal 1
World Summit for Social Development - Commitment 6
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	UNDERNOURISHMENT			ESTIMATED LOW BIRTH WEIGHT*	UNDER-5 CHILDREN MALNUTRITION (WEIGHT FOR AGE)		
			1990/1992 (%)	2000/2002 (%)	PROGRESS OR REGRESSION	1998/2004 (%)	1990 (%)	2004 (%)	Progress or regression
—	Albania	76				3			
●	Algeria	69	5	5	II	7	9	6	→
○	Angola	—	58	40	⟶	12	20	31	⟵
—	Antigua and Barbuda	—				8			
●	Argentina	53	<2.5	<2.5	II	8		5	
—	Armenia	51				7			
—	Australia	28				7			
—	Austria	6				7			
—	Azerbaijan	103				11			
—	Bahamas	60				7			
—	Bahrain	25				8			
○	Bangladesh	159	35	30	→	36	66	52	⟶
—	Barbados	37				10			
—	Belarus	37				5			
—	Belgium	6				8			
—	Belize	89				6			
◒	Benin	126	20	15	→	16	35	23	⟶
—	Bhutan	139				15			
●	Bolivia	110	28	21	→	7	11	8	→
—	Bosnia and Herzegovina	—				4			
◓	Botswana	88	23	32	←	10		13	
●	Brazil	82	12	9	→	10	7	6	II
—	Brunei Darussalam	47				10			
—	Bulgaria	41				10			
○	Burkina Faso	132	21	19	II	19	33	38	←
○	Burundi	156	48	68	⟵	16	38	45	←
○	Cambodia	153	43	33	⟶	11		45	
◒	Cameroon	134	33	25	→	11	15	21	←
—	Canada	28				6			
—	Cape Verde	89				13			
○	Central African Republic	—	50	43	→	14		24	
◒	Chad	162	58	34	⟶	10	35	28	→
●	Chile	22	8	4	→	5	2	1	II
●	China	81	16	11	→	4	17	10	→
●	Colombia	93	17	13	→	9	10	7	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	UNDERNOURISHMENT			ESTIMATED LOW BIRTH WEIGHT*	UNDER-5 CHILDREN MALNUTRITION (WEIGHT FOR AGE)		
			1990/1992 (%)	2000/2002 (%)	Progress or regression	1998/2004 (%)	1990 (%)	2004 (%)	Progress or regression
—	Comoros	129				25			
○	Congo, Dem. Rep.	—	32	71	⟵	12		31	
◒	Congo, Rep.	—	54	37	⟶		24	14	⟶
—	Cook Islands	105				3			
●	Costa Rica	54	6	4	II	7	3	5	II
◒	Côte d'Ivoire	133	18	14	→	17	12	21	⟵
—	Croatia	33				6			
●	Cuba	28	8	3	→	6		4	
—	Czech Republic	26				7			
—	Denmark	6				5			
—	Dominica	75				10			
◓	Dominican Republic	100	27	25	II	11	10	5	→
◓	Ecuador	109	8	4	→	16	17	12	→
●	Egypt	94	4	3	II	12	10	9	II
●	El Salvador	115	12	11	II	7	15	10	→
—	Equatorial Guinea	154				13			
○	Eritrea	141		73		21	41	40	II
—	Estonia	28				4			
○	Ethiopia	161		46		15	48	47	II
—	Fiji	61				10			
—	Finland	1				4			
—	France	26				7			
◓	Gabon	106	10	6	→	14		12	
◒	Gambia	138	22	27	←	17		17	
—	Georgia	78				7			
—	Germany	6				7			
◒	Ghana	142	37	13	⟶	16	30	22	⟶
—	Greece	6				8			
—	Grenada	83				9			
◒	Guatemala	131	16	24	←	12	33	23	⟶
◒	Guinea	140	39	26	⟶	16		23	
—	Guinea-Bissau	151				22			
◓	Guyana	108	21	9	⟶	12	18	14	→
○	Haiti	—	65	47	⟶	21	27	17	⟶
◒	Honduras	130	23	22	II	14	18	17	II
—	Hungary	35				9			
—	Iceland	1				4			
○	India	128	25	21	→	30	64	47	⟶
◓	Indonesia	102	9	6	→	9	40	26	⟶
●	Iran, Islamic Rep.	80	4	4	II	7		11	
—	Iraq	121				15			
—	Ireland	17				6			
—	Israel	17				8			
—	Italy	40				6			
●	Jamaica	73	14	10	→	10	7	4	→
—	Japan	1				8			
●	Jordan	42	4	7	←	10	6	4	II
—	Kazakhstan	54				8			
◓	Kenya	—	44	33	⟶	10	23	20	→
—	Kiribati	—				5			
◒	Korea, Dem. Rep.	—	18	36	⟵	7		21	
—	Korea, Rep.	6	<2.5	<2.5	II	4			

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	UNDERNOURISHMENT			ESTIMATED LOW BIRTH WEIGHT*	UNDER-5 CHILDREN MALNUTRITION (WEIGHT FOR AGE)		
			1990/1992 (%)	2000/2002 (%)	Progress or regression	1998/2004 (%)	1990 (%)	2004 (%)	Progress or regression
●	Kuwait	92	23	5	⟶	7	11	2	⟶
—	Kyrgyzstan	—				7			
○	Lao PDR	155	29	22	→	14	44	40	→
—	Latvia	37				5			
●	Lebanon	56	<2.5	3	ıı	6		3	
◓	Lesotho	137	17	12	→	14	16	18	ıı
○	Liberia	145	34	46	⟵			27	
●	Libya	—	<2.5	<2.5	ıı	7		5	
—	Lithuania	35				4			
—	Luxembourg	49				8			
—	Macedonia, FYR	62				6			
○	Madagascar	144	35	37	ıı	17	41	33	⟶
◒	Malawi	148	50	33	⟶	16	28	22	→
●	Malaysia	73	3	<2.5	ıı	9	25	12	⟶
—	Maldives	113				22			
○	Mali	143	29	29	ıı	23	31	33	ıı
—	Malta	17				6			
—	Marshall Islands	95				12			
◓	Mauritania	120	15	10	→		48	32	⟶
◓	Mauritius	33	6	6	ıı	14	24	15	⟶
●	Mexico	85	5	5	ıı	8	17	8	⟶
—	Micronesia, Fed. Sts.	—				18			
—	Moldova	63				5			
◓	Mongolia	70	34	28	→	7	12	13	ıı
●	Morocco	112	6	7	ıı	11	12	9	→
○	Mozambique	150	66	47	⟶	15		24	
◒	Myanmar	136	10	6	→	15	32	35	←
◒	Namibia	98	35	22	⟶	14	26	24	ıı
○	Nepal	157	20	17	→	21		48	
—	New Zealand	6				6			
◒	Nicaragua	127	30	27	→	12	11	10	ıı
○	Niger	158	41	34	→	13	43	40	→
◓	Nigeria	146	13	9	→	14	35	29	→
—	Niue	—				0			
—	Norway	1				5			
—	Oman	48				8			
○	Pakistan	152	24	20	→	19	40	38	ıı
—	Palau	77				9			
◓	Panama	86	21	26	←	10	6	7	ıı
—	Papua New Guinea	122				11			
●	Paraguay	107	18	14	→	9	4	5	ıı
◓	Peru	101	42	13	⟶	11	11	7	→
○	Philippines	117	26	22	→	20	34	31	→
—	Poland	22				6			
—	Portugal	6				8			
—	Qatar	57				10			
—	Romania	65				9			
—	Russian Federation	—				6			
◒	Rwanda	160	44	37	→	9	29	27	ıı
—	Samoa	50				4			
—	Sao Tomé and Principe	116				20			
◓	Saudi Arabia	67	4	3	ıı	11		14	

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	UNDERNOURISHMENT			ESTIMATED LOW BIRTH WEIGHT*	UNDER-5 CHILDREN MALNUTRITION (WEIGHT FOR AGE)		
			1990/1992 (%)	2000/2002 (%)	Progress or regression	1998/2004 (%)	1990 (%)	2004 (%)	Progress or regression
○	Senegal	124	23	24	॥	18	22	23	॥
—	Serbia and Montenegro	—				4			
○	Sierra Leone	—	46	50	←	23	29	27	॥
—	Singapore	—				8			
—	Slovakia	57				7			
—	Slovenia	32				6			
—	Solomon Islands	—				13			
—	South Africa	96				15			
—	Spain	6				6			
○	Sri Lanka	—	28	22	→	22	37	29	⟶
—	St. Kitts and Nevis	66				9			
—	St. Lucia	57				8			
—	St. Vincent and Grenadines	63				10			
○	Sudan	110	32	27	→	31	34	41	←
◓	Suriname	91	13	11	॥	13		13	
◓	Swaziland	118	14	19	←	9		10	
—	Sweden	1				4			
—	Switzerland	6				6			
●	Syrian Arab Republic	97	5	4	॥	6	12	7	→
—	Tajikistan	103				15			
○	Tanzania	125	37	44	←	13	29	29	॥
◓	Thailand	45	28	20	→	9	25	18	→
—	Timor-Leste	—				12			
○	Togo	135	33	26	→	18	25	25	॥
—	Tonga	79				0			
◓	Trinidad and Tobago	45	13	12	॥	23	7	6	॥
●	Tunisia	70	<2.5	<2.5	॥	7	10	4	→
●	Turkey	83	<2.5	3	॥	16	10	8	॥
—	Turkmenistan	—				6			
—	Tuvalu	—				5			
◒	Uganda	146	24	19	→	12	23	23	॥
—	Ukraine	42				5			
●	United Arab Emirates	42	4	<2.5	॥	15		7	
—	United Kingdom	17				8			
—	United States of America	22				8			
●	Uruguay	52	6	4	॥	8	6		
—	Uzbekistan	—				7			
—	Vanuatu	99				6			
●	Venezuela	72	11	17	←	9	8	4	→
◒	Viet Nam	87	31	19	⟶	9	45	33	⟶
—	West Bank and Gaza	67				9			
○	Yemen	149	34	36	॥	32	30	46	⟵
○	Zambia	123	48	49	॥	12	25	28	←
◒	Zimbabwe	119	45	44	॥	11	12	13	॥

UDHR: Universal Declaration of Human Rights
CESCR: International Covenant on Economic, Social and Cultural Rights
CRC: Convention on the Rights of the Child

Sources:
Undernourishment: The State of Food Insecurity in the World 2005, FAO (ftp://ftp.fao.org/docrep/fao/008/a0200e/a0200e03.pdf).
Estimated low birth weight: The State of the World's Children 2006, UNICEF (www.unicef.org/sowc06).
Under-5 children malnutrition: The State of Food Insecurity in the World 2005, FAO ftp://ftp.fao.org/docrep/fao/008/a0200e/a0200e03.pdf).

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
॥ Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.

EDUCATION: The governments of the world agreed on…

"Everyone has the right to education. Education shall be free… Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding [and] tolerance…"

Universal Declaration of Human Rights, Article 26, 1948.

"To ensure that [by 2015] children everywhere, boys and girls alike, will be able to complete a full course of primary schooling and that girls and boys will have equal access to all levels of education."

Millennium Declaration, Paragraph 19, 2000.

HUMAN RIGHTS
The right to universal education is enshrined in:

UDHR - Art. 26
CERD - Art. 5
CESCR - Art. 13 & 14
CEDAW - Art. 5, 10 & 14
CRC - Art. 28 & 29

INTERNATIONAL COMMITMENTS
Education is considered in:

Millennium Development Goals - Goal 2
World Summit for Social Development - Commitment 1
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY (15-24 YEARS OLD)			PRIMARY EDUCATION ENROLMENT RATIO (NET)			CHILDREN REACHING 5TH GRADE*	SECONDARY EDUCATION ENROLMENT RATIO (NET)			TERTIARY EDUCATION ENROLMENT RATIO (GROSS)		
			1990 (%)	2005 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	2003 (%)	1991 (%)	2004 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression
—	Afghanistan	—												1.1	
◓	Albania	76	94.8	98.6	→	95.1	95.6^{R}	ıı		69.7^{N}	73.9^{R}	→	6.9	16.4^{R}	→
◓	Algeria	69	77.3	92.0	⟶	88.8	97.1	→	96.2	53.4	66.2	→	11.3	19.6	→
◓	Andorra	—				90.0^{Q}	88.5	←		68.9^{Q}	71.4	→	7.5^{Q}	9.4	→
—	Angola	—				50.3	52.8^{M}	→					0.7	0.9^{R}	ıı
●	Argentina	53	98.2	98.7	ıı		100.0^{N}		92.2^{P}	73.9^{M}	80.8^{Q}	⟶	38.1	61.1^{Q}	⟶
●	Armenia	51	99.5	99.8	ıı	81.3^{O}	96.8	⟶		84.7^{O}	88.7	→	23.7^{N}	26.2	→
●	Aruba	—				97.8^{N}	97.7	ıı	96.3	79.3^{N}	74.3	←	26.3^{N}	28.6	→
●	Australia	28				99.1	94.8^{R}	←	98.7^{Q}	79.3	85.3^{R}	→	39.2	74.0^{R}	⟶
—	Austria	6				87.7				88.8^{O}	89.2^{R}	ıı	34.0	48.7^{R}	→
◒	Azerbaijan	103				88.8	83.8	←		73.2^{N}	76.7^{R}	→	23.6	14.8	←
◓	Bahamas	60	96.5	97.5	ıı	89.7	83.7	←		77.1^{Q}	73.8	←			
●	Bahrain	25	95.6	99.0	→	99.0	96.8	ıı	99.8	85.0	89.9	→	17.6	34.4	→
○	Bangladesh	159	42.0	51.5	→				52.6^{Q}	42.7^{M}	48.0^{R}	→	5.8^{N}	6.5^{R}	ıı
●	Barbados	37	99.8	99.8	ıı	80.1	99.6	⟶	96.8	88.2^{N}	95.1	→	27.2	37.7^{P}	→
●	Belarus	37	99.8	99.8	ıı	86.2	95.3	→		79.1^{P}	87.3	⟶	50.2	60.5	→
●	Belgium	6				96.2	99.9^{R}	→		86.7	96.9^{R}	→	39.3	60.7^{R}	⟶
◓	Belize	89	96.0	98.6	ıı	94.0	99.4	→	91.0^{O}	30.7	71.4	⟶		2.6	
○	Benin	126	40.4	59.0	⟶	41.0	82.6	⟶	69.4	15.9^{N}	17.1^{P}	→	2.4	3.0^{P}	ıı
●	Bermuda	—							96.3^{P}		86.1^{Q}			62.3^{Q}	
—	Bhutan	139							91.0^{O}						
◓	Bolivia	110	92.6	97.0	→	95.9^{M}	95.3	ıı	86.4	67.7^{P}	73.6	⟶	21.5	40.6	→
◒	Botswana	88	83.3	90.4	→	83.4	82.0^{R}	ıı	89.3^{Q}	35.0	59.9^{R}	⟶	3.7	6.2	ıı
◓	Brazil	82	91.8	96.1	→	84.7	97.3^{Q}	→	$83.0^{\Delta Q}$	17.4	74.5^{Q}	⟶	11.3	20.1^{Q}	→
—	British Virgin Islands	—				95.6^{N}	94.7	ıı		79.8^{N}	79.5	ıı			
◓	Brunei Darussalam	47	97.9	99.6	ıı	92.0			93.0^{O}	71.0			9.7^{N}	14.7^{T}	→
●	Bulgaria	41	99.4	99.7	ıı	86.1	94.2^{R}	→		63.3	88.3^{R}	⟶	31.1	40.8^{R}	→
○	Burkina Faso	132	24.9	40.3	⟶	29.2	40.5	→	75.8	9.1^{N}	9.5	ıı	0.7	1.5^{R}	ıı
○	Burundi	156	51.6	69.4	⟶	52.9	57.0	→	63.0		8.3		0.7	2.3	ıı
◒	Cambodia	153	73.5	81.9	→	69.3	98.0	⟶	59.7	16.1^{M}	24.8^{R}	⟶	0.7	2.9	ıı
○	Cameroon	134	81.1	92.8	⟶	73.6			63.7^{Q}				3.2	5.3	ıı
●	Canada	28				97.7	99.5^{P}	ıı		88.8	94.1^{N}	→	95.2	57.2^{Q}	⟵
◒	Cape Verde	89	81.5	90.7	→	91.1	91.8	ıı	91.2	54.1^{Q}	55.0	→	3.4^{Q}	5.6	→
◓	Cayman Islands	—				97.4^{O}	87.2	⟵	93.4^{N}	88.9^{O}	90.9	→		18.8^{P}	
—	Central African Republic	—	52.1	74.0	⟶	51.9							1.5	1.8^{O}	ıı
○	Chad	162	48.0	74.4	⟶	34.7	56.9^{R}	⟶	45.8	7.1^{N}	10.8^{R}	→		0.8^{P}	
◓	Chile	22	98.1	99.2	ıı	89.3	85.9^{R}	←	99.2^{Q}	55.4	77.8^{R}	⟶	21.3	43.2^{R}	⟶
●	China	81	95.3	98.6	→	97.4			99.0^{Q}				3.0	15.4^{R}	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Notes: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.
Data source year: M: 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **T:** 2005.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY (15-24 YEARS OLD)			PRIMARY EDUCATION ENROLMENT RATIO (NET)			CHILDREN REACHING 5TH GRADE*	SECONDARY EDUCATION ENROLMENT RATIO (NET)			TERTIARY EDUCATION ENROLMENT RATIO (GROSS)		
			1990 (%)	2005 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	2003 (%)	1991 (%)	2004 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression
◓	Colombia	93	94.9	97.6	‖	68.6	83.2	→	77.5	34.4	54.9	⟶	14.0	26.9	→
○	Comoros	129	56.7	59.5	‖	56.7	55.1^{O}	‖	62.7				1.0^{N}	2.3	→
—	Congo, Dem. Rep.	—	68.9	86.4	⟶	54.1							2.3	1.3^{N}	‖
◒	Congo, Rep.	—	92.5	98.5	→	79.4			66.3^{Q}				4.7	3.7^{R}	‖
○	Cook Islands	105					84.8^{N}		51.5^{M}	60.1^{M}	57.2^{O}	←			
◓	Costa Rica	54	97.4	98.6	‖	87.5	91.8	→	92.4	37.8	50.2	→	27.9	19.0^{R}	←
○	Côte d'Ivoire	133	52.6	66.3	⟶	44.7	56.0^{R}	→	69.1^{N}	17.7^{N}	20.0^{Q}	→		6.5^{N}	
●	Croatia	33	99.6	99.8	‖	78.8	87.3^{R}	→		63.2	85.0^{R}	⟶	23.9	38.7^{R}	→
●	Cuba	28	99.3	99.8	‖	93.2	96.2	→	97.7	69.6	86.6	→	21.0	53.6	⟶
●	Cyprus	17	99.7	99.8	‖	86.9	96.1^{R}	→	99.3^{Q}	69.0	92.8^{R}	⟶	12.8	32.0^{R}	→
●	Czech Republic	26				86.7	86.7^{R}	‖	97.7^{Q}	88.3^{P}	90.4^{R}	→	16.0	36.9^{R}	⟶
●	Denmark	6				98.3	99.9^{R}	‖	99.7^{Q}	86.8	94.6^{R}	→	36.5	66.8^{R}	⟶
○	Djibouti	114	73.2	87.9	⟶	28.7	32.8	→	87.7^{P}	14.6^{P}	18.7	→	0.3^{N}	1.6	→
●	Dominica	75					87.7		84.3		90.4				
◒	Dominican Republic	100	87.5	92.5	→	57.4	86.0	⟶	59.2	18.7^{M}	49.3	⟶		33.0	
◓	Ecuador	109	95.5	97.9	‖	97.7	99.5	‖	76.3	44.8^{M}	52.2	→	20.0		
◓	Egypt	94	61.3	73.5	⟶	84.1	94.3^{R}	→	98.0^{Q}		79.1^{Q}		15.8	28.5^{R}	→
◒	El Salvador	115	83.8	90.0	→	80.6^{M}	90.9	⟶	68.2	39.3^{M}	48.1^{R}	⟶	16.8	17.7	‖
○	Equatorial Guinea	154	92.7	98.1	→	90.6	59.3	⟵	32.6^{P}		23.6^{P}		1.8	2.6^{O}	‖
○	Eritrea	141	60.9	74.5	⟶	15.5	47.8	⟶	80.3	19.2^{N}	19.2	‖	1.1^{N}	1.1	‖
●	Estonia	28	99.8	99.7	‖	99.4	94.6^{R}	←	98.4^{Q}	83.4^{O}	87.9^{R}	⟶	26.3	64.5^{R}	⟶
○	Ethiopia	161	43.0	61.0	⟶	22.0	56.3^{T}	⟶	57.0^{P}	14.3^{N}	27.8^{T}	⟶	0.7	2.5	‖
◓	Fiji	61	97.8	99.5	‖	99.4^{M}	96.2	←	89.8^{O}	76.5^{M}	77.9^{Q}	→	11.9	15.3	→
●	Finland	1				98.3	99.9^{R}	‖	99.9^{Q}	93.0	94.0^{R}	‖	48.9	86.9^{R}	⟶
●	France	26				100.0	99.9^{R}	‖	98.0^{N}	94.1^{N}	95.3^{R}	→	39.6	55.3^{R}	→
○	Gabon	106				85.5	76.8^{P}	←	69.3^{Q}					6.6^{N}	
○	Gambia	138	42.2	64.4	⟶	48.0	72.8^{P}	⟶		25.9^{N}	32.7^{R}	⟶	1.1^{N}	1.2	‖
◓	Georgia	78				97.1	92.8	←		77.0^{N}	69.2	←	36.7	41.5	→
—	Germany	6				84.3							33.8	50.1^{R}	→
○	Ghana	142	81.8	93.8	⟶	53.7	65.0^{T}	→	63.3^{Q}	31.5^{N}	37.0^{T}	→	1.0	3.1	‖
●	Greece	6	99.5	99.8	‖	94.6	97.7^{R}	→		83.2	84.5^{R}	‖	36.3	72.2^{R}	⟶
—	Grenada	83							79.0^{Q}						
◒	Guatemala	131	73.4	81.6	→	77.8^{M}	93.0	⟶	77.9	21.7^{M}	33.7	⟶		9.6^{Q}	
○	Guinea	140				27.2	63.8	⟶	82.0	12.5^{N}	21.2	⟶	1.0	2.2	‖
○	Guinea-Bissau	151	44.1	65.0	⟶	38.1	45.2^{P}	→			8.7^{P}		0.4^{N}	0.4^{P}	‖
◓	Guyana	108	99.8	99.8	‖	89.0	99.5	→	64.3^{P}	66.6				9.1	
—	Haiti	—	54.8	68.8	⟶	22.1									
◒	Honduras	130	79.7	87.3	→	89.4	90.7	‖	66.0	20.6			8.9	16.4	→
●	Hong Kong (China)	—	98.2	99.5	‖	97.8^{P}	97.3	‖	99.9	73.6^{P}	77.7	→	29.5^{P}	32.1	→
●	Hungary	35	99.7	99.8	‖	91.3	89.0^{R}	‖		74.8	91.6^{R}	→	14.0	51.9^{R}	⟶
●	Iceland	1				99.6	99.0^{R}	‖	99.7^{Q}	84.7^{N}	86.3^{R}	→	24.9	61.7^{R}	⟶
◒	India	128	64.3	76.3	⟶	83.3^{O}	87.4^{R}	⟶	83.8^{Q}				6.0	11.5^{R}	→
◓	Indonesia	102	95.0	98.5	→	96.6	96.1^{R}	‖	89.1^{Q}	39.1	55.0^{R}	→	9.2	16.2^{R}	→
◓	Iran, Islamic Rep.	80	86.3	95.9	→	92.4	88.6	←	93.7^{P}		78.1		10.2	22.5	→
◒	Iraq	121	41.0	46.5	→	94.0	87.7	←	65.6^{N}	29.6^{N}	37.9	⟶	11.5^{N}	15.4	→
●	Ireland	17				90.4	96.0^{R}	→	99.2^{Q}	79.7	85.2^{R}	→	29.2	55.3^{R}	⟶
●	Israel	17	98.7	99.7	‖	91.9	99.1^{R}	→	99.4^{Q}	86.2^{N}	88.6^{R}	→	34.6	57.0^{R}	⟶
●	Italy	40	99.8	99.8	‖	99.8	99.3^{R}	‖	96.5^{P}	84.8^{N}	91.2^{R}	⟶	32.3	59.0^{R}	⟶
◓	Jamaica	73	91.2	95.1	→	95.7	88.5^{R}	←	89.7^{Q}	63.6	75.0^{R}	→	6.9	19.0^{R}	→
●	Japan	1				99.7	99.9^{R}	‖		96.8	99.8^{R}	→	29.6	52.1^{R}	⟶
●	Jordan	42	96.7	99.6	‖	94.1	92.8^{R}	‖	97.1^{Q}	79.2^{N}	82.1^{R}	→	22.9	35.0^{R}	→
●	Kazakhstan	54	99.8	99.8	‖	89.3	98.3	→		85.3^{O}	92.1	⟶	41.5	48.0	→
—	Kenya	—	89.8	96.7	→	57.2^{M}	76.4	⟶							
—	Kiribati	—					92.2^{O}								
●	Korea, Rep.	6	99.8	99.8	‖	99.7	99.8	‖	99.9	85.8	88.3	‖	38.6	88.5	⟶
◒	Kuwait	92	87.5	94.0	→	49.0	86.0	⟶		88.7^{N}	77.6^{Q}	⟵	23.2^{N}	22.3	‖

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Notes: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.
Data source year: M: 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **T:** 2005.

Present situation	Country	BCI ranking (out of 162 countries)	Literacy (15-24 years old) 1990 (%)	Literacy 2005 (%)	Literacy Progress or regression	Primary education enrolment ratio (net) 1991 (%)	Primary 2004 (%)	Primary Progress or regression	Children reaching 5th grade* 2003 (%)	Secondary education enrolment ratio (net) 1991 (%)	Secondary 2004 (%)	Secondary Progress or regression	Tertiary education enrolment ratio (gross) 1991 (%)	Tertiary 2004 (%)	Tertiary Progress or regression
—	Kyrgyzstan	—				92.3	90.1	‖					14.3	39.7	⟶
○	Lao PDR	155	70.1	81.4	⟶	62.6	84.4	⟶	62.6	26.7[N]	37.1	⟶	2.5[N]	5.9	→
●	Latvia	37	99.8	99.8	‖	92.1	86.6[R]	←		85.2[N]	87.4[R]	→	25.6	71.0[R]	⟶
◓	Lebanon	56	92.1	96.3	→	72.6	93.2	⟶	97.6				36.3[N]	47.6	⟶
○	Lesotho	137	87.2	92.0	→	71.5	85.9	→	63.4	14.7	23.1	→	1.4	2.8[R]	‖
○	Liberia	145	57.2	74.0	⟶		65.7[O]				17.1[O]			15.5[O]	
—	Libya	—	91.0	97.7	→	95.9							14.5	56.2[R]	⟶
●	Lithuania	35	99.8	99.8	‖	96.0[N]	92.4[R]	←		91.2[N]	94.1[R]	→	33.5	69.0[R]	⟶
◓	Luxembourg	49				96.0[N]	90.3[R]	⟵	92.0[Q]	79.5[N]	80.0[R]	‖	10.5[N]	12.4[R]	→
●	Macao (China)	—	97.2	99.3	‖	81.1	89.2	→	99.7[Q]	62.0[N]	76.8	⟶	25.4	68.8	⟶
◓	Macedonia, FYR	62				94.4	91.8[R]	←		79.2[N]	81.1[Q]	→	16.8	27.4[R]	→
○	Madagascar	144	72.2	83.4	⟶	64.2	88.8	⟶	57.0		11.3[N]		3.2	2.5	‖
◒	Malawi	148	63.2	74.5	⟶	48.4	95.3	⟶	43.8[P]	25.9[M]	24.7	‖	0.6	0.4	‖
◓	Malaysia	73	94.8	98.3	→	97.4[M]	93.2[Q]	⟵	87.1[P]	68.9[M]	69.9[Q]	→	8.2	28.8[Q]	⟶
◒	Maldives	113	98.1	99.4	‖	98.3[M]	89.7[Q]	⟵		31.7[N]	51.3[Q]	⟶		0.2[R]	
○	Mali	143	27.6	40.8	⟶	20.9	46.5	⟶	78.6	5.1			0.6	2.1	‖
●	Malta	17	97.5	98.9	‖	97.0	94.3[R]	←	99.3[Q]	78.3	85.9[R]	→	12.7	29.9[R]	→
◒	Marshall Islands	95					84.4[Q]				64.9[Q]			17.0[Q]	
○	Mauritania	120	45.8	50.7	→	35.3	74.3	⟶	81.6	14.5[P]	14.1	‖	2.8	3.5	‖
◓	Mauritius	33	91.1	94.9	→	91.3	95.1	→	98.9[P]	64.5[M]	74.6	⟶	4.1	17.2	→
◓	Mexico	85	95.2	97.7	‖	97.8	100.0[R]	‖	93.0[Q]	43.8	62.4[R]	⟶	14.4	22.5[R]	→
—	Micronesia, Fed. Sts.	—												14.1[N]	
◓	Moldova	63	99.8	99.8	‖	88.8	77.5	←		68.8[N]	68.7	‖	35.5	31.7	←
◓	Mongolia	70	98.9	99.2	‖	90.1	84.2	←		55.4[N]	82.3	⟶	14.0	38.9	⟶
◒	Morocco	112	55.3	72.8	⟶	55.9	86.8[R]	⟶	81.2[Q]	30.7[O]	35.1[R]	⟶	10.6	10.6	‖
○	Mozambique	150	48.8	66.3	⟶	42.8	71.0	⟶	49.2[P]	2.4[M]	4.0	→	0.6[N]	1.2	‖
◒	Myanmar	136	88.2	92.0	→	97.8	85.1[R]	⟵	64.6[Q]	30.7[N]	34.2[R]	→	4.2	11.3[Q]	→
◒	Namibia	98	87.4	93.2	→	74.4[M]	73.7[R]	‖	88.1[Q]	29.9[M]	37.5[R]	⟶	3.0	6.1[R]	→
○	Nepal	157	46.6	66.0	⟶		65.7[O]		64.9[Q]				5.6	5.6	‖
●	Netherlands	6				95.3	99.2[R]	→	99.8[Q]	83.6	88.9[R]	→	39.8	58.0[R]	→
◓	Netherlands Antilles	—	97.5	98.5	‖				88.5[P]	81.6[O]	76.9[R]	←	23.2[N]	23.6[Q]	‖
●	New Zealand	6				97.5	100.0[R]	→		85.1	92.3[R]	→	45.2	71.6[R]	⟶
◒	Nicaragua	127	68.2	73.2	→	72.6	87.9	→	56.5	35.1[O]	40.7	→	7.9	17.9[R]	→
○	Niger	158	17.0	26.7	→	22.3	39.2	→	73.6	5.1	6.8	‖	0.6	0.8	‖
◒	Nigeria	146	73.6	91.1	⟶		87.8				28.3[R]			10.2	
—	Niue	—							75.8[M]						
●	Norway	1				100.0	99.5[R]	‖	99.5[Q]	87.7	95.4[R]	→	42.3	80.3[R]	⟶
◓	Oman	48	85.6	99.4	⟶	69.2	77.9	→	97.6	64.8[N]	74.7	⟶	4.1	12.9	→
○	Pakistan	152	47.4	61.3	⟶	33.4	66.2	⟶					3.4	3.0	‖
●	Palau	77				96.8[N]	96.5[P]	‖	84.2[N]				32.7[O]	40.9[Q]	⟶
◓	Panama	86	95.3	97.4	‖	96.5[M]	99.8	→	84.3	60.1[M]	63.7	→	22.8	45.8	⟶
○	Papua New Guinea	122	68.6	78.8	→				69.4[P]					2.1[M]	
◓	Paraguay	107	95.6	97.6	‖	94.3	89.3[Q]	←	69.7[P]	26.4	51.1[Q]	⟶	13.1[N]	25.9[Q]	⟶
●	Peru	101	94.5	97.6	→	99.8[M]	99.7[Q]	‖	83.6[P]	62.2[M]	69.2[Q]	⟶	31.9	31.5[P]	‖
◓	Philippines	117	97.3	99.2	‖	96.5	93.8[R]	←	76.0[Q]	49.3[M]	59.2[R]	⟶	27.1	29.4[R]	‖
●	Poland	22	99.8	99.8	‖	96.7	97.9[R]	‖	99.3[Q]	75.9	91.5[R]	→	21.7	59.5[R]	⟶
●	Portugal	6	99.5	99.8	‖	98.4				82.9[N]	82.3[R]	‖	23.0	55.5[R]	⟶
—	Puerto Rico	—	96.1	98.0	‖										
◓	Qatar	57	90.3	96.1	→	89.4	89.8	‖		69.6	87.2	→	23.2	18.3	←
◓	Romania	65	99.3	99.7	‖	81.2	90.0[R]	→		74.7[N]	81.1[R]	⟶	9.7	36.3[R]	⟶
—	Russian Federation	—	99.8	99.8	‖	98.6							52.1	65.2[R]	→
○	Rwanda	160	72.7	87.2	⟶	66.0	73.2	→	45.8	7.3			0.9[N]	2.7	→
◓	Samoa	50	99.0	99.5	‖	95.3[M]	93.8[Q]	←	93.8[O]	70.6[M]	65.5[Q]	←	8.9[M]	7.5[P]	←
○	Sao Tomé and Principe	116					84.8[N]				28.5[Q]		1.0[O]	1.0[Q]	‖
◒	Saudi Arabia	67	85.4	94.9	→	59.3	53.1	←	93.6	30.9	52.4	⟶	10.3	27.7	→
○	Senegal	124	40.1	56.2	⟶	43.5	66.1	⟶	78.2		15.3		2.9	5.0	‖

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Notes: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.
Data source year: M: 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **T:** 2005.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY (15-24 YEARS OLD)			PRIMARY EDUCATION ENROLMENT RATIO (NET)			CHILDREN REACHING 5TH GRADE*	SECONDARY EDUCATION ENROLMENT RATIO (NET)			TERTIARY EDUCATION ENROLMENT RATIO (GROSS)		
			1990 (%)	2005 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	2003 (%)	1991 (%)	2004 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression
—	Serbia and Montenegro	—				69.4	95.8^{P}	⟶		62.2			33.9^{N}	36.3^{P}	→
●	Seychelles	—				99.1^{M}	99.6^{Q}	II	98.7^{Q}	99.4^{M}	98.3^{R}	←			
—	Sierra Leone	—				43.3							1.3	2.1^{Q}	II
—	Singapore	—	99.0	99.8	II								20.5		
◓	Slovakia	57				89.3^{P}	85.1^{R}	⟵		85.1^{P}	88.0^{R}	→	26.2^{N}	34.0^{R}	⟶
●	Slovenia	32	99.8	99.8	II	96.4	96.4^{R}	II		91.4^{N}	95.3^{R}	→	23.8	70.1^{R}	⟶
—	Solomon Islands	—					79.6			17.7^{O}	26.6^{Q}	⟶			
—	Somalia	—				9.0									
◓	South Africa	96	88.5	92.5	→	89.5	88.8^{R}	II	84.1^{Q}	44.7	61.7^{O}	⟶	12.3	15.3^{R}	→
●	Spain	6	99.6	99.8	II	99.8	99.6^{R}	II		88.3^{N}	94.8^{R}	⟶	36.7	63.5^{R}	⟶
—	Sri Lanka	—	95.1	97.4	II		98.6^{R}						4.3		
—	St. Kitts and Nevis	66							86.5^{O}						
◓	St. Lucia	57				95.2	97.6	II	90.1	61.3^{N}	62.6	→	4.9	14.4	→
◓	St. Vincent and Grenadines	63				90.5^{O}	93.9	→	88.0^{Q}	57.9^{O}	62.3	→			
○	Sudan	110	65.0	81.9	⟶	40.0	43.2^{O}	→	91.9				2.7	6.1^{O}	→
◓	Suriname	91				81.2	92.4^{R}	→		63.7^{P}	63.2^{R}	←		12.4^{Q}	
◒	Swaziland	118	85.1	92.5	→	74.7	76.7^{R}	II	76.8^{Q}	30.1	29.0^{R}	II	3.7	4.4^{R}	II
●	Sweden	1				99.8	99.7^{R}	II		85.3	98.3^{R}	→	32.0	81.8^{R}	⟶
◓	Switzerland	6				83.7	94.3^{R}	→		79.8	82.6^{R}	→	25.7	45.0^{R}	⟶
◓	Syrian Arab Republic	97	79.9	90.0	→	90.9	98.1	→	92.4^{P}	42.7	58.1	→	17.7		
◓	Tajikistan	103	99.8	99.8	II	76.7	97.8	⟶		62.6^{N}	79.4	⟶	22.1	16.4	←
◒	Tanzania	125	83.1	93.1	→	49.4	91.4^{T}	⟶	87.8		4.6^{M}		0.3	1.2	II
●	Thailand	45	98.1	99.2	II	75.8	86.9	→					32.5^{N}	41.0	⟶
—	Timor-Leste	—									20.1^{P}			10.2^{Q}	
○	Togo	135	63.5	80.4	⟶	64.0	78.8	→	76.0	15.3	22.2^{O}	→	2.6	3.6^{P}	II
◓	Tonga	79				92.0^{M}	97.9	→	92.5^{O}	67.4^{M}	71.3^{P}	→	3.3^{N}	3.4^{P}	II
◓	Trinidad and Tobago	45	99.6	99.8	II	90.9	92.2	II	100.0	72.5^{N}	71.9	II	6.7	11.9	→
◓	Tunisia	70	84.1	95.7	⟶	94.1	97.2^{R}	→	96.2^{Q}	69.3^{P}	64.0^{R}	⟵	8.5	26.2^{R}	→
●	Turkey	83	92.7	97.6	→	89.2	89.5^{R}	II		42.0			12.7	28.0^{R}	→
—	Turkmenistan	—											21.7		
○	Turks and Caicos Islands	—				88.0^{Q}	81.5	⟵	45.9^{Q}	86.0^{Q}	77.7	⟵		0.4	
◒	Uganda	146	70.1	82.3	⟶		98.4		63.6^{P}	7.8^{N}	13.0^{T}	→	1.3	3.4	II
●	Ukraine	42	99.8	99.9	II	80.2	86.3	→		89.3^{O}	83.5	←	46.6	65.5	→
◓	United Arab Emirates	42	84.7	92.6	→	99.0	71.2	⟵	94.7	59.6	62.4	→	7.6	22.5^{R}	→
●	United Kingdom	17				98.3	100.0^{R}	II		81.4	95.5^{R}	→	31.0	62.8^{R}	⟶
●	United States of America	22				97.0	93.9^{R}	←		84.6	88.7^{R}	→	73.6	82.6^{R}	→
◓	Uruguay	52	98.7	99.2	II	91.0	90.4^{Q}	II	92.9^{P}	65.6^{M}	73.2^{Q}	⟶	30.1	37.8^{Q}	→
—	Uzbekistan	—	99.6	99.7	II	78.2							30.4	15.3^{R}	⟵
◒	Vanuatu	99				91.2^{M}	93.9	→	72.1^{N}	17.3	39.3	⟶	4.0^{N}	5.0	II
◓	Venezuela	72	96.0	98.6	II	87.5	92.0	→	91.0	18.4	61.0	⟶	28.7	39.3^{R}	→
◓	Viet Nam	87	94.1	96.0	II	90.2	92.9^{Q}	→	89.0^{P}	59.1^{N}	62.0^{P}	→	1.9	10.2^{R}	→
◓	West Bank and Gaza	67				97.5^{N}	86.3	⟵		76.2^{N}	89.4	⟶	11.0^{M}	37.9	⟶
◒	Yemen	149	50.0	72.4	⟶	50.9	75.3	⟶	73.2		33.7^{O}		10.4^{N}	9.4	←
◒	Zambia	123	81.2	90.6	→	64.9^{M}	79.8	⟶	98.5^{P}	15.5^{M}	23.7	→	2.3^{M}	2.3^{O}	II
○	Zimbabwe	119	93.9			81.1^{M}	81.9^{R}	II	69.7^{Q}	39.9^{M}	33.9^{R}	←	5.2	3.7^{R}	II

UDHR: Universal Declaration of Human Rights
CERD: International Convention on the Elimination of All Forms of Racial Discrimination
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women
CRC: Convention on the Rights of the Child

Sources:
UNESCO Website Database (www.unesco.org), March 2006. Except for ($^{\Delta}$), source MEC 2006, Brazil.

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes: * Due to changes in the methodology of the sources the construction of data series presents comparability problems.
Data source year: M: 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **T:** 2005.

INFORMATION, SCIENCE AND TECHNOLOGY: The governments of the world agreed on…

"Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive, and impart information and ideas through any media and regardless of frontiers."

Universal Declaration of Human Rights, Article 19, 1948.

"We recognize that education, knowledge, information and communication are at the core of human progress, endeavour and well-being… The rapid progress of these technologies opens completely new opportunities to attain higher levels of development."

World Summit on the Information Society, 2003.

HUMAN RIGHTS:
The right to information, research and professional training is enshrined in:

UDHR - Art. 19 & 27
CERD - Art. 5
CESCR - Art. 13 & 15
CEDAW - Art. 10 & 14
CRC - Art. 17 & 28

INTERNATIONAL COMMITMENTS:
Information, communication and research are considered in:

World Summit for Social Development - Commitment 6
Millennium Development Goals - Goal 8

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	INTERNET USERS (per 1,000 people)			PERSONAL COMPUTERS (per 1,000 people)			TELEPHONE MAINLINES (per 1,000 people)			SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)			INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)			RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)		
			1990	2004	Progress or regression	1990	2004	Progress or regression	1990	1990	Progress or regression	1990	1990	Progress or regression	2000	1990	Progress or regression	1996	2003	Progress or regression
—	Afghanistan	—	0[Q]	1	→				2	2	‖									
○	Albania	76	0[J]	24	→	2[K]	12[Q]	→	12	90	→									
○	Algeria	69	0[I]	26	→	1	9	→	32	71	→									
—	Andorra	—		96[R]																
○	Angola	—	0[K]	11	→	1[L]	3	→	7	6	‖									
—	Antigua and Barbuda	—	21[J]	250	⟶				254	474	⟶									
◒	Argentina	53	0[G]	133	→	7	96	→	93	227	⟶	350[C]	720[R]	→	4.3	5.6	→	0.4	0.4	⟵
◒	Armenia	51	0[I]	50	→	3[L]	66	→	158	192	→	1747[L]	1537[R]	←				0.2[L]	0.3[Q]	‖
●	Australia	28	6	646	⟶	150	682	⟶	456	541	→	3361[K]	3670[Q]	→	6.9	5.4	⟵	1.7	1.6[Q]	⟵
●	Austria	6	1	477	⟶	65	418	⟶	418	460	→	2313[M]	2968[Q]	⟶	5.9	5.1	←	1.6	2.2	‖
○	Azerbaijan	103	0[I]	49	→		18		87	118	→	1363[L]	1236[Q]	←				0.2	0.3[Q]	‖
—	Bahamas	60	10[J]	292	⟶				274	439	⟶									
◓	Bahrain	25	3[J]	213	⟶	50[J]	169	⟶	191	268	→									
○	Bangladesh	159	0[L]	2	→	0[L]	12	→	2	6	→	50[H]	51[J]	‖	2.1	2.9	→			
●	Barbados	37	0[J]	558	⟶	57[J]	126	→	281	505	⟶									
◒	Belarus	37	0[I]	163	⟶				154	329	⟶	2283[K]	1871[Q]	⟵				1.0	0.6[Q]	⟵
●	Belgium	6	0	403	⟶	88	348	⟶	393	456	→	2470[K]	3478	⟶	6.1	5.3	←	1.8	2.3	‖
◒	Belize	89	0[J]	124	→	28[J]	132[Q]	⟶	92	119	→									
○	Benin	126	0[K]	12	→	0[J]	4	→	3	9	→	174[D]								
◓	Bermuda	—	68[J]	609	⟶	324[J]	529[Q]	⟶	617	871[Q]	⟶								0.1[L]	
○	Bhutan	139	1[N]	22	→	3[M]	12	→	3	33	→									
○	Bolivia	110	1[J]	39	→	2[F]	36	→	27	69	→	74[M]	120[Q]	→	4.4	5.6	→	0.3	0.3[Q]	⟵
◒	Bosnia and Herzegovina	—	0[K]	58	→		45[Q]		152[G]	239[R]	⟶									
○	Botswana	88	1[J]	34	→	6[I]	45	→	18	77	→									
◒	Brazil	82	0[F]	120	→	3	105	→	63	230	⟶		344[O]		5.6	6.3	→	0.8	1.0	‖
◒	Brunei Darussalam	47	10[J]	153	→	11[G]	85	→	136	252[R]	⟶	283[Q]	274[R]	←						
◒	Bulgaria	41	0[H]	283	⟶	11[G]	59	→	250	357	⟶	1793[K]	1263	⟵	3.9	3.8	‖	0.5	0.5	⟵
○	Burkina Faso	132	0[K]	4	→	0	2	‖	2	6	→	16[K]	17[L]	‖					0.2[L]	
○	Burundi	156	0[K]	3	→	1[O]	5	→	1	3[R]	‖	21[D]								
○	Cambodia	153	0[L]	3	→	0[J]	3	→	0	3[R]	‖									
○	Cameroon	134	0[L]	10	→	2[J]	10	→	3	7	→				4.7	5.1	‖			
●	Canada	28	4	626	⟶	104	700	⟶	550	634[R]	⟶	3059[K]	3597[Q]	⟶	6.2	5.4	←	1.7	1.9	‖
○	Cape Verde	89	2[L]	50	→	4[L]	97	⟶	23	148	⟶	47[O]	127[Q]	→						
○	Central African Republic	—	0[K]	2	→	1[M]	3	→	2	3	‖	55	47[K]	‖						
○	Chad	162	0[L]	6	→	1[M]	2	‖	1	1	‖									
◒	Chile	22	0[G]	267	⟶	9	133	→	66	206	⟶	310[D]	444[R]	→	6.0	5.8	‖	0.6	0.6	‖

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Note: Figure 0 means a value under 0.5
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	INTERNET USERS (per 1,000 people)			PERSONAL COMPUTERS (per 1,000 people)			TELEPHONE MAINLINES (per 1,000 people)			SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)			INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)			RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)		
			1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	2000	2004	Progress or regression	1996	2003	Progress or regression
◒	China	81	0[H]	73	→	0	41	→	6	241	⟶	445[K]	663[R]	→	3.7	4.4	→	0.6	1.3	→
◒	Colombia	93	1[I]	80	→	9[G]	67	→	69	195	⟶	83[K]	109[R]	→	8.5	8.3	‖	0.3	0.2[P]	⟵
○	Comoros	129	0[M]	14	→	0	9	→	8	23[R]	→									
—	Congo, Dem. Rep.	—	0[K]	1[Q]	‖				1	0	‖									
○	Congo, Rep.	—	0[K]	9	→	3[M]	4	→	6	4	←	47[K]	30[O]	←						
◓	Costa Rica	54	0[G]	235	⟶	68[L]	238	⟶	92	316	⟶	530[C]	368[N]	←	6.9	7.8	→	0.3	0.4[O]	‖
○	Côte d'Ivoire	133	0[J]	17	→	1[K]	15	→	6	13	→									
◓	Croatia	33	1[H]	293	⟶	16[F]	190	⟶	172	425	⟶	1036[M]	1296[R]	→				1.0[N]	1.1	‖
○	Cuba	28	0[J]	13	→	5[L]	27	→	32	68	→	1145[D]	537[R]	⟵				0.4	0.6	‖
◓	Cyprus	17	1[G]	361	⟶	7	301	⟶	361	507	⟶	309[M]	563[R]	→				0.2[M]	0.3[P]	‖
◓	Czech Republic	26	6[H]	470	⟶	12	240	⟶	157	338	⟶	1256[K]	1594	→	7.6	6.0	⟵	1.0	1.3	‖
●	Denmark	6	1	696	⟶	115	656	⟶	566	643	→	3181[K]	5016	⟶	6.2	5.6	←	1.9	2.5[Q]	→
○	Djibouti	114	0[J]	12	→	2	27	→	10	14	→									
◓	Dominica	75	5[J]	259	⟶	70[N]	126	→	161	293	⟶									
○	Dominican Republic	100	0[J]	91	→		0[Q]		48	107	→									
○	Ecuador	109	0[G]	48	→	2[F]	56	→	48	124	→	85[K]	50[R]	←	2.9	3.6	→	0.1	0.1	⟵
○	Egypt	94	0[H]	54	→	3[I]	32	→	29	130	⟶	469	493[F]	→	1.0	1.4	‖	0.2	0.2[O]	⟵
○	El Salvador	115	1[K]	87	→	16[N]	44	→	24	131	⟶	15[K]	47[O]	→					0.1[M]	
○	Equatorial Guinea	154	0[L]	10	→	2[M]	14	→	4	20[R]	→									
○	Eritrea	141	0[L]	12	→	2[N]	4	→	4[G]	9	→									
◓	Estonia	28	1[G]	497	⟶	71[K]	921	⟶	204	329	⟶	2140[K]	2523	→				0.5	0.8	‖
○	Ethiopia	161	0[J]	2	‖	1[M]	3	→	2	6[R]	→									
—	Faeroe Island	—		646						419[R]										
◒	Fiji	61	0[H]	73	→	40[M]	52	→	59	122[R]	→	50[A]								
●	Finland	1	4	629	⟶	100	481	⟶	535	453	⟵	5153[L]	7992[R]	⟶	7.5	6.6	←	2.5	3.5	→
●	France	26	1	414	⟶	71	487	⟶	495	561	→	2649[K]	3213[R]	⟶	6.4	5.6	←	2.3	2.2	⟵
◓	French Polynesia	—	1[K]	241	⟶	222[N]	309	⟶	195	215[R]	→									
○	Gabon	106	0[L]	29	→	1[H]	29	→	22	28	→									
○	Gambia	138	0[J]	33	→	0[I]	16	→	7	27[Q]	→									
○	Georgia	78	0[J]	39	→	21[N]	42	→	99	151	→	3336[K]	2600[Q]	⟵				0.3	0.3[Q]	⟵
●	Germany	6	1	500	⟶	82	561	⟶	401	661	⟶	2810[K]	3261	→	6.1	5.5	←	2.2	2.5	‖
○	Ghana	142	0[J]	17	→	0	5	→	3	14	→									
◒	Greece	6	0[F]	177	→	17	89	→	389	466	→	1014[L]	1413	→	4.5	4.2	‖	0.5[L]	0.6[P]	‖
●	Greenland	—	1[I]	667	⟶		108[J]		302[F]	448[Q]	⟶									
◒	Grenada	83	3[K]	76	→	100[M]	151	→	162	309	⟶									
—	Guam	—	3[I]	474	⟶				292	506[P]	⟶	167[F]								
○	Guatemala	131	0[J]	61	→	1[H]	19	→	21	92	→	103[C]								
○	Guinea	140	0[I]	5	→	1[J]	5	→	2	3[R]	‖		251[O]							
—	Guinea-Bissau	151	0[L]	17	→				6	7[R]	‖									
◒	Guyana	108	1[K]	193	⟶	27[M]	36	→	22	137	⟶									
—	Haiti	—	0[K]	59	→				7	17	→									
○	Honduras	130	0[J]	32	→	3[L]	16	→	18	53	→	75[O]	78[R]	‖	4.2	4.7	→	0.1[O]	0.0	⟵
●	Hong Kong (China)	—	1[F]	506	⟶	46	608	⟶	434	549	⟶	93[J]	1564[Q]	⟶	7.2	8.7	⟶	0.4[M]	0.6[Q]	‖
◓	Hungary	35	0[F]	267	⟶	10	146	→	96	354	⟶	1009[K]	1472	→	7.3	5.9	⟵	0.7	0.9	‖
●	Iceland	1	5[F]	772	⟶	39	472	⟶	512	652	⟶	4914[L]	6807	⟶				1.9[L]	3.1	⟶
○	India	128	0[G]	32	→	0	12	→	6	41	→	157[K]	119[M]	←	3.6	3.8	‖	0.5	0.8[O]	‖
○	Indonesia	102	0[I]	67	→	1	14	→	6	46	→	130[A]			2.5	3.1	→			
◒	Iran, Islamic Rep.	80	0[I]	82	→	14[I]	110	→	40	219[R]	⟶	590[I]	467[P]	←	1.5	2.2	→			
○	Iraq	121	0[P]	1	→		8[Q]		38	37	‖									
◓	Ireland	17	1[F]	265	⟶	86	494	⟶	280	496	⟶	1765[K]	2674	⟶	5.7	3.7	⟵	1.3	1.1[Q]	⟵
●	Israel	17	1	471	⟶	64	741	⟶	349	441	⟶	1431[K]	1613[L]	⟶	8.2	7.8	‖	2.9	4.9	⟶
◓	Italy	40	0	501	⟶	37	315	⟶	394	451	→	1332[K]	1213[R]	←	4.8	4.0	←	1.0	1.2[Q]	‖
◒	Jamaica	73	0[I]	403	⟶	3[I]	63	→	44	189	⟶	8[A]			10.3	11.8	→		0.1[Q]	
●	Japan	1	0	587	⟶	60	542	⟶	441	460	→	4907[K]	5287[R]	→	8.4	7.6	←	2.8	3.1	‖
◒	Jordan	42	0[J]	110	→	7[I]	55	→	78	113	→	1927[M]			8.8	8.4	‖			
○	Kazakhstan	54	0[I]	27	→				82	167	→	931[K]	629[Q]	⟵				0.3[L]	0.2[P]	⟵
○	Kenya	—	0[J]	45	→	0	13	→	7	9	‖				2.8	2.9	‖			
○	Kiribati	—	6[M]	20	→	7[M]	10	→	17	47[Q]	→									

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Note: Figure 0 means a value under 0.5

Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	INTERNET USERS (per 1,000 people)			PERSONAL COMPUTERS (per 1,000 people)			TELEPHONE MAINLINES (per 1,000 people)			SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)			INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)			RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)		
			1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	2000	2004	Progress or regression	1996	2003	Progress or regression
—	Korea, Dem. Rep.	—							25	44[R]	→									
●	Korea, Rep.	6	0	657	⟶	37	545	⟶	310	542	⟶	2190[K]	3187[R]	⟶	6.8	6.5	II	2.4	2.6	II
◒	Kuwait	92	2[J]	244	⟶	4	183	⟶	156	202	→	109[L]	69[Q]	←	1.7	1.5	II	0.2[L]	0.2[Q]	⟵
○	Kyrgyzstan	—	1[M]	52	→	5[O]	17	→	71	79[R]	→	566[K]	406[Q]	←				0.2[L]	0.2[Q]	II
○	Lao PDR	155	0[M]	4	→	1[K]	4	→	2	13	→									
◓	Latvia	37	8[K]	350	⟶	3[I]	217	⟶	232	273	→	1154[K]	1434	→				0.4	0.4	⟵
◒	Lebanon	56	1[J]	169	⟶	13[I]	113	→	144	178	→									
○	Lesotho	137	0[K]	24	→				8	21	→		42[Q]						0.0[Q]	
—	Liberia	145	0[L]	0[P]	II				4	2[Q]	II									
○	Libya	—	1[N]	36	→		24[Q]		51	133[R]	⟶		361[O]							
—	Liechtenstein	—		647						588										
◓	Lithuania	35	3[K]	282	⟶	5[I]	155	⟶	211	239	→	2091[K]	2136	→				0.5	0.7	II
●	Luxembourg	49	2[G]	597	⟶	373[K]	653	⟶	481	800[R]	⟶	3781[O]	4301[R]	⟶				1.7[O]	1.8	II
◒	Macao (China)	—	0[I]	328	⟶	137[N]	284	⟶	250	380	⟶	27[N]	41[O]	→						
◒	Macedonia, FYR	62	0[J]	78	→	36[P]	69	→	150	308	⟶	1333[J]						0.4[L]	0.3[Q]	⟵
○	Madagascar	144	0[K]	5	→	1[L]	5	→	3	3[R]	II	14[M]	15[O]	II				0.2[L]	0.1[O]	⟵
○	Malawi	148	0[L]	4	→	1[M]	2	II	3	7	→									
◒	Malaysia	73	0[G]	397	⟶	8	197	⟶	89	179	⟶	91[K]	299[Q]	→	7.5	6.7	←	0.2	0.7[Q]	II
◒	Maldives	113	2[K]	59	→	12[J]	112	→	29	98	→									
○	Mali	143	0[K]	4	→	0[J]	3	→	1	6	→									
◓	Malta	17	2[J]	750	⟶	14	314	⟶	356	522[R]	⟶	96[C]	694[R]	→				0.1[N]	0.3	II
○	Marshall Islands	95	0[K]	33	→	0	82	→	11	76[R]	→									
○	Mauritania	120	0[L]	5	→	6[K]	14	→	3	13[R]	→									
◒	Mauritius	33	2[K]	146	⟶	4	279	⟶	53	287	⟶	184[D]	201[L]	→				0.3[L]	0.4	II
○	Mexico	85	0[F]	135	→	8	108	→	64	174	⟶	211[K]	268[Q]	→	3.1	3.0	II	0.3	0.4[Q]	II
—	Micronesia, Fed. Sts.	—	3[K]	109	→				25	109	→									
○	Moldova	63	0[I]	96	→	2[J]	27	→	106	205	⟶	253[K]	172[Q]	←					0.8[L]	
—	Monaco	—										676[M]								
○	Mongolia	70	0[J]	80	→	3[J]	124	⟶	32	56[R]	→	598[K]	681[Q]	→				0.2[L]	0.3[Q]	II
○	Morocco	112	0[J]	117	→	2[H]	21	→	17	44	→	872[M]	782[Q]	←	5.4	5.5	II	0.3[M]	0.6[Q]	II
○	Mozambique	150	0[K]	7	→	1[K]	6	→	4	4[R]	II									
○	Myanmar	136	0[N]	1	→	1[N]	6	→	2	8	→									
○	Namibia	98	0[J]	37	→	12[K]	109	⟶	38	64	→									
○	Nepal	157	0[J]	7	→	0[H]	4	→	3	15	→		59[Q]						0.7[Q]	
●	Netherlands	6	3	614	⟶	94	682	⟶	464	483	→	2285[K]	2482	→	6.9	6.2	←	2.0	1.8[Q]	⟵
—	Netherlands Antilles	—	3[K]	11[N]	→				247	461[P]	⟶									
—	New Caledonia	—	0[J]	304	⟶				169	232	→	503[A]								
●	New Zealand	6	3[G]	788	⟶	95[F]	474	⟶	426	443	→	1419[D]	3405[P]	⟶	11.4	9.3	⟵	1.1[L]	1.2	II
○	Nicaragua	127	0[I]	23	→	7[H]	37	→	12	40	→	203[B]	44[Q]	←				0.1[L]	0.0[Q]	⟵
○	Niger	158	0[K]	2	→	0[L]	1	II	1	2	II									
○	Nigeria	146	0[K]	14	→	4[H]	7	→	3	8	→	15[B]								
●	Norway	1	7	390	⟶	145[F]	573	⟶	503	669	⟶	2876[D]	4587[R]	⟶	5.7	5.0	←	1.6[L]	1.7	II
◒	Oman	48	4[L]	97	→	2	47	→	57	95	→									
○	Pakistan	152	0[J]	13	→	1	5[R]	→	8	30	→	65[C]	86[Q]	II	6.6	7.1	→	0.2[L]	0.2[Q]	II
◒	Panama	86	0[I]	94	→	26[M]	41	→	90	118	→	115[K]	97[R]	←	9.0	9.3	II	0.3	0.3	II
○	Papua New Guinea	122	0[K]	29	→	40[M]	64	→	7	12	→									
○	Paraguay	107	0[K]	25	→	10[M]	59	→	27	50	→	86[P]	79[Q]	←					0.1[Q]	
◒	Peru	101	0[I]	117	→	15[J]	98	→	26	74	→	229[K]	226[L]	←	6.9	6.7	II	0.1[L]	0.1	II
○	Philippines	117	0[I]	54	→	3	45	→	10	42	→	156[G]			4.5	6.4	⟶			
◓	Poland	22	0[F]	236	⟶	8	193	⟶	86	322[R]	⟶	1358[K]	1581	→	4.2	4.3	II	0.7	0.6	⟵
◒	Portugal	6	1[F]	281	⟶	26	133	→	240	404	⟶	1255[K]	1949[R]	⟶	4.4	4.3	II	0.6	0.9[Q]	II
—	Puerto Rico	—	0[I]	221	⟶				278	285	→									
◓	Qatar	57	2[J]	212	⟶	49[I]	171	⟶	197	246	→	591[A]								
◒	Romania	65	0[H]	208	⟶	2	113	→	102	202	⟶	2577[D]	976	⟵	3.1	2.6	←	0.7	0.4	⟵
◒	Russian Federation	—	0[G]	111	→	3	132	→	140	256[R]	⟶	3799[K]	3319	⟵	3.5	3.3	II	1.0	1.3	II
—	Rwanda	160	0[K]	4	→				1	3	II	30[A]								
○	Samoa	50	2[L]	33	→	1[J]	7[Q]	→	25	73[R]	→									
●	San Marino	—		536			857			739[R]										

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: Figure 0 means a value under 0.5
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	INTERNET USERS (per 1,000 people)			PERSONAL COMPUTERS (per 1,000 people)			TELEPHONE MAINLINES (per 1,000 people)			SCIENTISTS AND ENGINEERS IN RESEARCH AND DEVELOPMENT (per million people)			INFORMATION AND COMMUNICATION TECHNOLOGY EXPENDITURE (% of GDP)			RESEARCH AND DEVELOPMENT EXPENDITURE (% of GDP)		
			1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression	2000	2004	Progress or regression	1996	2003	Progress or regression
—	Sao Tomé and Principe	116	3 [M]	131	⟶				19	47 [R]	→									
◒	Saudi Arabia	67	0 [J]	66	→	23	354	⟶	75	154	→				2.4	2.2	II			
○	Senegal	124	0 [J]	42	→	2	21	→	6	21 [R]	→				7.2	7.5	II			
◒	Serbia and Montenegro	—	2 [K]	147	⟶	12 [H]	48	→	160	330	⟶	1337 [F]	1031 [Q]	←						
◒	Seychelles	—	7 [K]	239	⟶	120 [M]	179	→	124	253	⟶		19 [Q]							
—	Sierra Leone	—	0 [K]	2	→				3	5	II									
●	Singapore	—	2 [F]	571	⟶	66	763 [R]	⟶	346	440	⟶	1211 [B]	4745 [R]	⟶	9.9	9.9	II	1.4	2.2 [Q]	→
◓	Slovakia	57	1 [H]	423	⟶	28 [I]	296	⟶	135	232	⟶	1862 [K]	1984	→	5.9	5.0	←	0.9	0.6	⟵
◓	Slovenia	32	4 [H]	476	⟶	32 [F]	353	⟶	211	407 [R]	⟶	2282 [K]	2543	→				1.4	1.5 [Q]	II
○	Solomon Islands	—	0 [J]	6	→	23 [L]	43	→	15	14 [R]	II									
○	Somalia	—	0 [K]	25	→	2 [Q]	6	→	2	25	→									
◒	South Africa	96	0 [F]	78	→	7	82	→	94	105 [R]	→	337 [F]	307 [P]	←	7.9	7.3	←		0.8 [P]	
◓	Spain	6	0	336	⟶	28	257	⟶	325	416	⟶	1290 [K]	2195 [R]	⟶	4.0	3.5	←	0.8	1.1	II
○	Sri Lanka	—	0 [I]	14	→	0	27	→	7	51	→	176 [A]	181 [K]	II	5.0	5.9	→		0.2 [K]	
●	St. Kitts and Nevis	66	21 [K]	214 [Q]	⟶	125 [M]	234	⟶	231	532	⟶									
◓	St. Lucia	57	3 [J]	336	⟶	0 [H]	159	⟶	127	321 [Q]	⟶	493 [M]	483 [N]	←						
○	St. Vincent and the Grenadines	63	1 [J]	68	→	87 [M]	135	→	120	161	→	172 [P]	179 [Q]	→					0.2 [Q]	
○	Sudan	110	0 [L]	32	→	0 [I]	17	→	2	29	→	227 [N]	263	→				0.5 [N]	0.3	⟵
○	Suriname	91	1 [J]	67	→		46 [P]		91	182	⟶									
○	Swaziland	118	0 [J]	32	→	11 [O]	32	→	18	42 [R]	→									
●	Sweden	1	6	756	⟶	105	763	⟶	683	708	→	4163 [L]	5416	⟶	7.5	6.7	←	3.5 [L]	4.0	II
●	Switzerland	6	6	474	⟶	89	826	⟶	587	710	⟶	2452 [D]	3601 [O]	⟶	7.8	7.0	←	2.7	2.6 [O]	⟵
○	Syrian Arab Republic	97	0 [L]	43	→	6 [I]	32	→	39	143	⟶	29 [L]								
○	Tajikistan	103	0 [N]	1	II				45	39 [R]	←	713 [G]	660 [H]	⟵						
○	Tanzania	125	0 [K]	9	→	2 [L]	7	→	3	4 [R]	II									
○	Thailand	45	0 [G]	109	→	4	58	→	24	107	→	102 [K]	286 [P]	→	3.5	3.6	II	0.1	0.2 [Q]	II
○	Togo	135	0 [K]	37	→	3 [J]	29	→	3	10 [R]	→	82 [D]	102 [I]	→						
○	Tonga	79	1 [J]	29	→	6 [L]	49	→	46	111 [Q]	→	45454 [J]								
◒	Trinidad and Tobago	45	2 [J]	123	→	4 [F]	105	→	136	247	⟶	300 [L]	399 [R]	→				0.1	0.1	II
◒	Tunisia	70	0 [I]	84	→	3	48	→	37	121	→	703 [M]	1013 [Q]	⟶	4.8	5.3	→	0.3	0.6 [Q]	II
◒	Turkey	83	0 [H]	142	→	5	52	→	122	267	⟶	284 [K]	341 [Q]	→	7.9	6.9	⟵	0.5	0.7 [Q]	II
—	Turkmenistan	—	0 [N]	8	→				60	80 [R]	→									
○	Uganda	146	0 [J]	7	→	0 [J]	4	→	2	3	II	18 [K]	24 [P]	II				0.5	0.8 [P]	II
◒	Ukraine	42	0 [H]	79	→	2	28	→	135	256	⟶	2887 [K]	1774 [Q]	⟵	7.9	6.1	⟵	1.4 [L]	1.2 [Q]	⟵
◓	United Arab Emirates	42	1 [J]	321	⟶	30 [G]	116	→	224	275	→									
●	United Kingdom	17	1	628	⟶	108	599	⟶	441	563	⟶	2501 [K]	2706 [M]	⟶	8.1	6.9	⟵	1.9	1.9	II
●	United States of America	22	8	630	⟶	217	749	⟶	545	606	→	3882 [C]	4484 [N]	→	9.5	9.0	←	2.5	2.6	II
◒	Uruguay	52	1 [I]	198	⟶	22 [J]	125	⟶	134	291	⟶	218 [N]	366 [Q]	→	6.0	6.7	→	0.3	0.3 [Q]	⟵
—	Uzbekistan	—	0 [J]	34	→				68	66 [R]	II	1754 [G]								
○	Vanuatu	99	1 [K]	36	→	7 [L]	14	→	17	33	→									
○	Venezuela	72	0 [G]	89	→	10	82	→	75	128	→	185 [N]	236 [R]	→	3.7	4.5	→	0.4	0.3	⟵
○	Viet Nam	87	0 [K]	71	→	0 [G]	13	→	1	70	→	274 [J]								
—	Virgin Islands (USA)		9 [I]	272 [Q]	⟶				453	627	⟶									
○	West Bank and Gaza	67	12 [O]	46	→	39 [Q]	48	→	34 [G]	102	→									
○	Yemen	149	0 [K]	9	→	1 [K]	15	→	10	39	→									
○	Zambia	123	0 [I]	20	→	6 [M]	10	→	8	8	II	45 [K]	51 [N]	II					0.0 [L]	
◒	Zimbabwe	119	0 [I]	63	→	0	77	→	12	25	→				4.1	16.0	⟶			

UDHR: Universal Declaration of Human Rights
CERD: International Convention on the Elimination of All Forms of Racial Discrimination
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women
CRC: Convention on the Rights of the Child

Source:
World Development Indicators 2006, World Bank (www.worldbank.org).

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: Figure 0 means a value under 0.5
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004.

PUBLIC EXPENDITURE: The governments of the world agreed on…

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

Universal Declaration of Human Rights, Article 22, 1948.

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

Millennium Declaration, Paragraph 15, 2000.

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

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

INTERNATIONAL COMMITMENTS
Public expenditure and debt are considered in:

Millennium Development Goals
World Summit for Social Development
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	PUBLIC HEALTH EXPENDITURE (% OF GDP)			PUBLIC EDUCATION EXPENDITURE (% OF GDP)			TOTAL DEBT SERVICE (% OF GNI)			MILITARY EXPENDITURE (% OF GDP)		
			1998 (%)	2003 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression
Above average	Albania	76	2.5	2.7	Stagnant		2.8^{Q}		0.3^{F}	1.0	Stagnant	5.9	1.2	Slight progress
Below average	Algeria	69	3.0	3.3	Stagnant	5.1			14.7	7.1	Significant progress	1.5	3.3	Slight regression
—	Andorra	—	7.2	4.9	Significant regression									
Worse	Angola	—	1.2	2.4	Significant progress		3.0^{P}		4.0	11.9	Significant regression	16.9	9.1	Slight progress
Below average	Antigua and Barbuda	—	3.3	3.2	Stagnant		3.8^{Q}							
Above average	Argentina	53	4.6	4.3	Stagnant	3.3	4.0^{Q}	Stagnant	4.6	8.6	Slight regression	1.2	1.0	Stagnant
Below average	Armenia	51	1.4	1.2	Stagnant		3.2^{Q}		0.2^{H}	3.4	Slight regression	2.1^{G}	2.9	Stagnant
—	Aruba	—				4.9	4.6	Stagnant						
Better	Australia	28	5.8	6.4	Slight progress	4.9	4.9^{Q}	Stagnant				2.1	1.8	Stagnant
Better	Austria	6	5.1	5.1	Stagnant	5.5	5.7^{Q}	Stagnant				1.0	0.7	Stagnant
Below average	Azerbaijan	103	0.9	0.9	Stagnant	7.7	3.3	Significant regression	0.0^{H}	3.0	Slight regression	3.3^{G}	1.8	Slight progress
Below average	Bahamas	60	3.1	3.0	Stagnant	3.7	3.7^{O}	Stagnant						
Below average	Bahrain	25	3.5	2.8	Slight regression	3.9						5.1	4.3	Stagnant
Below average	Bangladesh	159	1.0	1.1	Stagnant	1.5	2.2	Stagnant	2.4	1.1	Stagnant	1.1	1.2	Stagnant
Better	Barbados	37	3.9	4.8	Slight progress	7.8	7.3	Stagnant	8.3	3.3	Slight progress			
Better	Belarus	37	4.9	4.9	Stagnant	5.7	5.8	Stagnant	0.1^{H}	1.4	Slight regression	1.5^{G}	1.2	Stagnant
Better	Belgium	6	5.9	6.3	Stagnant	5.0	6.3^{Q}	Slight progress				2.4	1.4	Stagnant
Below average	Belize	89	2.3	2.2	Stagnant	4.6	5.1	Stagnant	4.5	31.3	Significant regression	1.2	1.4^{L}	Stagnant
Below average	Benin	126	2.2	1.9	Stagnant		3.3^{Q}		2.1	1.6	Stagnant	1.8		
—	Bermuda	—				3.3								
Above average	Bhutan	139	3.7	2.6	Slight regression		5.2^{P}		2.0	1.8	Stagnant			
Above average	Bolivia	110	3.1	4.3	Significant progress	2.4	6.4	Significant progress	8.3	6.1	Slight progress	2.4	1.6	Stagnant
Better	Bosnia and Herzegovina	—	1.8	4.8	Significant progress				3.4^{N}	2.0	Slight progress	4.3^{Q}	2.4	Significant progress
Below average	Botswana	88	2.6	3.3	Slight progress	6.2	2.2^{P}	Significant regression	2.9	0.6	Slight progress	4.1	3.6	Stagnant
Below average	Brazil	82	3.3	3.4	Stagnant		4.2^{P}		1.8	9.2	Slight regression	2.4	1.4	Stagnant
—	Brunei Darussalam	47	3.0	2.8	Stagnant	3.5								
Below average	Bulgaria	41	3.5	4.1	Slight progress	5.4	3.6^{Q}	Slight regression	2.8^{F}	10.4	Significant regression	3.5	2.4	Stagnant
Better	Burkina Faso	132	2.0	2.6	Slight progress	2.6			1.1	1.2	Stagnant	2.7	1.4	Stagnant
Worse	Burundi	156	0.6	0.7	Stagnant	3.5	5.2	Slight progress	3.8	13.7	Significant regression	3.5	5.8	Significant regression
Below average	Cambodia	153	1.1	2.1	Significant progress		2.0		2.7	0.6	Slight progress	3.1	2.2	Stagnant
Below average	Cameroon	134	0.7	1.2	Stagnant	3.2	3.8	Stagnant	4.9	4.6	Stagnant	1.5	1.5	Stagnant
Better	Canada	28	6.5	6.9	Stagnant	6.5	5.2^{P}	Slight regression				2.0	1.2	Stagnant
Above average	Cape Verde	89	3.8	3.4	Stagnant	3.6	7.3	Significant progress	1.7	2.7	Stagnant	1.7^{C}	0.7	Stagnant
Above average	Central African Republic	—	1.2	1.5	Stagnant	2.2			2.0	1.4	Stagnant	1.5^{F}	1.1^{R}	Stagnant

Countries in better situation
Countries above average
Countries below average
Countries in worse situation
— Countries with insufficient data

Significant progress
Slight progress
Stagnant
Slight regression
Significant regression

Note: Data source year: **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	PUBLIC HEALTH EXPENDITURE (% OF GDP)			PUBLIC EDUCATION EXPENDITURE (% OF GDP)			TOTAL DEBT SERVICE (% OF GNI)			MILITARY EXPENDITURE (% OF GDP)		
			1998 (%)	2003 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression
◓	Chad	162	1.7	2.6	→	1.6	2.0[N]	II	0.7	1.7	II	2.7[H]	1.1	→
◒	Chile	22	2.6	3.0	II	2.5	4.1[R]	→	9.7	10.4	II	4.3	3.9	II
◒	China	81	2.0	2.0	II	2.2	2.1[N]	II	2.0	1.2	II	2.7	1.9	II
◓	Colombia	93	6.7	6.4	II	2.4	4.9	→	10.2	8.2	→	2.2	4.3	←
◒	Comoros	129	2.2	1.5	←		3.9[Q]		0.4	0.9	II		20.4[R]	
◓	Congo, Dem. Rep.	—	0.2	0.7	II				4.1	1.9	→	1.5[K]	1.0[O]	→
◒	Congo, Rep.	—	1.7	1.3	II	7.4	3.2[Q]	⟵	22.9	10.7	⟶		1.4[R]	
◓	Costa Rica	54	4.8	5.8	→	3.4	4.9	→	9.2	3.8	→			
◒	Côte d'Ivoire	133	1.0	1.0	II		4.6[P]		13.7	3.7	⟶	1.3	1.6[R]	II
◒	Croatia	33	6.7	6.5	II	5.5	4.5[Q]	II	3.0[H]	15.8	⟵	7.4[G]	1.7	→
●	Cuba	28	5.7	6.3	→	9.7	9.0[P]	II						
◓	Cyprus	17	2.3	3.1	→	3.7	6.1[Q]	⟶				5.0	1.5	→
◓	Czech Republic	26	6.1	6.8	→		4.4[Q]		4.1[H]	8.2	←	2.4[H]	1.8	II
●	Denmark	6	6.9	7.5	→	6.9	8.5[Q]	→				2.0	1.5	II
◓	Djibouti	114	2.5	3.8	⟶	3.5	6.1	→	2.3[J]	2.5	II	6.3	4.3[Q]	→
◓	Dominica	75	4.3	4.5	II		5.0[N]		3.6	7.3	←			
◒	Dominican Republic	100	1.8	2.3	II		1.1		3.4	4.4	II			
○	Ecuador	109	1.7	2.0	II	3.4	1.0[P]	⟵	11.9	13.0	II	2.0	1.9	II
◒	Egypt	94	2.1[J]	2.2	II	3.9			7.3	2.9	→	4.5	2.8	→
◓	El Salvador	115	3.5	3.7	II	1.8	2.8	II	4.4	4.0	II	2.3	0.7	→
◒	Equatorial Guinea	154	2.6	1.0	⟵		0.6[R]		4.1	1.0	→		2.1[J]	
◒	Eritrea	141	2.6	2.0	←		3.8		0.0[I]	2.1	←	22.0[H]	19.4[R]	→
◒	Estonia	28	4.8	4.1	←		5.7[Q]		0.1[G]	13.8	⟵	0.5[G]	1.8	←
◓	Ethiopia	161	2.5	3.4	→	3.4	6.1	⟶	2.8	1.2	→	9.1	4.3	→
◓	Fiji	61	2.6	2.3	II	5.1	6.4	II	8.2	0.6	⟶	2.3	1.2	II
●	Finland	1	5.3	5.7	II	6.5	6.4[Q]	II				1.6	1.2	II
●	France	26	7.1	7.7	→	5.6	5.6[Q]	II				3.4	2.5	II
◓	Gabon	106	3.4	2.9	II		3.9[O]		3.3	3.6	II		0.3[M]	
◒	Gambia	138	1.7	3.2	⟶	3.8	1.9	←	12.9	8.6	→	1.1	0.4	II
◒	Georgia	78	1.2	1.0	II		2.9		0.0[G]	4.1	←	2.2[K]	1.4	→
●	Germany	6	8.3	8.7	II		4.8[Q]					2.5	1.4	II
◒	Ghana	142	1.9	1.4	II		4.1[N]		6.3	2.7	→	0.5	0.8	II
◓	Greece	6	4.9	5.1	II	2.3	4.0[Q]	→				4.6	4.1[R]	II
◓	Grenada	83	3.2	4.9	⟶	4.9	5.2[R]	II	1.6	7.6	←			
◓	Guatemala	131	2.1	2.1	II	1.3			3.1	2.0	II	1.5	0.4	II
◒	Guinea	140	0.6	0.9	II	2.0	1.8[O]	II	6.3	4.5	→	2.4[F]	2.9[Q]	II
○	Guinea-Bissau	151	2.2	2.6	II		2.1[N]		3.6	16.7	⟵	2.1[D]	3.1[P]	II
◓	Guyana	108	4.0	4.0	II	2.2	5.5	⟶	107.4	6.5	⟶	0.9	0.8[K]	II
◒	Haiti	—	2.5	2.9	II	1.4			1.3	3.7	←			
●	Honduras	130	2.9	4.0	⟶	3.8			13.7	4.7	⟶	0.6[O]	0.7	II
—	Hong Kong (China)	—				2.8	4.7	→						
◓	Hungary	35	5.5	6.1	→	6.1	5.5[Q]	II	13.4	18.1	←	2.8	1.7	II
●	Iceland	1	7.1	8.8	⟶		7.6[Q]					0.0	0.0	II
◒	India	128	1.3	1.2	II	3.7	4.1[O]	II	2.6	2.8	II	2.7	2.3	II
◒	Indonesia	102	0.7	1.1	II	1.0	1.1[Q]	II	9.1	8.2	II	1.8	1.4	II
◓	Iran, Islamic Rep.	80	2.6	3.1	II	4.1	4.8	II	0.5	1.2	II	2.8	3.4	II
—	Iraq	121	1.2	1.4	II									
◓	Ireland	17	4.6	5.8	⟶	5.0	4.3[Q]	II				1.2	0.6	II
◓	Israel	17	5.9	6.1	II	6.5	7.5[Q]	II				12.4	9.3	→
◓	Italy	40	5.5	6.3	→	3.0	4.7[Q]	→				2.1	1.9	II
◒	Jamaica	73	3.3	2.7	←	4.5	5.3[R]	II	15.9	9.9	→			

- ● Countries in better situation
- ◓ Countries above average
- ◒ Countries below average
- ○ Countries in worse situation
- — Countries with insufficient data

- ⟶ Significant progress
- → Slight progress
- II Stagnant
- ← Slight regression
- ⟵ Significant regression

Note: Data source year: **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	PUBLIC HEALTH EXPENDITURE (% OF GDP)			PUBLIC EDUCATION EXPENDITURE (% OF GDP)			TOTAL DEBT SERVICE (% OF GNI)			MILITARY EXPENDITURE (% OF GDP)		
			1998 (%)	2003 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression
●	Japan	1	5.8	6.4	→		3.6[Q]					0.9	1.0	II
◒	Jordan	42	4.9	4.2	←	8.0	5.0[N]	⟵	16.5	6.0	⟶	9.9	7.6	→
○	Kazakhstan	54	2.1	2.0	II	3.9	2.4	←	0.0[G]	23.1	⟵	1.0[H]	1.0	II
◓	Kenya	—	2.2	1.7	←	6.7	7.0	II	9.6	2.3	⟶	2.9	1.6	II
●	Kiribati	—	8.2	12.1	⟶		16.0[Q]							
—	Korea, Dem. Rep.	—	3.8	5.3	⟶									
◒	Korea, Rep.	6	2.0	2.8	→	3.8	4.2[Q]	II				3.6	2.5	II
◓	Kuwait	92	3.4	2.7	←	4.8	8.2	⟶				48.7	7.5	⟶
◒	Kyrgyzstan	—	2.8[J]	2.2	II	6.0	4.6	←	0.0[G]	7.6	⟵	0.7[G]	2.9	⟵
◒	Lao PDR	155	1.2	1.2	II		2.3		1.1	2.2	II	2.9[K]	2.1[P]	→
◒	Latvia	37	3.8	3.3	II	4.1	5.8[Q]	→	0.0[G]	10.0	⟵	0.8[H]	1.7	II
○	Lebanon	56	3.4	3.0	II		2.6		2.9	21.0	⟵	7.6	3.8	→
◓	Lesotho	137	4.7	4.1	←	6.2	9.0[Q]	⟶	2.3	3.2	II	4.5	2.6	→
◓	Liberia	145	4.3	2.7	⟵				1.0[D]	0.2	II	7.4	7.5[Q]	II
◒	Libya	—	1.8	2.6	→		2.7[N]					4.1[L]	1.9	→
◓	Lithuania	35	4.7	5.0	II	5.5	5.9[Q]	II	0.0[G]	8.2	⟵	0.7[H]	1.7	II
●	Luxembourg	49	5.4	6.2	→	3.0	3.6[N]	II				0.9	0.9	II
—	Macao (China)	—				2.0	2.9[R]	II						
◓	Macedonia, FYR	62	6.8	6.0	←		3.5[Q]		0.6[H]	4.6	←	3.0[K]	2.5	II
◒	Madagascar	144	1.2	1.7	II	2.5	3.3	II	7.5	1.9	→	6.2	7.2[P]	II
◓	Malawi	148	3.2	3.3	II	3.2	6.0[R]	⟶	7.2	3.3	→	1.3	0.8[P]	II
◒	Malaysia	73	1.6	2.2	→	5.1	8.1[Q]	⟶	10.3	8.2	→	2.6	2.3	II
●	Maldives	113	4.7	5.5	→	7.0	8.1	II	4.5	4.5	II			
◒	Mali	143	1.9	2.8	→		3.0[N]		2.8	2.2	II	2.2	1.9	II
●	Malta	17	5.8	7.4	⟶	4.4	4.6[Q]	II				0.9	0.8	II
●	Marshall Islands	95	18.1	12.7	⟵		14.8							
◓	Mauritania	120	1.7	3.2	⟶	4.6	3.4	II	13.5	3.5	⟶	3.9	1.2	→
◓	Mauritius	33	2.0	2.2	II	3.8	4.7	II	6.6	4.3	→	0.4	0.2	II
◓	Mexico	85	2.5	2.9	II	3.8	5.3[Q]	→	4.5	7.7	←	0.4	0.4	II
●	Micronesia, Fed. Sts.	—	6.2	5.6	←		7.3[O]							
◓	Moldova	63	4.4	3.9	II	5.3	4.9[R]	II	0.2[G]	8.5	⟵	0.5[H]	0.4	II
—	Monaco	—	6.7	7.4	→									
●	Mongolia	70	3.9	4.3	II	11.5	7.5	⟵	5.1[H]	2.6	→	6.1	2.1[Q]	→
◒	Morocco	112	1.3	1.7	II	5.0	6.3	→	7.2	6.1	II	4.1	4.5	II
◓	Mozambique	150	2.3	2.9	→		2.4[N]		3.4	1.4	→	3.4	1.2	→
○	Myanmar	136	0.2	0.5	II		1.3[P]					3.4	1.9[P]	→
●	Namibia	98	4.9	4.7	II	7.9	7.2[R]	II				5.8[F]	2.4	→
◒	Nepal	157	1.6	1.5	II	2.0	3.4[R]	→	1.9	1.7	II	1.1	1.7	II
●	Netherlands	6	5.3	6.1	→	5.6	5.1[Q]	II				2.5	1.6	II
●	New Zealand	6	6.0	6.3	II	6.1	6.7[R]	II				1.8	1.0	II
◓	Nicaragua	127	3.6	3.7	II	3.4	3.1[R]	II	1.6	2.9	II	102.9	0.7	⟶
◓	Niger	158	1.6	2.5	→	3.3	2.3	II	4.1	1.7	→	1.1[I]	0.9[Q]	II
◓	Nigeria	146	1.4	1.3	II	0.9			13.0	4.0	⟶	0.9	0.8	II
●	Norway	1	7.6	8.6	→	7.1	7.6[Q]	II				2.9	1.9	II
◒	Oman	48	3.0	2.7	II	3.4	4.6[Q]	→	6.5	4.2	→	16.5	10.4	→
○	Pakistan	152	1.1	0.7	II	2.6	2.0	II	4.6	4.6	II	6.9	4.1	→
●	Palau	77	7.8	8.4	→		10.1[Q]							
◒	Panama	86	4.7	5.0	II	4.6	3.9	II	6.8	11.0	←	1.4	1.0[N]	II
◒	Papua New Guinea	122	3.2	3.0	II				17.9	13.6	→	2.1	0.6[R]	→
◒	Paraguay	107	3.0	2.3	←	1.9	4.4[Q]	⟶	6.0	6.8	II	1.0	0.7	II
◒	Peru	101	2.4	2.1	II	2.8	3.0[Q]	II	1.9	4.2	←	0.1	1.2	II

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: Data source year: **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	PUBLIC HEALTH EXPENDITURE (% OF GDP)			PUBLIC EDUCATION EXPENDITURE (% OF GDP)			TOTAL DEBT SERVICE (% OF GNI)			MILITARY EXPENDITURE (% OF GDP)		
			1998 (%)	2003 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression
○	Philippines	117	1.5	1.4	II	3.0	3.2[Q]	II	8.1	12.8	←	1.4	0.9	II
◒	Poland	22	3.9	4.5	→	5.2	5.6[Q]	II	1.7	14.5	⟵	2.7	1.9	II
●	Portugal	6	5.6	6.7	⟶	4.6	5.8[Q]	→				2.6	2.1	II
—	Qatar	57	3.1	2.0	←	3.5								
◒	Romania	65	2.8	3.8	→	3.5	3.5[Q]	II	0.0	6.6	←	4.6	2.2	→
◒	Russian Federation	—	3.7	3.3	II	3.6	3.8[Q]	II	0.3[G]	3.7	←	19.1	3.9	⟶
◒	Rwanda	160	2.7	1.6	←		2.8[O]		0.8	1.3	II	3.7	2.1	→
◓	Samoa	50	4.3	4.3	II		4.3[Q]		3.3	5.6	←			
—	San Marino	—	5.4	5.9	II									
◒	Sao Tomé and Principe	116	7.2	7.2	II				5.3	16.2	⟵			
◒	Saudi Arabia	67	4.6	2.5	⟵	5.8						11.4	7.7	→
◒	Senegal	124	1.5	2.1	→	3.9	4.0	II	5.9	4.4	→	2.0	1.4	II
◒	Serbia and Montenegro	—	6.4	7.2	→		3.3[O]		0.3[L]	4.1	⟵	5.3[K]	3.4	→
◓	Seychelles	—	4.4	4.3	II	6.5	5.4	II	6.1	7.7	←	4.0	1.9	→
◒	Sierra Leone	—	1.0	2.0	⟶		3.7[O]		3.7	2.5	II	1.4	1.6	II
○	Singapore	—	1.7	1.6	II	3.1	3.7[P]	II				4.9	4.7	II
◒	Slovakia	57	5.2	5.2	II	5.6	4.3[Q]	←	4.8[H]	12.4	⟵	2.0[H]	1.7	II
●	Slovenia	32	5.9	6.7	→	4.8	6.0[Q]	→				2.2[G]	1.6	II
◒	Solomon Islands	—	4.2	4.5	II	3.8	3.3[N]	II	5.6	6.5	II			
—	Somalia	—	1.2	1.2[P]	II				1.3			0.8[D]		
◓	South Africa	96	3.7	3.2	II	5.9	5.4	II	2.2[I]	1.8	II	3.8	1.5	→
◓	Spain	6	5.4	5.5	II	4.3	4.5[Q]	II				1.7	1.0	II
◒	Sri Lanka	—	1.7	1.6	II	3.2			4.9	4.0	II	2.1	2.8	II
○	St. Kitts and Nevis	66	3.3	3.4	II	2.7	4.4	→	1.9	13.4	⟵			
◓	St. Lucia	57	3.0	3.4	II		5.0		1.7	3.9	←			
●	St. Vincent and the Grenadines	63	3.4	4.1	→	5.9	11.1	⟶	2.3	5.5	←			
◓	Sudan	110	1.3	1.9	→	6.0			0.4	1.6	II	3.3	2.2[R]	II
—	Suriname	91	3.9	3.6	II									
◓	Swaziland	118	4.0	3.3	←	5.8	6.2	II	4.9	1.8	→	1.9	1.7[P]	II
●	Sweden	1	7.1	8.0	→	7.1	7.7[Q]	II				2.6	1.7	II
●	Switzerland	6	5.7	6.7	⟶	5.3	5.8[Q]	II				1.8	1.0	II
◓	Syrian Arab Republic	97	2.1	2.5	II	3.9			9.9	1.4	⟶	6.9	7.0[R]	II
◒	Tajikistan	103	1.1	0.9	II		2.8		0.0[G]	5.1	←	0.4[G]	2.2	←
◒	Tanzania	125	1.4	2.4	→	2.8	2.2[N]	II	4.4	1.1	→	2.0[F]	3.0	II
◒	Thailand	45	2.0	2.0	II	3.1	4.2	II	6.3	7.8	←	2.6	1.2	→
—	Timor-Leste	—	6.3[O]	7.3	⟶									
◒	Togo	135	1.9	1.4	←		2.6[Q]		5.4	1.0	→	3.1	1.5	→
●	Tonga	79	5.1	5.5	II		4.8		1.6	1.4	II			
◒	Trinidad and Tobago	45	2.0	1.5	←	4.1	4.3[Q]	II	9.6	3.4	→			
◓	Tunisia	70	2.8[E]	2.8	II	6.0	6.4[Q]	II	12.0	7.5	→	2.0	1.5	II
◒	Turkey	83	3.5	5.4	⟶	2.4	3.6[Q]	→	4.9	11.3	←	3.5	3.9	II
◒	Turkmenistan	—	3.1	2.6	←	3.9						1.8[I]	2.9[N]	⟵
◓	Uganda	146	1.5	2.2	→	1.5	5.2	⟶	3.4	1.5	→	3.5	2.5	II
◒	Ukraine	42	3.5	3.8	II	6.2	4.6	←	0.0[G]	6.7	⟵	0.5[H]	2.6	⟵
◒	United Arab Emirates	42	3.2	2.5	←	1.9	1.6[Q]	II				6.2	2.8[R]	→
●	United Kingdom	17	5.5	6.9	⟶	4.8	5.3[Q]	II				4.0	2.6	→
◓	United States of America	22	5.8	6.8	→	5.1	5.7[Q]	II				5.3	4.0	II
◒	Uruguay	52	4.0	2.7	⟵	2.5	2.6[Q]	II	11.0	12.2	II	2.5	1.4	II
◓	Uzbekistan	—	3.2	2.4	←	9.4			0.0[G]	7.1	⟵	1.5[I]	0.5[R]	→
●	Vanuatu	99	2.6	2.9	II	4.6	9.6[R]	⟶	1.5	1.1	II			
◒	Venezuela	72	3.1	2.0	←	4.5			10.8	6.2	→	1.9[F]	1.2	II

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: Data source year: **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	PUBLIC HEALTH EXPENDITURE (% OF GDP)			PUBLIC EDUCATION EXPENDITURE (% OF GDP)			TOTAL DEBT SERVICE (% OF GNI)			MILITARY EXPENDITURE (% OF GDP)		
			1998 (%)	2003 (%)	Progress or regression	1991 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression	1990 (%)	2004 (%)	Progress or regression
◒	Viet Nam	87	1.6	1.5	Stagnant	1.8	4.4[Q]	Significant progress	2.9	1.8	Stagnant	7.9	2.6[I]	Significant progress
◒	Yemen	149	2.0	2.2	Stagnant		9.6[P]		3.5	1.9	Slight progress	7.7	6.6	Stagnant
◒	Zambia	123	4.1	2.8	Significant regression	2.8	2.8	Stagnant	6.7	8.3	Slight regression	3.7	0.6[O]	Slight progress
◒	Zimbabwe	119	6.4	2.8	Significant regression	7.7	4.7[O]	Significant regression	5.5	2.0	Slight progress	4.4	3.4	Stagnant

UDHR: Universal Declaration of Human Rights
CERD: International Convention on the Elimination of All Forms of Racial Discrimination
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women
CRC: Convention on the Rights of the Child

Source:
World Development Indicators 2006 website (www.worldbank.org).

- ● Countries in better situation
- ◓ Countries above average
- ◒ Countries below average
- ○ Countries in worse situation
- — Countries with insufficient data

- ⟶ Significant progress
- → Slight progress
- ıı Stagnant
- ← Slight regression
- ⟵ Significant regression

Note: Data source year: **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

TRENDS IN OFFICIAL DEVELOPMENT ASSISTANCE (% OF GNI)[A]

Net Official Development Assistance from DAC Countries to Developing Countries and Multilateral Organizations

	1986-1987 average	1991-1992 average[B]	1998	1999	2000	2001	2002	2003	2004	2005 preliminary
Australia	0.40	0.37	0.27	0.26	0.27	0.25	0.26	0.25	0.25	0.25
Austria	0.19	0.14	0.22	0.24	0.23	0.29	0.26	0.20	0.24	0.52
Belgium	0.48	0.40	0.35	0.30	0.36	0.37	0.43	0.60	0.41	0.53
Canada	0.48	0.46	0.30	0.28	0.25	0.22	0.28	0.24	0.26	0.34
Denmark	0.88	0.99	0.99	1.01	1.06	1.03	0.96	0.84	0.84	0.81
Finland	0.48	0.72	0.31	0.33	0.31	0.32	0.35	0.35	0.35	0.47
France	0.58	0.62	0.40	0.39	0.32	0.32	0.38	0.41	0.42	0.47
Germany	0.41	0.38	0.26	0.26	0.27	0.27	0.27	0.28	0.28	0.35
Greece			0.15	0.15	0.20	0.17	0.21	0.21	0.23	0.24
Ireland	0.23	0.18	0.30	0.31	0.29	0.33	0.40	0.39	0.39	0.41
Italy	0.37	0.32	0.20	0.15	0.13	0.15	0.20	0.17	0.15	0.29
Japan	0.30	0.31	0.27	0.27	0.28	0.23	0.23	0.20	0.19	0.28
Luxembourg	0.17	0.29	0.65	0.66	0.71	0.76	0.77	0.81	0.85	0.87
Netherlands	0.99	0.87	0.80	0.79	0.84	0.82	0.81	0.80	0.74	0.82
New Zealand	0.28	0.25	0.27	0.27	0.25	0.25	0.22	0.23	0.23	0.27
Norway	1.13	1.15	0.89	0.88	0.76	0.80	0.89	0.92	0.87	0.93
Portugal	0.10	0.32	0.24	0.26	0.26	0.25	0.27	0.22	0.63	0.21
Spain	0.08	0.26	0.24	0.23	0.22	0.30	0.26	0.23	0.26	0.29
Sweden	0.87	0.96	0.72	0.70	0.80	0.77	0.83	0.79	0.77	0.92
Switzerland	0.30	0.41	0.32	0.35	0.34	0.34	0.32	0.39	0.37	0.44
United Kingdom	0.29	0.32	0.27	0.24	0.32	0.32	0.31	0.34	0.36	0.48
United States	0.21	0.20	0.10	0.10	0.10	0.11	0.13	0.15	0.16	0.22

Notes:
A: Net disbursements at current prices and exchange rates.
B: Including debt forgiveness of non-ODA claims in 1991 and 1992, except for total DAC.

Source:
OECD, Website Database 2006 (http://www.oecd.org).

ENVIRONMENT: The governments of the world agreed on…

"… (We) recognize the right of everyone to an adequate standard of living for him(her)self and his(her) family, including adequate food, clothing and housing…"

International Covenant on Economic, Social and Cultural Rights, Article 11, 1966.

"We resolve… to halve, by the year 2015, the proportion of the world's people… who are unable to reach or to afford safe drinking water… By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers as proposed in the 'Cities Without Slums' initiative."

Millennium Declaration, Paragraph 19, 2000.

HUMAN RIGHTS:
The right to an adequate environment is enshrined in:

UDHR - Art. 25 **CEDAW -** Art. 14
CESCR - Art. 11

INTERNATIONAL COMMITMENTS
Environment is considered in:

Millennium Development Goals - Goal 7
World Summit for Social Development - Commitment 12
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	POPULATION WITH ACCESS TO SANITATION			POPULATION WITH ACCESS TO IMPROVED WATER SOURCES		
			1990 (%)	2002 (%)	Progress or regression	1990 (%)	2002 (%)	Progress or regression
○	Afghanistan	—		8			13	
●	Albania	76		89		97	97	II
●	Algeria	69	88	92	→	95	87	⟵
●	Andorra	—	100	100	II	100	100	II
○	Angola	—	30	30	II	32	50	⟶
●	Antigua and Barbuda	—		95			91	
—	Argentina	53	82			94		
◓	Armenia	51		84			92	
●	Aruba	—				100	100	II
●	Australia	28	100	100	II	100	100	II
●	Austria	6	100	100	II	100	100	II
◒	Azerbaijan	103		55		66	77	→
●	Bahamas	60	100	100	II		97	
◒	Bangladesh	159	23	48	⟶	71	75	→
●	Barbados	37	100	99	II	100	100	II
●	Belarus	37				100	100	II
◒	Belize	89		47			91	
○	Benin	126	11	32	⟶	60	68	→
◒	Bhutan	139		70			62	
◒	Bolivia	110	33	45	→	72	85	⟶
●	Bosnia and Herzegovina	—		93		98	98	II
◓	Botswana	88	38	41	→	93	95	II
◓	Brazil	82	70	75	→	83	89	→
●	British Virgin Islands	—	100	100	II	98	98	II
●	Bulgaria	41	100	100	II	100	100	II
○	Burkina Faso	132	13	12	II	39	51	⟶
○	Burundi	156	44	36	⟵	69	79	→
○	Cambodia	153		16			34	
◒	Cameroon	134	21	48	⟶	50	63	⟶
●	Canada	28	100	100	II	100	100	II
◒	Cape Verde	89		42			80	
○	Central African Republic	—	23	27	→	48	75	⟶
○	Chad	162	6	8	II	20	34	⟶
●	Chile	22	85	92	→	90	95	→
◒	China	81	23	44	⟶	70	77	→
◓	Colombia	93	82	86	→	92	92	II
◒	Comoros	129	23	23	II	89	94	→
○	Congo, Dem. Rep.	—	18	29	→	43	46	→
○	Congo, Rep.	—		9			46	

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	POPULATION WITH ACCESS TO SANITATION			POPULATION WITH ACCESS TO IMPROVED WATER SOURCES		
			1990 (%)	2002 (%)	Progress or regression	1990 (%)	2002 (%)	Progress or regression
●	Cook Islands	105	95	100	→	94	95	II
●	Costa Rica	54		92			97	
◒	Côte d'Ivoire	133	31	40	→	69	84	⟶
●	Cuba	28	98	98	II		91	
●	Cyprus	17	100	100	II	100	100	II
●	Denmark	6				100	100	II
◒	Djibouti	114	48	50	II	78	80	II
●	Dominica	75		83			97	
◒	Dominican Republic	100	48	57	→	86	93	→
◓	Ecuador	109	56	72	⟶	69	86	⟶
●	Egypt	94	54	68	⟶	94	98	→
◒	El Salvador	115	51	63	→	67	82	⟶
○	Equatorial Guinea	154		53			44	
○	Eritrea	141	8	9	II	40	57	⟶
○	Ethiopia	161	4	6	II	25	22	←
●	Fiji	61	98	98	II			
●	Finland	1	100	100	II	100	100	II
●	French Polynesia	—	98	98	II	100	100	II
◒	Gabon	106		36			87	
◒	Gambia	138		53			82	
◒	Georgia	78		83			76	
●	Germany	6				100	100	II
◒	Ghana	142	43	58	⟶	54	79	⟶
●	Grenada	83	97	97	II		95	
◓	Guadeloupe	—		64			98	
●	Guam	—	99	99	II	100	100	II
◓	Guatemala	131	50	61	→	77	95	⟶
○	Guinea	140	17	13	←	42	51	→
○	Guinea-Bissau	151		34			59	
◓	Guyana	108		70			83	
○	Haiti	—	15	34	⟶	53	71	⟶
◓	Honduras	130	49	68	⟶	83	90	→
●	Hungary	35		95		99	99	II
●	Iceland	1				100	100	II
◒	India	128	12	30	⟶	68	86	⟶
◒	Indonesia	102	46	52	→	71	78	→
◓	Iran, Islamic Rep.	80	83	84	II	91	93	II
◓	Iraq	121	81	80	II	83	81	II
●	Israel	17				100	100	II

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	POPULATION WITH ACCESS TO SANITATION			POPULATION WITH ACCESS TO IMPROVED WATER SOURCES		
			1990 (%)	2002 (%)	Progress or regression	1990 (%)	2002 (%)	Progress or regression
◓	Jamaica	73	75	80	→	92	93	ıı
●	Japan	1	100	100	ıı	100	100	ıı
●	Jordan	42		93		98	91	←
◓	Kazakhstan	54	72	72	ıı	86	86	ıı
◒	Kenya	—	42	48	→	45	62	⟶
○	Kiribati	—	25	39	⟶	48	64	⟶
◓	Korea, Dem. Rep.	—		59		100	100	ıı
◓	Korea, Rep.	6					92	
◒	Kyrgyzstan	—		60			76	
○	Lao PDR	155		24			43	
●	Lebanon	56		98		100	100	ıı
○	Lesotho	137	37	37	ıı		76	
○	Liberia	145	38	26	⟵	56	62	→
◓	Libya	—	97	97	ıı	71	72	ıı
●	Luxembourg	49				100	100	ıı
○	Madagascar	144	12	33	⟶	40	45	→
◒	Malawi	148	36	46	→	41	67	⟶
●	Malaysia	73	96				95	
◒	Maldives	113		58		99	84	⟵
○	Mali	143	36	45	→	34	48	⟶
●	Malta	17				100	100	ıı
◓	Marshall Islands	95	75	82	→	96	85	⟵
○	Mauritania	120	28	42	⟶	41	56	⟶
●	Mauritius	33	99	99	ıı	100	100	ıı
◓	Mexico	85	66	77	→	80	91	→
◒	Micronesia, Fed. Sts.	—	30	28	ıı	87	94	→
◓	Moldova	63		68			92	
◒	Mongolia	70		59		62	62	ıı
◒	Morocco	112	57	61	→	75	80	→
○	Mozambique	150		27			42	
◒	Myanmar	136	21	73	⟶	48	80	⟶
○	Namibia	98	24	30	→	58	80	⟶
◒	Nepal	157	12	27	⟶	69	84	⟶
●	Netherlands	6	100	100	ıı	100	100	ıı
—	New Zealand	6				97		
◓	Nicaragua	127	47	66	⟶	69	81	⟶
○	Niger	158	7	12	→	40	46	→
○	Nigeria	146	39	38	ıı	49	60	→
●	Niue	—	100	100	ıı	100	100	ıı
●	Northern Mariana Islands	—	84	94	→	98	98	ıı
●	Norway	1				100	100	ıı
◒	Oman	48	83	89	→	77	79	ıı
◒	Pakistan	152	38	54	⟶	83	90	→
◓	Palau	77	66	83	⟶	80	84	→
◓	Panama	86		72			91	
○	Papua New Guinea	122	45	45	ıı	39	39	ıı
◓	Paraguay	107	58	78	⟶	62	83	⟶
◒	Peru	101	52	62	→	74	81	→
◓	Philippines	117	54	73	⟶	87	85	ıı
●	Qatar	57	100	100	ıı	100	100	ıı
○	Romania	65		51			57	
●	Russian Federation	—	87	87	ıı	94	96	ıı
◒	Rwanda	160	37	41	→	58	73	⟶
●	Samoa	50	98	100	ıı	91	88	←
○	Sao Tomé and Principe	116		24			79	
—	Saudi Arabia	67				90		
◒	Senegal	124	35	52	⟶	66	72	→
◓	Serbia and Montenegro	—	87	87	ıı	93	93	ıı
◓	Seychelles	—					87	
○	Sierra Leone	—		39			57	
●	Slovakia	57	100	100	ıı	100	100	ıı
○	Solomon Islands	—		31			70	
○	Somalia	—		25			29	
◓	South Africa	96	63	67	→	83	87	→
◓	Sri Lanka	—	70	91	⟶	68	78	→
●	St. Kitts and Nevis	66	96	96	ıı	99	99	ıı
●	St. Lucia	57		89		98	98	ıı
○	Sudan	110	33	34	ıı	64	69	→
●	Suriname	91		93			92	
○	Swaziland	118		52			52	
●	Sweden	1	100	100	ıı	100	100	ıı
●	Switzerland	6	100	100	ıı	100	100	ıı
◒	Syrian Arab Republic	97	76	77	ıı	79	79	ıı
○	Tajikistan	103		53			58	
◒	Tanzania	125	47	46	ıı	38	73	⟶
●	Thailand	45	80	99	⟶	81	85	→
○	Timor-Leste	—		33			52	
○	Togo	135	37	34	←	49	51	ıı
●	Tonga	79	97	97	ıı	100	100	ıı
●	Trinidad and Tobago	45	100	100	ıı	92	91	ıı
◓	Tunisia	70	75	80	→	77	82	→
◓	Turkey	83	84	83	ıı	81	93	⟶
◒	Turkmenistan	—		62			71	
●	Turks and Caicos Islands	—		96		100	100	ıı
◓	Tuvalu	—	78	88	→	91	93	ıı
○	Uganda	146	43	41	ıı	44	56	⟶
●	Ukraine	42	99	99	ıı		98	
●	United Arab Emirates	42	100	100	ıı			
●	United States of America	22	100	100	ıı	100	100	ıı
●	Uruguay	52		94			98	
◒	Uzbekistan	—	58	57	ıı	89	89	ıı
○	Vanuatu	99		50		60	60	ıı
◓	Venezuela	72		68			83	
◒	Viet Nam	87	22	41	⟶	72	73	ıı
●	West Bank and Gaza	67		76			94	
○	Yemen	149	21	30	→	69	69	ıı
○	Zambia	123	41	45	→	50	55	→
◒	Zimbabwe	119	49	57	→	77	83	→

UDHR: Universal Declaration of Human Rights
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

Sources:
Joint Monitoring Programme for Water Supply & Sanitation, UNICEF and WHO, (www.wssinfo.org/).

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

HEALTH: The governments of the world agreed on…

"(We) recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health… The provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child… The prevention, treatment and control of epidemic, endemic, occupational and other diseases…"

International Covenant on Economic, Social and Cultural Rights, Article 12, 1966.

"…take specific measures for closing the gender gaps in morbidity and mortality where girls are disadvantaged, while achieving internationally approved goals for the reduction of infant and child mortality."

World Conference on Women - Beijing Platform for Action, Paragraph 106, 1995.

HUMAN RIGHTS
The right to health and health services is enshrined in:

UDHR - Art. 25
CERD - Art. 5
CESCR - Art. 12
CEDAW - Art. 11 & 14
CRC - Art. 24

INTERNATIONAL COMMITMENTS
Health is considered in:

Millennium Development Goals - Goals 4 & 6
World Summit for Social Development - Commitments 8 & 10
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	MALARIA (cases per 100,000 people)			TUBERCULOSIS (cases per 100,000 people)			PEOPLE LIVING WITH HIV/AIDS (15-49 years old)			INFANT MORTALITY (per 1,000 live births)			UNDER-5 MORTALITY (per 1,000 live births)		
			1990	2003	Progress or regression	1990	2004	Progress or regression	2001 (%)	2003 (%)	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression
○	Afghanistan	—	23.0	46.0	←	826	661	⟶				168	165	→	260	257	→
●	Albania	76				41	31	→				37	17	⟶	45	19	⟶
●	Algeria	69	<0.1	<0.1[Q]	ıı	43	54	←	<0.1	0.1	ıı	54	35	⟶	69	40	⟶
●	Andorra	—				32	17	→					6			7	
◒	Angola	—	26.1	24.7[Q]	ıı	520	310	⟶	3.7	3.9	ıı	154	154	ıı	260	260	ıı
●	Antigua and Barbuda	—				14	10	→					11			12	
◓	Argentina	53	0.1	47.7	←	118	53	→	0.7	0.7	ıı	26	16	→	29	18	→
●	Armenia	51	0.0	5.3	←	43	98	←	0.1	0.1	ıı	52	29	⟶	60	32	⟶
●	Australia	28				7	6	ıı	0.1	0.1	ıı	8	5	→	10	6	→
●	Austria	6				16	11	→	0.2	0.3	ıı	8	5	→	10	5	→
◓	Azerbaijan	103	<0.1	83.1	←	57	90	←		<0.1		84	75	→	105	90	→
◓	Bahamas	60				94	50	→	3.0	3.0	ıı	24	10	→	29	13	→
●	Bahrain	25				108	50	→	0.1	0.2	ıı	15	9	→	19	11	→
○	Bangladesh	159	0.5	274.0	⟵	640	435	⟶				100	56	⟶	149	77	⟶
●	Barbados	37				29	12	→	1.5	1.5	ıı	14	10	→	16	12	→
●	Belarus	37				63	68	←				13	9	→	17	11	→
●	Belgium	6				15	10	→	0.2	0.2	ıı	8	4	→	10	5	→
◓	Belize	89	16.3	5.1[Q]	→	77	59	→	2.1	2.4	ıı	39	32	→	49	39	→
◒	Benin	126	20.0	66.8[P]	←	146	142	→	1.9	1.9	ıı	111	90	⟶	185	152	⟶
—	Bermuda	—				9	7	ıı									
◒	Bhutan	139	5.6	8.0	ıı	371	184	⟶				107	67	⟶	166	80	⟶
◓	Bolivia	110	3.0	7.2	←	453	290	⟶	0.1	0.1	ıı	89	54	⟶	125	69	⟶
●	Bosnia and Herzegovina	—				160	53	⟶		<0.1		18	13	→	22	15	→
◒	Botswana	88	7.9	3.9	→	303	553	⟵	38.0	37.3	→	45	84	⟵	58	116	⟵
◓	Brazil	82	3.8	17.4	←	148	77	→	0.6	0.7	ıı	50	32	⟶	60	34	⟶
—	British Virgin Islands	—					0[R]										
●	Brunei Darussalam	47				114	63	→	<0.1	<0.1	ıı	10	8	ıı	11	9	ıı
●	Bulgaria	41				44	36	→		<0.1		15	12	→	18	15	→
○	Burkina Faso	132	55.7	393.5[Q]	⟵	322	365	←	4.2	4.2	ıı	113	97	⟶	210	192	→
○	Burundi	156	16.6	[Q]		235	564	⟵	6.2	6.0	ıı	114	114	ıı	190	190	ıı
◒	Cambodia	153	12.7	<0.1	→	947	709	⟶	2.7	2.6	ıı	80	97	←	115	141	←
○	Cameroon	134	74.5	477.9[M]	⟵	163	227	←	7.0	6.9	ıı	85	87	ıı	139	149	←
●	Canada	28				7	4	→	0.3	0.3	ıı	7	5	ıı	8	6	ıı
◒	Cape Verde	89	0.2	106.9[O]	⟵	404	314	⟶				45	27	⟶	60	36	⟶
—	Cayman Islands	—				9	6	→									
○	Central African Republic	—	59.3	102.1	←	262	549	⟵	13.5	13.5	ıı	102	115	←	168	193	←
◒	Chad	162	36.5	2.5[P]	→	209	566	⟵	4.9	4.8	ıı	117	117	ıı	203	200	→
●	Chile	22				62	16	→	0.3	0.3	ıı	17	8	→	21	8	→
◓	China	81	0.1	2.4[Q]	ıı	327	221	⟶	0.1	0.1	ıı	38	26	→	49	31	→
◓	Colombia	93	2.8	0.0	→	99	75	→	0.5	0.7	ıı	30	18	→	36	21	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Notes: Children immunization status is included among the indicators used to build the ranking.
Data source year: G: 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	MALARIA (cases per 100,000 people)			TUBERCULOSIS (cases per 100,000 people)			PEOPLE LIVING WITH HIV/AIDS (15-49 years old)			INFANT MORTALITY (per 1,000 live births)			UNDER-5 MORTALITY (per 1,000 live births)		
			1990	2003	Progress or regression	1990	2004	Progress or regression	2001 (%)	2003 (%)	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression
◓	Comoros	129	20.9[H]	<0.1[P]	→	193	95	⟶				88	52	⟶	120	70	⟶
○	Congo, Dem. Rep.	—	4.4[K]	289.7	⟵	226	551	⟵	4.2	4.2	II	129	129	II	205	205	II
◒	Congo, Rep.	—	13.0	<0.1[M]	→	208	464	⟵	5.3	4.9	II	83	81	II	110	108	II
◓	Cook Islands	105				117	51	→				26	18	→	32	21	→
●	Costa Rica	54	0.4	12.6	←	38	15	→	0.6	0.6	II	16	11	→	18	13	→
○	Côte d'Ivoire	133	40.9	91.8[P]	←	262	651	⟵	6.7	7.0	II	103	117	←	157	194	⟵
●	Croatia	33				126	65	→		<0.1		11	6	→	12	7	→
●	Cuba	28				40	12	→	0.1	0.1	II	11	6	→	13	7	→
●	Cyprus	17				10	4	→				10	5	→	12	5	→
●	Czech Republic	26				38	11	→	<0.1	0.1	II	11	4	→	13	4	→
●	Denmark	6				12	6	→	0.2	0.2	II	8	4	→	9	5	→
○	Djibouti	114	6.1	121.5	←	1553	1137	⟶	2.8	2.9	II	122	101	⟶	163	126	⟶
●	Dominica	75				32	23	→				15	13	II	17	14	→
◓	Dominican Republic	100	0.1	240.4	⟵	237	118	⟶	1.8	1.7	II	50	27	⟶	65	32	⟶
◓	Ecuador	109	7.0	269.7	⟵	353	196	⟶	0.3	0.3	II	43	23	⟶	57	26	⟶
◓	Egypt	94	<0.1	223.4	⟵	53	35	→	<0.1	<0.1	II	76	26	⟶	104	36	⟶
◓	El Salvador	115	1.8	71.9	←	163	74	⟶	0.6	0.7	II	47	24	⟶	60	28	⟶
○	Equatorial Guinea	154	72.3	100.5	II	150	322	←				103	122	←	170	204	⟵
◒	Eritrea	141	25.3[J]	0.3	→	580	437	⟶	2.8	2.7	II	88	52	⟶	147	82	⟶
●	Estonia	28				53	49	→	0.7	1.1	←	12	6	→	16	8	→
○	Ethiopia	161	4.0[G]	34.0	←	256	533	⟵	4.1	4.4	II	131	110	⟶	204	166	⟶
●	Fiji	61				85	41	→	0.1	0.1	II	25	16	→	31	20	→
●	Finland	1				14	7	→	0.1	0.1	II	6	3	→	7	4	→
●	France	26				23	10	→	0.4	0.4	II	7	4	→	9	5	→
—	French Polynesia	—				117	56	→									
◒	Gabon	106	60.3	190.2[M]	⟵	355	339	→	6.9	8.1	⟵	60	60	II	92	91	II
◒	Gambia	138	237.7	0.3[N]	⟶	365	329	→	1.2	1.2	II	103	89	→	154	122	⟶
◓	Georgia	78	0.0	97.6	←	52	89	←	<0.1	0.1	II	43	41	II	47	45	II
●	Germany	6				20	6	→	0.1	0.1	II	7	4	→	9	5	→
◒	Ghana	142	94.2	122.0	←	516	376	⟶	3.1	3.1	II	75	68	→	122	112	→
●	Greece	6				28	17	→	0.2	0.2	II	10	4	→	11	5	→
●	Grenada	83				10	8	II				30	18	→	37	21	→
—	Guam	—				303	91	⟶									
◓	Guatemala	131	4.8	169.8	⟵	144	107	→	1.1	1.1	II	60	33	⟶	82	45	⟶
○	Guinea	140	3.6	114.9[O]	⟵	254	410	←	2.8	3.2	←	145	101	⟶	240	155	⟶
○	Guinea-Bissau	151	80.5	24.9[Q]	→	424	306	⟶				153	126	⟶	253	203	⟶
◒	Guyana	108	31.0	134.6	←	67	185	←	2.5	2.5	II	64	48	⟶	88	64	⟶
◒	Haiti	—	0.7	62.2	←	719	387	⟶	5.5	5.6	II	102	74	⟶	150	117	⟶
◓	Honduras	130	10.9	301.5	⟵	194	97	⟶	1.6	1.8	II	44	31	→	59	41	→
—	Hong Kong (China)	—							0.1	0.1	II						
●	Hungary	35				67	30	→		0.1		15	7	→	17	8	→
●	Iceland	1				5	2	→	0.2	0.2	II	6	2	→	7	3	→
◒	India	128	2.4	59.1	←	570	312	⟶	0.8	0.9	II	84	62	⟶	123	85	⟶
◓	Indonesia	102	0.9	59.6[Q]	←	443	275	⟶	0.1	0.1	II	60	30	⟶	91	38	⟶
●	Iran, Islamic Rep.	80	1.4	21.0	←	57	35	→	0.1	0.1	II	54	32	⟶	72	38	⟶
◒	Iraq	121	0.2	119.3	←	223	200	→		<0.1		40	102	⟵	50	125	⟵
●	Ireland	17				20	9	→	0.1	0.1	II	8	5	→	10	6	→
●	Israel	17				15	7	→		0.1		10	5	→	12	6	→
●	Italy	40				11	6	→	0.5	0.5	II	9	4	→	9	5	→
◓	Jamaica	73				13	9	→	0.8	1.2	II	17	17	II	20	20	II
●	Japan	1				71	39	→	<0.1	<0.1	II	5	3	II	6	4	II
●	Jordan	42				12	5	→	<0.1	<0.1	II	33	23	→	40	27	→
◓	Kazakhstan	54				96	160	←	0.1	0.2	II	53	63	←	63	73	←
◒	Kenya	—	228.9[I]	95.4[Q]	⟶	167	888	⟵	8.0	6.7	⟶	64	79	←	97	120	←
◒	Kiribati	—				303	59	⟶				65	49	⟶	88	65	⟶
◓	Korea, Dem. Rep.	—		5.0		424	178	⟶				42	42	II	55	55	II
●	Korea, Rep.	6	0.0	0.1	II	130	125	→	<0.1	<0.1	II	8	5	→	9	6	→
●	Kuwait	92				80	30	→				14	10	→	16	12.0	→
◓	Kyrgyzstan	—	0.0	92.1	←	90	137	←	<0.1	0.1	II	68	58	→	80	68	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes: Children immunization status is included among the indicators used to build the ranking.
Data source year: G: 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	MALARIA (cases per 100,000 people)			TUBERCULOSIS (cases per 100,000 people)			PEOPLE LIVING WITH HIV/AIDS (15-49 years old)			INFANT MORTALITY (per 1,000 live births)			UNDER-5 MORTALITY (per 1,000 live births)		
			1990	2003	Progress or regression	1990	2004	Progress or regression	2001 (%)	2003 (%)	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression
◓	Lao PDR	155	5.3	0.1	→	474	318	⟶	<0.1	0.1	II	120	65	⟶	163	83	⟶
●	Latvia	37				55	71	←	0.5	0.6	II	14	10	→	18	12	→
●	Lebanon	56				46	12	→	0.1	0.1	II	32	27	→	37	31	→
○	Lesotho	137				248	544	⟵	29.6	28.9	→	84	61	⟶	120	82	⟶
◒	Liberia	145	209.1[H]	0.1[M]	⟶	265	447	⟵	5.1	5.9	⟵	157	157	II	235	235	II
●	Libya	—				47	20	→		0.3		35	18	⟶	41	20	⟶
—	Liechtenstein	—										9	4	→	10	5	→
●	Lithuania	35				65	67	II	0.1	0.1	II	10	8	II	13	8	→
●	Luxembourg	49				19	9	→	0.2	0.2	II	7	5	II	10	6	→
●	Macedonia, FYR	62				91	34	→	<0.1	<0.1	II	33	13	⟶	38	14	⟶
◓	Madagascar	144	14.2[J]	<0.1	→	398	351	→	1.3	1.7	II	103	76	⟶	168	123	⟶
○	Malawi	148	409.3	<0.1[Q]	⟶	424	501	←	14.3	14.2	II	146	110	⟶	241	175	⟶
●	Malaysia	73	2.8	0.1	→	197	133	→	0.4	0.4	II	16	10	→	22	12	→
◓	Maldives	113				155	57	⟶				79	35	⟶	111	46	⟶
◒	Mali	143	27.5	0.2	→	706	578	⟶	1.9	1.9	II	140	121	⟶	250	219	⟶
●	Malta	17				10	5	→	0.1	0.2	II	9	5	→	11	6	→
◓	Marshall Islands	95				303	59	⟶				63	52	→	92	59	⟶
◒	Mauritania	120	13.3	0.8[Q]	→	607	502	⟶	0.5	0.6	II	85	78	→	133	125	→
●	Mauritius	33	0.1	<0.1[Q]	II	157	135	→				21	14	→	23	15	→
●	Mexico	85	0.5	24.7	←	83	43	→	0.3	0.3	II	37	23	→	46	28	→
◓	Micronesia, Fed. Sts.	—				218	59	⟶				26	19	→	31	23	→
◓	Moldova	63				104	214	←		0.2		30	23	→	40	28	→
●	Monaco	—				4	2	II				7	4	→	9	5	→
◓	Mongolia	70				574	209	⟶	<0.1	<0.1	II	78	41	⟶	108	52	⟶
●	Morocco	112	<0.1	<0.1	II	117	105	→		0.1		69	38	⟶	89	43	⟶
○	Mozambique	150	0.8[K]	<0.1	II	275	635	⟵	12.1	12.2	II	158	104	⟶	235	152	⟶
◓	Myanmar	136	24.4	<0.1	→	419	180	⟶	1.0	1.2	II	91	76	⟶	130	106	⟶
◒	Namibia	98	245.2[H]	13.2	⟶	585	586	II	21.3	21.3	II	60	47	→	86	63	⟶
●	Nauru	—				117	35	⟶					25			30	
◓	Nepal	157	1.2	1.7	II	616	257	⟶	0.4	0.5	II	100	59	⟶	145	76	⟶
●	Netherlands	6				10	6	→	0.2	0.2	II	7	5	II	9	6	→
—	Netherlands Antilles	—				24	18	→									
—	New Caledonia	—				243	117	⟶									
●	New Zealand	6				11	11	II	0.1	0.1	II	8	5	→	11	6	→
●	Nicaragua	127	9.4	0.7	→	198	80	⟶	0.2	0.2	II	52	31	⟶	68	38	⟶
◒	Niger	158	152.0	0.4[Q]	⟶	332	288	→	1.1	1.2	II	191	152	⟶	320	259	⟶
◒	Nigeria	146	13.0	1.7	→	231	531	⟵	5.5	5.4	II	120	101	⟶	230	197	⟶
—	Niue	—				117	57	→									
—	Northern Mariana Islands	—				303	68	⟶									
●	Norway	1				9	4	→	0.1	0.1	II	7	4	→	9	4	→
●	Oman	48	17.7	1.0	→	24	12	→	0.1	0.1	II	25	10	⟶	32	13	→
◓	Pakistan	152	0.7	14.5	←	430	329	⟶	0.1	0.1	II	100	80	⟶	130	101	⟶
◓	Palau	77				169	91	→				28	22	→	34	27	→
●	Panama	86	0.2	0.4	II	117	45	→	0.7	0.9	II	27	19	→	34	24	→
◒	Papua New Guinea	122	25.5	40.9	←	843	448	⟶	0.4	0.6	II	74	68	→	101	93	→
●	Paraguay	107	0.7	<0.1	II	117	107	→	0.4	0.5	II	33	21	→	41	24	→
◓	Peru	101	1.3	0.6	II	508	216	⟶	0.4	0.5	II	60	24	⟶	80	29	⟶
◓	Philippines	117	1.4	0.6	II	893	463	⟶	<0.1	<0.1	II	41	26	⟶	62	34	⟶
●	Poland	22				88	32	→		0.1		19	7	→	18	8	→
●	Portugal	6				57	35	→	0.4	0.4	II	11	4	→	14	5	→
—	Puerto Rico	—				36	6	→									
◓	Qatar	57				74	77	←				21	18	→	26	21	→
◓	Romania	65				121	188	←		<0.1		27	17	→	31	20	→
◓	Russian Federation	—				82	160	←	0.7	1.1	←	23	17	→	29	21	→
◒	Rwanda	160	189.2	3.3	⟶	252	660	⟵	5.1	5.1	II	103	118	←	173	203	←
●	Samoa	50				28.3[I]	15[R]	→				40	25	⟶	50	30	→
●	San Marino	—				10	5	→				13	3	→	14	4	→
◒	Sao Tomé and Principe	116	396.3[J]	3.7	⟶	345	253	⟶				75	75	II	118	118	II
◓	Saudi Arabia	67	0.9	0.2	II	86	55	→				35	21	→	44	27	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes: Children immunization status is included among the indicators used to build the ranking.
Data source year: G: 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	MALARIA (cases per 100,000 people)			TUBERCULOSIS (cases per 100,000 people)			PEOPLE LIVING WITH HIV/AIDS (15-49 years old)			INFANT MORTALITY (per 1,000 live births)			UNDER-5 MORTALITY (per 1,000 live births)		
			1990	2003	Progress or regression	1990	2004	Progress or regression	2001 (%)	2003 (%)	Progress or regression	1990	2004	Progress or regression	1990	2004	Progress or regression
◒	Senegal	124	55.3[I]	0.5[O]	→	401	451	←	0.8	0.8	‖	90	78	→	148	137	→
●	Serbia and Montenegro	—				101	50	→	0.2	0.2	‖	24	13	→	28	15	→
●	Seychelles	—				113	83	→				17	12	→	19	14	→
○	Sierra Leone	—	2.4[H]	189.9[N]	⟵	512	847	⟵				175	165	→	302	283	→
●	Singapore	—				62	41	→	0.2	0.2	‖	7	3	→	9	3	→
●	Slovakia	57				54	23	→		<0.1		12	6	→	14	9	→
●	Slovenia	32				71	17	→	<0.1	<0.1	‖	8	4	→	10	4	→
◓	Solomon Islands	—	365.7	<0.1	⟶	303	59	⟶				38	34	→	63	56	→
○	Somalia	—	0.4[H]	0.5	‖	808	673	⟶				133	133	‖	225	225	‖
◒	South Africa	96	0.2	2.9	←	229.7[I]	505 [R]	⟵	20.9	21.5	←	45	54	←	60	67	←
●	Spain	6				52	20	→	0.6	0.7	‖	8	3	→	9	5	→
●	Sri Lanka	—	17.1	0.9	→	109	91	→	<0.1	<0.1	‖	26	12	→	32	14	→
●	St. Kitts and Nevis	66				22	15	→				30	18	→	36	21	→
●	St. Lucia	57				34	21	→				20	13	→	21	14	→
●	St. Vincent and Grenadines	63				11.9[J]	12 [R]	‖				22	18	→	25	22	→
◒	Sudan	110	301.2	12.3	⟶	443	370	→	1.9	2.3	‖	74	63	→	120	91	⟶
◓	Suriname	91	4.0	0.2	→	167	98	→	1.3	1.7	‖	35	30	→	48	39	→
○	Swaziland	118	14.6[J]	0.1	→	620	1120	⟵	38.2	38.8	←	78	108	⟵	110	156	⟵
●	Sweden	1				6	3	→	0.1	0.1	‖	6	3	→	7	4	→
●	Switzerland	6				13	6	→	0.4	0.4	‖	7	5	‖	9	5	→
●	Syrian Arab Republic	97	<0.1	<0.1	‖	108	51	→		<0.1		35	15	⟶	44	16	⟶
◓	Tajikistan	103	<0.1	<0.1	‖	195	277	←		<0.1		99	91	→	128	118	→
◓	Tanzania	125	411.1	2.3	⟶	116.3[I]	167 [R]	←	9.0	8.8	‖	102	78	⟶	161	126	⟶
◓	Thailand	45	5.0	1.5	→	360	208	⟶	1.7	1.5	‖	31	18	→	37	21	→
◒	Timor-Leste	—		2.9		1186	692	⟶				130	64	⟶	172	80	⟶
◒	Togo	135	234.6	1.2[P]	⟶	839	718	⟶	4.3	4.1	‖	88	78	→	152	140	→
●	Tonga	79				92	42	→				26	20	→	32	25	→
◓	Trinidad and Tobago	45				22	12	→	3.0	3.2	‖	28	18	→	33	20	→
●	Tunisia	70				51	24	→	<0.1	<0.1	‖	41	21	⟶	52	25	⟶
●	Turkey	83	0.2	<0.1	‖	37.4[J]	26 [Q]	→				67	28	⟶	82	32	⟶
◓	Turkmenistan	—	0.0	1.2	‖	106	83	→		<0.1		80	80	‖	97	103	←
—	Turks and Caicos Islands	—				41	31	→									
◓	Tuvalu	—				203.3[I]	283 [R]	←				40	36	→	56	51	→
◒	Uganda	146	132.1[G]	2.1	⟶	138.3[I]	162 [R]	←	5.1	4.1	⟶	93	80	→	160	138	⟶
●	Ukraine	42				39.9[I]	0 [R]	→	1.2	1.4	‖	19	14	→	26	18	→
●	United Arab Emirates	42				42	26	→				12	7	→	14	8	→
●	United Kingdom	17				9	9	‖				8	5	→	10	6	→
●	United States of America	22				9.2[I]	5 [R]	→	0.6	0.6	‖	9	7	‖	12	8	→
●	Uruguay	52				20.8[I]	19 [R]	→	0.3	0.3	‖	20	15	→	25	17	→
◓	Uzbekistan	—	<0.1	3.7	←	66.6[I]	80 [Q]	←	<0.1	0.1	‖	65	57	→	79	69	→
◓	Vanuatu	99	192.7	36.1	⟶	90.8[I]	49 [R]	→				48	32	⟶	62	40	⟶
●	Venezuela	72	2.4	4.0	‖	22.8[I]	26 [R]	←	0.6	0.7	‖	24	16	→	27	19	→
◓	Viet Nam	87	1.9	21.5	←	72.3[I]	114 [R]	←	0.3	0.4	‖	38	17	⟶	53	23	⟶
—	Virgin Islands (USA)					8.9[I]	8 [K]	→									
●	West Bank and Gaza	67				57	36	→				34	22	→	40	24	→
◓	Yemen	149	1.0	0.2	‖	96.9[J]	52 [R]	→		0.1		98	82	⟶	142	111	⟶
○	Zambia	123	235.8	33.7[P]	⟶	392.2[I]	499 [R]	←	16.7	16.5	‖	101	102	‖	180	182	‖
◒	Zimbabwe	119	63.3	1.2[Q]	→	213.1[I]	413 [R]	⟵	24.9	24.6	‖	53	79	⟵	80	129	⟵

UDHR: Universal Declaration of Human Rights

CERD: International Convention on the Elimination of All Forms of Racial Discrimination

CESCR: International Covenant on Economic, Social and Cultural Rights

CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

CRC: Convention on the Rights of the Child

Sources:
Malaria: World Malaria Report 2005, UNICEF and WHO (www.rbm.who.int/wmr2005/).
Tuberculosis: Communicable Disease Global Atlas Database, WHO (www.who.int/GlobalAtlas).
People living with HIV/AIDS: 2004 Report on the global AIDS epidemic, UNAIDS.
Infant mortality: The State of the World's Children 2006, UNICEF (www.unicef.org/sowc06).
Under-5 mortality: The State of the World's Children 2006, UNICEF (www.unicef.org/sowc06).

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Notes: Children immunization status is included among the indicators used to build the ranking.
Data source year: G: 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003.

CHILDREN'S IMMUNIZATION: The governments of the world agreed on…

"States Parties recognize the right of the child to the enjoyment of the highest attainable standard of health and to facilities for the treatment of illness and rehabilitation of health."

Convention on the Rights of the Child, Article 24, 1989.

"Each day, 40,000 children die from malnutrition and disease, including acquired immunodeficiency syndrome (AIDS), from the lack of clean water and inadequate sanitation and from the effects of the drug problem… These are challenges that we, as political leaders, must meet."

World Summit for Children, 1990.

HUMAN RIGHTS
The right to health and health services for children is enshrined in:

UDHR - Art. 25 **CESCR** - Art. 12
CERD - Art. 5 **CRC** - Art. 24 & 25

INTERNATIONAL COMMITMENTS
Children's health is considered in:

Millennium Development Goals - Goals 4 & 6
World Summit for Social Development - Commitments 8 & 10
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	*DPT IMMUNIZED 1-YEAR-OLD CHILDREN			POLIO IMMUNIZED 1-YEAR-OLD CHILDREN			MEASLES IMMUNIZED 1-YEAR-OLD CHILDREN			TUBERCULOSIS IMMUNIZED 1-YEAR-OLD CHILDREN		
			1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression
○	Afghanistan	—	18	66	⟶	18	66	⟶	40	61	⟶	44	78	⟶
●	Albania	76	96	97	‖	97	98	‖	81	96	→	81	97	→
◒	Algeria	69	72	86	→	72	86	→	65	81	→	92	98	→
●	Andorra	—		99			99			98				
○	Angola	—	27	59	⟶	28	57	⟶	44	64	⟶	48	72	⟶
●	Antigua and Barbuda	—		97			97			97				
●	Argentina	53	97	90	←	84	95	→	95	95	‖	100	99	‖
◒	Armenia	51	83	91	→	92	93	‖	95	92	←	83	96	→
◒	Australia	28	95	92	←	72	92	⟶	86	93	→			
◓	Austria	6	90	83	←	90	83	←	60	74	→			
●	Azerbaijan	103	90	96	→	94	97	→	91	98	→	50	99	⟶
◒	Bahamas	60		93			92			89				
◒	Bahrain	25		98			98			99			70	
◒	Bangladesh	159	94	85	←	94	85	←	95	77	⟵	95	95	‖
●	Barbados	37		93			93			98				
●	Belarus	37	92	99	→	93	99	→	97	99	‖	93	99	→
●	Belgium	6	85	95	→	100	96	←	67	82	→			
●	Belize	89		95			95			95			99	
◒	Benin	126	81	83	‖	81	89	→	75	85	→	90	99	→
◒	Bhutan	139	86	89	→	84	90	→	81	87	→	96	92	←
◓	Bolivia	110	80	81	‖	86	79	←	86	64	⟵	91	93	‖
◒	Bosnia and Herzegovina	—	38	84	⟶	45	87	⟶	48	88	⟶	24	95	⟶
●	Botswana	88	78	97	⟶	78	97	⟶	71	90	⟶	92	99	→
●	Brazil	82	73	96	⟶	68	98	⟶	76	99	⟶	92	99	→
●	Brunei Darussalam	47		92			92			99			99	
●	Bulgaria	41	98	95	←	97	94	←	87	95	→	98	98	‖
◒	Burkina Faso	132	41	88	⟶		83		45	78	⟶	63	99	⟶
◓	Burundi	156	48	74	⟶	50	69	⟶	43	75	⟶	62	84	⟶
◒	Cambodia	153	53	85	⟶	54	86	⟶	53	80	⟶	78	95	→
○	Cameroon	134	31	73	⟶	31	72	⟶	31	64	⟶	46	83	⟶
●	Canada	28	93	91	‖	89	88	‖	98	95	←			
◓	Cape Verde	89		75			76			69			79	
○	Central African Republic	—	31	40	→	29	40	→	44	35	←	82	70	←
○	Chad	162	18	50	⟶	18	47	⟶	23	56	⟶	43	38	←
◒	Chile	22	92	94	‖	92	94	‖	96	95	‖	96	96	‖
◒	China	81	93	91	‖	94	92	‖	89	84	←	94	94	‖
◒	Colombia	93	91	89	‖	95	89	←	87	92	→	99	92	←

● Countries in better situation
◒ Countries above average
◓ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Note:
***DPT:** Diphteria, pertussis (whooping cough) and tetanus

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	*DPT IMMUNIZED 1-YEAR-OLD CHILDREN			POLIO IMMUNIZED 1-YEAR-OLD CHILDREN			MEASLES IMMUNIZED 1-YEAR-OLD CHILDREN			TUBERCULOSIS IMMUNIZED 1-YEAR-OLD CHILDREN		
			1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression
◒	Comoros	129		76			73			73			79	
○	Congo, Dem. Rep.	—	29	64	⟶	29	63	⟶	33	64	⟶	43	78	⟶
○	Congo, Rep.	—	79	67	⟵	79	67	⟵	70	65	←	94	85	←
●	Cook Islands	105		99			99			99			99	
◓	Costa Rica	54	88	90	ıı	88	90	ıı	88	88	ıı	97	90	←
○	Côte d'Ivoire	133	44	50	→	44	50	→	49	49	ıı	49	51	ıı
●	Croatia	33	85	96	→	85	98	→	90	96	→	92	98	→
●	Cuba	28	100	88	⟵		98			99		99	99	ıı
●	Cyprus	17		98			98			86				
●	Czech Republic	26	98	98	ıı	98	96	ıı	97	97	ıı	98	99	ıı
●	Denmark	6	88	95	→	95	95	ıı	81	96	→			
○	Djibouti	114		64			64			60			78	
●	Dominica	75		99			99			99			99	
◒	Dominican Republic	100	83	71	⟵	98	57	⟵	87	79	←	64	97	⟶
●	Ecuador	109	80	90	→	78	93	→	100	99	ıı	100	99	ıı
●	Egypt	94	90	97	→	91	97	→	90	97	→	95	98	→
◓	El Salvador	115	92	90	ıı	92	90	ıı	81	93	→	83	94	→
○	Equatorial Guinea	154		33			39			51			73	
◒	Eritrea	141	36	83	⟶	36	83	⟶	27	84	⟶	46	91	⟶
●	Estonia	28	79	94	→	87	95	→	76	96	⟶	99	99	ıı
◒	Ethiopia	161	37	80	⟶	36	80	⟶	29	71	⟶	50	82	⟶
◒	Fiji	61		71			76			62			93	
●	Finland	1	99	98	ıı	100	96	←	99	97	ıı	99	98	ıı
◓	France	26	89	97	→	92	97	→	76	86	→	78	85	→
○	Gabon	106	66	38	⟵	66	31	⟵	65	55	←	97	89	←
◓	Gambia	138	90	92	ıı	92	90	ıı	87	90	→	98	95	←
◒	Georgia	78	58	78	⟶	69	66	←	16	86	⟶	67	91	⟶
●	Germany	6	70	97	⟶	90	94	→	75	92	⟶			
◒	Ghana	142	48	80	⟶	48	81	⟶	49	83	⟶	61	92	⟶
◓	Greece	6	78	88	→	95	87	←	72	88	→	50	88	⟶
◒	Grenada	83		83			84			74				
◒	Guatemala	131	71	84	→	73	84	→	66	75	→	70	98	⟶
○	Guinea	140	70	69	ıı	70	68	ıı	70	73	→	75	71	←
◒	Guinea-Bissau	151	74	80	→	68	80	→	65	80	→	95	80	⟵
◓	Guyana	108		91			91			88			94	
○	Haiti	—	41	43	ıı	40	43	→	24	54	⟶	42	71	⟶
◓	Honduras	130	95	89	←	95	90	←	94	92	ıı	95	93	ıı
—	Hong Kong (China)	—	83			81			77			99		
●	Hungary	35	99	99	ıı	99	99	ıı	99	99	ıı	100	99	ıı
●	Iceland	1		99			99			93				
○	India	128	91	64	⟵	91	70	⟵	86	56	⟵	96	73	⟵
◒	Indonesia	102	94	70	⟵	93	70	⟵	92	72	⟵	100	82	⟵
●	Iran, Islamic Rep.	80	95	99	→	95	98	→	97	96	ıı	100	99	ıı
◓	Iraq	121	67	81	→	67	87	⟶	98	90	←	90	93	→
◓	Ireland	17	65	89	⟶	63	89	⟶	78	81	→		90	
●	Israel	17	92	96	→	93	92	ıı	95	96	ıı			
●	Italy	40	98	96	ıı	50	97	⟶	50	84	⟶			
◒	Jamaica	73	93	77	⟵	93	71	⟵	82	80	ıı	100	85	⟵
●	Japan	1	87	99	→	94	97	→	69	99	⟶	93		
◓	Jordan	42	96	95	ıı	96	95	ıı	91	99	→		58	
◓	Kazakhstan	54	80	82	ıı	75	99	⟶	72	99	⟶	87	65	⟵
◒	Kenya	—	84	73	←	84	73	←	73	73	ıı	92	87	←
○	Kiribati	—		62			61			56			94	
◓	Korea, Dem. Rep.	—	99	72	⟵	100	99	ıı	99	95	←	100	95	←
◓	Korea, Rep.	6	74	88	→	74	90	→	93	99	→	72	93	⟶

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Note: *DPT: Diphteria, pertussis (whooping cough) and tetanus

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	*DPT IMMUNIZED 1-YEAR-OLD CHILDREN			POLIO IMMUNIZED 1-YEAR-OLD CHILDREN			MEASLES IMMUNIZED 1-YEAR-OLD CHILDREN			TUBERCULOSIS IMMUNIZED 1-YEAR-OLD CHILDREN		
			1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression
●	Kuwait	92	98	98	ıı	98	98	ıı	96	97	ıı			
●	Kyrgyzstan	—	82	99	→	84	98	→	88	99	→	97	98	ıı
○	Lao PDR	155	48	45	←	57	46	←	73	36	⟵	69	60	←
●	Latvia	37	70	98	⟶	72	97	⟶	81	99	⟶	89	99	→
●	Lebanon	56		92		95	92	←	73	96	⟶			
◒	Lesotho	137	58	78	⟶	59	78	⟶	74	70	←	59	83	⟶
○	Liberia	145	43	31	⟵	45	33	⟵	44	42	ıı	84	60	⟵
●	Libya	—	91	97	→	91	97	→	89	99	→	99	99	ıı
●	Lithuania	35	83	94	→	88	90	ıı	93	98	→	96	99	→
●	Luxembourg	49		98			98			91				
●	Macedonia, FYR	62	88	94	→	91	95	→	86	96	→	96	94	ıı
○	Madagascar	144	66	61	←	64	63	ıı	54	59	→	81	72	←
◓	Malawi	148	98	89	←	98	94	←	98	80	⟵	99	97	ıı
●	Malaysia	73	90	99	→	90	95	→	81	95	→	97	99	ıı
●	Maldives	113		96			96			97			98	
◒	Mali	143	39	76	⟶	39	72	⟶	46	75	⟶	67	75	→
○	Malta	17		55			55			87				
◒	Marshall Islands	95		64			68			70			91	
○	Mauritania	120	50	70	⟶	50	68	⟶	53	64	→	93	86	←
●	Mauritius	33	89	98	→	89	98	→	85	98	→	87	99	→
●	Mexico	85	91	98	→	92	98	→	94	96	ıı	98	99	ıı
◒	Micronesia, Fed. Sts.	—		78			82			85			62	
●	Moldova	63	86	98	→	98	98	ıı	95	96	ıı	97	96	ıı
●	Monaco	—		99			99			99			90	
●	Mongolia	70	78	99	⟶	77	95	⟶	80	96	→	90	95	→
●	Morocco	112	87	97	→	87	97	→		95		93	95	ıı
◒	Mozambique	150	55	72	→	55	70	→	65	77	→	78	87	→
◒	Myanmar	136	77	82	→	77	82	→	77	78	ıı	83	85	ıı
○	Namibia	98	79	81	ıı	79	81	ıı	68	70	ıı	100	71	⟵
○	Nauru	—		80			59			40			95	
◒	Nepal	157	63	80	→	62	80	⟶	57	73	→	61	85	⟶
●	Netherlands	6	97	98	ıı	97	98	ıı	95	96	ıı			
◓	New Zealand	6	81	90	→	68	82	→	82	85	→	20		
◒	Nicaragua	127	74	79	→	84	80	←	74	84	→	89	88	ıı
○	Niger	158	20	62	⟶	20	62	⟶	19	74	⟶	32	72	⟶
○	Nigeria	146	41	25	⟵	35	39	→	41	35	←	46	48	ıı
●	Niue	—		99			99			99			96	
◓	Norway	1	92	91	ıı	92	91	ıı	93	88	←			
●	Oman	48	97	99	ıı	97	99	ıı	97	98	ıı	96	99	→
○	Pakistan	152	66	65	ıı	66	65	ıı	65	67	ıı	78	80	ıı
●	Palau	77		98			98			99				
●	Panama	86	83	99	→	83	99	→	84	99	→	95	99	→
○	Papua New Guinea	122	66	46	⟵	66	36	⟵	39	44	→	91	54	⟵
◒	Paraguay	107	84	76	←	83	75	←	79	89	→	97	82	⟵
◓	Peru	101	87	87	ıı	87	87	ıı	75	89	→	91	91	ıı
◒	Philippines	117	86	79	←	88	80	←	87	80	←	89	91	ıı
●	Poland	22	95	99	→	95	98	→	95	97	ıı	95	94	ıı
●	Portugal	6	92	95	→	92	95	→	94	95	ıı	92	83	←
●	Qatar	57		96			95			99			99	
●	Romania	65	98	97	ıı	94	97	→	91	97	→	100	99	ıı
●	Russian Federation	—	65	97	⟶	82	98	→	88	98	→	87	96	→
◓	Rwanda	160	23	89	⟶	23	89	⟶	25	84	⟶	32	86	⟶
○	Samoa	50		68			41			25			93	
●	San Marino	—		98			98			98				
●	Sao Tomé and Principe	116		99			99			91			99	

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Note: *DPT: Diphteria, pertussis (whooping cough) and tetanus

PRESENT SITUATION		BCI RANKING (OUT OF162 COUNTRIES)	*DPT IMMUNIZED 1-YEAR-OLD CHILDREN			POLIO IMMUNIZED 1-YEAR-OLD CHILDREN			MEASLES IMMUNIZED 1-YEAR-OLD CHILDREN			TUBERCULOSIS IMMUNIZED 1-YEAR-OLD CHILDREN		
			1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression	1992 (%)	2004 (%)	Progress or regression
●	Saudi Arabia	67	93	96	→	94	96	ıı	92	97	→	94	95	ıı
◒	Senegal	124	55	87	⟶	55	87	⟶	49	57	→	71	95	⟶
●	Serbia and Montenegro	—		97			96			96			97	
●	Seychelles	—		99			99			99			99	
○	Sierra Leone	—	43	61	⟶	43	61	⟶	46	64	⟶	60	83	⟶
◓	Singapore	—	92	94	ıı	92	94	ıı	87	94	→	98	99	ıı
●	Slovakia	57	98	99	ıı	98	99	ıı	97	98	ıı	91	98	→
◓	Slovenia	32	98	92	←	98	93	←	90	94	→	96	98	ıı
◒	Solomon Islands	—		80			75			72			84	
○	Somalia	—	23	30	→	23	30	→	35	40	→	48	50	ıı
◓	South Africa	96	73	93	⟶	72	94	⟶	76	81	→	95	97	ıı
●	Spain	6	87	96	→	88	97	→	90	97	→			
●	Sri Lanka	—	88	97	→	88	97	→	84	96	→	86	99	→
●	St. Kitts and Nevis	66		96			96			98			89	
●	St. Lucia	57		91			91			95			99	
●	St. Vincent and Grenadines	63		99			99			99			99	
○	Sudan	110	69	55	⟵	70	55	⟵	76	59	⟵	78	51	⟵
◓	Suriname	91		85			84			86				
◒	Swaziland	118		83			82			70			84	
◓	Sweden	1	99	99	ıı	99	99	ıı	95	94	ıı		16	
●	Switzerland	6	89	95	→	95	95	ıı	83	82	ıı			
●	Syrian Arab Republic	97	89	99	→	89	99	→	84	98	→	100	99	ıı
◓	Tajikistan	103	82	82	ıı	74	84	→	97	89	←	69	97	⟶
●	Tanzania	125	79	95	→		95		75	94	⟶	86	91	→
●	Thailand	45	93	98	→	93	98	→	86	96	→	98	99	ıı
○	Timor-Leste	—		57			57			55			72	
◒	Togo	135	71	71	ıı	71	71	ıı	58	70	→	73	91	→
●	Tonga	79		99			99			99			99	
●	Trinidad and Tobago	45	85	94	→	85	94	→	79	95	→			
●	Tunisia	70	97	97	ıı	97	97	ıı	93	95	ıı	80	97	→
◒	Turkey	83	81	85	→	81	85	→	76	81	→	72	88	→
●	Turkmenistan	—	71	97	⟶	92	98	→	84	97	→	94	99	→
●	Tuvalu	—		98			98			98			99	
◓	Uganda	146	79	87	→	79	86	→	77	91	→	100	99	ıı
●	Ukraine	42	90	99	→	91	99	→	94	99	→	89	98	→
◓	United Arab Emirates	42	90	94	→	90	94	→	90	94	→	98	98	ıı
◓	United Kingdom	17	91	90	ıı	93	91	ıı	92	81	←			
●	United States of America	22	88	96	→	79	92	→	84	93	→			
●	Uruguay	52	88	95	→	88	95	→	80	95	→	99	99	ıı
●	Uzbekistan	—	58	99	⟶	51	99	⟶	91	98	→	89	99	→
○	Vanuatu	99		49			53			48			63	
◓	Venezuela	72	63	86	⟶	73	83	→	94	80	⟵	95	97	ıı
●	Viet Nam	87	94	96	ıı	94	96	ıı	96	97	ıı	95	96	ıı
●	West Bank and Gaza	67		96			96			96			98	
○	Yemen	149	47	78	⟶	47	78	⟶	45	76	⟶	61	63	ıı
◒	Zambia	123	85	80	←	88	80	←	88	84	←	100	94	←
◓	Zimbabwe	119	80	85	→	80	85	→	77	80	→	90	95	→

UDHR: Universal Declaration of Human Rights

CERD: International Convention on the Elimination of All Forms of Racial Discrimination

CESCR: International Covenant on Economic, Social and Cultural Rights

CRC: Convention on the Rights of the Child

Sources:
The State of the World's Children 1996, UNICEF, for 1992 data, and The State of the World's Children 2006, UNICEF (www.unicef.org/sowc06), for 2004 data.

- ● Countries in better situation
- ◓ Countries above average
- ◒ Countries below average
- ○ Countries in worse situation
- — Countries with insufficient data

- ⟶ Significant progress
- → Slight progress
- ıı Stagnant
- ← Slight regression
- ⟵ Significant regression

Note: *DPT: Diphteria, pertussis (whooping cough) and tetanus

WOMEN'S REPRODUCTIVE HEALTH: The governments of the world agreed on…

"…States Parties shall ensure to women appropriate services in connection with pregnancy, confinement and the post-natal period, granting free services where necessary, as well as adequate nutrition during pregnancy and lactation."

Convention on the Elimination of All Forms of Discrimination against Women, Article 12, 1979.

"Provide more accessible, available and affordable primary health-care services of high quality, including sexual and reproductive health care, which includes family planning information and services, and giving particular attention to maternal and emergency obstetric care…"

Conference on Women - Beijing Platform for Action, Paragraph 106, 1995.

HUMAN RIGHTS
The right to women's reproductive health is enshrined in:

UDHR - Art. 25
CEDAW - Art. 11, 12 & 14
CESCR - Art. 10 & 12
CRC - Art. 24

INTERNATIONAL COMMITMENTS
Women's reproductive health is considered in:

Millennium Development Goals - Goals 5
World Summit for Social Development - Commitment 8
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL			BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL			ESTIMATED MATERNAL MORTALITY RATIO (PER 100,000 LIVE BIRTHS)*		CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49		
			Initial data (%)	2000 (%)	Progress or regression	1990 (%)	2000 (%)	Progress or regression	1995 Model	2000	1988 (%)	2000 (%)	Progress or regression
○	Afghanistan	—					14[R]		820	1900		10[R]	
●	Albania	76					94[Q]		31	55		75[Q]	
◓	Algeria	69		79			92		150	140	51[G]	57[Q]	→
○	Angola	—		81 [Q]			47		1300	1700		6[P]	
●	Antigua and Barbuda	—				100	100[S]	‖			53	53[M]	‖
●	Argentina	53		82			99[S]		85	82			
●	Armenia	51					97		29	55		61	
—	Aruba	—		52 [R]									
●	Australia	28					99		6	8	76[A]		
●	Austria	6							11	4		51[K]	
◓	Azerbaijan	103		70 [P]			84		37	94		55[P]	
●	Bahamas	60					99[R]		10	60	62		
●	Bahrain	25	63 ‡[J]			98 [J]	99[R]	‖	38	28	54	62[J]	→
○	Bangladesh	159	26 ‡[K/L]	49 ‡[S]	⟶	8 ‡[K/L]	13[S]	→	600	380	40[F]	59[S]	⟶
◓	Barbados	37		89 [P]			100[R]		33	95	55[B]	55[M]	‖
●	Belarus	37					100[Q]		33	35		50[J]	
—	Belgium	6							8	10	78[G]		
◓	Belize	89				77 [F]	84[N]	→	140	140	47[F]	56[N]	→
○	Benin	126		88 [P]		60 [K]	66[P]	→	880	850	16[K]	19[P]	→
○	Bhutan	139				15 [I]	24	⟶	500	420	19[I]	31	⟶
◒	Bolivia	110	45 ‡[D]	79 ‡[R]	⟶	42 ‡[D]	61[S]	→	550	420	30[D]	58[R]	⟶
●	Bosnia and Herzegovina	—		99			100		15	31		48	
◓	Botswana	88	92 ‡[C]	99 ‡[P]	→	77 ‡[C]	94	⟶	480	100	33	48	⟶
●	Brazil	82	84 [K]			88 [K]			260	260	66[A]	77[K]	→
—	British Virgin Islands	—				100	100[S]	‖					
●	Brunei Darussalam	47					100[Q]		22	37			
●	Bulgaria	41					99[Q]		23	32		42[L]	
○	Burkina Faso	132	61 ‡[M/N]	73 ‡[R]	⟶	31 ‡[M/N]	57[R]	⟶	1400	1000	8[H]	14[R]	→
○	Burundi	156		93 [P]		19 ‡[B]	25	→	1900	1000	9[B]	16	→
○	Cambodia	153		44			32		590	450	13[J]	24	⟶
◒	Cameroon	134	79 ‡[F]	83 ‡[S]	→	64 ‡[F]	62[S]	‖	720	730	16[F]	26[S]	→
●	Canada	28					98[P]		6	6		75[J]	
◓	Cape Verde	89					89[M]		190	150		53[M]	
—	Cayman Islands	—				100	100[S]	‖					
○	Central African Republic	—					44		1200	1100	15[I]	28	⟶
○	Chad	162	32 ‡[K/L]	43 ‡[S]	⟶	15 ‡[K/L]	14[S]	‖	1500	1100	4[K]	3[S]	‖
●	Chile	22				100 [J]	100[R]	‖	33	31	56[E]		
●	China	81				89 [J]	83[S]	←	60	56	85[G]	87[P]	→
●	Colombia	93	82 ‡[E]	94 ‡[T]	→	81 ‡	91 [T]	→	120	130	66[E]	77	→
◒	Comoros	129	87 [K]				62		570	480	21[K]	26	⟶

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the model of estimation, 1995 and 2000 data are not comparable.
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004; **T:** 2005.

Present situation		BCI ranking (out of 162 countries)	Women aged 15-49 attended at least once during pregnancy by skilled health personnel			Births attended by skilled health personnel			Estimated maternal mortality ratio (per 100,000 live births)*		Contraceptive use among currently in union women aged 15-49		
			Initial data (%)	2000 (%)	Progress or regression	1990 (%)	2000 (%)	Progress or regression	1995 Model	2000	1988 (%)	2000 (%)	Progress or regression
○	Congo, Dem. Rep.	—		72[P]			61[P]		940	990		31[P]	
—	Congo, Rep.	—							1100	510			
—	Cook Islands	105				100[M]	98[P]	←					
●	Costa Rica	54					98[Q]		35	43	75[H]	80[N]	→
◒	Côte d'Ivoire	133		84[N]		47 ‡[M/N]	63	⟶	1200	690	11[I]	15[M]	→
●	Croatia	33					100[Q]		18	8			
●	Cuba	28				100[N]	100[S]	II	24	33	70[B]	73	→
—	Cyprus	17							0	47			
●	Czech Republic	26					100[Q]		14	9	69[H]	72[L]	→
—	Denmark	6							15	5	78		
○	Djibouti	114					61[R]		520	730			
●	Dominica	75				100[J]	100[R]	II				50[M]	
●	Dominican Republic	100	97 ‡[F]	98 ‡[Q]	II	93 ‡[F]	99[Q]	→	110	150	56[F]	70[Q]	⟶
◒	Ecuador	109	69 ‡[B]	56[N]	⟵	61 ‡[B]	69[N]	→	210	130	53[D]	66[N]	⟶
◒	Egypt	94	53 ‡[C]	56 ‡	→	35 ‡[C]	69[R]	⟶	170	84	48[F]	60[R]	→
◓	El Salvador	115				58[M]	69[Q/R]	⟶	180	150	47	67[R]	⟶
○	Equatorial Guinea	154					65		1400	880			
○	Eritrea	141		70[Q]			28[Q]		1100	630	8[J]	8[Q]	II
●	Estonia	28					100[Q]		80	63		70[I]	
○	Ethiopia	161		27			6		1800	850	4[E]	8	→
◓	Fiji	61				100[M]	99	←	20	75		44[L]	
●	Finland	1					100[Q]		6	6	77[D]		
●	France	26							20	17	80	71[I]	←
●	French Polynesia	—					99[N]		20	20			
◓	Gabon	106		94			86		620	420		33	
◒	Gambia	138		92			55		1100	540		18[P]	
●	Georgia	78		91[N]			96[N]		22	32		41[N]	
—	Germany	6							12	8	75[G]		
◒	Ghana	142	82 ‡[C]	92 ‡[R]	→	40 ‡[C]	47[R]	→	590	540	13	25[R]	→
—	Greece	6							2	9			
●	Grenada	83				100	100[R]	II				54[M]	
●	Guadeloupe	—					100[R]		5	5			
●	Guam	—					99[P]		12	12			
◒	Guatemala	131		86[N]		35 ‡[J]	41[Q]	→	270	240	23[B]	43[Q]	⟶
○	Guinea	140		74[N]			35[N]		1200	740	2[G]	7[R]	→
○	Guinea-Bissau	151		89[P]			35		910	1100		8	
◓	Guyana	108		88			86		150	170	31[E]	37	→
◒	Haiti	—	68 ‡[I/J]	80 ‡	⟶	46 ‡[I/J]	24	⟵	1100	680	11[D]	27	⟶
◓	Honduras	130				54[K]	56[P]	→	220	110	47[F]	62[P]	⟶
—	Hong Kong (China)	—					100[Q]				81[B]		
●	Hungary	35					100[Q]		23	16	73[H]		
—	Iceland	1							16	0			
◒	India	128		65[N]			43		440	540	45	47	II
◓	Indonesia	102		97[R]		35 ‡[F]	66[Q]	⟶	470	230	50[F]	57[S]	→
●	Iran, Islamic Rep.	80					90		130	76	49[F]	74	⟶
◒	Iraq	121					72		370	250		44	
●	Ireland	17					100[Q]		9	5	60[E]		
—	Israel	17							8	17	68		
●	Italy	40							11	5		60[K]	
●	Jamaica	73					95[L]		120	87	55[D]	65[L]	⟶
●	Japan	1				100[K]			12	10	56	59[I]	→
●	Jordan	42	80 ‡[E]	99 ‡[Q]	⟶	87 ‡	100[Q]	→	41	41	35[E]	56[Q]	⟶
●	Kazakhstan	54		82[N]			99[N]		80	210	59[J]	66[N]	⟶
○	Kenya	—	77 ‡[D]	88 ‡[R]	→	50 ‡[D]	42[R]	←	1300	1000	27[D]	39[R]	→
◒	Kiribati	—				85[M]	89[Q]	→				21[M]	
●	Korea, Dem. Rep.	—		98			97		35	67	62[G]		
●	Korea, Rep.	6				100[L]	100	II	20	20	77	81[L]	→
●	Kuwait	92	83[K]			98[J]			25	5		50[K]	
●	Kyrgyzstan	—	88[L]				98[L]		80	110		60[L]	
○	Lao PDR	155		44[P]			19[P]		650	650	25[I]	32	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the model of estimation, 1995 and 2000 data are not comparable.
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004; **T:** 2005.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL			BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL			ESTIMATED MATERNAL MORTALITY RATIO (PER 100,000 LIVE BIRTHS)*		CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49		
			Initial data (%)	2000 (%)	Progress or regression	1990 (%)	2000 (%)	Progress or regression	1995 Model	2000	1988 (%)	2000 (%)	Progress or regression
●	Latvia	37				100[J]	100[Q]	ıı	70	42		48[J]	
◓	Lebanon	56				88[K]	93[P]	→	130	150	61[K]	63	→
◒	Lesotho	137		91[P]			55[S]		530	550	23[F]	30	→
○	Liberia	145	83[‡A]			58[‡A]	51	←	1000	760	6[A]	10	→
◒	Libya	—				94[J]			120	97		45[J]	
●	Lithuania	35					100[Q]		27	13		47[J]	
●	Luxembourg	49					100[Q]		0	28			
—	Macao (China)	—					100[R]		20				
●	Macedonia, FYR	62					98[Q]		17	23			
◒	Madagascar	144	78[‡G]	80[‡R/S]	ıı	57[‡G]	51[R/S]	←	580	550	17[G]	27[S]	→
◒	Malawi	148	90[‡G]	93[‡]	→	55[‡G]	61[Q]	→	580	1800	13[G]	31	⟶
●	Malaysia	73					97[Q]		39	41	56	55[I]	ıı
◓	Maldives	113		98[P]			70[P]		390	110		39[S]	
○	Mali	143	31[‡B]	57[‡P]	⟶	26[‡B]	41[P]	→	630	1200	5[B]	8[P]	→
—	Malta	17							0	21			
◒	Marshall Islands	95				95[M]	95[Q]	ıı			37[I]	34	←
○	Mauritania	120		63[P]		40[F]	57[P]	⟶	870	1000		8[P]	
●	Mauritius	33					99[M]		45	24	75[F]	76[Q]	ıı
●	Mexico	85	75[‡B]			69[‡B]	86[L]	⟶	65	83	53[B]	73[S]	⟶
◒	Micronesia, Fed. Sts.	—					88[P]					45[M]	
●	Moldova	63	99[L]				99[L]		65	36	74[L]	62	⟵
●	Mongolia	70					99[R]		65	110		69[R]	
◒	Morocco	112	32[‡G]	68[‡R/S]	⟶	31[‡G]	63[R/S]	⟶	390	220	42[G]	63[S]	⟶
○	Mozambique	150	71[L]			44[L]	48[R]	→	980	1000	6[L]	17[R]	⟶
◒	Myanmar	136					56[L]		170	360	33[L]	34[R]	ıı
◒	Namibia	98	87[‡G]	91[‡]	→	68[‡G]	76	→	370	300	29[G]	44	⟶
○	Nepal	157		49[P]			11[P]		830	740	24[F]	38[S]	→
●	Netherlands	6				100[J]			10	16	76	75[M]	ıı
—	Netherlands Antilles	—	97[J]						20	20			
—	New Caledonia	—							10	10			
●	New Zealand	6				100[J]			15	7		75[J]	
◓	Nicaragua	127	82[‡L/M]	86[‡P]	→	65[‡L/M]	67[P]	→	250	230	44[G]	69[P]	⟶
○	Niger	158	30[‡G]	39[‡M]	⟶	15[‡G]	16	ıı	920	1600	4[G]	14	⟶
○	Nigeria	146	59[‡E]	60[‡R]	ıı	33[‡]	35[R]	ıı	1100	800	6[E]	13[R]	→
—	Niue	—				100[K]	100[Q]	ıı					
—	Northern Mariana Islands	—					100						
—	Norway	1							9	16	74[D]		
◓	Oman	48	77[J]			91[J]	95	→	120	87	9[D]	32	⟶
○	Pakistan	152	26[‡E/F]	36[‡L]	⟶	19[‡E/F]	23[P/Q]	→	200	500	14[E]	28[P]	⟶
◒	Palau	77				100[M]	100[Q]	ıı			47[E]	17	⟵
◓	Panama	86				90[M]	93[R]	→	100	160			
◒	Papua New Guinea	122				53[K]			390	300		26[K]	
◓	Paraguay	107	84[‡E]			66[‡]	77[S]	→	170	170	48[E]	57[M]	→
◓	Peru	101	66[‡G]	83[‡]	⟶	80[‡G]	71[S]	←	240	410	55[F]	69	⟶
◓	Philippines	117	83[‡H]	88[‡R]	→	53[‡H]	60[R]	→	240	200	36	49[R]	→
●	Poland	22					100[Q]		12	13	49[F]		
●	Portugal	6					100		12	5			
●	Puerto Rico	—					100[R]		30	25		78[J]	
◓	Qatar	57		62[M]			100[Q]		41	7	32[B]	43[M]	→
●	Romania	65		89[N]			98[N]		60	49	57[H]	64[N]	→
●	Russian Federation	—		96[N]			99[Q]		75	67	34[G]	34[I]	ıı
○	Rwanda	160	94[‡G]	93[‡P]	ıı	26[‡G]	31	→	2300	1400	21[G]	13	←
◓	Samoa	50				100[M]	100[R]	ıı	15	130		30[J]	
◓	Sao Tomé and Principe	116		91			79					29	
◓	Saudi Arabia	67	77[K]			91[K]	93[Q]	→	23	23	32[K]	21[N]	⟵
◒	Senegal	124	74[‡G/H]	82[‡N]	→	47[‡G/H]	58	⟶	1200	690	7[G]	11	→
●	Serbia and Montenegro	—					93[P]			11		58	
○	Sierra Leone	—		82[P]			42		2100	2000		4	
●	Singapore	—				100[M]	100[R]	ıı	9	30			
●	Slovakia	57					99[Q]		14	3	74[F]		

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Note: * Due to changes in the model of estimation, 1995 and 2000 data are not comparable.
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004; **T:** 2005.

PRESENT SITUATION		BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN AGED 15-49 ATTENDED AT LEAST ONCE DURING PREGNANCY BY SKILLED HEALTH PERSONNEL			BIRTHS ATTENDED BY SKILLED HEALTH PERSONNEL			ESTIMATED MATERNAL MORTALITY RATIO (PER 100,000 LIVE BIRTHS)*		CONTRACEPTIVE USE AMONG CURRENTLY IN UNION WOMEN AGED 15-49		
			Initial data (%)	2000 (%)	Progress or regression	1990 (%)	2000 (%)	Progress or regression	1995 Model	2000	1988 (%)	2000 (%)	Progress or regression
●	Slovenia	32					100[Q]		17	17		74[I]	
◒	Solomon Islands	—					85[N]		60	130		11[K]	
○	Somalia	—					34[N]		1600	1100	1		
◓	South Africa	96		89[M]			84[M]		340	230	57[E]	56[M]	‖
●	Spain	6							8	4		81[J]	
●	Sri Lanka	—				94[H]	97	→	60	92	62[B]	70	→
—	St. Kitts and Nevis	66				100[J]	100[S]	‖					
—	St. Lucia	57				100[J]	99[R]	‖			47		
●	St. Vincent and the Grenadines	63				100	100[S]	‖				58[M]	
○	Sudan	110	71 ‡[E]			69 ‡	57[L]	⟵	1500	590	9[E]	7	‖
◓	Suriname	91		91[P]			85		230	110		42	
◒	Swaziland	118					70		370	370		48[Q]	
—	Sweden	1							8	2			
●	Switzerland	6							8	7		82[J]	
◓	Syrian Arab Republic	97					70[Q]		200	160	40[H]	48[P]	→
◒	Tajikistan	103		75			71		120	100		34	
○	Tanzania	125	92 ‡[G]			53 ‡[G]	46[S/T]	←	1100	1500	10[F]	25[N]	⟶
●	Thailand	45	77 ‡[B]			66 ‡[B]	99	⟶	44	44	66[B]	72	→
○	Timor-Leste	—					24[Q]		850	660		10[R]	
◒	Togo	135	65 ‡[C]	78 ‡[M]	→	46 ‡[C]	49	→	980	570	34	26	←
◒	Tonga	79					91[Q]				41[L]	33	⟵
◓	Trinidad and Tobago	45	98 ‡[B]	96[P]	‖	98 ‡[B]	96	‖	65	160	53[B]	38	←
●	Tunisia	70	58 ‡[C]			69 ‡[C]	90	⟶	70	120	50	66	⟶
◓	Turkey	83		67[M]		81[M]	83[R]	→	55	70	63	71[R]	→
●	Turkmenistan	—		87			97		65	31		62	
—	Turks and Caicos Islands	—					100[S]						
—	Tuvalu	—				99[L]	100[Q]	‖					
○	Uganda	146	87 ‡[C]	92 ‡[O/P]	→	38 ‡[C]	39	‖	1100	880	5	23[P]	⟶
●	Ukraine	42		90[N]			99[N]		45	35		89	
●	United Arab Emirates	42				99[J]	100[R]	‖	30	54		28[J]	
●	United Kingdom	17					99[M]		10	13	82[H]		
●	United States of America	22				99[L]	99[P]	‖	12	17	76[J]	64[N]	⟵
●	Uruguay	52				99[J]	99[Q]	‖	50	27			
●	Uzbekistan	—	95[K]				96		60	24	56[K]	68[Q]	⟶
◓	Vanuatu	99				89[J]	87[R]	←	32	130	15[F]	28	⟶
●	Venezuela	72				95[J]	94	‖	43	96		77[M]	
◓	Viet Nam	87		70[Q]			85[Q]		95	130	58[A]	79[Q]	⟶
—	Virgin Islands (USA)					100	98[Q]	‖					
◓	West Bank and Gaza	67					97		120	100		42[K]	
○	Yemen	149	26 ‡[F/G]	34 ‡[L]	⟶	34 ‡[F/G]	22[L]	⟵	850	570	10[F]	23[R]	→
◒	Zambia	123	92 ‡[G]	93 ‡‡[P/Q]	‖	50 ‡[G]	43[P/Q]	←	870	750	15[G]	34[Q]	⟶
◒	Zimbabwe	119	91 ‡[C]	93 ‡[N]	‖	70 ‡[C]	73[N]	→	610	1100	43	54[N]	→

UDHR: Universal Declaration of Human Rights
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women
CRC: Convention on the Rights of the Child

Sources:
Women aged 15-49 attended at least once during pregnancy:
Global Health Atlas, WHO (www.who.int/GlobalAtlas), except for (‡) Demographic and Health Surveys - STAT compiler (www.measuredhs.com/accesssurveys).
Births attended by skilled health personnel:
Reproductive Health Indicators Database, Department of Reproductive Health and Research, WHO (www.who.int/reproductive-health/), except for (‡) Demographic and Health Surveys - STAT compiler (www.measuredhs.com/accesssurveys).
Maternal mortality ratio: Reproductive Health Indicators Database, Department of Reproductive Health and Research, WHO (www.who.int/reproductive-health/).
Contraceptive use: World Development Indicators 2006 website, World Bank (www.worldbank.org).

- ● Countries in better situation
- ◓ Countries above average
- ◒ Countries below average
- ○ Countries in worse situation
- — Countries with insufficient data

- ⟶ Significant progress
- → Slight progress
- ‖ Stagnant
- ← Slight regression
- ⟵ Significant regression

Note: * Due to changes in the model of estimation, 1995 and 2000 data are not comparable.
Data source year: A: 1986; **B:** 1987; **C:** 1988; **D:** 1989; **E:** 1990; **F:** 1991; **G:** 1992; **H:** 1993; **I:** 1994; **J:** 1995; **K:** 1996; **L:** 1997; **M:** 1998; **N:** 1999; **O:** 2000; **P:** 2001; **Q:** 2002; **R:** 2003; **S:** 2004; **T:** 2005.

GENDER EQUITY: The governments of the world agreed on…

Gender and education

"Discrimination against women, denying or limiting as it does their equality of rights with men, is fundamentally unjust and constitutes an offence against human dignity."

Declaration on the Elimination of Discrimination against Women, Article 1, 1967.

"We are convinced that… women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace."

Conference on Women - Beijing Platform for Action, Paragraph 13, 1995.

HUMAN RIGHTS
The right to non discrimination on the basis of sex is enshrined in:

UDHR - Art. 2 & 26 **CEDAW -** Art. 7, 10 & 11
CESCR - Art. 3 & 7 **CRC -** Art. 29

INTERNATIONAL COMMITMENTS
Gender equity is considered in:

Millennium Development Goals - Goal 3
World Summit for Social Development
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY RATIO GAP (WOMEN/MEN)			NET PRIMARY ENROLMENT RATIO GAP (WOMEN/MEN)			NET SECONDARY ENROLMENT RATIO GAP (WOMEN/MEN)			GROSS TERTIARY ENROLMENT RATIO GAP (WOMEN/MEN)		
				1990	2005	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression
—	Afghanistan	—	—											0.28	
●	Albania	95	76	0.94	0.98	→	1.01	0.99[R]	‖	0.95[N]	0.98[R]	→	1.13	1.56[R]	‖
◓	Algeria	130	69	0.79	0.93	⟶	0.88	0.98	→	1.03[Q]	1.05	‖		1.08	
●	Andorra	—	—				1.02[Q]	0.97	⟵	1.05[Q]	1.01	‖	1.05[Q]	1.00	‖
○	Angola	111	—				0.95	0.86[M]	⟵				0.69[M]	0.66[R]	←
●	Argentina	41	53	1.00	1.00	‖		1.00[N]		1.07[M]	1.06[Q]	‖	1.44[M]	1.49[Q]	‖
●	Armenia	74	51	1.00	1.00	‖	1.01[O]	1.04	‖	0.98[O]	1.03	→	1.11[N]	1.21	‖
●	Aruba	—	—				1.01[N]	0.99	‖	1.07[N]	1.02	‖	1.16[N]	1.51	‖
●	Australia	8	28				1.00	1.01[R]	‖	1.04	1.01[R]	‖	1.19	1.23[R]	‖
●	Austria	38	6				1.02			0.99[O]	0.99[R]	‖	0.88	1.18[R]	→
◓	Azerbaijan	68	103				0.99	0.98	‖	1.01[N]	0.98[R]	←	0.67	0.87	→
●	Bahamas	6	60	1.02	1.02	‖	1.03	1.02	‖	1.07[Q]	1.12	‖			
●	Bahrain	124	25	0.99	1.01	‖	1.00	1.01	‖	1.03	1.07	‖	1.36	1.84	‖
◒	Bangladesh	124	159	0.65	0.73	→				0.95[M]	1.11[R]	→	0.51[N]	0.50[R]	‖
●	Barbados	8	37	1.00	1.00	‖	0.99	0.99	‖	1.04[N]	1.05	‖	1.26	2.47[P]	‖
●	Belarus	48	37	1.00	1.00	‖	0.95	0.97	‖	1.05[Q]	1.01	‖	1.11	1.39	‖
●	Belgium	26	6				1.02	1.00[R]	‖		1.01[R]		0.97	1.19[R]	→
●	Belize	72	89	1.01	1.01	‖	0.99	1.01	‖	1.14	1.05	‖		2.43	
○	Benin	117	126	0.44	0.55	→	0.54	0.78	⟶	0.48[N]	0.49[P]	→	0.15	0.25[P]	→
◓	Bolivia	86	110	0.93	0.97	→	0.99[M]	1.01	‖	0.98[P]	0.99	→		0.55[M]	
—	Bosnia and Herzegovina	—	—												
●	Botswana	26	88	1.10	1.08	‖	1.09	1.04[R]	‖	1.22	1.12[R]	‖	0.72	0.85	→
●	Brazil	50	82	1.03	1.03	‖		0.93[O]		1.08[N]	1.09[Q]	‖	1.11	1.32[Q]	‖
●	British Virgin Islands	—	—				1.02[N]	1.00	‖	0.97[N]	1.11				
●	Brunei Darussalam	—	47	1.01	1.00	‖	0.98			1.12			1.87[N]	1.98[T]	‖
●	Bulgaria	26	41	1.00	1.00	‖	0.99	0.99[R]	‖	1.04	0.98[R]	‖	1.10	1.18[R]	‖
○	Burkina Faso	141	132	0.39	0.58	⟶	0.64	0.77	→	0.59[N]	0.68	⟶	0.30	0.35[R]	→
○	Burundi	87	156	0.77	1.01	⟶	0.85	0.89	→		0.80		0.36	0.37	‖
○	Cambodia	74	153	0.81	0.91	→	0.84	0.96	→	0.55[M]	0.64[R]	⟶	0.33[O]	0.46	⟶
—	Cameroon	—	134	0.88	0.98	→	0.87						0.63[Q]	0.64	‖
●	Canada	12	28				1.00	1.00[P]	‖	1.01	0.99[N]	‖	1.23	1.34[Q]	‖
●	Cape Verde	98	89	0.87	0.95	→	0.95	0.99	→	1.07[Q]	1.12	‖	0.85[Q]	1.10	⟶
●	Cayman Islands	—	—				0.99[O]	0.95	←	1.01[O]	1.10	‖		3.01[P]	
○	Central African Republic	144	—	0.60	0.85	⟶	0.66						0.15	0.19[O]	→
○	Chad	147	162	0.65	0.88	⟶	0.45	0.68[R]	⟶	0.29[N]	0.33[R]	→		0.17[P]	
●	Chile	68	22	1.00	1.00	‖	0.98	0.99[R]	‖	1.07	1.01[R]	‖	0.88[M]	0.94[R]	→
●	China	87	81	0.95	0.98	→	0.96						0.52	0.84[R]	⟶

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
‖ Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: M: 1998; **N:** 1999; **O:** 2000; **Q:** 2002; **R:** 2003; **T:** 2005.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY RATIO GAP (WOMEN/MEN)			NET PRIMARY ENROLMENT RATIO GAP (WOMEN/MEN)			NET SECONDARY ENROLMENT RATIO GAP (WOMEN/MEN)			GROSS TERTIARY ENROLMENT RATIO GAP (WOMEN/MEN)		
				1990	2005	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression
●	Colombia	15	93	1.01	1.01	ǁ	1.00[M]	1.01	ǁ	1.13[M]	1.11	ǁ	1.06	1.09	ǁ
○	Comoros	—	129	0.78	0.80	ǁ	0.73	0.85[O]	⟶				0.75[N]	0.77	→
—	Congo, Dem. Rep.	—	—	0.72	0.89	⟶	0.78								
◒	Congo, Rep.	135	—	0.95	0.99	→							0.21	0.19[R]	←
◓	Cook Islands	—	105					0.96[N]		1.11[M]	1.09[O]	ǁ			
●	Costa Rica	54	54	1.01	1.01	ǁ	1.01	1.01	ǁ	1.08	1.07	ǁ	1.18[M]	1.16[R]	ǁ
○	Côte d'Ivoire	147	133	0.62	0.79	⟶	0.71	0.80[R]	→	0.53[N]	0.57[Q]	⟶		0.36[N]	
●	Croatia	21	33	1.00	1.00	ǁ	1.00	0.99[R]	ǁ	1.10	1.02[R]	ǁ	1.16[N]	1.19[R]	ǁ
●	Cuba	57	28	1.00	1.00	ǁ	1.01	0.97	←	1.14	1.02	ǁ	1.40	1.00	ǁ
●	Cyprus	57	17	1.00	1.00	ǁ	1.00	1.00[R]	ǁ	1.03	1.03[R]	ǁ	1.11	1.03[R]	ǁ
●	Czech Republic	38	26				1.00	1.00[R]	ǁ	1.01[P]	1.03[R]	ǁ	0.81	1.07[R]	⟶
●	Denmark	4	6				1.00	1.00[R]	ǁ	1.03	1.04[R]	ǁ	1.14	1.42[R]	ǁ
○	Djibouti	—	114	0.78	0.93	⟶	0.72	0.81	→	0.64[P]	0.70	⟶	0.81[Q]	0.82	→
●	Dominica	—	75					1.01			1.03				
●	Dominican Republic	68	100	1.02	1.02	ǁ	2.18	1.02	ǁ	1.37[M]	1.21	ǁ		1.64[R]	
●	Ecuador	74	109	0.99	1.00	ǁ	1.01	1.01	ǁ	1.05[M]	1.01	ǁ			
◒	Egypt	124	94	0.72	0.86	⟶	0.84	0.96[R]	→		0.94[Q]		0.55		
●	El Salvador	66	115	0.97	0.99	ǁ	1.17[M]	1.00	ǁ	0.99[M]	1.03[R]	ǁ	1.24[M]	1.19[R]	ǁ
◒	Equatorial Guinea	130	154	0.92	0.98	→	0.97	0.95	ǁ				0.14	0.43[O]	⟶
○	Eritrea	124	141	0.68	0.79	→	0.98	0.85	⟵	0.80[N]	0.70	⟵	0.15[N]	0.15	ǁ
●	Estonia	15	28	1.00	1.00	ǁ	0.99	0.99[R]	ǁ	1.04[O]	1.04[R]	ǁ	1.05	1.66[R]	ǁ
○	Ethiopia	117	161	0.66	0.86	⟶	0.75	0.94[T]	⟶	0.63[N]	0.65[T]	→	0.22	0.34	→
●	Fiji	83	61	1.00	1.00	ǁ	1.00[M]	0.99	ǁ	1.06[M]	1.08[Q]	ǁ		1.20	
●	Finland	2	1				1.00	1.00[R]	ǁ	1.02	1.01[R]	ǁ	1.13	1.20[R]	ǁ
●	France	66	26				1.00	1.00[R]	ǁ	1.02[N]	1.02[R]	ǁ	1.17	1.28[R]	ǁ
◒	Gabon	—	106				1.00	0.99[P]	ǁ					0.54[N]	
○	Gambia	114	138	0.68	0.80	→	0.71	0.92[P]	⟶	0.67[N]	0.68[R]	→	0.29[N]	0.23	⟵
●	Georgia	48	71				1.00	0.99	ǁ	0.99[N]	0.99	ǁ	1.18	1.03	ǁ
—	Germany	—	6				1.03						0.92[N]	1.00[R]	⟶
◒	Ghana	95	142	0.86	0.97	→	0.89	0.99[T]	→	0.84[N]	0.90[T]	→	0.30	0.48	→
●	Greece	60	6	1.00	1.00	ǁ	0.99	1.00[R]	ǁ	1.02	1.05[R]	ǁ	0.99	1.14[R]	ǁ
◒	Guatemala	107	131	0.82	0.86	→	0.91[M]	0.95	→	0.92[M]	0.92	ǁ		0.72[Q]	
○	Guinea	114	140				0.53	0.84	⟶	0.39[N]	0.51	⟶	0.07	0.20	→
○	Guinea-Bissau	124	151	0.43	0.69	⟶	0.56	0.71[P]	⟶		0.55[P]		0.18[N]	0.18[P]	ǁ
●	Guyana	87	108	1.00	1.00	ǁ	1.00	0.99	ǁ	1.06				1.91	
—	Haiti	—	—	0.96	1.02	→	1.05								
●	Honduras	54	130	1.03	1.04	ǁ	1.02	1.02	ǁ				0.81	1.46	→
◓	Hong Kong (China)	32	—	0.99	1.01	ǁ	0.96[P]	0.95	←	0.98[P]	0.97	←	0.88[P]	0.97	⟶
●	Hungary	32	35	1.00	1.00	ǁ	1.01	0.99[R]	ǁ	1.04	1.00[R]	ǁ	1.06	1.37[R]	ǁ
●	Iceland	6	1				0.99	0.98[R]	ǁ	1.05[N]	1.04[R]	ǁ	1.39	1.78[R]	ǁ
◒	India	143	128	0.74	0.85	→	0.82[O]	0.94[R]	⟶				0.54	0.67[R]	→
◓	Indonesia	107	102	0.97	0.99	ǁ	0.96	0.98[R]	ǁ	0.88	0.99[R]	→	0.76[P]	0.80[R]	⟶
●	Iran, Islamic Rep.	113	80	0.88	0.97	→	0.92	0.99	→		0.94		0.48	1.11	⟶
○	Iraq	—	121	0.44	0.51	→	0.88	0.86	ǁ	0.65[N]	0.71	→	0.54[N]	0.59	→
●	Ireland	44	17				1.02	1.00[R]	ǁ	1.05	1.07[R]	ǁ	0.90	1.31[R]	→
●	Israel	32	17	0.99	1.00	ǁ	1.03	1.00[R]	ǁ	1.01[N]	1.00[R]	ǁ	1.01	1.33[R]	ǁ
●	Italy	68	40	1.00	1.00	ǁ	1.00	0.99[R]	ǁ	1.01[N]	1.01[R]	ǁ	0.94	1.34[R]	→
●	Jamaica	60	73	1.09	1.07	ǁ	1.00	1.01[R]	ǁ	1.06	1.04[R]	ǁ	0.74	2.29[R]	⟶
●	Japan	74	1				1.00	1.00[R]	ǁ		1.01[O]		0.65	0.88[R]	⟶
●	Jordan	114	42	0.97	1.00	ǁ	1.01	1.01[R]	ǁ	1.07[N]	1.03[R]	ǁ	1.12	1.10[R]	ǁ
●	Kazakhstan	60	54	1.00	1.00	ǁ	0.99	0.99	ǁ	1.02[O]	0.99	ǁ	1.16[N]	1.38	ǁ
●	Kenya	72	—	0.93	0.99	→	1.01[M]	1.00	ǁ						
—	Kiribati	—	—					1.00[O]							
●	Korea, Rep.	95	6	1.00	1.00	ǁ	1.01	0.99	ǁ	0.98	1.00	ǁ	0.49	0.61	→
●	Kuwait	124	92	0.99	1.02	ǁ	0.93	1.03	→	1.01[N]	1.05[Q]	ǁ	2.39[N]	2.72	ǁ

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ǁ Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: M: 1998; **N:** 1999; **O:** 2000; **Q:** 2002; **R:** 2003; **T:** 2005.

Present situation		GEI ranking (out of 149 countries)	BCI ranking (out of 162 countries)	Literacy ratio gap (women/men)			Net primary enrolment ratio gap (women/men)			Net secondary enrolment ratio gap (women/men)			Gross tertiary enrolment ratio gap (women/men)		
				1990	2005	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression
●	Kyrgyzstan	83	—				1.00	0.99	II				1.04[N]	1.19	II
◒	Lao PDR	102	155	0.76	0.87	→	0.85	0.94	→	0.79[N]	0.85	⟶	0.49[N]	0.63	⟶
●	Latvia	8	37	1.00	1.00	II	0.99	0.99[R]	II	1.03[N]	1.01[R]	II	1.29	1.67[R]	II
●	Lebanon	117	56	0.93	0.97	→	0.97	0.99	II				1.04[N]	1.12	II
●	Lesotho	98	137	1.26	1.16	II	1.24	1.06	II	1.99	1.54	II	1.30	1.51[R]	II
○	Liberia	—	145	0.51	0.68	⟶		0.78[O]			0.57[O]			0.76[O]	
●	Libya	—	—	0.84	0.96	→	0.96						0.98[N]	1.09[R]	→
●	Lithuania	8	35	1.00	1.00	II	0.99[N]	1.00[R]	II	1.01[N]	1.00[R]	II	1.28	1.55[R]	II
●	Luxembourg	87	49				1.02[N]	1.01[R]	II	1.04[N]	1.07[R]	II	1.09[N]	1.18[R]	II
◓	Macao (China)	—	—	0.97	0.99	II	0.98	0.97	II	1.09[N]	1.08	II	0.48	0.65	→
●	Macedonia, FYR	44	62				0.99	1.00[R]	II	0.97[N]	0.97[Q]	II	1.11	1.34[R]	II
●	Madagascar	102	144	0.86	0.94	→	1.00	1.00	II		1.03[N]		0.82	0.90	→
◒	Malawi	117	148	0.68	0.79	→	0.93	1.05	→	0.78[M]	0.86	⟶	0.34	0.54	⟶
●	Malaysia	74	73	0.99	1.00	II	1.00[M]	1.00[Q]	II	1.11[M]	1.11[Q]	II	1.09[M]	1.29[Q]	II
●	Maldives	74	113	1.00	1.00	II	1.01[M]	1.01[Q]	II	1.13[N]	1.15[Q]	II		2.37[R]	
○	Mali	117	143	0.45	0.57	⟶	0.61	0.85	⟶	0.57			0.16	0.47	⟶
●	Malta	87	17	1.03	1.02	II	0.99	0.99[R]	II	0.99	1.02[R]	II	0.83	1.40[R]	→
●	Marshall Islands	—	95					0.99[Q]			1.04[Q]			1.32[Q]	
◒	Mauritania	—	120	0.65	0.75	→	0.74	0.99	⟶	0.79[P]	0.82	⟶	0.16	0.31	→
●	Mauritius	98	33	1.00	1.02	II	1.00	1.02	II	1.02[M]	1.08	II	0.73	1.39	⟶
●	Mexico	74	85	0.98	0.99	II	0.97	1.00[R]	→	0.99[N]	1.03[R]	II	0.74	0.97[R]	⟶
●	Moldova	12	63	1.00	1.00	II	0.99	0.99	II	1.03[O]	1.05	II	1.28[N]	1.37	II
●	Mongolia	26	70	1.00	1.01	II	1.02	1.01	II	1.27[N]	1.14	II	1.89	1.64	II
◒	Morocco	130	112	0.62	0.83	⟶	0.70	0.94[R]	⟶	0.83[O]	0.86[R]	→	0.59	0.87	⟶
○	Mozambique	92	150	0.48	0.68	⟶	0.79	0.90	→	0.73[M]	0.78	→		0.46	
●	Myanmar	—	136	0.96	1.00	→	0.97	1.01[R]	→	1.00[N]	0.94[R]	⟵	1.60[M]	1.76[P]	II
●	Namibia	21	98	1.04	1.04	II	1.08[M]	1.08[R]	II	1.48[M]	1.35[R]	II	1.79	1.15[R]	II
○	Nepal	140	157	0.41	0.63	⟶		0.82[O]					0.33	0.40	→
●	Netherlands	18	6				1.04	0.99[R]	II	1.02	1.01[R]	II	0.83	1.09[R]	→
●	Netherlands Antilles	—	—	1.00	1.00	II				1.12[O]	1.10[R]	II	1.13[N]	1.49[Q]	II
●	New Zealand	4	6				1.00	1.00[R]	II	1.02	1.03[R]	II	1.14	1.47[R]	II
●	Nicaragua	98	127	1.01	1.02	II	1.03	0.99	II	1.18[O]	1.13	II	0.97	1.11[R]	→
○	Niger	117	158	0.37	0.46	→	0.60	0.71	→	0.46	0.68	⟶	0.35[P]	0.40	⟶
◒	Nigeria	135	146	0.82	0.97	⟶		0.85			0.81[R]			0.55	
●	Norway	2	1				1.00	1.00[R]	II	1.02	1.01[R]	II	1.19	1.55[R]	II
●	Oman	130	48	0.79	0.99	⟶	0.95	1.02	→	1.03[N]	1.01	II	0.97	1.37	→
○	Pakistan	144	152	0.49	0.64	⟶		0.73					0.58	0.79	⟶
◓	Palau	—	77					0.96[O]					1.84[O]	2.15[Q]	II
●	Panama	38	86	0.99	0.99	II	0.99[M]	1.00	II	1.07[M]	1.10	II	1.54[M]	1.59	II
◒	Papua New Guinea	—	122	0.84	0.91	→								0.55[M]	
●	Paraguay	57	107	0.99	1.00	II	0.99	1.00[Q]	II	1.06	1.06[Q]	II	1.38[N]	1.39[Q]	II
◓	Peru	83	101	0.95	0.98	II	1.00[M]	1.00[Q]	II	0.98[M]	0.97[Q]	←		0.98[P]	
●	Philippines	18	117	1.00	1.00	II	0.99	1.02[R]	II	1.09[M]	1.19[R]	II	1.42	1.28[R]	II
●	Poland	26	22	1.00	1.00	II	1.00	1.00[R]	II	1.08	1.02[R]	II	1.34	1.42[R]	II
●	Portugal	32	6	1.00	1.00	II	1.00			1.09[N]	1.11[R]	II	1.29	1.35[R]	II
—	Puerto Rico	—	—	1.02	1.01	II									
●	Qatar	—	57	1.05	1.04	II	0.98	0.99	II	1.06	0.98	II	3.34	2.86	II
●	Romania	41	65	1.00	1.00	II	1.00	0.99[R]	II	1.02[N]	1.03[R]	II	0.93	1.24[R]	→
●	Russian Federation	21	—	1.00	1.00	II	1.00						1.27	1.35[R]	II
◓	Rwanda	21	160	0.86	0.98	→	0.99	1.04	II	0.76			0.48[P]	0.62	⟶
●	Samoa	—	50	1.00	1.00	II	1.04[M]	1.00[Q]	II	1.12[M]	1.14[Q]	II	0.94[M]	0.93[P]	
◒	Sao Tomé and Principe	—	116					0.99[N]			0.83[Q]		0.57[O]	0.56[Q]	←
◓	Saudi Arabia	135	67	0.86	0.98	→	0.81	0.98	⟶	0.80	0.96	⟶	0.87	1.50	→
○	Senegal	104	124	0.60	0.75	⟶	0.75	0.95	⟶		0.72				
●	Serbia and Montenegro	—	—				1.02	1.00[P]	II	1.03			1.19[N]	1.20[P]	II

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: M: 1998; **N:** 1999; **O:** 2000; **Q:** 2002; **R:** 2003; **T:** 2005.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	LITERACY RATIO GAP (WOMEN/MEN)			NET PRIMARY ENROLMENT RATIO GAP (WOMEN/MEN)			NET SECONDARY ENROLMENT RATIO GAP (WOMEN/MEN)			GROSS TERTIARY ENROLMENT RATIO GAP (WOMEN/MEN)		
				1990	2005	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression	1991	2004	Progress or regression
●	Seychelles	—	—				0.98[M]	0.99[Q]	→	1.01[M]	0.97[R]	←			
○	Sierra Leone	146	—				0.73							0.40[Q]	
—	Singapore	—	—	1.00	1.00	II							0.71		
●	Slovakia	21	57				1.01[P]	1.01[R]	II	1.01[P]	1.01[R]	II	1.11[N]	1.18[R]	II
●	Slovenia	32	32	1.00	1.00	II	1.01	0.99[R]	II	1.03[N]	1.01[R]	II	1.32	1.36[R]	II
◒	Solomon Islands	104	—					0.99		0.81[O]	0.86[Q]	⟶			
—	Somalia	—	—				0.55								
●	South Africa	50	96	1.00	1.00	II	1.03	1.01[R]	II	1.15	1.12[O]	II	0.83	1.17[R]	
●	Spain	18	6	1.00	1.00	II	1.00	0.99[R]	II	1.03[N]	1.04[R]	II	1.09	1.19[R]	II
●	Sri Lanka	60	—	0.98	1.00	II		1.00[R]					0.55		
●	St. Lucia	50	57				0.97	0.97	II	1.31[N]	1.00	II	1.35	3.46	II
●	St. Vincent and the Grenadines	—	63				0.95[O]	0.97		1.14[O]	1.02	II			
◒	Sudan	139	110	0.71	0.91	⟶	0.75	0.83[O]	→				0.88	0.92[O]	→
●	Suriname	60	91				1.06	1.07[R]	II	1.17[P]	1.38[R]	II		1.62[Q]	
●	Swaziland	74	118	1.01	1.02	II	1.05	1.01[R]	II	1.20	1.24[R]	II	0.76	1.16[R]	⟶
●	Sweden	1	1				1.00	0.99[R]	II	1.01	1.01[R]	II	1.22	1.55[R]	II
◓	Switzerland	26	6				1.02	1.00[R]	II	0.94	0.93[R]	II	0.57	0.77[R]	⟶
◓	Syrian Arab Republic	130	97	0.73	0.86	⟶	0.91	0.96	→	0.74	0.93	⟶	0.64		
◒	Tajikistan	92	103	1.00	1.00	II	0.98	0.96	II	0.91[N]	0.85	⟵	0.62	0.33	⟵
◒	Tanzania	54	125	0.87	0.97	II	1.01	0.98[T]			0.95[M]		0.19	0.41	
●	Thailand	41	45	0.99	0.99	II	0.97	0.97	II				1.16[N]	1.17	II
—	Timor-Leste	—	—											1.48[Q]	
○	Togo	141	135	0.60	0.79	⟶	0.71	0.85	⟶	0.37	0.48[O]	⟶	0.16	0.20[P]	→
●	Tonga	—	79				1.01[M]	0.96		1.12[M]	1.10[P]	II		1.27[N]	
●	Trinidad and Tobago	44	45	1.00	1.00	II	0.99	0.99	II	1.07[N]	1.05	II	0.80	1.26	
●	Tunisia	109	70	0.81	0.94	II	0.92	1.00[R]		1.05[P]	1.11[R]	II	0.66	1.28[R]	
◒	Turkey	117	83	0.91	0.97	II	0.92	0.94[R]					0.53	0.75[R]	
—	Turkmenistan	—	—												
●	Turks and Caicos Islands	—	—				1.00[Q]	1.08	II	1.05[Q]	1.00	II		3.18[R]	
◒	Uganda	74	146	0.76	0.88	II		1.02		0.76[N]	0.87[T]		0.38	0.62	
●	Ukraine	32	42	1.00	1.00	II	1.00	1.00	II	1.03[O]	1.00	II	1.03	1.19	II
●	United Arab Emirates	135	42	1.08	1.07	II	0.98	0.97	II	1.16	1.06	II	4.03	3.24[R]	II
●	United Kingdom	15	17				0.97	1.00[R]	→	0.99	1.04[R]	II	0.90	1.30[R]	→
●	United States of America	12	22				1.00	1.01[R]	II	1.02	1.01[R]	II	1.25	1.37[R]	II
●	Uruguay	44	52	1.01	1.01	II	1.01	1.00[Q]	II	1.14[N]	1.10[Q]	II	1.84[M]	1.95[Q]	II
◓	Uzbekistan	92	—	1.00	1.00	II	0.99							0.80[R]	
◒	Vanuatu	—	99				1.00[M]	0.98		0.82	0.86		0.56[Q]	0.58	
●	Venezuela	50	72	1.01	1.01	II	1.03	1.01	II	1.50	1.15	II	1.46[O]	1.08[R]	II
◒	Viet Nam	60	87	0.99	1.01	II	0.92	0.94[P]					0.76[N]	0.77[R]	
●	West Bank and Gaza	109	67				1.01[N]	1.00	II	1.04[N]	1.05	II	0.84[M]	1.04	⟶
○	Yemen	149	149	0.34	0.67	II	0.38	0.73			0.46[O]		0.28[N]	0.38	
◒	Zambia	104	123	0.88	0.96	II	0.97[M]	1.00		0.84[M]	0.78		0.46[M]	0.46[O]	
◓	Zimbabwe	111	119	0.95	0.98	II	1.01[M]	1.01[R]	II	0.91[M]	0.93[R]		0.49	0.63[R]	

UDHR: Universal Declaration of Human Rights

CESCR: International Covenant on Economic, Social and Cultural Rights

CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

CRC: Convention on the Rights of the Child

Sources:
UNESCO Website Database (www.unesco.org), March 2006.

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: M: 1998; **N:** 1999; **O:** 2000; **Q:** 2002; **R:** 2003; **T:** 2005.

GENDER EQUITY: The governments of the world agreed on…

Gender gap in economic activity and earned income

"Discrimination against women, denying or limiting as it does their equality of rights with men, is fundamentally unjust and constitutes an offence against human dignity."

Declaration on the Elimination of Discrimination against Women,
Article 1, 1967.

"We are convinced that… women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace."

Conference on Women - Beijing Platform for Action,
Paragraph 13, 1995.

HUMAN RIGHTS
The right to non discrimination on the basis of sex is enshrined in:

UDHR - Art. 2 & 26
CEDAW - Art. 7, 10 & 11
CESCR - Art. 3 & 7
CRC - Art. 29

INTERNATIONAL COMMITMENTS
Gender equity is considered in:

Millennium Development Goals - Goal 3
World Summit for Social Development
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR (AS % OF TOTAL NON-AGRICULTURAL EMPLOYEES)			ESTIMATED EARNED INCOME RATIO (WOMEN/MEN)
				1990 (%)	2003 (%)	Progress or regression	1991/2003
—	Afghanistan	—	—	17.8			
◓	Albania	95	76	39.6	40.3	ıı	0.56
○	Algeria	130	69	8.0	15.5	⟶	0.31
◓	Andorra	—	—	43.1	45.5	ıı	
◓	Angola	111	—	26.4			0.62
◒	Argentina	41	53	35.7	47.6	⟶	0.37
●	Armenia	74	51	45.5	47.0	ıı	0.70
◓	Aruba	—	—	39.5	44.7	→	
●	Australia	8	28	44.6	48.9	→	0.72
◒	Austria	38	6	40.1	44.5	→	0.35
●	Azerbaijan	68	103	33.7	48.5	⟶	0.58
●	Bahamas	6	60	48.5	50.1	ıı	0.64
○	Bahrain	124	25	7.3	13.4	⟶	0.31
◒	Bangladesh	124	159	17.6	24.2	⟶	0.54
●	Barbados	8	37	45.5	48.4	→	0.61
●	Belarus	48	37	55.7	55.9	ıı	0.65
◓	Belgium	26	6	39.9	44.4	→	0.54
◒	Belize	72	89	37.6	41.3	→	0.24
●	Benin	117	126	46.0			0.69
●	Bermuda	—	—	48.7	48.9	ıı	
—	Bhutan	—	139	12.0			
◒	Bolivia	86	110	35.7	36.5	ıı	0.45
◒	Bosnia and Herzegovina	—	—	35.8			0.46
◓	Botswana	26	88	40.7	47.0	⟶	0.61
◒	Brazil	50	82	40.2	46.9	⟶	0.43
—	British Virgin Islands	—	—	48.3 I			
●	Bulgaria	26	41	53.0	52.2	ıı	0.67
◒	Burkina Faso	141	132	12.5	15.2	→	0.73
●	Burundi	87	156	13.3			0.72
●	Cambodia	74	153	48.0	52.6	→	0.76
◒	Cameroon	—	134	20.7			0.45
●	Canada	12	28	46.9	49.2	ıı	0.64
◒	Cape Verde	98	89	39.1			0.48
●	Cayman Islands	—	—	47.8	50.9	→	
◓	Central African Republic	144	—	30.4			0.61
◓	Chad	147	162	3.8			0.59

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: F: 1991; **G:** 1992; **H:** 1993; **I:** 1994; **K:** 1996.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR (AS % OF TOTAL NON-AGRICULTURAL EMPLOYEES)			ESTIMATED EARNED INCOME RATIO (WOMEN/MEN)
				1990 (%)	2003 (%)	Progress or regression	1991/2003
○	Chile	68	22	36.2	37.3	II	0.39
◓	China	87	81	37.7	39.5	II	0.66
◓	Colombia	15	93	42.6	48.8	⟶	0.51
◓	Comoros	—	129	17.0			0.55
◓	Congo, Dem. Rep.	—	—	25.9			0.55
◓	Congo, Rep.	135	—	26.1			0.56
◒	Cook Islands	—	105	38.4	39.4	II	
○	Costa Rica	54	54	37.2	39.5	II	0.37
○	Côte d’Ivoire	147	133	21.8	20.2	II	0.37
◓	Croatia	21	33	44.2	46.3	II	0.56
◒	Cuba	57	28	37.0	37.7	II	
◒	Cyprus	57	17	37.2	46.3	⟶	0.47
●	Czech Republic	38	26	51.0	45.8	⟵	0.64
●	Denmark	4	6	47.1	48.3	II	0.73
○	Dominican Republic	68	100	35.2	34.9	II	0.36
◒	Ecuador	74	109	37.3	41.1	→	0.30
○	Egypt	124	94	20.5	21.6	II	0.26
◒	El Salvador	66	115	32.3	31.1	II	0.44
◒	Equatorial Guinea	130	154	10.5			0.40
◒	Eritrea	124	141	30.0	35.0	→	0.51
●	Estonia	15	28	52.3	51.5	II	0.64
◒	Ethiopia	117	161	39.9 F			0.52
○	Fiji	83	61	29.9	35.9	→	0.37
●	Finland	2	1	50.6	50.6	II	0.72
◓	France	66	26	43.9	47.0	→	0.59
◓	French Polynesia	—	—	42.7	41.9	II	
◓	Gabon	—	106	37.7			0.59
◓	Gambia	114	138	20.9			0.59
◒	Georgia	48	78	44.9	45.2	II	0.42
◓	Germany	—	6	40.7	46.4	→	0.54
●	Ghana	95	142	56.5			0.75
◒	Greece	60	6	36.5	41.1	→	0.45
◓	Grenada	—	83	38.1	42.8	→	
◓	Guadeloupe	—	—	46.0	45.8	II	
—	Guam	—	—	43.6 G			
○	Guatemala	107	131	36.8	38.7	II	0.33
●	Guinea	114	140	30.3			0.68
◒	Guinea-Bissau	124	151	10.8			0.49
○	Guyana	87	108	37.4			0.39
◓	Haiti	—	—	39.5			0.56
◒	Honduras	54	130	48.1	50.5	II	0.37
◓	Hong Kong (China)	32	—	41.2	46.9	→	0.56
●	Hungary	32	35	45.7	47.1	II	0.62
●	Iceland	6	1	52.9	52.5	II	0.69
○	India	143	128	12.7	17.5	→	0.38
◒	Indonesia	107	102	29.2	30.8	II	0.52
○	Iran, Islamic Rep.	113	80	17.2			0.28
—	Iraq	—	121	11.9			
◓	Ireland	44	17	41.7	47.4	→	0.41
●	Israel	32	17	43.0	48.9	→	0.55
◒	Italy	68	40	34.4	41.2	⟶	0.46
●	Jamaica	60	73	50.6	48.0	←	0.66
◒	Japan	74	1	38.0	40.8	→	0.46
○	Jordan	114	42	23.1	24.9	II	0.31

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: F: 1991; **G:** 1992; **H:** 1993; **I:** 1994; **K:** 1996.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR (AS % OF TOTAL NON-AGRICULTURAL EMPLOYEES)			ESTIMATED EARNED INCOME RATIO (WOMEN/MEN)
				1990 (%)	2003 (%)	Progress or regression	1991/2003
●	Kazakhstan	60	54	50.3	48.7	ıı	0.64
◓	Kenya	72	—	21.4	38.5	⟶	0.93
—	Korea, Dem. Rep.	—	—	40.7			
◒	Korea, Rep.	95	6	38.1	41.2	→	0.48
○	Kuwait	124	92	23.0	24.1	ıı	0.35
●	Kyrgyzstan	83	—	47.7	44.1	←	0.65
●	Lao PDR	102	155	42.1			0.65
●	Latvia	8	37	52.3	53.4	ıı	0.62
○	Lebanon	117	56	25.9			0.31
○	Lesotho	98	137	24.7			0.39
—	Liberia	—	145	23.6			
—	Libya	—	—	15.0			
●	Lithuania	8	35	57.8	50.0	⟵	0.68
○	Luxembourg	87	49	34.6	38.4	→	0.39
●	Macao (China)	—	—	42.7	49.3	⟶	
◓	Macedonia, FYR	44	62	38.3	42.2	→	0.56
◓	Madagascar	102	144	24.2			0.59
◒	Malawi	117	148	10.5	12.5	ıı	0.68
◒	Malaysia	74	73	37.8	38.0	ıı	0.47
◒	Maldives	74	113	31.1	36.1	→	
◓	Mali	117	143	35.9			0.60
○	Malta	87	17	25.9	33.0	⟶	0.39
◓	Mauritania	—	120	37.0			0.56
○	Mauritius	98	33	36.7	38.5	ıı	0.37
○	Mexico	74	85	35.3	37.4	ıı	0.38
●	Moldova	12	63	48.9	54.6	→	0.65
●	Mongolia	26	70	47.5	49.4	ıı	0.66
○	Morocco	130	112	25.4	26.2	ıı	0.40
●	Mozambique	92	150	11.4			0.68
—	Myanmar	—	136	36.4			
◓	Namibia	21	98	39.2	50.8	⟶	0.51
◒	Nepal	140	157	11.8			0.51
◓	Netherlands	18	6	37.7	45.7	⟶	0.53
●	Netherlands Antilles	—	—	41.3	49.0	⟶	
—	New Caledonia	—	—	39.8 K			
●	New Zealand	4	6	47.7	51.3	→	0.68
◒	Nicaragua	98	127	41.1			0.45
◓	Niger	117	158	8.6 F			0.57
◒	Nigeria	135	146	34.0			0.41
●	Norway	2	1	46.8	49.1	ıı	0.75
○	Oman	130	48	18.7	25.6	⟶	0.19
○	Pakistan	144	152	6.6	8.7	ıı	0.34
◒	Panama	38	86	43.3	44.0	ıı	0.51
◒	Papua New Guinea	—	122	20.3	35.4	⟶	0.57
◒	Paraguay	57	107	40.5	42.0	ıı	0.33
○	Peru	83	101	28.7	37.2	⟶	0.27
◓	Philippines	18	117	40.4	41.1	ıı	0.59
●	Poland	26	22	46.4	47.7	ıı	0.62
◓	Portugal	32	6	44.4	46.9	ıı	0.54
◒	Puerto Rico	—	—	46.5	40.1	⟵	
○	Qatar	—	57	12.0	15.2	→	
◓	Romania	41	65	42.7	45.3	ıı	0.58
●	Russian Federation	21	—	49.6	50.1	ıı	0.64
◓	Rwanda	21	160	14.6			0.62

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: F: 1991; **G:** 1992; **H:** 1993; **I:** 1994; **K:** 1996.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	WOMEN WAGE EMPLOYMENT IN NON-AGRICULTURAL SECTOR (AS % OF TOTAL NON-AGRICULTURAL EMPLOYEES)			ESTIMATED EARNED INCOME RATIO (WOMEN/MEN)
				1990 (%)	2003 (%)	Progress or regression	1991/2003
◓	San Marino	—	—	40.4	41.9	II	
○	Saudi Arabia	135	67	13.5	14.5	II	0.21
◓	Senegal	104	124	25.7			0.55
◓	Serbia and Montenegro	—	—	40.1	44.9	→	
◒	Sierra Leone	146	—	21.2			0.42
◓	Singapore	—	—	42.5	47.8	→	0.51
●	Slovakia	21	57	48.2	52.1	→	0.65
●	Slovenia	32	32	48.7	47.4	II	0.62
●	Solomon Islands	104	—	30.8			0.66
—	Somalia	—	—	21.9			
◒	South Africa	50	96	39.5 H			0.45
◒	Spain	18	6	32.6	40.7	⟶	0.44
◒	Sri Lanka	60	—	39.1	43.2	→	0.51
●	St. Lucia	50	57	47.1	48.5	II	
○	Sudan	139	110	22.2	18.9	←	0.32
◒	Suriname	60	91	39.1	32.9	⟵	
○	Swaziland	74	118	35.4	31.3	←	0.39
●	Sweden	1	1	50.5	50.9	II	0.69
●	Switzerland	26	6	42.9	46.9	→	0.90
○	Syrian Arab Republic	130	97	16.3	18.2	II	0.29
●	Tajikistan	92	103	39.7	52.3	⟶	0.62
●	Tanzania	54	125	28.5			0.71
◓	Thailand	41	45	45.3	46.9	II	0.61
—	Timor-Leste	—	—	19.0			
◒	Togo	141	135	41.0			0.47
◒	Trinidad and Tobago	44	45	35.6	41.3	→	0.46
○	Tunisia	109	70	23.5	25.3	II	0.37
○	Turkey	117	83	15.0	20.6	→	0.46
◓	Turkmenistan	—	—				0.63
●	Uganda	74	146	35.6			0.67
●	Ukraine	32	42	50.4	53.6	→	0.53
○	United Arab Emirates	135	42	11.6	14.4	→	
●	United Kingdom	15	17	47.8	49.9	II	0.62
●	United States of America	12	22	47.4	48.8	II	0.62
◓	Uruguay	44	52	43.1	46.3	→	0.53
●	Uzbekistan	92	—	46.2	41.5	←	0.66
◒	Venezuela	50	72	35.2	41.5	⟶	0.42
●	Viet Nam	60	87	45.2	51.8	⟶	0.68
○	West Bank and Gaza	109	67	10.6	16.8	⟶	
○	Yemen	149	149	9.3	6.1	←	0.31
◓	Zambia	104	123	29.4			0.56
◒	Zimbabwe	111	119	15.4	21.8	⟶	0.58

UDHR: Universal Declaration of Human Rights

CESCR: International Covenant on Economic, Social and Cultural Rights

CEDAW: Convention on the Elimination of All Forms of Discrimination against Women

CRC: Convention on the Rights of the Child

Sources:
Women wage employment in non-agricultural sector: The UN Statistics Division Website (unstats.un.org/unsd/), February 2006.
Estimated earned income ratio (women/men): Human Development Report 2005, UNDP.

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Notes:
Data source year: F: 1991; **G:** 1992; **H:** 1993; **I:** 1994; **K:** 1996.

GENDER EQUITY: The governments of the world agreed on...

Women's empowerment

"Discrimination against women, denying or limiting as it does their equality of rights with men, is fundamentally unjust and constitutes an offence against human dignity."

Declaration on the Elimination of Discrimination against Women, Article 1, 1967.

"We are convinced that… women's empowerment and their full participation on the basis of equality in all spheres of society, including participation in the decision-making process and access to power, are fundamental for the achievement of equality, development and peace."

Conference on Women - Beijing Platform for Action, Paragraph 13, 1995.

HUMAN RIGHTS
The right to non discrimination on the basis of sex is enshrined in:

UDHR - Art. 2 & 26 **CEDAW** - Art. 7, 10 & 11
CESCR - Art. 3 & 7 **CRC** - Art. 29

INTERNATIONAL COMMITMENTS
Gender equity is considered in:

Millennium Development Goals - Goal 3
World Summit for Social Development
Fourth World Conference on Women - Beijing Platform for Action - Critical Areas of Concern

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL			SEATS IN PARLIAMENT HELD BY WOMEN		
				Latest available data A (%)	Latest available data A (%)	1995 (%)	2004 (%)	Progress or regression	1997 (%)	2005 (%)	Progress or regression
—	Afghanistan	—	—							27.3	
○	Albania	95	76			12.3	5.3	⟵	12.1	7.1	←
○	Algeria	130	69			2.0	10.5	→	6.6	6.2	II
—	Andorra	—	—						3.6	28.6	⟶
○	Angola	111	—			6.0	5.7	II	9.5	15.0	→
◒	Antigua and Barbuda	—	—			30.0	15.4	⟵	5.3	10.5	→
◓	Argentina	41	53	55	25	3.0	8.3	→	25.3	36.2	⟶
○	Armenia	74	51			2.0	0.0	II	6.3	5.3	II
◓	Australia	8	28	55	36	23.7	20.0	←	15.5	24.7	⟶
◓	Austria	38	6	49	27	6.8	35.3	⟶	26.8	33.9	→
◒	Azerbaijan	68	103			5.3	15.0	→	12.0	13.0	II
●	Bahamas	6	60	51	40	34.0	26.7	⟵	8.2	20.0	⟶
○	Bahrain	124	25	19	10	0.0	8.7	→		0.0	
○	Bangladesh	124	159	25	8	3.0	8.3	→	9.1	14.8	→
●	Barbados	8	37	71	45	23.0	29.4	→	10.7	13.3	→
◓	Belarus	48	37			4.4	10.0	→		29.1	
◓	Belgium	26	6	48	31	8.3	21.4	⟶	12.0	34.7	⟶
◒	Belize	72	89	52	31	10.0	6.3	←	3.4	6.7	→
◒	Benin	117	126			10.0	19.0	→	7.2	7.2	II
○	Bhutan	—	139			5.0	0.0	←	2.0	9.3	→
◒	Bolivia	86	110	40	36	9.0	6.7	←	6.9	16.9	⟶
◒	Bosnia and Herzegovina	—	—				11.1			16.7	
◓	Botswana	26	88	53	31	11.0	26.7	⟶	8.5	11.1	→
◓	Brazil	50	82	62		13.0	11.4	II	6.6	8.6	→
—	Brunei Darussalam	—	47			2.0	9.1	→			
◒	Bulgaria	26	41	34	30	8.5	23.8	⟶	13.3	22.1	⟶
◒	Burkina Faso	141	132			10.0	14.8	→	3.7	11.7	→
◓	Burundi	87	156			4.0	10.7	→		30.5	
○	Cambodia	74	153	33	14	5.0	7.1	→	5.8	9.8	→
◒	Cameroon	—	134			5.0	11.1	→	12.2	8.9	←
◓	Canada	12	28	54	35	19.1	23.1	→	18.0	21.1	→
◒	Cape Verde	98	89			12.0	18.8	→	11.1	11.1	II
◒	Central African Republic	144	—			5.0	10.0	→	3.5	10.5	→
○	Chad	147	162			3.0	11.5	→	17.3	6.5	⟵
◒	Chile	68	22	52	24	12.0	16.7	→	7.5	15.0	→
◒	China	87	81			4.0	6.3	→	21.0	20.3	II
◓	Colombia	15	93	50	38	25.0	35.7	⟶	11.7	12.1	II
—	Comoros	—	129			3.0			0.0	3.0	→

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: A: Latest available data taken from ILO Laborsta Database (March, 2005) as published by Human Development Report 2005, UNDP.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL			SEATS IN PARLIAMENT HELD BY WOMEN		
				Latest available data [A] (%)	Latest available data [A] (%)	1995 (%)	2004 (%)	Progress or regression	1997 (%)	2005 (%)	Progress or regression
◒	Congo, Dem. Rep.	—	—				12.5			12.0	→
◒	Congo, Rep.	135	—			4.0	14.7	⟶	1.6	8.5	→
◓	Costa Rica	54	54	40	29	21.0	25.0	→	15.8	35.1	⟶
◒	Côte d'Ivoire	147	133			3.0	17.1	⟶	8.3	8.5	II
◓	Croatia	21	33	52	26		33.3		7.9	21.7	⟶
●	Cuba	57	28			8.0	16.2	→	22.8	36.0	⟶
○	Cyprus	57	17	47	18	5.0	0.0	←	5.4	16.1	⟶
◒	Czech Republic	38	26	52	26	1.2	11.1	⟶	15.0	17.0	→
◓	Denmark	4	6	51	26	19.0	33.3	⟶	33.0	36.9	→
○	Djibouti	—	114			1.0	5.3	→	0.0	10.8	⟶
○	Dominica	—	75			31.0	0.0	⟵	9.4	12.9	→
◓	Dominican Republic	68	100	49	31	12.0	14.3	→	11.7	17.3	→
◒	Ecuador	74	109	40	26	10.0	14.3	→		16.0	
○	Egypt	124	94	31	9	2.0	5.9	→	2.0	2.0	II
◓	El Salvador	66	115	44	32	18.0	35.3	⟶	10.7	10.7	II
◒	Equatorial Guinea	130	154			3.0	4.5	II	8.8	18.0	⟶
◓	Eritrea	124	141				17.6		21.0	22.0	II
●	Estonia	15	28	69	35	10.4	15.4	→	12.9	18.8	→
◒	Ethiopia	117	161			11.0	5.9	←	2.0	21.4	⟶
◒	Fiji	83	61	9	51	10.0	9.1	II	4.3	8.5	→
●	Finland	2	1	53	28	16.3	47.1	⟶	33.5	37.5	→
◒	France	66	26			8.8	17.6	→	6.4	12.2	→
◒	Gabon	—	106			6.0	11.8	→		9.2	
◒	Gambia	114	138			7.0	20.0	⟶		13.2	
◓	Georgia	48	78	63	28	3.3	22.2	⟶	6.8	9.4	→
●	Germany	—	6	50	36	6.8	46.2	⟶	26.2	31.8	→
◒	Ghana	95	142			11.0	11.8	II		10.9	
◒	Greece	60	6	48	26	6.3	5.6	II	6.3	13.0	→
●	Grenada	—	83			19.0	40.0	⟶	20.0	26.7	→
◒	Guatemala	107	131			18.0	25.0	→	12.5	8.2	←
◓	Guinea	114	140			5.0	15.4	⟶	7.0	19.3	⟶
◓	Guinea-Bissau	124	151			12.0	37.5	⟶	10.0	14.0	→
●	Guyana	87	108			16.0	22.2	→	20.0	30.8	⟶
◒	Haiti	—	—			14.0	25.0	⟶	3.6	3.6	II
◒	Honduras	54	130	36	22	17.0	14.3	←	7.8	23.4	⟶
◒	Hong Kong (China)	32	—	39	26						
◓	Hungary	32	35	61	34	7.7	11.8	→	11.4	9.1	←
●	Iceland	6	1	55	29	8.1	27.3	⟶	25.4	33.3	→
○	India	143	128			6.0	3.4	←	7.2	8.3	II
◒	Indonesia	107	102			2.0	10.8	→	12.6	11.3	II
○	Iran, Islamic Rep.	113	80	33	13	0.0	6.7	→	4.0	4.1	II
—	Iraq	—	121			0.0					
◓	Ireland	44	17	50	29	11.1	21.4	⟶	13.9	13.3	II
◓	Israel	32	17	54	29	9.8	16.7	→	7.5	15.0	→
◒	Italy	68	40	45	21	9.6	8.3	II	11.1	11.5	II
◒	Jamaica	60	73			13.0	17.6	→	11.7	11.7	II
○	Japan	74	1	46	10	8.3	12.5	→	4.6	9.0	→
○	Jordan	114	42			7.0	10.7	→	1.3	5.5	→
◒	Kazakhstan	60	54			1.1	17.6	⟶	13.4	10.4	←
○	Kenya	72	—			5.0	10.3	→	3.0	7.1	→
—	Kiribati	—	—						0.0	4.8	→
—	Korea, Dem. Rep.	—	—						20.1	20.1	II
○	Korea, Rep.	95	6	39	6	2.0	5.6	→	3.0	13.4	⟶
○	Kuwait	124	92			6.0	0.0	←	0.0	1.5	II
○	Kyrgyzstan	83	—			8.0	12.5	→	1.4	0.0	II
◒	Lao PDR	102	155			3.0	0.0	←	9.4	22.9	⟶
●	Latvia	8	37	64	40	15.5	23.5	→	9.0	21.0	⟶

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: A: Latest available data taken from ILO Laborsta Database (March, 2005) as published by Human Development Report 2005, UNDP.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL			SEATS IN PARLIAMENT HELD BY WOMEN		
				Latest available data [A] (%)	Latest available data [A] (%)	1995 (%)	2004 (%)	Progress or regression	1997 (%)	2005 (%)	Progress or regression
○	Lebanon	117	56			0.0	6.9	→	2.3	4.7	→
◓	Lesotho	98	137			14.0	27.8	⟶	4.6	11.7	→
—	Liberia	—	145						5.7	12.5	→
—	Libya	—	—			0.0				4.7	
—	Liechtenstein	—	—						8.0	24.0	⟶
●	Lithuania	8	35	70	39	8.6	15.4	→	17.5	22.0	→
◒	Luxembourg	87	49			7.7	14.3	→	20.0	23.3	→
◓	Macedonia, FYR	44	62	51	27		16.7		3.3	19.2	⟶
○	Madagascar	102	144			0.0	5.9	→	3.7	6.9	→
◒	Malawi	117	148			6.0	14.3	→	5.6	13.6	→
◒	Malaysia	74	73	40	23	6.0	9.1	→	7.8	9.1	II
○	Maldives	74	113	40	15	10.0	11.8	II	6.3	12.0	→
◒	Mali	117	143			7.0	18.5	⟶	2.3	10.2	→
◒	Malta	87	17	39	18	1.5	15.4	⟶	5.8	9.2	→
—	Marshall Islands	—	95							3.0	
—	Mauritania	—	120			5.0	9.1	→	1.3		
◒	Mauritius	98	33			7.0	8.0	II	7.6	17.1	⟶
◓	Mexico	74	85	40	25	7.0	9.4	→	14.2	24.2	⟶
—	Micronesia, Fed. Sts.	—	—						0.0	0.0	II
◓	Moldova	12	63	66	40	3.5	11.1	→	4.8	21.8	⟶
—	Monaco	—	—						5.6	20.8	⟶
◒	Mongolia	26	70	66	30	5.0	5.9	II	7.9	6.7	II
○	Morocco	130	112			1.0	5.9	→	0.6	10.8	⟶
◓	Mozambique	92	150			13.0	13.0	II	25.2	34.8	⟶
—	Myanmar	—	136			0.0					
◓	Namibia	21	98	55	30	7.0	19.0	⟶	18.1	26.9	⟶
—	Nauru	—	—						5.6	0.0	⟵
○	Nepal	140	157			0.0	7.4	→	3.4	5.9	→
◓	Netherlands	18	6	48	26	19.7	36.0	⟶	31.3	36.7	→
●	New Zealand	4	6	52	36	16.8	23.1	→	29.2	32.2	→
◒	Nicaragua	98	127			11.0	14.3	→	10.8	20.7	⟶
◒	Niger	117	158			9.0	23.1	⟶		12.4	
○	Nigeria	135	146			4.0	10.0	→		6.4	
●	Norway	2	1	50	30	44.1	44.4	II	39.4	37.9	II
○	Oman	130	48			4.0	10.0	→		2.4	
○	Pakistan	144	152	26	2	2.0	5.6	→		21.3	
—	Palau	—	77						0.0	0.0	II
◓	Panama	38	86	50	40	11.0	14.3	→	9.7	16.7	→
—	Papua New Guinea	—	122			2.0			0.0	0.9	II
◓	Paraguay	57	107	54	23	3.0	30.8	⟶	2.5	10.0	→
◒	Peru	83	101	47	23	10.0	11.8	II	10.8	18.3	→
◓	Philippines	18	117	62	58	24.0	25.0	II	10.8	15.3	→
◓	Poland	26	22	61	34	8.0	5.9	←	13.0	20.4	→
◓	Portugal	32	6	52	32	17.5	16.7	II	13.0	21.3	⟶
—	Qatar	—	57			2.0	7.7	→			
◓	Romania	41	65	57	31	3.3	12.5	→	7.0	11.2	→
◓	Russian Federation	21	—	64	39	2.1	0.0	←	10.2	9.8	II
●	Rwanda	21	160			10.0	35.7	⟶	17.1	48.8	⟶
○	Samoa	—	50			7.0	7.7	II	4.1	6.1	→
—	San Marino	—	—						11.7	16.7	→
◒	Sao Tomé and Principe	—	116			4.0	14.3	⟶	7.3	9.1	→
○	Saudi Arabia	135	67	6	31	0.0	0.0	II		0.0	
◓	Senegal	104	124			2.0	20.6	⟶	11.7	19.2	→
—	Serbia and Montenegro	—	—							7.9	
◓	Seychelles	—	—			21.0	12.5	⟵	27.3	29.4	→
◒	Sierra Leone	146	—			5.0	13.0	→	6.3	14.5	⟶
◒	Singapore	—	—	45	26	5.0	0.0	←	2.5	16.0	⟶

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
II Stagnant
← Slight regression
⟵ Significant regression

Note: A: Latest available data taken from ILO Laborsta Database (March, 2005) as published by Human Development Report 2005, UNDP.

PRESENT SITUATION		GEI RANKING (OUT OF 149 COUNTRIES)	BCI RANKING (OUT OF 162 COUNTRIES)	FEMALE PROFESSIONAL AND TECHNICAL WORKERS	FEMALE LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	WOMEN IN DECISION-MAKING POSITIONS IN GOVERNMENT AT MINISTERIAL LEVEL			SEATS IN PARLIAMENT HELD BY WOMEN		
				Latest available data A (%)	Latest available data A (%)	1995 (%)	2004 (%)	Progress or regression	1997 (%)	2005 (%)	Progress or regression
◓	Slovakia	21	57	61	35	12.8	0.0	⟵	14.7	16.7	→
◒	Slovenia	32	32	56	33		6.3		7.8	12.2	→
○	Solomon Islands	104	—			0.0	0.0	ıı	2.1	0.0	←
—	Somalia	—	—							8.0	
●	South Africa	50	96			7.0	41.4	⟶	25.0	32.8	→
◓	Spain	18	6	47	30	9.7	50.0	⟶	24.6	36.0	⟶
○	Sri Lanka	60	—	46	21	9.0	10.3	ıı	5.3	4.9	ıı
○	St. Kitts and Nevis	—	66			21.0	0.0	⟵	13.3	0.0	⟵
◒	St. Lucia	50	57			5.0	8.3	→	0.0	11.1	⟶
◓	St. Vincent and the Grenadines	—	63			25.0	20.0	←	9.5	18.2	⟶
○	Sudan	139	110			1.0	2.6	ıı	5.3	14.7	⟶
◓	Suriname	60	91	51	28	14.0	11.8	←	15.7	25.5	⟶
◒	Swaziland	74	118	61	24	7.0	13.3	→	3.1	10.8	→
●	Sweden	1	1	51	30	33.3	52.4	⟶	40.4	45.3	→
◓	Switzerland	26	6	45	28	7.0	14.3	→	21.0	25.0	→
○	Syrian Arab Republic	130	97			4.0	6.3	→	9.6	12.0	→
◒	Tajikistan	92	103			4.0	3.1	ıı	2.8	17.5	⟶
◓	Tanzania	54	125	32	49	9.0	15.4	→	17.5	30.4	⟶
◒	Thailand	41	45	52	26	4.0	7.7	→	5.6	10.6	→
●	Timor-Leste	—	—				22.2			25.3	
◒	Togo	141	135			3.0	20.0	⟶	1.2	7.4	→
—	Tonga	—	79						0.0	3.4	→
◓	Trinidad and Tobago	44	45	54	38	14.0	18.2	→	11.1	19.4	⟶
◒	Tunisia	109	70			5.0	7.1	→	6.7	22.8	⟶
○	Turkey	117	83	30	6	5.0	4.3	ıı	2.4	4.4	→
◒	Turkmenistan	—	—			3.9	9.5	→	18.0	16.0	←
—	Tuvalu	—	—						7.7	0.0	⟵
◓	Uganda	74	146			10.0	23.4	⟶	18.1	23.9	→
◒	Ukraine	32	42	63	39	1.0	5.6	→	3.8	5.3	ıı
○	United Arab Emirates	135	42	25	8	0.0	5.6	→	0.0	0.0	ıı
◓	United Kingdom	15	17	45	33	8.4	28.6	⟶	9.5	19.7	⟶
◓	United States of America	12	22	55	46		14.3		11.7	15.2	→
◒	Uruguay	44	52	53	35	3.0	0.0	←	7.1	11.1	→
◒	Uzbekistan	92	—			2.9	3.6	ıı	6.0	17.5	⟶
○	Vanuatu	—	99			0.0	8.3	→		3.8	
◓	Venezuela	50	72	61	27	6.0	13.6	→	5.9	29.9	⟶
◓	Viet Nam	60	87			4.0	11.5	→	28.5	27.3	ıı
○	West Bank and Gaza	109	67	34	12						
○	Yemen	149	149	15	4	0.0	2.9	→	0.7	0.3	ıı
◒	Zambia	104	123			9.0	25.0	⟶	9.7	12.7	→
◒	Zimbabwe	111	119			11.0	14.7	→	14.7	16.0	ıı

UDHR: Universal Declaration of Human Rights
CESCR: International Covenant on Economic, Social and Cultural Rights
CEDAW: Convention on the Elimination of All Forms of Discrimination against Women
CRC: Convention on the Rights of the Child

Sources:
Female professional and technical workers: Human Development Report 2005, UNDP.
Female legislators, senior officials and managers: Human Development Report 2005, UNDP.
Women in decision-making positions in government at ministerial level: Human Development Report 1997, UNDP and Human Development Report 2005, UNDP.
Seats in parliament held by women: IPU Database, January, 2006. (www.ipu.org/wmn-e/classif.htm)

● Countries in better situation
◓ Countries above average
◒ Countries below average
○ Countries in worse situation
— Countries with insufficient data

⟶ Significant progress
→ Slight progress
ıı Stagnant
← Slight regression
⟵ Significant regression

Note: A: Latest available data taken from ILO Laborsta Database (March, 2005) as published by Human Development Report 2005, UNDP.

Status of ratifications of Fundamental ILO Conventions

Up to May 2006

C87: Freedom of Association and Protection of the Right to Organise Convention, 1948.
C98: Right to Organise and Collective Bargaining Convention, 1949.
C100: Equal Remuneration Convention, 1951.
C105: Abolition of Forced Labour Convention, 1957.
C111: Discrimination (Employment and Occupation) Convention, 1958.
C138: Minimum Age Convention, 1973.
C182: Worst Forms of Child Labour Convention, 1999.

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Afghanistan	□	□	■	■	■	□	□
Albania	■	■	■	■	■	■	■
Algeria	■	■	■	■	■	■	■
Angola	■	■	■	■	■	■	■
Antigua and Barbuda	■	■	■	■	■	■	■
Argentina	■	■	■	■	■	■	■
Armenia	■	■	■	■	■	■	■
Australia	■	■	■	■	■	□	□
ustria	■	■	■	■	■	■	■
Azerbaijan	■	■	■	■	■	■	■
Bahamas	■	■	■	■	■	■	■
Bahrain	□	□	■	□	■	□	■
Bangladesh	■	■	■	■	■	□	■
Barbados	■	■	■	■	■	■	■
Belarus	■	■	■	■	■	■	■
Belgium	■	■	■	■	■	■	■
Belize	■	■	■	■	■	■	■
Benin	■	■	■	■	■	■	■
Bolivia	■	■	■	■	■	■	■
Bosnia and Herzegovina	■	■	■	■	■	■	■
Botswana	■	■	■	■	■	■	■
Brazil	□	■	■	■	■	■	■
Bulgaria	■	■	■	■	■	■	■
Burkina Faso	■	■	■	■	■	■	■
Burundi	■	■	■	■	■	■	■
Cambodia	■	■	■	■	■	■	■
Cameroon	■	■	■	■	■	■	■
Canada	■	□	■	■	■	□	■
Cape Verde	■	■	■	■	■	□	■
Central African Republic	■	■	■	■	■	■	■
Chad	■	■	■	■	■	■	■
Chile	■	■	■	■	■	■	■
China	□	□	□	■	■	■	■
Colombia	■	■	■	■	■	■	■
Comoros	■	■	■	■	■	■	■
Congo, Dem. Rep.	■	■	■	■	■	■	■
Congo, Rep.	■	■	■	■	■	■	■
Costa Rica	■	■	■	■	■	■	■
Côte d'Ivoire	■	■	■	■	■	■	■
Croatia	■	■	■	■	■	■	■
Cuba	■	■	■	■	■	■	□
Cyprus	■	■	■	■	■	■	■
Czech Republic	■	■	■	■	■	□	■
Denmark	■	■	■	■	■	■	■
Djibouti	■	■	■	■	■	■	■
Dominica	■	■	■	■	■	■	■
Dominican Republic	■	■	■	■	■	■	■
Ecuador	■	■	■	■	■	■	■
Egypt	■	■	■	■	■	■	■
El Salvador	□	□	■	■	■	■	■
Equatorial Guinea	■	■	■	■	■	■	■
Eritrea	■	■	■	■	■	■	□
Estonia	■	■	■	■	■	□	■
Ethiopia	■	■	■	■	■	■	■
Fiji	■	■	■	■	■	■	■
Finland	■	■	■	■	■	■	■
France	■	■	■	■	■	■	■
Gabon	■	■	■	■	■	□	■
Gambia	■	■	■	■	■	■	■
Georgia	■	■	■	■	■	■	■
Germany	■	■	■	■	■	■	■
Ghana	■	■	■	■	■	□	■
Greece	■	■	■	■	■	■	■
Grenada	■	■	■	■	■	■	■
Guatemala	■	■	■	■	■	■	■
Guinea	■	■	■	■	■	■	■
Guinea-Bissau	□	■	■	■	■	□	□
Guyana	■	■	■	■	■	■	■
Haiti	■	■	■	■	■	□	□
Honduras	■	■	■	■	■	■	■
Hungary	■	■	■	■	■	■	■
Iceland	■	■	■	■	■	■	■
India	□	□	■	■	■	□	□
Indonesia	■	■	■	■	■	■	■
Iran, Islamic Rep.	□	□	■	■	■	□	■
Iraq	□	■	■	■	■	■	■
Ireland	■	■	■	■	■	■	■
Israel	■	■	■	■	■	■	■
Italy	■	■	■	■	■	■	■
Jamaica	■	■	■	■	■	■	■
Japan	■	■	□	■	□	■	■
Jordan	□	■	■	■	■	■	■
Kazakhstan	■	■	■	■	■	■	■
Kenya	□	■	■	■	■	■	■
Kiribati	■	■	■	□	□	□	□
Korea, Rep.	□	□	□	■	■	■	■
Kuwait	■	□	■	□	■	■	■
Kyrgyzstan	■	■	■	■	■	■	■
Lao PDR	□	□	□	□	□	■	■
Latvia	■	■	■	■	■	□	□
Lebanon	□	■	■	■	■	■	■
Lesotho	■	■	■	■	■	■	■

Source: ILOLEX. ILO Website Database (www.ilo.org).

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

Status of ratifications of Fundamental ILO Conventions

Up to April 2005

C87: Freedom of Association and Protection of the Right to Organise Convention, 1948.
C98: Right to Organise and Collective Bargaining Convention, 1949.
C100: Equal Remuneration Convention, 1951.
C105: Abolition of Forced Labour Convention, 1957.
C111: Discrimination (Employment and Occupation) Convention, 1958.
C138: Minimum Age Convention, 1973.
C182: Worst Forms of Child Labour Convention, 1999.

	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		ELIMINATION OF FORCED AND COMPULSORY LABOUR	ELIMINATION OF DISCRIMINATION IN RESPECT OF EMPLOYMENT AND OCCUPATION		ABOLITION OF CHILD LABOUR	
	C 87	C 98	C 105	C 100	C 111	C 138	C 182
Liberia	■	■	■	□	■	□	■
Libya	■	■	■	■	■	■	■
Lithuania	■	■	■	■	■	■	■
Luxembourg	■	■	■	■	■	■	■
Macedonia, FYR	■	■	■	■	■	■	■
Madagascar	■	■	□	■	■	■	■
Malawi	■	■	■	■	■	■	■
Malaysia	□	■	●	■	□	■	■
Mali	■	■	■	■	■	■	■
Malta	■	■	■	■	■	■	■
Mauritania	■	■	■	■	■	■	■
Mauritius	■	■	■	■	■	■	■
Mexico	■	□	■	■	■	□	■
Moldova	■	■	■	■	■	■	■
Mongolia	■	■	■	■	■	■	■
Morocco	□	■	■	■	■	■	■
Mozambique	■	■	■	■	■	■	■
Myanmar	■	□	□	□	□	□	□
Namibia	■	■	■	□	■	■	■
Nepal	□	■	□	■	■	■	■
Netherlands	■	■	■	■	■	■	■
New Zealand	□	■	■	■	■	□	■
Nicaragua	■	■	■	■	■	■	■
Niger	■	■	■	■	■	■	■
Nigeria	■	■	■	■	■	■	■
Norway	■	■	■	■	■	■	■
Oman	□	□	■	□	□	■	■
Pakistan	■	■	■	■	■	□	■
Panama	■	■	■	■	■	■	■
Papua New Guinea	■	■	■	■	■	■	■
Paraguay	■	■	■	■	■	■	■
Peru	■	■	■	■	■	■	■
Philippines	■	■	■	■	■	■	■
Poland	■	■	■	■	■	■	■
Portugal	■	■	■	■	■	■	■
Qatar	□	□	□	□	■	■	■
Romania	■	■	■	■	■	■	■
Russian Federation	■	■	■	■	■	■	■
Rwanda	■	■	■	■	■	■	■
Samoa	□	□	□	□	□	□	□
San Marino	■	■	■	■	■	■	■
Sao Tomé and Principe	■	■	■	■	■	■	■
Saudi Arabia	□	□	■	■	■	□	■
Senegal	■	■	■	■	■	■	■
Serbia and Montenegro	■	■	■	■	■	■	■
Seychelles	■	■	■	■	■	■	■
Sierra Leone	■	■	■	■	■	□	□
Singapore	□	■	●	■	□	■	■
Slovakia	■	■	■	■	■	■	■
Slovenia	■	■	■	■	■	■	■
Solomon Islands	□	□	□	□	□	□	□
Somalia	□	□	■	□	■	□	□
South Africa	■	■	■	■	■	■	■
Spain	■	■	■	■	■	■	■
Sri Lanka	■	■	■	■	■	■	■
St. Kitts and Nevis	■	■	■	■	■	■	■
St. Lucia	■	■	■	■	■	□	■
St. Vincent and Grenadines	■	■	■	■	■	□	■
Sudan	□	■	■	■	■	■	■
Suriname	■	■	■	□	□	□	■
Swaziland	■	■	■	■	■	■	■
Sweden	■	■	■	■	■	■	■
Switzerland	■	■	■	■	■	■	■
Syrian Arab Republic	■	■	■	■	■	■	■
Tajikistan	■	■	■	■	■	■	■
Tanzania	■	■	■	■	■	■	■
Thailand	□	□	■	■	□	■	■
Timor-Leste	□	□	□	□	□	□	□
Togo	■	■	■	■	■	■	■
Trinidad and Tobago	■	■	■	■	■	■	■
Tunisia	■	■	■	■	■	■	■
Turkey	■	■	■	■	■	■	■
Turkmenistan	■	■	■	■	■	□	□
Uganda	■	■	■	■	■	■	■
Ukraine	■	■	■	■	■	■	■
United Arab Emirates	□	□	■	■	■	■	■
United Kingdom	■	■	■	■	■	■	■
United States of America	□	□	■	□	□	□	■
Uruguay	■	■	■	■	■	■	■
Uzbekistan	□	■	■	■	■	□	□
Vanuatu	□	□	□	□	□	□	□
Venezuela	■	■	■	■	■	■	■
Viet Nam	□	□	□	■	■	■	■
Yemen	■	■	■	■	■	■	■
Zambia	■	■	■	■	■	■	■
Zimbabwe	■	■	■	■	■	■	■
Total of 178	145	154	165	162	164	144	160
Africa (53)	48	52	52	50	53	46	49
Americas (35)	32	31	35	33	33	28	33
Asia (40)	16	21	28	29	28	25	31
Europe (50)	49	50	50	50	50	45	47

Source: ILOLEX. ILO Website Database (www.ilo.org).

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

Status of ratifications of International Treaties mentioned in the Millennium Declaration

Up to May 2006

A: Rome Statute of the International Criminal Court, 1998. Entry into force: 1 July 2002.

B: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, 1997. Entry into force: 1 March 1999.

C: Protocol II on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended on 3 May 1996 annexed to the Convention on Certain Conventional Weapons, 1996. Entry into force: 3 December 1998.

D: Kyoto Protocol to the United Nations Framework Convention on Climate Change, 1997. Entry into force: 16 February 2005.

E: Convention on the Rights of the Child, 1989. Entry into force: 2 September 1990. See table *Human Rights International Treaties: how do countries fulfill their obligations*.

F: Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict, 2000. Entry into force: 12 February 2002.

G: Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography, 2000. Entry into force: 18 January 2002.

H: Convention on Biological Diversity, 1992. Entry into force: 29 December 1993.

I: United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, 1994. Entry into force: 26 December 1996.

J: Convention on the Elimination of All Forms of Discrimination against Women, 1979. Entry into force: 3 September 1981. See table *Human Rights International Treaties: how do countries fulfill their obligations*.

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

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

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

Status of ratifications of International Treaties mentioned in the Millennium Declaration

Up to May 2006

A: Rome Statute of the International Criminal Court, 1998. Entry into force: 1 July 2002.

B: Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-Personnel Mines and on their Destruction, 1997. Entry into force: 1 March 1999.

C: Protocol II on Prohibitions or Restrictions on the Use of Mines, Booby-Traps and Other Devices as amended on 3 May 1996 annexed to the Convention on Certain Conventional Weapons, 1996. Entry into force: 3 December 1998.

D: Kyoto Protocol to the United Nations Framework Convention on Climate Change, 1997. Entry into force: 16 February 2005.

E: Convention on the Rights of the Child, 1989. Entry into force: 2 September 1990. See table *Human Rights International Treaties: how do countries fulfill their obligations.*

F: Optional Protocol to the Convention on the Rights of the Child on the Involvement of Children in Armed Conflict, 2000. Entry into force: 12 February 2002.

G: Optional Protocol to the Convention on the Rights of the Child on the Sale of Children, Child Prostitution and Child Pornography, 2000. Entry into force: 18 January 2002.

H: Convention on Biological Diversity, 1992. Entry into force: 29 December 1993.

I: United Nations Convention to Combat Desertification in those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa, 1994. Entry into force: 26 December 1996.

J: Convention on the Elimination of All Forms of Discrimination against Women, 1979. Entry into force: 3 September 1981. See table *Human Rights International Treaties: how do countries fulfill their obligations.*

	A	B	C	D	F	G	H	I
Lesotho	●	●		●	●	●	●	●
Liberia	●	●	●	●	○	○	●	●
Libya					●	●	●	●
Liechtenstein	●	●	●	●	●	○	●	●
Lithuania	●	●	●	●	●	●	●	●
Luxembourg	●	●	●	●	●	○	●	●
Macedonia, FYR	●	●	●	●	●	●	●	●
Madagascar	○	●		●	●	●	●	●
Malawi	●	●		●	○	○	●	●
Malaysia		●		●			●	●
Maldives		●	●	●	●	●	●	●
Mali	●	●	●	●	●	●	●	●
Malta	●	●	●	●	●	○	●	●
Marshall Islands	●	○		●			●	●
Mauritania		●		●			●	●
Mauritius	●	●		●	○	○	●	●
Mexico	●	●		●	●	●	●	●
Micronesia, Fed. Sts.				●	○	○	●	●
Moldova	○	●	●	●	●	○	●	●
Monaco	○	●	●	●	●	○	●	●
Mongolia	●			●	●	●	●	●
Morocco	○		●	●	●	●	●	●
Mozambique	○	●		●	●	●	●	●
Myanmar				●			●	●
Namibia	●	●		●	●	●	●	●
Nauru	●	●	●	●	○	○	●	●
Nepal				●	○	●	●	●
Netherlands	●	●	●	●	○	●	●	●
New Zealand	●	●	●	●	●	○	●	●
Nicaragua		●	●	●	●	●	●	●
Niger	●	●		●		●	●	●
Nigeria	●	●		●	○	○	●	●
Niue		●		●			●	●
Norway	●	●	●	●	●	●	●	●
Oman	○			●	●	●	●	●
Pakistan			●	●	○	○	●	●
Palau				●			●	●
Panama	●	●	●	●	●	●	●	●
Papua New Guinea		●		●			●	●
Paraguay	●	●	●	●	●	●	●	●
Peru	●	●	●	●	●	●	●	●
Philippines	○	●	●	●	●	●	●	●
Poland	●	○	●	●	●	●	●	●
Portugal	●	●	●	●	●	●	●	●
Qatar		●		●	●	●	●	●
Romania	●	●	●	●	●	●	●	●
Russian Federation	○		●	●	○		●	●
Rwanda		●		●	●	●	●	●
Samoa	●	●		●			●	●

	A	B	C	D	F	G	H	I
San Marino	●	●			○	○	●	●
Sao Tomé and Principe	○	●					●	●
Saudi Arabia				●			●	●
Senegal	●	●	●	●	●	●	●	●
Serbia and Montenegro	●	●			●	●	●	
Seychelles	○	●	●	●	○	○	●	●
Sierra Leone	●	●	●		●	●	●	●
Singapore				●	○		●	●
Slovakia	●	●	●	●	○	●	●	●
Slovenia	●	●	●	●	●	●	●	●
Solomon Islands	○	●		●			●	●
Somalia					○			●
South Africa	●	●	●	●	○	●	●	●
Spain	●	●	●	●	●	●	●	●
Sri Lanka			●	●	●	○	●	●
St. Kitts and Nevis		●					●	●
St. Lucia	○	●		●			●	●
St. Vincent and Grenadines	●	●		●		●	●	●
Sudan	○	●		●	●	●	●	●
Suriname		●			○	○	●	●
Swaziland		●		●			●	●
Sweden	●	●	●	●	●	○	●	●
Switzerland	●	●	●	●	●	○	●	●
Syrian Arab Republic	○			●	●	●	●	●
Tajikistan	●	●	●		●	●	●	●
Tanzania	●	●		●	●	●	●	●
Thailand	○	●		●	●	●	○	●
Timor-Leste	●	●			●	●		●
Togo		●		●	●	●	●	●
Tonga							●	●
Trinidad and Tobago	●	●		●			●	●
Tunisia		●	●	●	●	●	●	●
Turkey		●	●		●	●	●	●
Turkmenistan		●	●	●	●	●	●	●
Tuvalu				●			●	●
Uganda	●	●		●	●	●	●	●
Ukraine	○	●	●	●	●	●	●	●
United Arab Emirates	○			●			●	●
United Kingdom	●	●	●	●	●	○	●	●
United States of America	○		●	○	●	●	○	●
Uruguay	●	●	●	●	●	●	●	●
Uzbekistan	○			●			●	●
Vanuatu		●		●	○	○	●	●
Venezuela	●	●	●	●	●	●	●	●
Viet Nam				●	●	●	●	●
Yemen	○	●		●		●	●	●
Zambia	●	●		○			●	●
Zimbabwe	○	●					●	●

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

● **Ratification, accession, approval, notification or succession, acceptance, consent to be bound or definitive signature.**

○ **Signature not yet followed by ratification.**

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- International Covenant on Economic, Social and Cultural Rights (CESCR), 1966. Entry into force: 3 January 1976.
- International Covenant on Civil and Political Rights (CCPR), 1966. Entry into force: 23 March 1976.
- International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965. Entry into force: 4 January 1969.
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979. Entry into force: 3 September 1981.

	UN MEMBER SINCE	INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (CESCR)			INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (CCPR)			INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION (CERD)			CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN (CEDAW)		
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB
Afghanistan	1946	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Albania	1955	●	Pending	Nov. 2006	●	Not yet due		●	Not yet due		●	Overdue	
Algeria	1962	●	Not yet due		●	Overdue		●	Overdue		●	Overdue	
Andorra	1993		—	—	○			○			●	Overdue	
Angola	1976	●	Overdue		●	Overdue			—	—	●	Not yet due	
Antigua and Barbuda	1981		—	—		—	—	●	Pending	Feb. 2007	●	Overdue	
Argentina	1945	●	Overdue		●	Not yet due		●	Not yet due		●	Not yet due	
Armenia	1992	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Australia	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	
Austria	1955	●	Not yet due		●	Overdue		●	Overdue		●	Pending	Jan. 2007
Azerbaijan	1992	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	Jan. 2007
Bahamas	1973		—	—		—	—	●	Not yet due		●	Overdue	
Bahrain	1971		—	—		—	—	●	Not yet due		●	Overdue	
Bangladesh	1974	●	Overdue		●	Overdue		●	Overdue		●	Not yet due	
Barbados	1966	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Belarus	1945	●	Overdue		●	Overdue		●	Not yet due		●	Not yet due	
Belgium	1945	●	Not yet due		●	Not yet due		●	Overdue		●	Overdue	
Belize	1981	○			●	Overdue		●	Overdue		●	Pending	
Benin	1960	●	Not yet due		●	Not yet due		●	Overdue		●	Overdue	
Bhutan	1971		—	—		—	—	○			●	Not yet due	
Bolivia	1945	●	Not yet due		●	Overdue		●	Not yet due		●	Overdue	
Bosnia and Herzegovina	1992	●	Not yet due		●	Pending		●	Not yet due		●	Pending	
Botswana	1966		—	—	●	Overdue		●	Not yet due		●	Overdue	
Brazil	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Brunei Darussalam	1984		—	—		—	—		—	—		—	—
Bulgaria	1955	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Burkina Faso	1960	●	Overdue		●	Overdue		●	Overdue		●	Not yet due	
Burundi	1962	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Cambodia	1955	●	Overdue		●	Overdue		●	Overdue		●	Not yet due	
Cameroon	1960	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Canada	1945	●	Not yet due		●	Not yet due		●	Pending	Feb. 2007	●	Overdue	
Cape Verde	1975	●	Overdue		●	Overdue		●	Not yet due		●	Pending	Aug. 2006
Central African Republic	1960	●	Overdue		●	Pending	July 2006	●	Overdue		●	Overdue	
Chad	1960	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Chile	1945	●	Not yet due		●	Pending		●	Overdue		●	Pending	Aug. 2006
China	1945	●	Not yet due		○			●	Overdue		●	Pending	Aug. 2006
Colombia	1945	●	Not yet due		●	Not yet due		●	Overdue		●	Pending	Jan. 2007
Comoros	1975		—	—		—	—	●			●	Overdue	
Congo, Dem. Rep.	1960	●	Overdue		●	Not yet due		●	Overdue		●	Pending	Aug. 2006
Congo, Rep.	1960	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Costa Rica	1945	●	Overdue		●	Not yet due		●	Overdue		●	Overdue	
Côte d'Ivoire	1960	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Croatia	1992	●	Not yet due		●	Not yet due		●	Overdue		●	Not yet due	
Cuba	1945		—	—		—	—	●	Overdue		●	Pending	Aug. 2006
Cyprus	1960	●	Overdue		●	Overdue		●	Overdue		●	Pending	
Czech Republic	1993	●	Not yet due		●	Not yet due		●	Pending	Feb. 2007	●	Pending	Aug. 2006
Denmark	1945	●	Not yet due		●	Not yet due		●	Pending	Aug. 2006	●	Pending	Aug. 2006
Djibouti	1977	●	Overdue		●	Overdue			—	—	●	Overdue	
Dominica	1978	●	Overdue		●	Overdue			—	—	●	Overdue	
Dominican Republic	1945	●	Overdue		●	Not yet due		●	Overdue		●	Overdue	
Ecuador	1945	●	Not yet due		●	Overdue		●	Not yet due		●	Overdue	

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), 1984. Entry into force: 26 June 1987.
- Convention on the Rights of the Child (CRC), 1989. Entry into force: 2 September 1990.
- Convention on the Prevention and Punishment of the Crime of Genocide, 1948. Entry into force: 12 January 1951.
- Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), 1990. Entry into force: 1 July 2003.

	UN MEMBER SINCE	CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR DEGRADING TREATMENT OR PUNISHMENT (CAT)			CONVENTION ON THE RIGHTS OF THE CHILD (CRC)			CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE	CONVENTION RELATING TO THE STATUS OF REFUGEES	INTERNATIONAL CONVENTION ON THE PROTECTION OF THE RIGHTS OF ALL MIGRANT WORKERS AND MEMBERS OF THEIR FAMILIES (MWC)
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB			
Afghanistan	1946	●	Overdue		●	Overdue		●	●	
Albania	1955	●	Not yet due		●	Not yet due		●	●	
Algeria	1962	●	Overdue		●	Not yet due		●	●	●
Andorra	1993	○			●	Overdue				
Angola	1976		—	—	●	Not yet due			●	
Antigua and Barbuda	1981	●	Overdue		●	Not yet due		●	●	
Argentina	1945	●	Not yet due		●	Not yet due		●	●	○
Armenia	1992	●	Overdue		●	Not yet due		●	●	
Australia	1945	●	Pending	Nov. 2007	●	Not yet due		●	●	
Austria	1955	●	Not yet due		●	Not yet due		●	●	
Azerbaijan	1992	●	Not yet due		●	Not yet due		●	●	●
Bahamas	1973		—	—	●	Not yet due		●	●	
Bahrain	1971	●	Not yet due		●	Overdue		●		
Bangladesh	1974	●	Overdue		●	Not yet due		●		○
Barbados	1966		—	—	●	Overdue		●		
Belarus	1945	●	Overdue		●	Not yet due		●	●	
Belgium	1945	●	Overdue		●	Not yet due		●	●	
Belize	1981	●	Overdue		●	Not yet due		●	●	●
Benin	1960	●	Pending	May 2007	●	Pending	Sept. 2006		●	○
Bhutan	1971		—	—	●	Overdue				
Bolivia	1945	●	Overdue		●	Not yet due		●	●	●
Bosnia and Herzegovina	1992	●	Not yet due		●	Not yet due		●	●	●
Botswana	1966	●	Overdue		●	Not yet due			●	
Brazil	1945	●	Overdue		●	Not yet due		●	●	
Brunei Darussalam	1984		—	—	●	Not yet due				
Bulgaria	1955	●	Not yet due		●	Overdue		●	●	
Burkina Faso	1960	●	Overdue		●	Not yet due		●	●	●
Burundi	1962	●	Pending	Nov. 2006	●	Overdue		●	●	
Cambodia	1955	●	Overdue		●	Overdue		●	●	○
Cameroon	1960	●	Overdue		●	Overdue			●	
Canada	1945	●	Not yet due		●	Not yet due		●	●	
Cape Verde	1975	●	Overdue		●	Overdue				●
Central African Republic	1960		—	—	●	Overdue			●	
Chad	1960	●	Overdue		●	Overdue			●	
Chile	1945	●	Not yet due		●	Pending	Jan. 2007	●	●	●
China	1945	●	Overdue		●	Not yet due		●	●	
Colombia	1945	●	Overdue		●	Not yet due		●	●	●
Comoros	1975	○			●	Overdue		●		○
Congo, Dem. Rep.	1960	●	Not yet due		●	Overdue		●	●	
Congo, Rep.	1960	●	Overdue		●	Pending	Sept. 2006		●	
Costa Rica	1945	●	Overdue		●	Not yet due		●	●	
Côte d'Ivoire	1960	●	Overdue		●	Overdue		●	●	
Croatia	1992	●	Not yet due		●	Not yet due		●	●	
Cuba	1945	●	Overdue		●	Overdue		●		
Cyprus	1960	●	Overdue		●	Not yet due		●	●	
Czech Republic	1993	●	Not yet due		●	Not yet due		●	●	
Denmark	1945	●	Pending	May 2007	●	Not yet due		●	●	
Djibouti	1977	●			●	Overdue			●	
Dominica	1978		—	—	●	Not yet due			●	
Dominican Republic	1945	○			●	Overdue		○	●	
Ecuador	1945	●	Not yet due		●	Not yet due		●	●	●

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- International Covenant on Economic, Social and Cultural Rights (CESCR), 1966. Entry into force: 3 January 1976.
- International Covenant on Civil and Political Rights (CCPR), 1966. Entry into force: 23 March 1976.
- International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965. Entry into force: 4 January 1969.
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979. Entry into force: 3 September 1981.

	UN MEMBER SINCE	INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (CESCR)			INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (CCPR)			INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION (CERD)			CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN (CEDAW)		
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB
Egypt	1945	●	Overdue		●	Not yet due		●	Not yet due		●	Overdue	
El Salvador	1945	●	Pending	Nov. 2006	●	Not yet due		●	Not yet due		●	Not yet due	
Equatorial Guinea	1968	●	Overdue		●	Overdue		●			●	Not yet due	
Eritrea	1993	●	Overdue		●	Overdue		●	Overdue		●	Not yet due	
Estonia	1991	●	Not yet due		●	Not yet due		●	Pending	Aug. 2006	●	Overdue	
Ethiopia	1945	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Fiji	1970		—	—		—	—	●	Not yet due		●	Overdue	
Finland	1955	●	Pending	May 2007	●	Not yet due		●	Not yet due		●	Pending	
France	1945	●	Not yet due		●	Overdue		●	Not yet due		●	Overdue	
Gabon	1960	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Gambia	1965	●	Overdue		●	Overdue		●	Overdue		●	Not yet due	
Georgia	1992	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	Aug. 2006
Germany	1973	●	Not yet due		●	Not yet due		●	Overdue		●	Not yet due	
Ghana	1957	●	Overdue		●	Overdue		●	Not yet due		●	Pending	Aug. 2006
Greece	1945	●	Not yet due		●	Not yet due		●	Overdue		●	Pending	Jan. 2007
Grenada	1974	●	Overdue		●	Overdue		○			●	Overdue	
Guatemala	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	
Guinea	1958	●	Overdue		●	Overdue		●	Overdue		●	Pending	
Guinea-Bissau	1974	●	Overdue		○			○			●	Overdue	
Guyana	1966	●	Overdue		●	Overdue		●	Not yet due		●	Not yet due	
Haiti	1945		—	—	●	Overdue		●	Overdue		●	Overdue	
Holy See			—	—		—	—	●	Overdue			—	—
Honduras	1945	●	Not yet due		●	Pending	July 2006	●			●	Overdue	
Hungary	1955	●	Pending	May 2007	●	Not yet due		●	Overdue		●	Overdue	
Iceland	1946	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	
India	1945	●	Overdue		●	Overdue		●	Pending	Feb. 2007	●	Pending	Jan. 2007
Indonesia	1950	●			●			●	Overdue		●	Pending	
Iran, Islamic Rep.	1945	●	Overdue		●	Overdue		●	Not yet due			—	—
Iraq	1945	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Ireland	1955	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	
Israel	1949	●	Not yet due		●	Not yet due		●	Pending	Aug. 2006	●	Pending	
Italy	1955	●	Not yet due		●	Not yet due		●	Pending	Feb. 2007	●	Not yet due	
Jamaica	1962	●	Overdue		●	Overdue		●	Overdue		●	Pending	Aug. 2006
Japan	1956	●	Not yet due		●	Overdue		●	Overdue		●	Not yet due	
Jordan	1955	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Kazakhstan	1992	●			●	Overdue		●	Not yet due		●	Pending	Jan. 2007
Kenya	1963	●	Overdue		●	Not yet due		●	Overdue		●	Overdue	
Kiribati	1999		—	—		—	—		—	—	●		
Korea, Dem. Rep.	1991	●	Not yet due		●	Overdue			—	—	●	Not yet due	
Korea, Rep.	1991	●	Not yet due		●	Pending	Oct. 2006	●	Not yet due		●	Pending	
Kuwait	1963	●	Not yet due		●	Not yet due		●	Overdue		●	Overdue	
Kyrgyzstan	1992	●	Not yet due		●	Not yet due		●	Overdue		●	Not yet due	
Lao PDR	1955	○			○			●	Not yet due		●	Overdue	
Latvia	1991	●	Pending	May 2007	●	Not yet due		●	Not yet due		●	Overdue	
Lebanon	1945	●	Overdue		●	Overdue		●	Not yet due		●	Not yet due	
Lesotho	1966	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Liberia	1945	●			●			●	Overdue		●	Overdue	
Libya	1955	●	Not yet due		●	Pending		●	Not yet due		●	Pending	
Liechtenstein	1990	●	Not yet due		●	Not yet due		●	Pending	Feb. 2007	●	Pending	
Lithuania	1991	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	
Luxembourg	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), 1984. Entry into force: 26 June 1987.
- Convention on the Rights of the Child (CRC), 1989. Entry into force: 2 September 1990.
- Convention on the Prevention and Punishment of the Crime of Genocide, 1948. Entry into force: 12 January 1951.
- Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), 1990. Entry into force: 1 July 2003.

	UN MEMBER SINCE	CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR DEGRADING TREATMENT OR PUNISHMENT (CAT)			CONVENTION ON THE RIGHTS OF THE CHILD (CRC)			CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE	CONVENTION RELATING TO THE STATUS OF REFUGEES	INTERNATIONAL CONVENTION ON THE PROTECTION OF THE RIGHTS OF ALL MIGRANT WORKERS AND MEMBERS OF THEIR FAMILIES (MWC)
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB			
Egypt	1945	●	Overdue		●	Overdue		●	●	●
El Salvador	1945	●	Overdue		●	Not yet due		●	●	●
Equatorial Guinea	1968	●	Overdue		●	Not yet due			●	
Eritrea	1993		—	—	●	Not yet due				
Estonia	1991	●	Pending	May 2007	●	Not yet due		●	●	
Ethiopia	1945	●	Overdue		●	Pending	Sept. 2006	●	●	
Fiji	1970		—	—	●	Overdue		●	●	
Finland	1955	●	Not yet due		●	Not yet due		●	●	
France	1945	●	Not yet due		●	Not yet due		●	●	
Gabon	1960	●	Overdue		●	Overdue		●	●	○
Gambia	1965	○			●	Overdue		●	●	
Georgia	1992	●	Not yet due		●	Not yet due		●	●	
Germany	1973	●	Overdue		●	Not yet due		●	●	
Ghana	1957	●	Overdue		●	Not yet due		●	●	●
Greece	1945	●	Not yet due		●	Overdue		●	●	
Grenada	1974		—	—	●	Overdue				
Guatemala	1945	●	Not yet due		●	Overdue		●	●	●
Guinea	1958	●	Overdue		●	Overdue		●	●	●
Guinea-Bissau	1974	○			●	Overdue			●	○
Guyana	1966	●	Pending	Nov. 2006	●	Not yet due				○
Haiti	1945		—	—	●	Not yet due		●	●	
Holy See		●	Overdue		●	Overdue			●	
Honduras	1945	●	Overdue		●	Pending	Jan. 2007	●	●	●
Hungary	1955	●	Pending	Nov. 2006	●	Overdue		●	●	
Iceland	1946	●	Pending	May 2008	●	Not yet due		●	●	
India	1945	○			●	Not yet due		●		
Indonesia	1950	●	Pending	May 2008	●	Not yet due				○
Iran, Islamic Rep.	1945		—	—	●	Not yet due		●	●	
Iraq	1945		—	—	●	Overdue		●		
Ireland	1955	●	Overdue		●	Pending	Sept. 2006	●	●	
Israel	1949	●	Overdue		●	Not yet due		●	●	
Italy	1955	●	Pending	May 2007	●	Not yet due		●	●	
Jamaica	1962		—	—	●	Not yet due		●	●	
Japan	1956	●	Pending	Nov. 2007	●	Overdue			●	
Jordan	1955	●	Overdue		●	Pending	Sept. 2006	●		
Kazakhstan	1992	●	Overdue		●	Not yet due		●	●	
Kenya	1963	●	Overdue		●	Pending	Jan. 2007		●	
Kiribati	1999		—	—	●	Pending	Sept. 2006			
Korea, Dem. Rep.	1991		—	—	●	Not yet due		●		
Korea, Rep.	1991	●	Not yet due		●	Not yet due		●	●	
Kuwait	1963	●	Overdue		●	Overdue		●		
Kyrgyzstan	1992	●	Overdue		●	Pending		●	●	●
Lao PDR	1955		—	—	●	Overdue		●		
Latvia	1991	●	Pending	Nov. 2007	●	Not yet due		●	●	
Lebanon	1945	●	Overdue		●	Not yet due		●		
Lesotho	1966	●	Overdue		●	Overdue		●	●	●
Liberia	1945	●			●	Not yet due		●	●	○
Libya	1955	●	Overdue		●	Not yet due		●		●
Liechtenstein	1990	●	Overdue		●	Not yet due		●	●	
Lithuania	1991	●	Overdue		●	Not yet due		●	●	
Luxembourg	1945	●	Pending	Nov. 2007	●	Not yet due		●	●	

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- International Covenant on Economic, Social and Cultural Rights (CESCR), 1966. Entry into force: 3 January 1976.
- International Covenant on Civil and Political Rights (CCPR), 1966. Entry into force: 23 March 1976.
- International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965. Entry into force: 4 January 1969.
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979. Entry into force: 3 September 1981.

	UN MEMBER SINCE	INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (CESCR)			INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (CCPR)			INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION (CERD)			CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN (CEDAW)		
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB
Macedonia, FYR	1993	●	Pending	Nov. 2006	●	Overdue		●	Pending	Feb. 2007	●	Not yet due	
Madagascar	1960	●	Overdue		●	Pending		●	Not yet due		●	Overdue	
Malawi	1964	●	Overdue		●	Overdue		●	Pending	Aug. 2006	●	Pending	
Malaysia	1957		—	—		—	—		—	—	●	Pending	
Maldives	1965		—	—		—	—	●	Overdue		●	Pending	Jan. 2007
Mali	1960	●	Overdue		●	Not yet due		●	Not yet due		●	Not yet due	
Malta	1964	●	Not yet due		●	Overdue		●	Overdue		●	Overdue	
Marshall Islands	1991		—	—		—	—		—	—	●		
Mauritania	1961	●			●			●	Not yet due		●	Pending	May 2007
Mauritius	1968	●	Overdue		●	Not yet due		●	Overdue		●	Pending	Aug. 2006
Mexico	1945	●	Not yet due		●	Overdue		●	Not yet due		●	Pending	Aug. 2006
Micronesia, Fed. Sts.	1991		—	—		—	—		—	—	●		
Moldova	1992	●	Not yet due		●	Not yet due		●	Pending	Feb. 2007	●	Pending	Aug. 2006
Monaco	1993	●	Not yet due		●	Not yet due		●	Overdue		●		
Mongolia	1961	●	Overdue		●	Overdue		●	Pending	Aug. 2006	●	Overdue	
Morocco	1956	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Mozambique	1975		—	—	●	Overdue		●	Pending	Aug. 2006	●	Pending	May 2007
Myanmar	1948		—	—		—	—		—	—	●	Overdue	
Namibia	1990	●	Overdue		●	Not yet due		●	Pending	Aug. 2006	●	Pending	Jan. 2007
Nauru	1999		—	—	○			○				—	—
Nepal	1955	●	Not yet due		●	Overdue		●	Not yet due		●	Overdue	
Netherlands	1945	●	Pending	Nov. 2006	●	Not yet due		●	Not yet due		●	Pending	Jan. 2007
New Zealand	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	
Nicaragua	1945	●	Overdue		●	Overdue		●	Overdue		●	Pending	Jan. 2007
Niger	1960	●	Overdue		●	Overdue		●	Overdue		●	Pending	May 2007
Nigeria	1960	●	Overdue		●	Overdue		●	Not yet due		●	Not yet due	
Norway	1945	●	Not yet due		●	Not yet due		●	Pending	Aug. 2006	●	Not yet due	
Oman	1971		—	—		—	—	●	Pending	Aug. 2006	●		
Pakistan	1947	○				—	—	●	Overdue		●	Pending	May 2007
Palau	1994		—	—		—	—		—	—		—	—
Panama	1945	●	Not yet due		●	Overdue		●	Overdue		●	Overdue	
Papua New Guinea	1975		—	—		—	—	●	Overdue		●	Overdue	
Paraguay	1945	●	Overdue		●	Not yet due		●			●	Not yet due	
Peru	1945	●	Overdue		●	Overdue		●	Overdue		●	Pending	Jan. 2007
Philippines	1945	●	Overdue		●	Not yet due		●	Overdue		●	Pending	Aug. 2006
Poland	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	Jan. 2007
Portugal	1955	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Qatar	1971		—	—		—	—	●	Overdue			—	—
Romania	1955	●	Overdue		●	Overdue		●	Overdue		●	Pending	
Russian Federation	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Rwanda	1962	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Samoa	1976		—	—		—	—		—	—	●	Not yet due	
Marino	1992	●	Overdue		●	Overdue		●	Overdue		●		
Sao Tomé and Principe	1975	○			○			○			●		
Saudi Arabia	1945		—	—		—	—	●	Not yet due		●	Overdue	
Senegal	1960	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Serbia and Montenegro	2000	●	Not yet due		●	Not yet due		●	Overdue		●	Overdue	
Seychelles	1976	●	Overdue		●	Overdue		●	Pending	Aug. 2006	●	Overdue	
Sierra Leone	1961	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Singapore	1965		—	—		—	—		—	—	●	Pending	Jan. 2007

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

● Ratification, accession, approval, notification or succession, acceptance, consent to be bound or definitive signature.

○ Signature not yet followed by ratification.

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), 1984. Entry into force: 26 June 1987.
- Convention on the Rights of the Child (CRC), 1989. Entry into force: 2 September 1990.
- Convention on the Prevention and Punishment of the Crime of Genocide, 1948. Entry into force: 12 January 1951.
- Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), 1990. Entry into force: 1 July 2003.

	UN MEMBER SINCE	CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR DEGRADING TREATMENT OR PUNISHMENT (CAT)			CONVENTION ON THE RIGHTS OF THE CHILD (CRC)			CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE	CONVENTION RELATING TO THE STATUS OF REFUGEES	INTERNATIONAL CONVENTION ON THE PROTECTION OF THE RIGHTS OF ALL MIGRANT WORKERS AND MEMBERS OF THEIR FAMILIES (MWC)
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB			
Macedonia, FYR	1993	●	Overdue		●	Overdue		●	●	
Madagascar	1960	●			●	Not yet due			●	
Malawi	1964	●	Overdue		●	Overdue			●	
Malaysia	1957		—	—	●	Overdue		●		
Maldives	1965	●			●	Pending	Jan. 2007	●		
Mali	1960	●	Overdue		●	Pending	Jan. 2007	●	●	●
Malta	1964	●	Overdue		●	Overdue			●	
Marshall Islands	1991		—	—	●	Not yet due				
Mauritania	1961	●			●	Overdue			●	
Mauritius	1968	●	Overdue		●	Not yet due				
Mexico	1945	●	Pending	Nov. 2006	●	Not yet due		●	●	●
Micronesia, Fed. Sts.	1991		—	—	●	Overdue				
Moldova	1992	●	Overdue		●	Overdue		●	●	
Monaco	1993	●	Overdue		●	Overdue		●	●	
Mongolia	1961	●	Overdue		●	Not yet due		●		
Morocco	1956	●	Not yet due		●	Not yet due		●	●	●
Mozambique	1975	●	Overdue		●	Overdue		●	●	
Myanmar	1948		—	—	●	Not yet due		●		
Namibia	1990	●	Overdue		●	Overdue		●	●	
Nauru	1999	○			●	Overdue				
Nepal	1955	●	Not yet due		●	Not yet due		●		
Netherlands	1945	●	Pending	May 2007	●	Not yet due		●	●	
New Zealand	1945	●	Overdue		●	Not yet due		●	●	
Nicaragua	1945	●			●	Not yet due		●	●	●
Niger	1960	●	Overdue		●	Overdue			●	
Nigeria	1960	●	Overdue		●	Not yet due			●	
Norway	1945	●	Pending	Nov. 2007	●	Not yet due		●	●	
Oman	1971		—	—	●	Pending	Sept. 2006			
Pakistan	1947		—	—	●	Not yet due		●		
Palau	1994		—	—	●	Overdue				
Panama	1945	●	Overdue		●	Not yet due		●	●	
Papua New Guinea	1975		—	—	●	Not yet due		●	●	
Paraguay	1945	●	Overdue		●	Overdue		●	●	○
Peru	1945	●	Not yet due		●	Not yet due		●	●	●
Philippines	1945	●	Overdue		●	Not yet due		●	●	●
Poland	1945	●	Pending	May 2007	●	Not yet due		●	●	
Portugal	1955	●	Pending	May 2008	●	Overdue		●	●	
Qatar	1971	●	Not yet due		●	Overdue				
Romania	1955	●	Overdue		●	Not yet due		●	●	
Russian Federation	1945	●	Pending	Nov. 2006	●	Not yet due		●	●	
Rwanda	1962		—	—	●	Not yet due		●	●	
Samoa	1976		—	—	●	Pending	Sept. 2006		●	
San Marino	1992	○			●	Not yet due				
São Tomé and Principe	1975	○			●	Not yet due			●	○
Saudi Arabia	1945	●	Overdue		●	Not yet due		●		
Senegal	1960	●	Overdue		●	Pending	Sept. 2006	●	●	●
Serbia and Montenegro	2000	●	Overdue		●	Overdue		●	●	○
Seychelles	1976	●	Pending	Nov. 2006 (non - reporting)	●	Not yet due		●	●	●
Sierra Leone	1961	●	Overdue		●	Overdue			●	○
Singapore	1965		—	—	●	Not yet due		●		

REFERENCES

Status of ratification:

Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:

Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue

Not yet due

Pending

— Countries that have not signed or ratified the Treaty

Scheduled report to TB:

Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- International Covenant on Economic, Social and Cultural Rights (CESCR), 1966. Entry into force: 3 January 1976.
- International Covenant on Civil and Political Rights (CCPR), 1966. Entry into force: 23 March 1976.
- International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965. Entry into force: 4 January 1969.
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979. Entry into force: 3 September 1981.

	UN MEMBER SINCE	INTERNATIONAL COVENANT ON ECONOMIC, SOCIAL AND CULTURAL RIGHTS (CESCR)			INTERNATIONAL COVENANT ON CIVIL AND POLITICAL RIGHTS (CCPR)			INTERNATIONAL CONVENTION ON THE ELIMINATION OF ALL FORMS OF RACIAL DISCRIMINATION (CERD)			CONVENTION ON THE ELIMINATION OF ALL FORMS OF DISCRIMINATION AGAINST WOMEN (CEDAW)		
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB
Slovakia	1993	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Slovenia	1992	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	
Solomon Islands	1978	●	Not yet due			—	—	●	Overdue		●	Overdue	
Somalia	1960	●	Overdue		●	Overdue		●	Overdue			—	—
South Africa	1945	○			●	Overdue		●	Pending	Aug. 2006	●	Overdue	
Spain	1955	●	Not yet due		●	Overdue		●	Not yet due		●	Overdue	
Sri Lanka	1955	●	Overdue		●	Not yet due		●	Overdue		●	Overdue	
St. Kitts and Nevis	1983		—	—		—	—		—	—	●	Overdue	
St. Lucia	1979		—	—		—	—	●	Pending	Aug. 2006	●	Pending	
St. Vincent and the Grenadines	1980	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Sudan	1956	●	Overdue		●	Overdue		●	Overdue			—	—
Suriname	1975	●	Overdue		●	Not yet due		●	Not yet due		●	Pending	Jan. 2007
Swaziland	1968	●			●			●	Overdue		●		
Sweden	1946	●	Not yet due		●	Not yet due		●	Not yet due		●	Overdue	
Switzerland	2002	●	Overdue		●	Not yet due		●	Overdue		●	Not yet due	
Syrian Arab Republic	1945	●	Not yet due		●	Not yet due		●	Overdue		●	Pending	May 2007
Tajikistan	1992	●	Pending	Nov. 2006	●	Not yet due		●	Not yet due		●	Pending	Jan. 2007
Tanzania	1961	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Thailand	1946	●	Overdue		●	Not yet due		●	Overdue		●	Not yet due	
Timor-Leste	2002	●	Not yet due		●	Not yet due		●	Overdue		●	Overdue	
Togo	1960	●	Overdue		●	Not yet due		●	Overdue		●	Not yet due	
Tonga	1999		—	—		—		●	Overdue			—	—
Trinidad and Tobago	1962	●	Not yet due		●	Overdue		●	Overdue		●	Overdue	
Tunisia	1956	●	Overdue		●	Overdue		●	Not yet due		●	Overdue	
Turkey	1945	●	Not yet due		●			●	Overdue		●	Not yet due	
Turkmenistan	1992	●	Overdue		●	Overdue		●	Not yet due		●	Pending	
Tuvalu	2000		—	—		—	—		—	—	●	Overdue	
Uganda	1962	●	Overdue		●	Not yet due		●	Not yet due		●	Overdue	
Ukraine	1945	●	Not yet due		●	Pending		●	Pending	Aug. 2006	●	Overdue	
United Arab Emirates	1971		—	—		—	—	●	Overdue		●		
United Kingdom	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Pending	
United States of America	1945	○			●	Pending	July 2006	●	Overdue		○		
Uruguay	1945	●	Overdue		●	Overdue		●	Overdue		●	Overdue	
Uzbekistan	1992	●	Overdue		●	Not yet due		●	Not yet due		●	Pending	Aug. 2006
Vanuatu	1981		—	—		—	—		—	—	●	Pending	May 2007
Venezuela	1945	●	Not yet due		●	Not yet due		●	Not yet due		●	Not yet due	
Viet Nam	1977	●	Overdue		●	Not yet due		●	Overdue		●	Pending	
Yemen	1947	●	Not yet due		●	Not yet due		●	Pending	Aug. 2006	●	Overdue	
Zambia	1964	●	Not yet due		●	Pending		●	Not yet due		●	Overdue	
Zimbabwe	1980	●	Overdue		●	Overdue		●	Overdue		●	Overdue	

Sources:
United Nations Treaty Collection Website, Database "Status of Multilateral Treaties Deposited with the Secretary General" (http://untreaty.un.org/); Amnesty International website (web.amnesty.org/pages/treaty-countries-reporting-eng) and Office of the UN High Commissioner for Human Rights (www.ohchr.org/tbru/Reporting_schedule.pdf).

Note:
This table brings together information contained in various sources of the Office of the UN High Commissioner for Human Rights in order to provide an overview of the status of reporting to the various Committees. For an official reference document please visit the United Nations Human Rights Database website (www.unhchr.ch/tbs/doc.nsf).

REFERENCES

Status of ratification:
Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:
Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue
Not yet due
Pending
— Countries that have not signed or ratified the Treaty

Scheduled report to TB:
Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Human Rights International Treaties: how do countries fulfill their obligations

Up to May 2006

- Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), 1984. Entry into force: 26 June 1987.
- Convention on the Rights of the Child (CRC), 1989. Entry into force: 2 September 1990.
- Convention on the Prevention and Punishment of the Crime of Genocide, 1948. Entry into force: 12 January 1951.
- Convention Relating to the Status of Refugees, 1951. Entry into force: 22 April 1954.
- International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (MWC), 1990. Entry into force: 1 July 2003.

	UN MEMBER SINCE	CONVENTION AGAINST TORTURE AND OTHER CRUEL, INHUMAN OR DEGRADING TREATMENT OR PUNISHMENT (CAT)			CONVENTION ON THE RIGHTS OF THE CHILD (CRC)			CONVENTION ON THE PREVENTION AND PUNISHMENT OF THE CRIME OF GENOCIDE	CONVENTION RELATING TO THE STATUS OF REFUGEES	INTERNATIONAL CONVENTION ON THE PROTECTION OF THE RIGHTS OF ALL MIGRANT WORKERS AND MEMBERS OF THEIR FAMILIES (MWC)
		Status of ratification	Status of Reports to TB	Scheduled report to TB	Status of ratification	Status of Reports to TB	Scheduled report to TB			
Slovakia	1993	●	Overdue		●	Overdue		●	●	
Slovenia	1992	●	Overdue		●	Not yet due		●	●	
Solomon Islands	1978		—	—	●	Not yet due			●	
Somalia	1960	●	Overdue		○				●	
South Africa	1945	●	Pending	Nov. 2006	●	Overdue		●	●	
Spain	1955	●	Overdue		●	Overdue		●	●	
Sri Lanka	1955	●	Not yet due		●	Not yet due		●		●
St. Kitts and Nevis	1983		—	—	●	Overdue			●	
St. Lucia	1979		—	—	●	Not yet due				
St. Vincent and the Grenadines	1980	●	Overdue		●	Overdue		●	●	
Sudan	1956	○			●	Not yet due		●	●	
Suriname	1975		—	—	●	Pending	Jan. 2007		●	
Swaziland	1968	●			●	Pending	Sept. 2006		●	
Sweden	1946	●	Pending	May 2008	●	Not yet due		●	●	
Switzerland	2002	●	Not yet due		●	Not yet due		●	●	
Syrian Arab Republic	1945	●			●	Not yet due		●		●
Tajikistan	1992	●	Pending	Nov. 2006	●	Overdue			●	●
Tanzania	1961		—	—	●	Not yet due		●	●	
Thailand	1946		—	—	●	Not yet due				
Timor-Leste	2002	●	Overdue		●	Overdue			●	●
Togo	1960	●	Overdue		●	Not yet due		●	●	○
Tonga	1999		—	—	●	Overdue		●		
Trinidad and Tobago	1962		—	—	●	Not yet due		●	●	
Tunisia	1956	●	Overdue		●	Overdue		●	●	
Turkey	1945	●	Overdue		●	Overdue		●	●	●
Turkmenistan	1992	●	Overdue		●	Not yet due			●	
Tuvalu	2000		—	—	●	Overdue			●	
Uganda	1962	●	Not yet due		●	Not yet due		●	●	●
Ukraine	1945	●	Pending	May 2007	●	Not yet due		●	●	
United Arab Emirates	1971		—	—	●	Overdue		●		
United Kingdom	1945	●	Not yet due		●	Not yet due		●	●	
United States of America	1945	●	Not yet due		○			●		
Uruguay	1945	●	Overdue		●	Overdue		●	●	●
Uzbekistan	1992	●	Pending	Nov. 2007	●	Not yet due		●		
Vanuatu	1981		—	—	●	Overdue				
Venezuela	1945	●	Overdue		●	Overdue		●		
Viet Nam	1977		—	—	●	Not yet due		●		
Yemen	1947	●	Overdue		●	Not yet due		●	●	
Zambia	1964	●	Pending	Nov. 2007	●	Not yet due			●	
Zimbabwe	1980		—	—	●	Overdue		●	●	

Sources:
United Nations Treaty Collection Website, Database "Status of Multilateral Treaties Deposited with the Secretary General" (http://untreaty.un.org/); Amnesty International website (web.amnesty.org/pages/treaty-countries-reporting-eng) and Office of the UN High Commissioner for Human Rights (www.ohchr.org/tbru/Reporting_schedule.pdf).

Note:
This table brings together information contained in various sources of the Office of the UN High Commissioner for Human Rights in order to provide an overview of the status of reporting to the various Committees. For an official reference document please visit the United Nations Human Rights Database website (www.unhchr.ch/tbs/doc.nsf).

REFERENCES

Status of ratification:
Status of ratifications of the main International Human Rights Treaties.

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

Status of reports to TB:
Status of official countries' reports to the UN Human Rights Treaty Bodies.

Overdue
Not yet due
Pending
— Countries that have not signed or ratified the Treaty

Scheduled report to TB:
Reports to be submitted to the UN Treaty Bodies during 2006-2007.

Methodology

Sources and handling of information

Social Watch has always geared its efforts to measuring (with objective indicators) governments' compliance with the targets set by the governments themselves at different international forums. This means the Social Watch Reports are a tool that people the world over can use to make their governments, the UN system and international organizations accountable.

Although there has been an increase in the amount of information available on different social development indicators produced regularly by each country and compiled by international organizations, this data is not readily available to the public. Most international statistics databases are accessible only by subscription and at very high cost. The World Bank, the main source of international statistics on development, has a policy of claiming copyright and charging for the use of the information, and this is doubly contradictory since not only is it an intergovernmental institution but also the information it handles is provided by different governments and is therefore public property.

Once the obstacles to obtaining primary data are surmounted there are further difficulties involved in compiling the comparative tables, such as the fact that data are not always available for the same time periods, there may be differences in methodological criteria for the construction of the indicators for each country, and there are considerable discrepancies between the statistics provided for the same year by different sources.

In the light of these problems, in this report Social Watch has maintained the same criteria adopted in earlier editions. The data used are the most recent available from recognized international organizations. For recent statistics from "secondary sources", we opted for the data that regularly showed the highest correlation with those published by recognized sources on the subject in question. When there was a choice between similar sources, we chose the one that covered the most countries.

Measurement of the present situation of countries and the rate of change

In each of the thematic areas the information is displayed using a set of chosen indicators. The data in each indicator are presented in three columns: the first shows the country's initial situation, the second shows the latest available data[1] and the third (progress or regression) shows the rate of change.

In order to assess the evolution of each indicator, two aspects were taken into account: initial and final levels, and the rate of change of progress or regression.

1 In some tables there are two extra columns showing the date of the information selected.

The **situation** a country is in, according to each indicator, is given by the latest available value for that indicator.

Each country is assigned a value from 1 to 4 (1 indicates the worst situation and 4 indicates the best situation) according to the distribution of values on each indicator,[2] and an average of these values is then given for all the indicators in that area.[3] In this way a self-referential ranking is obtained, independent of distance from goals or from specific conceptually-defined levels.

This ranking was only applied to those countries with information available for at least half the indicators that make up each overall thematic area.

To avoid giving a false impression that the data are exact values, the average values were rescaled[4] to create four country categories:

- ● *Countries in better situation*
- ◓ *Countries above average*
- ◒ *Countries below average*
- ○ *Countries in worse situation*

Countries for which sufficient data to be included in the ranking are lacking (*Countries with insufficient data to summarize the area*) are also shown.

The **rate of change** for each country is obtained by considering the variation in the values of the indicator over the time period within which the measurements were made. The ratio between the variation in the indicator and the time period reflects the rate of change for the item in question.

In the case of information from a specific period (e.g. 1990-1994) rather than a specific year, the criterion adopted was to use the data for the middle of the interval (e.g. 1992) as a means of calculating the rate of change.

2 For this, the variable was normalized (by subtracting the mean and dividing by the standard deviation) and then the mean positive values and the mean negative values for the normalized indicator were calculated. The four categories were established according to the values above and below the mean positive values for the normalized indicator, and the values above and below the mean negative values for the normalized indicator.

3 In the case of the table showing morbidity and mortality rates, the child immunization ranking was included as another indicator in the calculations of the average value for the area. The immunization table is presented separately and countries are ranked according to the average value of their indicators.

4 The possible range for the average of the area was divided into four groups as follows: group 1 (between 4 and 3.26); group 2 (between 3.25 and 2.6); group 3 (between 2.5 and 1.76); group 4 (between 1.75 and 1).

The values for this rate of change have also been rescaled in sections (using a reference scale of 1 to 5), and in the tables these appear in the column "Progress or regression". A series of symbols are used to illustrate changes in order to make the information easier to read (numerical values are not used because they would tend to give the impression that the information is exact, which in this case it is not).

The categories defined in this rescaling are as follows:

- ⟶ Significant progress
- → Slight progress
- ıı Stagnant
- ← Slight regression
- ⟵ Significant regression

"Significant progress" applies to those countries which are progressing at rates above the average for all countries making progress.

"Slight progress" applies to those countries which are progressing at rates below the average for all countries making progress.

"Stagnant" refers to those countries where no changes (or quantitatively insignificant changes) have been recorded over the period in question.

"Slight regression" applies to those countries which are regressing at rates below the average for all countries regressing (i.e. they are regressing more slowly).

"Significant regression" applies to those countries which are regressing at rates above the average for all countries regressing (i.e. they are regressing more rapidly).

GENDER EQUITY INDEX (GEI) - Methodological Notes

Gender equity is a very complex concept that involves numerous quantitative and qualitative dimensions, for many of which there is no information available.

In 2004 Social Watch produced a Gender Equity Index (GEI), and this has since been revised and improved. The aim is to develop a tool to capture the degree of gender equity prevailing in a country, and the index was built up from information available internationally about dimensions that have a bearing on gender equity.

The first challenge was to assemble the different dimensions in which inequity is measured so as to obtain an overall ranking that was wider than that of the dimensions taken separately or of the indexes traditionally used.

In this way the first version of the GEI was constructed, and this appeared in the 2004 and 2005 Social Watch reports.

We have now produced a new 2006 version of the GEI to meet a further challenge, which is to create a tool to follow up countries' performance over time, and to evaluate this in relation to an "optimum" for each country, regardless of how other countries perform. This dimension was lacking in the 2004 and 2005 version of the GEI.

The most suitable model for this purpose is one that will give a reading for the gaps between women and men in each of the indicators in the index, and thus make it possible to evaluate how far each country currently is from an optimum situation in which there are no gender gaps at all.

The main obstacle to constructing a comprehensive tool based on a selection of indicators and conceptually suitable for measuring gender inequities, is that in many countries basic information is scarce. Different dimensions were selected, bearing in mind the information available that could be used to make comparisons internationally. These dimensions were education, economic activity, and women's representation at decision-making levels in political and economic life ("empowerment").

The information available for these areas was used to construct the GEI indicators. This task involved transforming the data so as to obtain values for the gaps.

The 2006 version of the GEI gives an average of the gaps in the three selected dimensions, and these all have equal weight in the index. The values used in the GEI range from 0 to 1. The lower a value on the index the greater degree of gender inequality there is in the country in question, and the countries with values nearer to 1 are those that have managed to reduce gender inequity the most. It is important to bear in mind that the values in the index reflect only the dimensions and indicators employed; no index could yield a complete picture of a phenomenon as complex as gender equity, but it is possible to be sensitive to the different situations involved and detect the ways in which these are changing.

This tool is an early prototype of an index to give an overall picture of the different dimensions of gender equity, and we will continue to make adjustments to produce a more refined instrument in the future.

However valuable it may be to build up an index that reflects the different areas in which gender equity is currently measured, what really matters is that the gender perspective should be incorporated into all the analyses of all the dimensions of social development, that it should become an integral part of the concept of development. It is not that a society is "developed" or that it "has gender equity", it is rather that gender equity is a necessary condition for development.

Technical notes: the construction of the GEI

1. Dimensions and indicators

- Empowerment (% of women in technical positions, % of women in management and government positions, % of women in parliaments, % of women in ministerial posts).
- Economic activity (income gaps, % of economically active women (excluding the agriculture sector)).
- Education (literacy rate gap, primary school enrolment rate gap, secondary school enrolment rate gap, tertiary education enrolment rate gap).

2. Gaps

To construct the gaps in the indicators that did not register them originally two transformations were carried out. First the percentages for men were calculated, then the differences for women:

% of men in technical positions,

% of men in management and government positions,

% of men in parliaments,

% of men in ministerial posts,

% of economically active men (excluding the agriculture sector).

Secondly, for each country the weight of the female population in relation to the male was calculated for the relevant age ranges (over 19 years old, except for the economically active population indicator, for which over 14 years old was used).

Weight of female population = % female population / % male population

The gap was calculated for each indicator for each country, with the rate for women as the numerator and the rate for men as the denominator, weighted by the inverse of the weight of the female population.[1]

% female rate * (weight of female population)$^{-1}$ / % male rate

3. The construction of the components of the index in each dimension

For each dimension the average of the indicators of the gaps was calculated, but no values were given for countries for which information was available for less than half the indicators of the dimension in question.

4. Construction of the index

The index was calculated as an average of the values obtained in the three dimensions (the average of the gaps in each dimension).

5. Comparison with the 2004 and 2005 version of the GEI

This comparison showed a high degree of correlation (Spearman: 0.937).

1 The value 0 was re-codified as 0.01 to allow algebraic calculations. At the other end of the scale, values greater than 1 were re-codified as 1, since this is the normative limit employed for the purposes of the index.

BASIC CAPABILITIES INDEX (BCI) - Methodological Notes

For its 2004 Annual Report, Social Watch designed the Basic Capabilities Index (BCI), a summary index which covered the multi-dimensional aspects of development and made it possible to classify countries more easily. This index was based on the methodological approach adopted by Social Watch Philippines in their 2001 Report,[5] and Social Watch has been using this country evaluation tool since 2004.[6]

The BCI complements the thematic tables included since 1996 in the Social Watch Annual Report, which present the situation of each country in a series of dimensions considered relevant for evaluating social development.

The BCI reflects basic well-being gauged by capabilities[7] in different aspects of the human condition, and the indicators that make it up yield separate results for each dimension. The index gives an efficient rating for the basic levels of people's well-being on the basis of their state of health (child health and reproductive health) and their performance in primary education. Both these dimensions are of crucial importance in development goals.

The indicators that make up the BCI are as follows:

- Percentage of children in the first grade of primary education who reach the fifth grade.
- Mortality among children under 5 years old.[8]
- Percentage of births attended by skilled health personnel.

Low values on the BCI indicate that the country in question is far from satisfying people's basic needs, so the first positions are occupied by countries where improvement is urgently necessary, and indeed essential if a minimum level of well-being is to be reached.

TABLE 1. Categorization of countries by BCI levels

BCI level	Points grouping	Number of countries
Critical	Up to 69 points	26
Very low	70 to 79 points	26
Low	80 to 89 points	18
Medium	90 to 97 points	47
High	98 to 100 points	45

The BCI has comparative advantages in that it is relatively simple to calculate and inexpensive because it does not depend on household surveys to estimate levels of income. It is compatible with the various national and international statistical systems, and it can be calculated easily from indicator data that are regularly issued by governments and agencies. In addition to being an instrument for classifying the relative situation of countries or of particular sectors within a country (population groups or geographical areas, for example), it can also be used to generate time series for monitoring situations connected to poverty.The BCI is closely correlated with the indexes used to summarize the situation of countries in the dimensions studied by Social Watch in the thematic tables (education, morbidity-mortality, reproductive health, science and technology, public expenditure, food security, water and sanitation).[9] There is also a high degree of correlation with other indicators and indexes that are generally used to measure development or to classify countries according to their levels of well-being: the Human Development Index, the Human Poverty Index, the International Poverty Line, and per capita Gross Domestic Product (GDP).

The BCI makes it possible to distinguish between countries in more unfavourable situations, but it is less sensitive when detecting differences between countries that have reached a relatively high level of development. This is because the indicators used relate to basic capabilities that are characteristic of unfavourable development situations. Therefore, as a tool, it is more suitable for identifying critical situations than for detecting slight differences between more developed countries.

While the indicators used in the BCI are basic, are widely used internationally and have comparative advantages over other more expensive or more complex indicators, problems can arise when it comes to obtaining up-to-date information from many countries. It has therefore been necessary to make assumptions about performance and to employ statistical tools, so as to be able to include more countries in the classification.

BCI values, positions and categories

In this year's report the BCI operates in three different modalities:

First, the BCI values for each country are given in the section entitled "Achievement of basic capabilities is an indispensable task for development".

Second, the countries have been ranked in line with their BCI rating,[10] which means they can be evaluated and compared to each other. This ranking is used in all the tables for the different thematic areas.

Lastly, the BCI makes it possible to place each country in a group of countries that are all in a similar situation as regards their basic capabilities.

The BCI rates countries with theoretical values between 0 and 100. Empirically however the lowest values are around 50 and the distribution of countries is heavily concentrated at the upper end of the scale (values close to 100). Working with this range, countries were categorized in five groups, in accordance with their ranking on the BCI.

As the BCI is an index that only expresses results it is a good tool to use in combination with other tools that include indicators of means (like income). This cross-checking also makes it possible to see how some countries have managed to achieve good BCI performance in spite of having low levels of income.

It should be borne in mind that the BCI is more sensitive to differences between countries that have lower levels of basic capabilities than between those that have risen well above the minimum levels of well-being. ■

5 Raya, R. (2001). *An alternative measure of poverty and human capability: Introducing the Quality of Life Index.* Social Watch Philippines. Report 2001. The Quality of Life Index, originally developed by the Philippine non-governmental organization Action for Economic Reforms, is derived from the Capability Poverty Index (CPI) developed by Professor Amartya Sen and popularized as the United Nations Development Programme's Human Development Index (HDI).

6 In the 2004 report it featured as the "Quality of Life Index". This title was changed in 2005.

7 One difference between the BCI and the HDI is that the latter combines capability indicators with measures of income.

8 The original indicator used in the Philippines experience was "Malnutrition among children under 5". Social Watch Philippines developed this methodology, and in their own report they note that the infant mortality rate could be used instead because there is more data available on this in different countries' statistical registers, and because there is a high correlation between it and the child malnutrition indicator.

9 The BCI explicitly excludes the gender dimension. There is a separate ranking for countries in that dimension, given by the Gender Equity Index (see the section entitled "The long road towards gender equity" in this report).

10 The countries were ranked with a correlating number in accordance with their BCI values. When two or more countries have the same BCI value they share the ranking position and that number of positions are left out.

Technical notes: BCI design in countries

Indicators that make up the BCI:

- Percentage of children in the first grade who reach the fifth grade
- Mortality among children under 5
- Percentage of births assisted by skilled health personnel

In this year's report, the information available (infant mortality for 193 countries, school retention for 124, and assisted childbirth for 175) meant that the BCI could be constructed from data for 103 countries. To increase the number of countries, values were assigned[1] for the indicators where information was lacking. This was done by assigning the average value of that indicator for the group the country was in as defined by its current situation in the thematic area in question. This made it possible to design an index covering a total of 162 countries.

The BCI was calculated using the non-weighted average of the original values of the three indicators in question (in the case of infant mortality a lineal transformation was previously applied to the indicator). To simplify the calculations all three indicators were given the same weight.

Child health is represented as I1 = (100 - M), where M is the under-5 mortality rate (expressed as a percentage) or the probability of death in the first five years of life expressed as per 1,000 live births.

Education is represented as I2, where I2 is the rate of school retention or the percentage of children enrolled in the first grade who reach the fifth grade in the required number of years.

Reproductive health is shown as I3, where I3 is the percentage of births assisted by skilled health personnel (doctors, nurses or midwives).

The Basic Capabilities Index value for a particular country is obtained by taking a simple average of the three components: BCI = (I1 + I2 + I3) / 3

1 No values were assigned in the mortality dimension. Values had to be assigned for 22 countries in the percentage of assisted births, and values were assigned for 48 countries in the percentage of children reaching the fifth grade. The procedures used to assign values were geared to ensuring that the position of countries in the situation ranking would be reflected with as little distortion as possible, on the hypothesis that the indicator would be consistent with the four big ranges defined by area. However, special care should be taken with countries that were assigned values when it comes to analyzing index values over time.

Glossary

Births attended by skilled health personnel (%):
Percentage of births attended by skilled health personnel (doctors, nurses or midwives).
Defined by: UNICEF.

Children reaching 5th grade of primary school (%):
Percentage of children entering first grade of primary school who eventually reach grade five.
Defined by: UNESCO.

Contraceptive use among currently in-union women aged 15-49 (%):
Percentage of women in union aged 15-49 years currently using contraception.
Defined by: UN Statistics Division and UN Population Information Network.

DPT immunized 1-year-old children (%):
Percentage of children under one year of age who have received at least one dose of DPT vaccine.
DPT: Diphtheria, pertussis (whooping cough) and tetanus.
Defined by: UNICEF.

Estimated earned income ratio (women/men):
Ratio of estimated female earned income to estimated male earned income.
Because of the lack of sex-disaggregated income data, female and male earned income are crudely estimated by UNDP on the basis of data on the ratio of the female non-agricultural wage to the male non-agricultural wage, the female and male shares of the economically active population, the total female and male population and GDP per capita (PPP USD). Estimates are based on data for the most recent year available during 1991-2000, unless otherwise specified.
Defined by: UNDP.

Estimated low birth weight (%):
Percentage of newborns weighing less than 2,500 grams, with measurement taken within the first hours of life, before significant postnatal weight loss has occurred.
Defined by: WHO and UNICEF.

Estimated maternal mortality ratio (per 100,000 live births):
Annual number of deaths of women from pregnancy-related causes per 100,000 live births.
Due to changes in the model of estimation, 1995 and 2000 data are not comparable.
Defined by: UNICEF.

Female legislators, senior officials and managers (% of total positions):
Women's share of positions defined according to the International Standard Classification of Occupations (ISCO-88) to include legislators, senior government officials, traditional chiefs and heads of villages, senior officials of special interest organisations, corporate managers, directors and chief executives, production and operations department managers and other department and general managers.
Defined by: UN Statistics Division.

Female professional and technical workers (as % of total positions):
Women's share of positions defined according to the International Standard Classification of Occupations to include physical, mathematical and engineering science professionals (and associate professionals), life science and health professionals (and associate professionals), teaching professionals (and associate professionals) and other professionals and associate professionals.
Defined by: UN Statistics Division.

Gini Index:
Measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Gini index of zero represents perfect equality, while an index of 100 implies perfect inequality.
Defined by: World Bank.

Gross tertiary enrolment ratio gap (women/men):
Ratio of female gross tertiary enrolment ratio to male gross tertiary enrolment ratio.
Defined by: UNESCO.

Infant mortality (per 1,000 live births):
Number of infants dying before reaching one year of age, per 1,000 live births in a given year.
Defined by: UNICEF.

Information and communication technology expenditure (% of GDP):
Includes external spending on information technology ("tangible" spending on information technology products purchased by businesses, households, governments, and education institutions from vendors or organisations outside the purchasing entity), internal spending on information technology ("intangible" spending on internally customised software, capital depreciation, and the like), and spending on telecommunications and other office equipment.
Expressed as percentage of Gross Domestic Product (GDP).
Defined by: Digital Planet 2002: The Global Information Economy, World Information Technology and Services Alliance.

Internet users (per 1,000 people):
People with access to the worldwide network, per 1,000 people.
Defined by: International Telecommunication Union.

Literacy (15-24 years old, %):
Percentage of people aged 15-24 who can, with understanding, read and write a short, simple statement on their everyday life.
Defined by: UNESCO

Literacy ratio gap (women/men):
Ratio of female literacy ratio (15-24 years old) to male literacy ratio (15-24 years old).
Calculated by Social Watch.
Defined by: UNESCO.

Malaria (cases per 100,000 people):
Total number of malaria cases reported to the World Health Organization by countries in which malaria is endemic, per 100,000 people. Many countries report only laboratory-confirmed cases, but many in Sub-Saharan Africa report clinically diagnosed cases as well.
Defined by: UNDP.

Measles immunized 1-year-old children (%):
Percentage of children under one year of age who have received at least one dose of measles vaccine.
Defined by: UNICEF.

Military expenditure (% of GDP):
(based on the NATO definition) Includes all current and capital expenditures on the armed forces, including peacekeeping forces; defence ministries and other government agencies engaged in defence projects; paramilitary forces, if these are judged to be trained and equipped for military operations; and military space activities. Expressed as percentage of Gross Domestic Product. Such expenditures include military and civil personnel, including retirement pensions of military personnel and social services for personnel; operation and maintenance; procurement; military research and development; and military aid (in the military expenditures of the donor country). Excluded are civil defence and current expenditures for previous military activities, such as for veterans' benefits, demobilisation, conversion, and destruction of weapons.
Defined by: Stockholm International Peace Research Institute (SIPRI).

Net primary enrolment ratio gap (women/men):
Ratio of female net primary enrolment ratio to male net primary enrolment ratio.
Calculated by Social Watch.
Defined by: UNESCO.

Net secondary enrolment ratio gap (women/men):
Ratio of female net secondary enrolment ratio to male net secondary enrolment ratio.
Calculated by Social Watch.
Defined by: UNESCO.

Official Development Assistance (% of GNI):
Grants or loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in aid. Grants, loans and credits for military purposes are excluded. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.
Expressed as percentage of Gross National Income.
Defined by: OECD.

People living with HIV/AIDS (15-49 years old, %):
Percentage of adults (15-49 years) living with HIV/AIDS.
Defined by: UNAIDS.

Personal computers (per 1,000 people):
Personal computers are self-contained computers designed to be used by a single individual, per 1,000 people.
Defined by: International Telecommunication Union.

Polio immunized 1-year-old children (%):
Percentage of children under one year of age who have received at least one dose of polio vaccine.
Defined by: UNICEF.

Population below the national poverty line (%):
Percentage of the population living below the national poverty line. National estimates are based on population-weighted subgroup estimates from household surveys.
Defined by: World Bank.

Population living with less than USD 1 a day (%):
Percentage of the population living on less than $1.08 a day at 1993 international prices (equivalent to USD 1 in 1985 prices, adjusted for purchasing power parity).
Defined by: World Bank.

Population with access to improved water sources (%):
Percentage of the population who use any of the following types of water supply for drinking: piped water, public tap, borehole or pump, protected well, protected spring or rainwater. Improved water sources do not include vendor-provided waters, bottled water, tanker trucks or unprotected wells and springs.
Defined by: WHO and UNICEF.

Population with access to sanitation (%):
Percentage of the population with at least adequate excreta disposal facilities (private or shared, but not public) that can effectively prevent human, animal, and insect contact with excreta. Improved facilities range from simple but protected pit latrines to flush toilets with a sewerage connection. To be effective, facilities must be correctly constructed and properly maintained.
Defined by: WHO and UNICEF.

Primary school enrolment ratio (net, %):
Number of children enrolled in primary school who belong to the age group that officially corresponds to primary schooling, as percentage of the total population of the same age group.
Defined by: UNESCO.

Public education expenditure (% of GDP):
Public spending on public education plus subsidies to private education at primary, secondary, and tertiary levels, as percentage of Gross Domestic Product. World Bank and OECD GDP estimates.
Defined by: World Bank.

Public health expenditure (% of GDP):
Recurrent and capital spending from government (central and local) budgets, external borrowings and grants (including donations from international agencies and non-governmental organisations), and social (or compulsory) health insurance funds, as percentage of Gross Domestic Product.
Defined by: World Bank.

Scientists and engineers in research and development (per million people):
People trained to work in any field of science who are engaged in professional R&D (research and development) activity, per million people. Most such jobs require completion of tertiary education.
Defined by: UNESCO.

Seats in parliament held by women (% of seats):
Seats held by women in a lower or single house or an upper house or senate, where relevant, as percentage of total seats.
Defined by: UN Statistics Division.

Share of poorest quintile consumption (% of income or consumption):
The share of the poorest quintile in national consumption/income is share of income or consumption that accrues to the poorest 20 percent of the population. Data on personal or household income or consumption come from nationally representative household surveys.
Defined by: UN Statistics Division.

Telephone mainlines (per 1,000 people):
Telephone lines connecting a customer's equipment to the public switched telephone network. Data are presented per 1,000 people for the entire country.
Defined by: International Telecommunication Union.

Tertiary education enrolment ratio (gross, %):
Ratio of total enrolment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether or not to an advanced research qualification, normally requires, as a minimum condition of admission, successful completion of education at secondary level.
Defined by: UNESCO.

Total debt service (% of GNI):
Sum of principal repayments and interest actually paid in foreign currency, goods, or services on long-term debt, interest paid on short-term debt, and repayments (repurchases and charges) to the IMF, as percentage of Gross National Income.
Defined by: World Bank.

Tuberculosis (cases per 100,000 people):
Total number of tuberculosis cases reported to the World Health Organization per 100,000 people. A tuberculosis case is defined as a patient in whom tuberculosis has been bacteriologically confirmed or diagnosed by a clinician.
Defined by: WHO.

Tuberculosis immunized 1-year-old children (%):
Percentage of children under one year of age who have received at least one dose of tuberculosis vaccine.
Defined by: UNICEF.

Under-5 children malnutrition (weight for age, %):
Percentage of children under five whose weight for age is less than minus two standard deviations from the median for the international reference population ages 0 to 59 months. The reference population adopted by the WHO in 1983 is based on children from the United States, who are assumed to be well nourished.
Defined by: WHO.

Under-5 mortality (per 1,000 live births):
Probability of dying between birth and exactly five years of age expressed per 1,000 live births.
Defined by: UNICEF.

Undernourishment (%):
Percentage of undernourished in the total population. Undernourishment is the result of food intake that is insufficient to meet dietary energy requirements continuously. The World Health Organisation recommended that the average person needs to take a minimum of 2300 Kcal per day to maintain body functions, heath and normal activity. This global minimum requirement of calories is broken down into country-specific differentials that are a function of the age-specific structure and body mass of the population.
Defined by: FAO.

Women aged 15-49 attended at least once during pregnancy by skilled health personnel (%):
Percentage of women aged 15-49 years attended at least once during pregnancy by skilled health personnel (doctors, nurses or midwives).
Defined by: UNICEF.

Women in decision-making positions in government at ministerial level (% of total positions):
Women as percentage of total decision-making positions in government. Data were provided by states based on their definition of national executive and may therefore include women serving as ministers and vice ministers and those holding other ministerial positions, including parliamentary secretaries.
Defined by: UNDP (Human Development Report 2004). For initial data, the indicator is defined as "Women in government" at ministerial level and sub-ministerial level. Includes elected heads of state and governors of central banks.
Defined by: UNDP (Human Development Report 1997).

Women wage employment in non-agricultural sector (% of total non-agricultural employees):
Share of female workers in the non-agricultural sector expressed as percentage of total employment in the sector.
Defined by: UNDP.

Compilation of articles on human rights mentioned in the statistics tables

Universal Declaration of Human Rights (UDHR), 1948.

Article 2
Everyone is entitled to all the rights and freedoms set forth in this Declaration, without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin, property, birth or other status.
Furthermore, no distinction shall be made on the basis of the political, jurisdictional or international status of the country or territory to which a person belongs, whether it be independent, trust, non-self-governing or under any other limitation of sovereignty.

Article 19
Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Article 22
Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.

Article 25
1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.
2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.

Article 26
1. Everyone has the right to education. Education shall be free, at least in the elementary and fundamental stages. Elementary education shall be compulsory. Technical and professional education shall be made generally available and higher education shall be equally accessible to all on the basis of merit.
2. Education shall be directed to the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms. It shall promote understanding, tolerance and friendship among all nations, racial or religious groups, and shall further the activities of the United Nations for the maintenance of peace.
3. Parents have a prior right to choose the kind of education that shall be given to their children.

Article 27
1. Everyone has the right freely to participate in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits.

International Convention on the Elimination of All Forms of Racial Discrimination (CERD), 1965.

Article 5
In compliance with the fundamental obligations laid down in article 2 of this Convention, States Parties undertake to prohibit and to eliminate racial discrimination in all its forms and to guarantee the right of everyone, without distinction as to race, colour, or national or ethnic origin, to equality before the law, notably in the enjoyment of the following rights:
(a) The right to equal treatment before the tribunals and all other organs administering justice;
(b) The right to security of person and protection by the State against violence or bodily harm, whether inflicted by government officials or by any individual group or institution;
(c) Political rights, in particular the right to participate in elections - to vote and to stand for election - on the basis of universal and equal suffrage, to take part in the Government as well as in the conduct of public affairs at any level and to have equal access to public service;
(d) Other civil rights, in particular:
  (i) The right to freedom of movement and residence within the border of the State;
  (ii) The right to leave any country, including one's own, and to return to one's country;
  (iii) The right to nationality;
  (iv) The right to marriage and choice of spouse;
  (v) The right to own property alone as well as in association with others;
  (vi) The right to inherit;
  (vii) The right to freedom of thought, conscience and religion;
  (viii) The right to freedom of opinion and expression;
  (ix) The right to freedom of peaceful assembly and association;
(e) Economic, social and cultural rights, in particular:
  (i) The rights to work, to free choice of employment, to just and favourable conditions of work, to protection against unemployment, to equal pay for equal work, to just and favourable remuneration;
  (ii) The right to form and join trade unions;
  (iii) The right to housing;
  (iv) The right to public health, medical care, social security and social services;
  (v) The right to education and training;
  (vi) The right to equal participation in cultural activities;
(f) The right of access to any place or service intended for use by the general public, such as transport, hotels, restaurants, cafes, theatres and parks.

Article 6
States Parties shall assure to everyone within their jurisdiction effective protection and remedies, through the competent national tribunals and other State institutions, against any acts of racial discrimination which violate his human rights and fundamental freedoms contrary to this Convention, as well as the right to seek from such tribunals just and adequate reparation or satisfaction for any damage suffered as a result of such discrimination.

International Covenant on Economic, Social and Cultural Rights (CESCR), 1966.

Article 3
The States Parties to the present Covenant undertake to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights set forth in the present Covenant.

Article 7
The States Parties to the present Covenant recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:
(a) Remuneration which provides all workers, as a minimum, with:
  (i) Fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work;
  (ii) A decent living for themselves and their families in accordance with the provisions of the present Covenant;
(b) Safe and healthy working conditions;
(c) Equal opportunity for everyone to be promoted in his employment to an appropriate higher level, subject to no considerations other than those of seniority and competence;
(…)

Article 9
The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.

Article 10
The States Parties to the present Covenant recognize that:
(…)
2. Special protection should be accorded to mothers during a reasonable period before and after childbirth. During such period working mothers should be accorded paid leave or leave with adequate social security benefits.

Article 11
1. The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent.
2. The States Parties to the present Covenant, recognizing the fundamental right of everyone to be free from hunger, shall take, individually and through international co-operation, the measures, including specific programmes, which are needed:
(a) To improve methods of production, conservation and distribution of food by making full use of technical and scientific knowledge, by disseminating knowledge of the principles of nutrition and by developing or reforming agrarian systems in such a way as to achieve the most efficient development and utilization of natural resources;
(b) Taking into account the problems of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

Article 12
1. The States Parties to the present Covenant recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.
2. The steps to be taken by the States Parties to the present Covenant to achieve the full realization of this right shall include those necessary for:
(a) The provision for the reduction of the stillbirth-rate and of infant mortality and for the healthy development of the child;
(b) The improvement of all aspects of environmental and industrial hygiene;
(c) The prevention, treatment and control of epidemic, endemic, occupational and other diseases;
(d) The creation of conditions which would assure to all medical service and medical attention in the event of sickness.

Article 13
1. The States Parties to the present Covenant recognize the right of everyone to education. They agree that education shall be directed to the full development of the human personality and the sense of its dignity, and shall strengthen the respect for human rights and fundamental freedoms. They further agree that education shall enable all persons to participate effectively in a free society, promote understanding, tolerance and friendship among all nations and all racial, ethnic or religious groups, and further the activities of the United Nations for the maintenance of peace.
2. The States Parties to the present Covenant recognize that, with a view to achieving the full realization of this right:
(a) Primary education shall be compulsory and available free to all;

(b) Secondary education in its different forms, including technical and vocational secondary education, shall be made generally available and accessible to all by every appropriate means, and in particular by the progressive introduction of free education;
(c) Higher education shall be made equally accessible to all, on the basis of capacity, by every appropriate means, and in particular by the progressive introduction of free education;
(d) Fundamental education shall be encouraged or intensified as far as possible for those persons who have not received or completed the whole period of their primary education;
(e) The development of a system of schools at all levels shall be actively pursued, an adequate fellowship system shall be established, and the material conditions of teaching staff shall be continuously improved.
3. The States Parties to the present Covenant undertake to have respect for the liberty of parents and, when applicable, legal guardians to choose for their children schools, other than those established by the public authorities, which conform to such minimum educational standards as may be laid down or approved by the State and to ensure the religious and moral education of their children in conformity with their own convictions.
4. No part of this article shall be construed so as to interfere with the liberty of individuals and bodies to establish and direct educational institutions, subject always to the observance of the principles set forth in paragraph I of this article and to the requirement that the education given in such institutions shall conform to such minimum standards as may be laid down by the State.

Article 14
Each State Party to the present Covenant which, at the time of becoming a Party, has not been able to secure in its metropolitan territory or other territories under its jurisdiction compulsory primary education, free of charge, undertakes, within two years, to work out and adopt a detailed plan of action for the progressive implementation, within a reasonable number of years, to be fixed in the plan, of the principle of compulsory education free of charge for all.

Article 15
1. The States Parties to the present Covenant recognize the right of everyone:
(a) To take part in cultural life;
(b) To enjoy the benefits of scientific progress and its applications;
(c) To benefit from the protection of the moral and material interests resulting from any scientific, literary or artistic production of which he is the author.
2. The steps to be taken by the States Parties to the present Covenant to achieve the full realization of this right shall include those necessary for the conservation, the development and the diffusion of science and culture.
3. The States Parties to the present Covenant undertake to respect the freedom indispensable for scientific research and creative activity.
4. The States Parties to the present Covenant recognize the benefits to be derived from the encouragement and development of international contacts and co-operation in the scientific and cultural fields.

Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), 1979.

Article 5
States Parties shall take all appropriate measures:
(…)
(b) To ensure that family education includes a proper understanding of maternity as a social function and the recognition of the common responsibility of men and women in the upbringing and development of their children, it being understood that the interest of the children is the primordial consideration in all cases.

Article 7
States Parties shall take all appropriate measures to eliminate discrimination against women in the political and public life of the country and, in particular, shall ensure to women, on equal terms with men, the right:
(a) To vote in all elections and public referenda and to be eligible for election to all publicly elected bodies;
(b) To participate in the formulation of government policy and the implementation thereof and to hold public office and perform all public functions at all levels of government;
(c) To participate in non-governmental organizations and associations concerned with the public and political life of the country.

Article 10
States Parties shall take all appropriate measures to eliminate discrimination against women in order to ensure to them equal rights with men in the field of education and in particular to ensure, on a basis of equality of men and women:
(a) The same conditions for career and vocational guidance, for access to studies and for the achievement of diplomas in educational establishments of all categories in rural as well as in urban areas; this equality shall be ensured in pre-school, general, technical, professional and higher technical education, as well as in all types of vocational training;
(b) Access to the same curricula, the same examinations, teaching staff with qualifications of the same standard and school premises and equipment of the same quality;
(c) The elimination of any stereotyped concept of the roles of men and women at all levels and in all forms of education by encouraging coeducation and other types of education which will help to achieve this aim and, in particular, by the revision of textbooks and school programmes and the adaptation of teaching methods;
(d) The same opportunities to benefit from scholarships and other study grants;
(e) The same opportunities for access to programmes of continuing education, including adult and functional literacy programmes, particularly those aimed at reducing, at the earliest possible time, any gap in education existing between men and women;
(f) The reduction of female student drop-out rates and the organization of programmes for girls and women who have left school prematurely;
(…)

Article 11
1. States Parties shall take all appropriate measures to eliminate discrimination against women in the field of employment in order to ensure, on a basis of equality of men and women, the same rights, in particular:
(a) The right to work as an inalienable right of all human beings;
(b) The right to the same employment opportunities, including the application of the same criteria for selection in matters of employment;
(c) The right to free choice of profession and employment, the right to promotion, job security and all benefits and conditions of service and the right to receive vocational training and retraining, including apprenticeships, advanced vocational training and recurrent training;
(d) The right to equal remuneration, including benefits, and to equal treatment in respect of work of equal value, as well as equality of treatment in the evaluation of the quality of work;
(e) The right to social security, particularly in cases of retirement, unemployment, sickness, invalidity and old age and other incapacity to work, as well as the right to paid leave;
(f) The right to protection of health and to safety in working conditions, including the safeguarding of the function of reproduction.
2. In order to prevent discrimination against women on the grounds of marriage or maternity and to ensure their effective right to work, States Parties shall take appropriate measures:
(a) To prohibit, subject to the imposition of sanctions, dismissal on the grounds of pregnancy or of maternity leave and discrimination in dismissals on the basis of marital status;
(b) To introduce maternity leave with pay or with comparable social benefits without loss of former employment, seniority or social allowances;
(c) To encourage the provision of the necessary supporting social services to enable parents to combine family obligations with work responsibilities and participation in public life, in particular through promoting the establishment and development of a network of child-care facilities;
(d) To provide special protection to women during pregnancy in types of work proved to be harmful to them.
3. Protective legislation relating to matters covered in this article shall be reviewed periodically in the light of scientific and technological knowledge and shall be revised, repealed or extended as necessary.

Article 12
1. States Parties shall take all appropriate measures to eliminate discrimination against women in the field of health care in order to ensure, on a basis of equality of men and women, access to health care services, including those related to family planning.
2. Notwithstanding the provisions of paragraph I of this article, States Parties shall ensure to women appropriate services in connection with pregnancy, confinement and the post-natal period, granting free services where necessary, as well as adequate nutrition during pregnancy and lactation.

Article 14
(…)
2. States Parties shall take all appropriate measures to eliminate discrimination against women in rural areas in order to ensure, on a basis of equality of men and women, that they participate in and benefit from rural development and, in particular, shall ensure to such women the right:
(a) To participate in the elaboration and implementation of development planning at all levels;
(b) To have access to adequate health care facilities, including information, counselling and services in family planning;
(c) To benefit directly from social security programmes;
(d) To obtain all types of training and education, formal and non-formal, including that relating to functional literacy, as well as, inter-alia, the benefit of all community and extension services, in order to increase their technical proficiency;
(e) To organize self-help groups and co-operatives in order to obtain equal access to economic opportunities through employment or self employment;
(f) To participate in all community activities;
(g) To have access to agricultural credit and loans, marketing facilities, appropriate technology and equal treatment in land and agrarian reform as well as in land resettlement schemes;
(h) To enjoy adequate living conditions, particularly in relation to housing, sanitation, electricity and water supply, transport and communications.

Convention on the Rights of the Child (CRC), 1989.

Article 17
States Parties recognize the important function performed by the mass media and shall ensure that the child has access to information and material from a diversity of national and international sources, especially those aimed at the promotion of his or her social, spiritual and moral well-being and physical and mental health. To this end, States Parties shall:
(a) Encourage the mass media to disseminate information and material of social and cultural benefit to the child and in accordance with the spirit of article 29;
(b) Encourage international co-operation in the production, exchange and dissemination of such information and material from a diversity of cultural, national and international sources;
(c) Encourage the production and dissemination of children's books;
(d) Encourage the mass media to have particular regard to the linguistic needs of the child who belongs to a minority group or who is indigenous;
(e) Encourage the development of appropriate guidelines for the protection of the child from information and material injurious to his or her well-being, bearing in mind the provisions of articles 13 and 18.

Article 24
1. States Parties recognize the right of the child to the enjoyment of the highest attainable standard of health and to facilities for the treatment of illness and rehabilitation of health. States Parties shall strive to ensure that no child is deprived of his or her right of access to such health care services.

2. States Parties shall pursue full implementation of this right and, in particular, shall take appropriate measures:
(a) To diminish infant and child mortality;
(b) To ensure the provision of necessary medical assistance and health care to all children with emphasis on the development of primary health care;
(c) To combat disease and malnutrition, including within the framework of primary health care, through, inter alia, the application of readily available technology and through the provision of adequate nutritious foods and clean drinking-water, taking into consideration the dangers and risks of environmental pollution;
(d) To ensure appropriate pre-natal and post-natal health care for mothers;
(e) To ensure that all segments of society, in particular parents and children, are informed, have access to education and are supported in the use of basic knowledge of child health and nutrition, the advantages of breastfeeding, hygiene and environmental sanitation and the prevention of accidents;
(f) To develop preventive health care, guidance for parents and family planning education and services.
3. States Parties shall take all effective and appropriate measures with a view to abolishing traditional practices prejudicial to the health of children.
4. States Parties undertake to promote and encourage international co-operation with a view to achieving progressively the full realization of the right recognized in the present article. In this regard, particular account shall be taken of the needs of developing countries.

Article 25
States Parties recognize the right of a child who has been placed by the competent authorities for the purposes of care, protection or treatment of his or her physical or mental health, to a periodic review of the treatment provided to the child and all other circumstances relevant to his or her placement.

Article 26
1. States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.
2. The benefits should, where appropriate, be granted, taking into account the resources and the circumstances of the child and persons having responsibility for the maintenance of the child, as well as any other consideration relevant to an application for benefits made by or on behalf of the child.

Article 27
1. States Parties recognize the right of every child to a standard of living adequate for the child's physical, mental, spiritual, moral and social development.
2. The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child's development.
3. States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.
(…)

Article 28
1. States Parties recognize the right of the child to education, and with a view to achieving this right progressively and on the basis of equal opportunity, they shall, in particular:
(a) Make primary education compulsory and available free to all;
(b) Encourage the development of different forms of secondary education, including general and vocational education, make them available and accessible to every child, and take appropriate measures such as the introduction of free education and offering financial assistance in case of need;
(c) Make higher education accessible to all on the basis of capacity by every appropriate means;
(d) Make educational and vocational information and guidance available and accessible to all children;
(e) Take measures to encourage regular attendance at schools and the reduction of drop-out rates.
2. States Parties shall take all appropriate measures to ensure that school discipline is administered in a manner consistent with the child's human dignity and in conformity with the present Convention.
3. States Parties shall promote and encourage international cooperation in matters relating to education, in particular with a view to contributing to the elimination of ignorance and illiteracy throughout the world and facilitating access to scientific and technical knowledge and modern teaching methods. In this regard, particular account shall be taken of the needs of developing countries.

Article 29
1. States Parties agree that the education of the child shall be directed to:
(a) The development of the child's personality, talents and mental and physical abilities to their fullest potential;
(b) The development of respect for human rights and fundamental freedoms, and for the principles enshrined in the Charter of the United Nations;
(c) The development of respect for the child's parents, his or her own cultural identity, language and values, for the national values of the country in which the child is living, the country from which he or she may originate, and for civilizations different from his or her own;
(d) The preparation of the child for responsible life in a free society, in the spirit of understanding, peace, tolerance, equality of sexes, and friendship among all peoples, ethnic, national and religious groups and persons of indigenous origin;
(e) The development of respect for the natural environment.

Sources and resources

THE UNITED NATIONS
The United Nations hosts a website which includes general information about the United Nations system, structure and mission. Access to databases, statistics, documents, news and press releases.
www.un.org

Since 1990, the United Nations held a series of international conferences and summits. The World Summit for Social Development Declaration and Programme of Action, the Beijing Declaration and Platform for Action and the Millennium Declaration are available on-line at: www.socialwatch.org

DAW (Division for the Advancement of Women)
Grounded in the vision of equality of the United Nations Charter, DAW advocates the improvement of the status of women of the world and the achievement of their equality with men. Aiming to ensure the participation of women as equal partners with men in all aspects of human endeavour, the Division promotes women as equal participants and beneficiaries of sustainable development, peace and security, governance and human rights. As part of its mandate, it strives to stimulate the mainstreaming of gender perspectives both within and outside the United Nations system.
www.un.org/womenwatch/daw

UN DIVISION FOR SOCIAL POLICY AND DEVELOPMENT
The main objective of the Division for Social Policy and Development is to strengthen international cooperation for social development, in the context of the comprehensive and detailed framework of commitments and policies for action by Governments, intergovernmental and nongovernmental organizations provided by the Copenhagen Declaration on Social Development and Programme of Action of the World Summit for Social Development, with particular attention to the three core issues of poverty eradication, employment generation and social integration, in contributing to the creation of an international community that enables the building of secure, just, free and harmonious societies offering opportunities and higher standards of living for all.
www.un.org/esa/socdev/index.html

DHS (Demographic and Health Surveys)
Since 1984, the MEASURE DHS (Demographic and Health Surveys) project has provided technical assistance to more than 200 surveys in 75 countries, advancing global understanding of health and population trends in developing countries. The strategic objective of MEASURE DHS is to improve and institutionalize the collection and use of data by host countries for program monitoring and evaluation and for policy development decisions. MEASURE DHS is funded by USAID with contributions from other donors.

As a key participant in the MEASURE program, DHS has earned a worldwide reputation for collecting and disseminating accurate, nationally representative data on fertility, family planning, maternal and child health, as well as child survival, HIV/AIDS, malaria, and nutrition. The DHS approach to data collection emphasizes integration, coordination, cost-effectiveness, and capacity building.
www.measuredhs.com/accesssurveys

ECLAC (Economic Commission for Latin America and the Caribbean)
ECLAC is one of the five regional commissions of the United Nations. It was founded for the purposes of contributing to the economic development of Latin America, coordinating actions directed towards this end, and reinforcing economic relationships among the countries and with the other nations of the world. The promotion of the region's social development was later included among its primary objectives.
There are many useful publications available at ECLAC website:

- Statistical Yearbooks
- the Caribbean
- Economic Survey of Latin America and the Caribbean
- Foreign Investment in Latin America and the Caribbean
- Social Panorama of Latin America
- Latin America and the Caribbean in the World Economy

These and other useful publications and data can be found at: www.eclac.org

ECA (United Nations Economic Commission for Africa)
Established in 1958, ECA is one of five regional commissions under the administrative direction of United Nations (UN) headquarters. As the regional arm of the UN in Africa, it is mandated to support the economic and social development of its 53 member States, foster regional integration, and promote international cooperation for Africa's development. It reports to the UN Economic and Social Council (ECOSOC).

The Commission is organized around six substantive programme divisions: Development Policy and Management; Economic and Social Policy; Gender and Development; Information for Development; Sustainable Development; and Trade and Regional Integration. Five subregional offices contribute a subregional perspective to the work programme and support outreach.
www.uneca.org

FAO (United Nations Food and Agriculture Organisation)
The Food and Agriculture Organisation of the United Nations was founded in 1945 with a mandate to raise levels of nutrition and standards of living, to improve agricultural productivity, and to better the condition of rural populations. Today, FAO is one of the largest specialised agencies in the United Nations system and the lead agency for agriculture, forestry, fisheries and rural development.

The State of Food Insecurity in the World
Every year FAO publishes *The state of food insecurity in the world*, a report on the global and national efforts to reach the goal set by the 1996 World Food Summit (to reduce by half the number of undernourished people in the world by 2015).
www.fao.org

Faostat
Is FAO's online multilingual database currently containing over 3 million time-series records covering statistics on agriculture, nutrition, fisheries, forestry, food aid, land use and population.
http://apps.fao.org/

FINANCING FOR DEVELOPMENT
The International Conference on Financing for Development was held on 18-22 March 2002 in Monterrey, Mexico. This first United Nations-hosted conference to address key financial and development issues attracted 50 Heads of State or Government, over 200 ministers as well as leaders from the private sector and civil society, and senior officials of all the major intergovernmental financial, trade, economic, and monetary organisations. The Conference also marked the first quadripartite exchange of views between governments, civil society, the business community, and the institutional stakeholders on global economic issues. These global discussions involved over 800 participants in twelve roundtables.

In December 2005 the General Assembly decided to hold a follow-up international conference on financing for development to review the implementation of the Consensus at a date to be determined during the period 2008-2009. The conference will be held in Qatar.
www.un.org/esa/ffd/

UN HABITAT-Global Urban Observatory
The GUO was established by UN-HABITAT in response to a decision of the United Nations Commission on Human Settlements, which called for a mechanism to monitor global progress in implementing the Habitat Agenda and to monitor and evaluate global urban conditions and trends. The GUO works closely with Best Practices and Local Leadership programme (BLP) which was established to make use of information and networking in support of the Habitat Agenda Implementation. Both programmes operate under the Monitoring Systems Branch, which has the overall mandate to monitor progress on the Habitat Agenda and the Millenium Development Goals.
ww2.unhabitat.org/programmes/guo/

ILO (International Labour Organization)
Since its creation in 1919, the International Labour Organization (ILO) has always attached particular importance to its standard-setting activities. Trough Its Conventions and Recommendations ILO cover areas that include basic human rights, employment, social policy, labour relations, labour administration, working conditions and social protection.
www.ilo.org

Ilolex
Is a trilingual database containing ILO Conventions and Recommendations, ratification information, comments of the Committee of Experts and the Committee on Freedom of Association, representations, complaints, interpretations, General Surveys, and numerous related documents.
www.ilo.org/ilolex/

World Employment Report 2004-2005
ILO published the *World Employment Report 2004-2005: Employment, productivity and poverty reduction.* It states that focusing economic policies on creating decent and productive employment opportunities is vital for reducing global poverty as called for in the Millennium Development Goals (MDGs). The World Employment Report 2004-2005 is the fifth in a series of ILO reports that offer a global perspective on current employment issues.
www.ilo.org/public/english/employment/strat/wer2004.htm

IPU
The IPU is the international organization of Parliaments of sovereign States.
The Union was established in 1889 and is the focal point for world-wide parliamentary dialogue and works for peace and co-operation among peoples and for the firm establishment of representative democracy. To that end, it fosters contacts, co-ordination, and the exchange of experience among parliaments and parliamentarians of all countries. It also considers questions of international interest and concern and expresses its views on such issues in order to bring about action by parliaments and parliamentarians.

A unique database of bibliographic references on the role, structure and working methods of national parliaments, on electoral systems, constitutional law, history and political science is being maintained and regularly updated by the Union's library. The database includes references to over 7,000 books and studies as well as 30,000 articles taken from 160 periodicals and can be consulted on-line at: www.ipu.org

IRD (Institut de Recherche pour le Développement)
Created in 1944 The IRD is a French public science and technology research institute under the joint authority of the French ministries in charge of research and overseas development. The IRD has three main missions: research, consultancy and training. It conducts scientific programs contributing to the sustainable development of the countries of the South, with an emphasis on the relationship between man and the environment.
www.ird.fr

JMP (Joint Monitoring Programme for Water Supply & Sanitation)
The goals of UNICEF and WHO Joint Monitoring Programme for Water Supply & Sanitation (JMP) are to report on the status of water-supply and sanitation, and to support countries in their efforts to monitor this sector, which will enable better planning and management. The latest JMP report, *Water for Life: making it happen* (2005), and other documents can be consulted and downloaded from this website.
www.wssinfo.org

MILLENNIUM DEVELOPMENT GOALS (MDGs)
The eight Millennium Development Goals – which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education, all by the target date of 2015 – form a blueprint agreed to by all the world's countries and all the world's leading development institutions.

The Millennium Development Goals Report 2006
This publication embodies the collaborative efforts of agencies and organizations within and outside the United Nations system, working through the Inter-agency and Expert Group on MDG Indicators. It contains the latest and most comprehensive figures available through improved data collection and monitoring worldwide. Similar data will be collected and presented each year until 2015, the target date for the Millennium Development Goals, in an effort to give further direction and focus to international cooperation and national action.
www.un.org/millenniumgoals/

UN Millennium Campaign
The Millennium Campaign was created to build political will for the achievement of the MDGs and to enable people's actions in holding their government to account to the Millennium Pledge.
The Campaign assumptions are:
- It is the lack of political will that is the biggest stumbling block to the achievement of the MDGs.
- Political leaders are primarily accountable to their electorate, who are local and national.
- The Campaign therefore will focus on the national level and below, while recognizing the need to influence global processes.
- The Campaign will largely catalyse and facilitate campaigning by other actors, particularly CSOs, but also Parliamentarians and Local Authorities.
- Working closely with the media, particularly local and national media, is central to the National Campaigns.
www.millenniumcampaign.org

Millennium Project
The Millennium Project was commissioned by the United Nations Secretary-General in 2002 to develop a concrete action plan for the world to reverse the grinding poverty, hunger and disease affecting billions of people. Headed by Professor Jeffrey Sachs, the Millennium Project is an independent advisory body and presented its final recommendations, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* to the Secretary-General in January 2005. The Millennium Project has been asked to continue operating in an advisory capacity through the end of 2006.
www.unmillenniumproject.org

NGLS (United Nations Non-Governmental Liaison Service)
The United Nations Non-Governmental Liaison Service is an inter-agency programme with offices in Geneva and New York. It was established in 1975 to strengthen UN-NGO dialogue and cooperation in the fields of development education, information and policy advocacy on global sustainable development, and North-South development issues.
www.un-ngls.org

OECD (Organisation for Economic Cooperation and Development)
The Organisation for Economic Cooperation and Development produces internationally agreed instruments, decisions and recommendations to promote rules of the game in areas where multilateral agreement is necessary for individual countries to make progress in a globalized economy.

The Development Assistance Committee (DAC) is one of the key fora of OECD in which the major bilateral donors work together to increase the effectiveness of their common efforts to support sustainable development. The DAC concentrates on how international development co-operation contributes to the capacity of developing countries to participate in the global economy and the capacity of people to overcome poverty and participate fully in their societies.

Indicators are available and updated online:
www.oecd.org/department/

Global Forum on Development
Seeking to improve its dialogue on development with non-member governments and non-governmental actors, the OECD is launching a new policy-dialogue process in 2006: the OECD Global Forum on Development. The Global Forum process, which will consist of a series of events including informal experts' workshops, policy workshops and annual plenary meetings, will devote its first three-year cycle to "development finance".
www.oecd.org

Development Centre
The Development Centre (DEV) conducts comparative analysis and promotes informal policy dialogue on development issues of mutual interest for OECD member countries and the emerging and developing economies.
www.oecd.org/dev

OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS
The High Commissioner is the principal UN official with responsibility for human rights and is accountable to the Secretary-General. The Office of the High Commissioner for Human Rights (OHCHR) is guided in its work by the Charter of the United Nations, the Universal Declaration of Human Rights and subsequent human rights instruments, and the 1993 Vienna Declaration and Programme of Action. The promotion of Universal ratification and implementation of human rights treaties is at the forefront of OHCHR activities.
www.ohchr.org/english/

POPIN (Population Information Network)
The Population Information Network, founded in May 1979, strives to make international, regional and national population information, particularly information available from United Nations sources, easily available to the international community. Among its publications can be found *World Population Prospects: The 2004 Revision*. It presents the nineteenth round of global demographic estimates and projections undertaken by the Population Division since 1950.
The information is also available in POPIN's online database: http://esa.un.org/unpp/
www.un.org/popin/

UNITED NATIONS STATISTICS DIVISION
The UN Statistics Division compiles statistics from many international sources and produces global updates, including the Statistical Yearbook, World Statistics Pocketbook and yearbooks in specialised fields of statistics. It also provides to countries, specifications of the best methods of compiling information so that data from different sources can be readily compared.
http://unstats.un.org/unsd/

World's Women 2005: Progress in Statistics
The UN Statistics Division Special Report *World's Women 2005: Progress in Statistics* provides an overview of country reporting and data sources focusing on sex-disaggregated statistics in such areas as demographics, health, education, work, violence against women, poverty, human rights and decision-making. This report proposes a set of strategies to strengthen national capacity to collect and report statistics and also for improved mainstreaming of gender concerns.
http://unstats.un.org/unsd/demographic/products/indwm/

Millennium Indicators Database
In close collaboration with agencies and organizations within and outside the United Nations system, the United Nations Statistics Division coordinates the preparation of data analysis to assess progress made towards the MDGs and maintains the database containing the data series related to the selected indicators, as well as other background series intended to supplement the basic indicators, for more in-depth analysis. The figures presented in the database are compiled by specialized agencies within their area of expertise. They are drawn from national statistics provided by Governments to the international statistical system-the United Nations Statistics Division and the statistical offices of the various agencies-and usually adjusted for comparability.
The information, is available in Chinese, French, Spanish and English:
http://millenniumindicators.un.org

UNITED NATIONS TREATY COLLECTION
United Nations Treaty Collection is a website database prepared and updated regularly by the Treaty Section of the Office of Legal Affairs of the United Nations. It offers access to over 40,000 treaties and international agreements.
http://untreaty.un.org/

UNAIDS (Joint United Nations Programme on HIV/AIDS)
As the main advocate for global action on HIV/AIDS, the Joint United Nations Programme on HIV/AIDS (UNAIDS) leads, strengthens and supports an expanded response aimed at preventing the transmission of HIV, bringing together the efforts and resources of ten UN system organizations to the global AIDS response.
www.unaids.org

The XVI International Conference on HIV and AIDS takes place in Toronto, Canada from 13 – 18 August 2006. It hosted over 25,000 participants from all over the world.

www.unaids.org/en/Conferences/AIDS2006

2006 Report on the global AIDS epidemic
The 2006 Report on the global AIDS epidemic contains the most comprehensive set of data on the country response to the AIDS epidemic ever compiled. Not only did 126 countries submit full reports, but, for the first time, civil society was actively engaged in the collection, review and analysis of these country data. In addition, UNAIDS received more than 30 separate reports from civil society, allowing for a more comprehensive assessment of political commitment, quality and equity of service coverage, and the effectiveness of efforts to address stigma and discrimination.
www.unaids.org/en/HIV_data/2006GlobalReport/default.asp

UNDP (United Nations Development Programme)
Since 1990, the United Nations Development Programme has annually published the Human Development Report, which contains the Human Development Index (HDI). The HDI attempts to measure the relative socio-economic progress of nations.

Human Development Report 2005
International cooperation at a crossroads: Aid, trade and security in an unequal world.
2005 Human Development Report takes stock of human development, including progress towards the MDGs. Looking beyond statistics, it highlights the human costs of missed targets and broken promises. Extreme inequality between countries and within countries is identified as one of the main barriers to human development and as a powerful brake on accelerated progress towards the MDGs.
http://hdr.undp.org/reports/global/2005/

UNDP's public information, as well as UN conference documents are available at:
www.undp.org

UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific)
The regional arm of the United Nations Secretariat for the Asian and Pacific region is the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP). It was created in order to promote economic and social development through regional and sub regional cooperation and integration, but also to formulate and promote development assistance activities and projects commensurate with the needs and priorities of the region.
www.unescap.org

UNESCO (United Nations Educational, Scientific and Cultural Organisation)
In March 1990, the international community put education on the global agenda during the World Conference on Education for All (EFA) when governments set themselves the challenge of achieving universal primary education by the year 2000.The United Nations Educational, Scientific and Cultural Organisation (UNESCO) publishes every year the EFA Global Monitoring Report, which assesses where the world stands on its commitment to provide a basic education to all children, youth and adults by 2015.Developed by an independent team and published by UNESCO, the report is an authoritative reference that aims to inform, influence and sustain genuine commitment towards education for all.
The 2006 Global Monitoring Report, *Literacy for life*, measures the world's progress towards achieving the six Education For All goals, and especially the neglected one of universal literacy.

The Report is available online:
www.efareport.unesco.org

The UNESCO Institute for Statistics, hosted by the University of Montreal in Canada, develops an online searchable database containing selected indicators.
www.uis.unesco.org

UNICEF (United Nations Children's Fund)
The Children's Summit, held in New York in 1990, yielded an impressive action programme with very concrete objectives to improve the position of children in developing countries. The United Nations Children's Fund (UNICEF) publishes annual reports on the progress made by each country in implementing the agreements.

The *2006 State of the World's Children report* focuses on excluded and invisible children who have no access to essential services, protection and participation.

The complete report (pdf version) can be downloaded from UNICEF's website:
www.unicef.org/sowc06

The UNICEF's key statistical online database has detailed country-specific information that was used for the end-decade assessment. Global and regional summary analyses and graphic presentations of key results of progress over the decade can be found on this web site as can a full set of technical tools for conducting Multiple Indicator Cluster Surveys (MICS).
www.childinfo.org

World Malaria Report 2005 (UNICEF and WHO)
The World Malaria Report 2005 is the first comprehensive effort by the Roll Back Malaria Partnership to take stock of where the world stands in relation to one of its most devastating diseases. It reveals that the tide may be beginning to turn against malaria as control and prevention programmes start to take effect.
www.rbm.who.int/wmr2005/

UNIFEM (United Nations Development Fund for Women)
The United Nations Development Fund for Women is the women's fund at the United Nations. Established in 1976, it provides financial and technical assistance to innovative approaches aimed at fostering women's empowerment and gender equality. Today the organization's work touches the lives of women and girls in more than 100 countries. UNIFEM also helps make the voices of women heard at the United Nations – to highlight critical issues and advocate for the implementation of existing commitments made to women.

Progress of the World's Women 2005: Women, Work & Poverty makes the case for an increased focus on women's informal employment as a key pathway to reducing poverty and strengthening women's economic security. It provides the latest available data on the size and composition of the informal economy and compares national data on average earnings and poverty risk across different segments of the informal and formal workforces in six developing countries and one developed country to show the links between employment, gender and poverty.
www.unifem.org

Women, War and Peace Web Portal
WomenWarPeace.org is intended to address the lack of consolidated data on the impact of armed conflict on women and girls as noted by Security Council resolution 1325 (2000). By no means exhaustive, this portal is meant to serve as a centralized repository of information from a wide variety of sources, with links to reports and data from the UN system to information and analysis from experts, academics, NGOs and media sources. Views expressed in external sources may not necessarily reflect those of UNIFEM or other UN departments, agencies, programmes or funds.
www.womenwarpeace.org

UNRISD (United Nations Research Institute for Social Development)
The United Nations Research Institute for Social Development is an independent research agency subsidised by governments, development organisations and other organisations. Through its research, UNRISD stimulates dialogue and contributes to policy debates on key issues of social development within and outside the United Nations system.
www.unrisd.org

WHO
The World Health Organization is the United Nations specialized agency for health. It was established on 7 April 1948. WHO's objective, as set out in its Constitution, is the attainment by all peoples of the highest possible level of health. Health is defined in WHO's Constitution as a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity.
www.who.int

Communicable Disease Global Atlas
The WHO's Communicable Disease Global Atlas is bringing together for analysis and comparison standardised data and statistics for infectious diseases at country, regional, and global levels. The Atlas specifically acknowledges the broad range of determinants that influence patterns of infectious disease transmission.
The information can be accessed online:
www.who.int/GlobalAtlas

Department of Reproductive Health and Research (RHR)
The Department of Reproductive Health and Research (RHR) has set itself the mission of helping people to lead healthy sexual and reproductive lives. In pursuit of this mission the Department endeavours to strengthen the capacity of countries to enable people to promote and protect their own health and that of their partners as it relates to sexuality and reproduction, and to have access to and receive quality reproductive health services when needed.

WOMEN WATCH
Women Watch is a joint UN project to create a core Internet space on global women's issues. It was created to monitor the results of the Fourth World Conference on Women, held in Beijing in 1995.It was founded in March 1997 by the Division for the Advancement of Women (DAW), the United Nations Development Fund for Women (UNIFEM) and the International Research and Training Institute for the Advancement of Women (INSTRAW).
www.un.org/womenwatch

WORLD BANK
The World Bank annually publishes the World Development Report (WDR). The **World Development Report 2006: Equity and Development** explores the role of equity in development. It presents evidence on the inequality of opportunity, within and across countries, and illustrates the mechanisms through which it impairs development. The Report advocates taking explicit account of equity in determining development priorities: public action should aim to expand the opportunities of those who, in the absence of policy interventions, have the least resources, voice, and capabilities. Domestically, it makes the case for investing in people, expanding access to justice, land, and infrastructure, and promoting fairness in markets. Internationally, the report considers the functioning of global markets and the rules that govern them, as well as the complementary provision of aid to help poor countries and poor people build greater endowments.

The report is available online:
http://econ.worldbank.org/wdr/wdr2006/

World Development Indicators Online (WDI)
The World Development Indicators Online provides direct access to more than 600 development indicators, with time series for 208 countries and 18 country groups from 1960 to 2005, where data are available.

World Development Indicators 2006
World Development Indicators publication is the World Bank's premier annual compilation of data about development. The 2006 WDI includes more than 900 indicators in over 80 tables organized in 6 sections: World View, People, Environment, Economy, States and Markets, and Global Links.

The WDI 2006 (Full Text and Data) and the WDI Online are available at:
www.worldbank.org

International NGOs and network resources

ALOP. **The Latin American Association of Development Promotion Organizations** (Asociación Latinoamericana de Organizaciones de Promoción) is an association of non-governmental development organizations (NGDOs) from 20 Latin American and Caribbean countries. Founded in 1979, ALOP constitutes one of the most enduring efforts at integrating the NGDOs of the region.

Among its goals are: the creation of a meeting place for the NGDOs that constitute its membership; the design of development proposals for different sectors and at the global level that take into account the experience and knowledge of its associates; the establishment of a proactive relationship with the development actors in Latin America and the Caribbean; and improving the effectiveness of the NGOs working in the area of development by promoting the modernization of their management and technologies and promoting their sustainability.
www.alop.or.cr

Amnesty International is a world-wide movement of people acting on the conviction that governments must not deny individuals their basic human rights. Amnesty International' s yearly country by country report is available at:
www.amnesty.org

AI Report 2006 This Amnesty International Report documents human rights abuses in 150 countries around the world. It highlights the need for governments, the international community, armed groups and others in positions of power or influence to take responsibility. It also reflects the vitality of human rights activists globally, whether in local initiatives, international summits or mass demonstrations.
http://web.amnesty.org/report2006

AI Campaign on Treaty Bodies disseminates information on the activities of treaty bodies and encourages NGOs and individuals to participate in their work. The website presents a general introduction to the main functions of treaty bodies; a consideration of state party's reports and consideration of individual complaints and a section on the role of NGOs in the work of treaty bodies.
www.amnesty.org/treatybodies

ANND. The **Arab NGO Network for Development** is a democratic, voluntary, civil, independent, non-sectarian, and non-religious organisation consisting of Arab NGOs and national networks active in the fields of social development, human rights, gender, and the environment. The membership of ANND consists of 30 NGOs and 9 national networks from 12 Arab countries. The network has adopted a strategy of advocacy in three main areas; development policies, democracy and reform initiatives, and globalization and trade. In all the aforementioned areas, ANND's objectives are raising awareness and building the capacities of its members and other civil society groups.
www.annd.org

APC and **ITeM** are developing a joint project to monitor the implementation and follow-up of the platforms for actions by governments, UN agencies and multilateral organizations, in line with agreements made at the WSIS and other international (global and regional) fora. In the framework of this project, an yearly report will be published which is intended to provide a tool for activism at national, regional and global levels by assessing the political will to turn the agreed commitments into concrete programmes, plans and initiatives that the governments are carrying out, and the involvement of civil society in them.
For further information contact project coordinator Pablo Accuosto:
accuosto@item.org.uy

ATD Fourth World is an international NGOs dedicated to overcoming extreme poverty. Its goal is to explore all possibilities of partnership with families living in chronic poverty and to encourage more private citizens and public officials to join this effort.
www.atd-quartmonde.org

The Canadian Centre for Policy Alternatives offers an alternative to the message that we have no choice about the policies that affect our lives. The Centre undertakes and promotes research on issues of social and economic justice. It produces research reports, books, opinion pieces, fact sheets and other publications, including The Monitor, a monthly digest of progressive research and opinion.
www.policyalternatives.ca

Choike is a portal dedicated to improving the visibility of the work done by NGOs from the South. It serves as a platform where NGOs can disseminate their work and at the same time enrich it with information from diverse sources, presented from the perspective of Southern civil society.

Choike offers:

- A directory of NGOs organised in categories and sub-categories. This is not an exhaustive list but a selection of useful and relevant sites. The directory only contains Southern NGO websites; relevant information from other sources can be found in separate sections.
- A search engine that enables you to find information in the directory's websites. It is a tool designed to allow you to search the sites selected by Choike on the basis of their quality and relevance. NGOs that wish to include the Choike search engine on their websites can do so at the Choike portal.
- A selection of materials produced by NGOs which contain information of relevance to civil society and to people who are interested in what NGOs have to say. These materials can be accessed through in depth reports, articles, news, events, books on line, newsletters, or special projects as IFIs Latin American Monitor and WSISpapers.
- In-depth reports on key issues, which provide comprehensive information and reflect different views, in particular highlighting the position adopted by civil society on these issues.
- Dissemination of NGO actions and campaigns.

Choike is hosted by the Third World Institute (ITeM) in Montevideo, Uruguay, an independent non-profit organisation
www.choike.org

CIDSE The International Cooperation for Development and Solidarity is an alliance of 15 Catholic development organisations from Europe and North America. Since 1967, CIDSE member organisations share a common strategy on development projects and programmes, development education and advocacy.
www.cidse.org

Citizens' Network on Essential Services works to democratise national and global governance by supporting citizens' groups in developing and transition countries that are engaged in influencing policy decisions about basic services: water, power, education, and health care. CNES contends that citizens and their elected representatives should explore substantive policy alternatives to determine the kind of service provision that can best serve their social, environmental, and development goals.
www.servicesforall.org

CLADEM The Latin American and Caribbean Committee for the Defense of Women's Rights is a women's organisations network that in all Latin America and the Caribbean are committed in unite our efforts to achieve an effective defence of women's rights in the region.
www.cladem.org

COHRE The Centre on Housing Rights and Evictions promotes and protects the right to housing for everyone, everywhere. Its work involves Housing Rights Training; Research and Publications; Monitoring, Preventing and Documenting Forced Evictions; Fact-finding Missions; Housing and Property Restitution; Women's Housing Rights; Active Participation and Advocacy within the United Nations and Regional Human Rights Bodies and activities in all regions of the South.
www.cohre.org

CONCORD is the European confederation of relief and development NGOs. Its 21 national associations and 19 international networks represent over 1.600 NGOs, which are in turn supported by millions of people across Europe. CONCORD coordinates analysis and debate, organizes political action campaigns, and regularly engages in dialogue with the European Institutions and civil society organizations.
www.concordeurope.org

Corporate Accountability aims to facilitate the flow of information among NGOs and social movements who believe that their governments, private sector and civil society need to make greater efforts to ensure the accountability of business and industry, especially transnational corporations, to society. It contains information about ongoing civil society campaigns on corporate accountability and about NGOs and trade unions who are active in this field. It provides comprehensive material on codes of conduct, multi-stakeholder initiatives and intergovernmental processes, as well as best and worst practice cases of corporate behaviour. Its website makes available documents and publications on corporate accountability and links to relevant research institutes and databases.
www.corporate-accountability.org

DAWN Development Alternatives with Women for a New Era is a network of women scholars and activists from the economic South who engage in feminist research and analysis of the global environment and are committed to working for economic justice, gender justice and democracy.
www.dawnorg.org

Dignity International was created by the Council of Europe's Globalisation without Poverty Campaign 1998-2000. Dignity International was established as an independent NGO in 2003. Its mission is to work with the poor and marginalised communities around the world on education and training (capacity building for human rights) programmes focussed on economic, social and cultural rights in the context of its work to promote and defend all human rights for all.
www.dignityinternational.org

EEPA (Europe External Policy Advisors) is a Brussels-based centre of expertise on EU external policies. EEPA works on a wide variety of subjects, including legal frameworks, the annual budget and programming. It also works on specific policy areas such as children's rights, gender equality and HIV/AIDS. EEPA conducts lobbying and advocacy, does research and analysis, organises conferences and works on information dissemination.
www.eepa.be

ESCR-Net The International Network on Economic, Social and Cultural Rights is a collaborative initiative of groups and individuals from around the world working to secure economic and social justice through human rights. ESCR-Net seeks to strengthen the field of all human rights, with a special focus on economic, social and cultural rights, and further develop the tools for achieving their promotion, protection and fulfilment. Through ESCR-Net, groups and individuals can exchange information, and develop a collective voice, amplify their actions, develop new tools and strategies.
www.escr-net.org

EURODAD The European Network on Debt and Development is a network of 48 development NGOs from 15 European countries working for national economic and international financing policies that achieve poverty eradication and the empowerment of the poor.
www.eurodad.org

EUROSTEP European Solidarity Towards Equal Participation of People is a network of autonomous European NGOs working towards peace, justice and equality in a world free of poverty. Its membership, rooted in their own societies, works together to influence Europe's role in the world, particularly in pursuing the eradication of injustice and poverty. It advocates changes in Europe's policies and practice based on the perspectives drawn from direct experiences of an active involvement of its members and their partners in development in over 100 countries across the world.
www.eurostep.org

FES - Dialogue on Globalization As part of the international work of the Friedrich-Ebert-Stiftung, Dialogue on Globalization contributes worldwide to the debate on globalization and global governance. It is based on the premise that - through an inclusive and responsive global policy approach - globalization can be shaped into a direction that promotes peace, democracy and social justice.

Through conferences, workshops and publications Dialogue on Globalization addresses "movers and shakers" (politicians, trade unionists, representatives from NGOs, international organizations and academia) both in developing countries and in the industrialized parts of the world.
www.fes-globalization.org

GCAP (Global Call to Action against Poverty) is a worldwide alliance committed to making world leaders live up to their promises, and to making a breakthrough on poverty in 2005. It is an alliance between a range of actors around the common cause of ending poverty: existing coalitions, community groups, trade unions, individuals, religious and faith groups, campaigners and more. You can find updated information about the campaigns in different countries all over the world at:
www.whiteband.org

Gender Watch EU The main objective of the project consists in enabling women NGOs/ networks in NMS, Accession Countries and EU Neighbouring Countries to cooperate in monitoring and lobbying the EU on its development policies in order to make the EU commitment to advance gender equality and its translation into policy, action, and allocation of resources reflected in EU assistance to countries of the region.

For questions contact project coordinator Zofia Lapniewska: zofia@neww.org
www.neww.org

HIC (Habitat International Coalition) is the global movement specialized in human settlements since 1976, which comprises some 450 members in 80 countries, in the North and South. They include NGOs, community-based organizations, social movements, academic and research centres, professional associations and like-minded individuals dedicated to the struggle against deprivation of well-being and for realizing the human right to adequate housing for all. Further information on HIC's mission, members and activities can be found at HIC's Housing and Land Rights Network, Middle East and North Africa:
www.hic-mena.org

Information on the HIC's Latin American Secretariat:
www.hic-al.org

Human Rights Watch is an independent NGO supported by contributions from private individuals and foundations worldwide. Human Rights Watch is the largest human rights organization based in the United States. Human Rights Watch researchers conduct fact-finding investigations into human rights abuses in all regions of the world. Human Rights Watch then publishes those findings in dozens of books and reports every year, generating extensive coverage in local and international media.
www.hrw.org

ICAE (International Council for Adult Education) is a global partnership of adult learners and adult educators and their organizations, and others who promote the use of adult learning as a tool for informed participation of people and sustainable development. In the emergence of knowledge-society the ICAE promotes lifelong learning as a necessary component for people to contribute creatively to their communities and live in independent and democratic societies.
www.icae.org.uy

ICSW (International Council for Social Welfare) is an international NGO which represents national and local organisations in more than 50 countries throughout the world. ICWS works for the cause of social welfare, social justice and social development. It publishes Social Development Review which focuses on the monitoring of governmental and non-governmental action referred to the World Summit on Social Development.
www.icsw.org

IDS (Institute for Development Studies) is an internationally renowned centre for research and teaching on development, established in 1966. IDS also hosts many innovative information and knowledge management services.
www.ids.ac.uk/ids

IHRIP (International Human Rights Internship Program) works to help strengthen the human rights movement by facilitating the exchange of information and experience among human rights organisations. IHRIP supports professional development and exchange projects for the staff of human rights organisations and activists. Drawing on the experiences of activists in countries around the world, the Program has also produced a number of informational and training resources, most recently on economic, social and cultural rights.
www.iie.org/ihrip

IPS (Inter Press Service) is civil society's leading news agency and an independent voice for development coming from the South. IPS intends to inherit the goals of the former co-operative of journalists and to carry forward its ideals. It is a public-benefit organisation for development co-operation. Its main objective is to contribute to development by promoting free communication and a professional flow of information to reinforce technical and economic co-operation among developing countries.
www.ips.org

Jubilee Research@ NEF is the official successor organisation of Jubilee 2000 UK. Jubilee research maintains contact with the campaigning groups around the world which have taken on the work of the Jubilee 2000 campaign.
www.jubileeresearch.org

KAIROS The Canadian Ecumenical Justice Initiatives unites churches and religious organisations. They deliberate on issues of common concern, advocate for social change and join with people of faith and goodwill in action for social transformation.
www.kairoscanada.org

LDC Watch was established after the Third UN Conference on the LDCs, by civil society activists who took part in the Conference. It is an alliance of well-established regional and national civil society organisations based in the Least Developed Countries with support from development partner countries. LDC Watch monitors the implementation of the BPoA, ensures that civil society is included in this implementation, and acts as a coordinating group for LDC civil society activities, particularly in relation to the key issues of poverty reduction, trade, debt, human rights, good governance and conflict. Its members implement a programme of lobbying, networking and advocacy at national and international levels to ensure that the BPoA is implemented by LDC governments and their development partners.
www.rrn.org.np/ldc_watch/index.htm

Mani Tese is an Italian NGO operating at the national and international level to further justice, solidarity and respect among peoples. Its objectives are to raise public awareness about the causes of poverty in the South, lobbying policy makers and institutions on this issue, and implementing development projects which besides responding to the needs of the poor may initiate a process of self determination and self reliance.
www.manitese.it

MARCOSUR Feminist Articulation
Organisations from Uruguay, Brazil, Chile, Paraguay, Argentina, Bolivia and Peru, national coordinators and networks, founded this initiative at a meeting in Montevideo in September 2000, with the following three basic objectives: to politically influence the debates and the process of regional integration in a way that broadens citizenship and deepens democracy; to strengthen articulation between social movements and in particular, to use the feminist presence established within these joint spaces to empower and influence the whole of society; and to consolidate the MARCOSUR Feminist Articulation as an active current of thought which will foment organisation at regional level, with a basis in national organising processes, in order to strengthen women's political influence in the processes of regional integration and in defence of economic, social and cultural rights.
www.mujeresdelsur.org.uy

ODI (Overseas Development Institute) is Britain's leading independent think-tank on international development and humanitarian issues. ODI's mission is to inspire and inform policy and practice which lead to the reduction of poverty, the alleviation of suffering and the achievement of sustainable livelihoods in developing countries. ODI's work centres on its research and policy groups and programmes.
www.odi.org.uk

OXFAM International is a confederation of 12 organizations working together with over 3,000 partners in more than 100 countries to find lasting solutions to poverty, suffering and injustice.
www.oxfaminternational.org

Public Citizen is a national, non-profit consumer advocacy organisation founded by Ralph Nader in 1971 to represent consumer interests in the US Congress, the executive branch and the courts. Public Citizen fights for openness and democratic accountability in government, for the right of consumers to seek redress in the courts; for clean, safe and sustainable energy sources; for social and economic justice in trade policies; for strong health, safety and environmental protections; and for safe, effective and affordable prescription drugs and health care.
www.citizen.org

Reality of Aid Project is a major north/ south international non-governmental initiative focusing exclusively on analysis and lobbying for poverty eradication policies and practices in the international aid regime. It brings together more than 40 civil society networks working in the field of international cooperation in the 22 donor countries, in Asia, the Americas and Africa. The Reality of Aid project aims to contribute to more effective international aid and development cooperation strategies to eliminate poverty, based on principles of North/South solidarity and equity.
www.realityofaid.org

REPEM (Women's Popular Education Network) is a non-profit civil society organization founded in 1981. It brings together 140 NGOs and women activists and academics of the Latin American and Caribbean countries. REPEM is the regional representation for Latin America of DAWN (Development Alternatives with Women for a New Era) and the Management Office of GEO/ICAE (Gender and Education Office of the International Council for Adult Education).
www.repem.org.uy

SAPRIN (Structural Adjustment Participatory Review International Network) is a global network established to expand and legitimise the role of civil society in economic policymaking and to strengthen the organised challenge to structural adjustment programmes by citizens around the globe. The network is working with a broad range of citizens' groups in various countries on four continents to organise public processes to assess the real impact of World Bank and IMF-supported economic-reform programs and to chart a new course for the future.
www.saprin.org

SUNS The South-North Development Monitor is a unique source of information and analysis on international development issues with particular focus on North-South and South-South negotiations. Over the years SUNS has provided unique in-depth coverage of the activities of the Non-Aligned countries, the Group of 77 and other regional and inter-regional groups of the South and the NGOs. The SUNS has been an important source of information, from the Southern perspective, of the processes of negotiations, formal and informal, of GATT and the Uruguay Round, the Mid-Term Review Process, the Brussels Ministerial Session and since then, the UNCTAD Conferences, and of the entire debates and dialogue on environment/development issues, the Earth Summit and other major UN Conferences, as well as their follow-up.
www.sunsonline.org

The **Tax Justice Network** is a global network which arose out of meetings at the European Social Forum in Florence, 2002, and at the World Social Forum in Porto Alegre, 2003. It is a response to harmful trends in global taxation, which threaten states' ability to tax the wealthy beneficiaries of globalisation.
www.taxjustice.net

The **Third World Network** (TWN) is an independent non-profit international network of organisations and individuals involved in issues relating to development, the Third World and North-South issues. Its objectives are to conduct research on economic, social and environmental issues pertaining to the South; to publish books and magazines; to organise and participate in seminars; and to provide a platform representing broadly Southern interests and perspectives at international fora such as the UN conferences and processes. Its recent and current activities include: the publication of the daily SUNS (South - North Development Monitor) bulletin from Geneva, Switzerland, the fortnightly Third World Economics and the monthly Third World Resurgence; the publication of TWN Features; the publication of books on environment and economic issues; the organising of various seminars and workshops; and participation in international processes such as UNCED and the World Bank - NGO Committee.

The TWN's international secretariat is based in Penang, Malaysia. It has offices in Montevideo, Uruguay (for South America); Geneva, Switzerland; and Accra, Ghana.
www.twnside.org.sg

Third World Network-Latin America publishes the monthly magazine Revista del Sur and Tercer Mundo Económico:
www.revistadelsur.org.uy
www.redtercermundo.org.uy

Third World Network -Africa publishes African Agenda:
http://twnafrica.org/

Tobin Tax Initiative, CEED/IIRP is a proposal to tax currency transactions on foreign exchange markets, through multilateral co-operation, and to utilise the revenue for basic environmental and human needs. Such a tax will tame currency market volatility and restore national economic sovereignty.
www.ceedweb.org/iirp/

Trade Observatory is a joint project between IATP (Institute for Agriculture and Trade Policy), Friends of the Earth International, and Centre for International Environmental Law that monitors WTO activity in Geneva in an effort to facilitate advocacy by civil society actors to redress imbalances in the world trading system. WTO Watch has merged with the IATP Trade Observatory to provide the most comprehensive collection of information resources related to trade, globalisation and sustainable development.
www.tradeobservatory.org/

Transparency International is an international non-governmental organisation devoted to combating corruption, bringing civil society, business, and governments together in a powerful global coalition. Through its International Secretariat and more than 90 independent national chapters around the world, it works at the national and international level to curb both the supply and demand of corruption.
www.transparency.org

WEDO (Women's Environment and Development Organisation) is an international advocacy organisation that seeks to increase the power of women worldwide as policymakers at all levels in governments, institutions and forums to achieve economic and social justice, a healthy and peaceful planet, and human rights for all.
www.wedo.org

WEED was founded in 1990 as an independent non-governmental organization with offices in Berlin and Bonn. WEED is campaigning for the globalization of democracy, justice, human rights and environmental sustainability. WEED thinks that this requires a fair world economic system, a fundamental change in international institutions like the IMF, World Bank and WTO and a democratization of our World Order.
www.weed-online.org/themen/english.html

World Council of Churches is a fellowship of 342 churches, in more than 100 countries in all continents from virtually all-Christian traditions.
www.wcc-coe.org

The **World Guide** is a reference book updated every two years. It includes more than 240 countries of the world with their history, maps, statistics and the main challenges they face. The World Guide 2005-2006 contains a round-up of global issues such as the current armed conflicts and human security, the economies of the future, energy (its shortcomings and alternatives), Latin America today, the Information Society and the actual beneficiaries of Official Development Assistance. The World Guide is currently available in Spanish, English and Italian.
The publication is regularly updated in Spanish online:
www.guiadelmundo.org.uy

World Social Forum is an open meeting place where social movements, networks, NGOs and other civil society organizations opposed to neo-liberalism and a world dominated by capital or by any form of imperialism come together to pursue their thinking, to debate ideas democratically, to formulate proposals, share their experiences freely and network for effective action. Since the first world encounter in 2001, it has taken the form of a permanent world process seeking and building alternatives to neo-liberal policies.

In Brazil:
www.forumsocialmundial.org.br

The 7th World Social Forum will be held from January 20 to 25, in Nairobi (Kenya).
www.socialforum.or.ke

WorldWatch Institute is an independent research organization that works for an environmentally sustainable and socially just society, in which the needs of all people are met without threatening the health of the natural environment or the well-being of future generations. By providing accessible and fact-based analysis of critical global issues, Worldwatch informs people around the world about the complex interactions between people, nature, and economies.
www.worldwatch.org

Help Social Watch identify more relevant resources! Please write to:
Social Watch c/o ITeM
Juan D. Jackson 1136
Montevideo 11200, Uruguay
Phone: +598 2 419 6192
Fax: +598 2 411 9222

E-mail: socwatch@socialwatch.org,
or visit the Social Watch home page in the Internet:
www.socialwatch.org

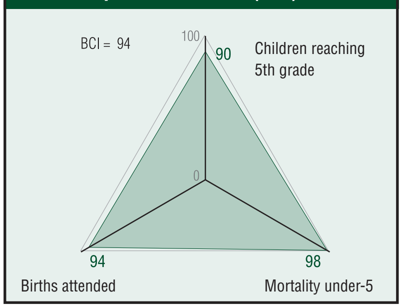
NATIONAL REPORTS

Rationalizing social spending to accelerate social development

The recently signed Stabilization and Association Agreement with the European Union confirmed the good progress of transition reforms in Albania. Substantially increasing social spending, linking social spending to the desired social impacts, and rationalizing the related internal and external financial resources in order to achieve tangible social justice results represent some of the new challenges in the Albanian integration process.

Human Development Promotion Centre (HDPC)
Ylli Çabiri
Lindita Xhillari

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)

Insufficient social spending

Total public expenditure for education in Albania in 2005 was roughly 2.6 times more than in 1996. However, during the same period, the country's Gross Domestic Product (GDP) increased almost four-fold, which means public spending on education as a percentage of GDP has actually declined, from 3.7% to 3.1%. This is significantly lower than the average of 5.4% seen in the countries of the Organization for Economic Cooperation and Development (OECD). The share of the education sector in overall public expenditure also decreased during the same period, from 13% to 10.4%, which is also below the OECD countries' average of 14% (HDPC, 2005a, p. 29). This level of public spending on education does not correspond to the actual needs. Albania's education sector lacks sufficient inputs of reasonable standards, and this largely hampers both access to and the quality of education. One significant example is the number of pupils enrolled in schools with double shifts, which is currently the case for 37% of primary school students and 15% of secondary school students. The Tirana region remains the most problematic area, largely due to the massive, spontaneous demographic movement of the population since the 1990s. At present, one-third of all schools at the pre-university level in Tirana operate with double shifts. The school buildings are generally poorly constructed and their maintenance has been neglected due to cuts in financial resources. Currently, the number of classrooms in need of maintenance represents more than 70% of the total number of classrooms in five of the country's 12 regions. The situation is even worse in urban areas, where over 75% of classrooms are in need of repairs in nine regions. The failure at the input level is also reflected by deeper problems of curriculum, textbooks, and teacher qualification, as well as of governance and management.

Albania spends around 6% of GDP on health care, which is in line with the average for lower middle income countries. The share that the public sector contributes to this spending represents about 2.5% of GDP. This reflects an increase of 41% in real terms over the past five years and an increase in per capita spending of 37%. The share of the health sector in overall public expenditure has also increased during the same period, from 7.2% to 9.3% (World Bank, 2006, p. 85). However, Albania's public sector funding of health care is considerably below that of other countries with similar income levels, and this shortfall is made up for by out-of-pocket expenditure at the point of service, which account for almost 60% of funding for the health sector. Clearly, the current level of public spending on health does not correspond to the actual needs of the sector. Moreover, although hospital expenditures dominate public sector spending on health care, the quality of hospital services remains very low. The declining importance given to primary care spending has contributed to the poor performance of the primary health care system, including primary and secondary preventive care and health promotion. At present, 90% of communes have a health centre and 50% of villages have outpatient clinics, which largely limits the population's access to health care services. In addition, the increase in public spending was substantially driven by an increase in capital expenditures, while the improvement in human resource capacities remains very modest.

Overall social protection expenditures[1] represent an average of 7.1% of GDP in Albania and are dominated by old age pension spending, which comes to almost 4.5% of GDP, while expenditures on social assistance are about 1.9% of GDP. Pensions are designed to be covered by a direct contribution, which still does not fully cover the expenditures. The shortfall of roughly 31% of these expenditures is funded by a budget subsidy. The pension system faces severe problems, such as the overly high social contribution, which is one of the world's highest and encourages evasion and avoidance; the extremely low pension replacement rate, which on average is equivalent to 22.5% of the average wage and 54% of the minimum wage (INSTAT, 2005, p. 17); and the significant difference between urban and rural pensions. For its part, social assistance provides only limited coverage of the population and the financing is insufficient relative to the actual poverty level. The number of recipients was reduced to 120,000 in 2005, and it is estimated that about 60% of all extremely poor families do not receive social assistance benefits. The value of the benefits granted to each family is so low that it would be almost impossible to live on these payments alone. In the meantime, financing for people with disabilities is insufficient to create equal opportunities for them as defined by United Nations standards (HDPC, 2005b, p. 22). Financing of labour market services (such as employment counselling, training and job placement) is also very limited in view of the fundamental structural changes during the transition and the high unemployment rate.

Doing versus achieving

Public funding in the social sectors is allocated based on inputs and focuses on particular actions, rather than whether these actions are achieving the desired social impact. State budget requests do not sufficiently link proposed expenditures to anticipated results and to realistic and measurable indicators. Consequently, a government system of performance measurement and accountability is lacking, and the Parliament has very little information on which it can base its review process of the annual state budget. Both the Parliament and Government are more interested in checking compliance than in the

1 This includes pensions, social assistance, disability and short-term benefits and labour market services.

opportunity for early warning of potential problems that require remedial action. This is because the thinking in public administration is dominated by "doers" and not by "achievers". Instead of working towards clearly defined goals, they merely focus on discharging tasks, setting up structures, drafting legislation, pushing papers, holding meetings and so on, without any clear picture of the overall outcome they are trying to achieve.

In education, it is crucial to link budget allocations with quantitative and qualitative outcomes, introducing more realistic targets. It is incorrect, for example, to assume that the current indicator called "enrolment rate" is sufficient for deciding the budget ceilings. It is certainly easier to observe whether a child is enrolled in school than to monitor whether that same child actually completes a primary education or is subject to such phenomena as repetition, dropout, hidden dropout, re-entry and ultimate dropout. In addition, indicators such as the enrolment rate, class size, pupil/teacher ratio and cost per pupil in their current aggregated form are not truly representative of the real situation, since they ignore the large disparities in access to education and the quality of education between rural and urban areas and among the country's different regions.

In the health sector, public health care providers continue to be funded based on inputs rather than performance. Input-based resource allocation results in the inequitable allocation of public health care expenditures. The current state of the hospital network reflects major inefficiencies: over 60% of Albania's hospitals are too small, while they continue to consume a large share of scarce resources. The health system continues to be heavily centred around hospital care, with insufficient emphasis on primary care, including primary and secondary preventive care and health promotion. These sectors also suffer from the low utilization of primary health care facilities and extremely low productivity of primary health care staff. In addition, public sector spending on health care is not targeted towards the regions with the highest poverty incidence.

With regard to the social protection sector, in order for programmes to be effective, they must cover a sufficient share of their target group and provide benefits that are adequate to address the need for reducing poverty and promoting integration. At present, the number of beneficiaries in each administrative unit continues to be determined by the availability of funds and not by the actual need, resulting in a high degree of errors of exclusion. The social assistance support for the disabled is also determined by the availability of funds, and is not linked with the real costs of living and of integration for people with disabilities, which are different from those of the fully abled. As a result, current spending on rehabilitation services aimed at providing the disabled with a higher degree of independence is markedly inefficient.

Integrated planning system

The existing budgeting instruments for social sector financing are not sufficiently based on a systematic relationship between priority measures and programmes in each sector and the corresponding budget allocations. Annual budget requests and allocations are determined by financial considerations based on the previous year's expenditures, rather than being based on a strategic approach.

It is crucial to harmonize social spending with certain strategic priority actions for social development. However, this leads to a fundamental question: which ones? In Albania there are currently 23 Sector Strategies, 10 Cross-Sector Strategies, a National Strategy for Social and Economic Development, a National Plan for European Union Integration, 12 Regional Development Strategies aimed at reaching the Millennium Development Goals, and more than 28 Municipal Development Strategies. These strategies are designed and updated at different periods of time and without adequately considering the previous strategic programming efforts. As a result, there is little harmonization and continuity among the different strategic actions undertaken. In addition, the priority interventions programmed in each of the strategic documents are not clearly defined, and they rarely include measurable quantitative indicators or cost estimations.

In view of these shortcomings of the existing strategic documents, there is clearly a need for a unified strategic approach for the country's development, including the social sectors. The unified strategic objectives should be translated into unified priority actions and realistic and measurable indicators based on substantive cost analyses. This should be followed by linking the strategic priorities with the macroeconomic framework and the state budget planning process, establishing clear and unified legal and regulatory rules for all central and local government institutions.

Although Albania has had good experience with medium-term budgeting, the Albanian government is considering the establishment of an integrated planning system that aims to improve strategic policy formulation and ensure that public spending supports more effectively the Government's strategic priorities (RoA, Council of Ministers, 2005). By approaching policy and financial planning as related components of a single planning system, it will provide decision makers with high quality strategic and fiscal options for more efficient allocation of the limited resources.

"Reinventing" the symmetric aid relationship

The aid relationship is in itself an important factor in creating the conditions for more efficient financing. A solid aid relationship is characterized by high degrees of correspondence between the objectives of donors and recipients. In addition, accountability by both the recipient government and donors is essential not only with respect to financial accountability, but also with regard to the contribution made to the achievement of national objectives.

Indeed, foreign assistance played a crucial role in overcoming obstacles in the Albanian transition, given the budget restrictions caused by extremely limited domestic resources. Some 36 bilateral donors and 11 multilateral donors were operating in Albania during the period 1991-2004 with a total commitment of roughly USD 4.86 billion and a disbursement rate of 59.5% (Ministry of Finances, 2005). In 2004, the total amount of external aid disbursed represented 3.5% of the country's GDP and 10.7% of total government spending under the state budget. The social sectors are among the least supported sectors: health, education, and labour and social safety represent about 4.1%, 3.3% and 0.7% of the total commitments, as compared to 14.5% and 14.3% for the transport and energy sectors respectively. With such a large number of donors and projects, it is difficult for both donors and the Government to keep track of past and planned activities at the aggregate level. Discussion and debate focus on money matters and micro-management, at the expense of the larger objective of social development and poverty alleviation. As a result, despite an ongoing and intensive consultation process, donors act rather independently, without a strong correlation with the government's priorities or coordination among themselves. Due to incomplete information, a lack of prioritization, and a lack of clarity about the core objectives to be achieved, donors often have similar preferences, especially for technical assistance support in areas like strengthening governance, anti-corruption initiatives, public administration reform and approximation of legislation.

The Albanian government has frequently been criticized for its poor commitment to donor coordination. As a potential solution, some donors have begun to invite government representatives to donor coordination meetings. This is a very simplistic approach, considering that the poor coordination of aid is not only related to the lack of coordination structures and mechanisms, but above all to the poor planning process. Over the last few years, the quality and coherence of public priorities planning has declined. A more symmetric aid relationship should be developed in the framework of the new integrated planning system and based on a medium-term foreign aid orientation document. A mutual reporting and information system through a joint database on planned projects and budget allocations should also be established. Government institutions should insist on the primacy of one single development framework and on donor flexibility to adjust to the country's specific priorities. The very weak existing programming and aid coordination system needs to be reformed and strengthened, not bypassed. ■

References

Human Development Promotion Centre (2005a). *Education Sector Public Expenditure Review.* Tirana: HDPC.

Human Development Promotion Centre (2005b). *Persons with Disabilities in Albania: Poverty Alleviation and Integration.* Tirana: HDPC.

INSTAT (2005). *Albania in Figures*. Tirana: INSTAT.

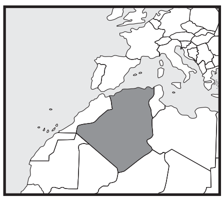
Ministry of Finances (2005). *Foreign Aid 1991-2004*. Tirana.

Republic of Albania. Council of Ministers. Technical Secretariat (2005). *Integrated Planning System as part of the Government Modernization Programme.* Tirana.

World Bank (2006). *Albania, Health Sector Note.* Tirana: World Bank.

■ ALGERIA

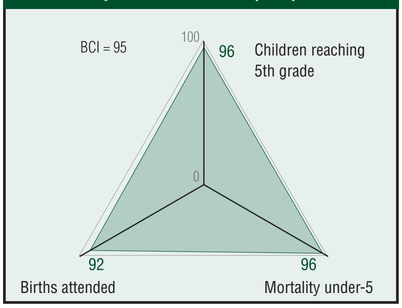
Greater investment in development, more progress in gender issues



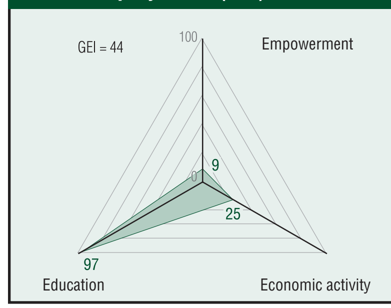
Favoured by high oil prices, the Government increased social investment, achieving such advances as a significant reduction of poverty. For their part, Algerian women are now revealing a greater presence in positions traditionally occupied by men.

El-Amel Association for Social Development
Youcef Benabdallah

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



With the Plan in Support of Economic Reactivation (PSRE) 2000-2004, the Government is preparing to grant about USD 55 billion to the Complementary Plan in Support of Economic Growth 2005-2009 (PCSCE). This is a considerable amount for a country like Algeria.

Social indicators should experience significant progress, given that this budget allots 25.5% for housing and environment, 15.8% for human development (2005 Finance Law) and 22.7% for infrastructure.

A goal achieved

According to estimates made by the General Commissioner for Planning and Prospects, the proportion of the population living on less than USD 1 per day decreased from 1.9% in 1998 to 0.8% in 2000. This means that the Millennium Development Goal of reducing by half the number of people living on less than USD 1 per day by 2015 has already been reached. The percentage of poverty increased from 3.6% in 1988 to 5.7% in 1995 and then decreased to 3.1% in 2000 and 1.6% in 2004. In absolute terms, the number of poor people of this category of the population decreased from 1.6 million in 1995 to 605,112 in 2003, a reduction of more than 62%.

Child malnutrition

According to the National Economic and Social Council (CNES), malnutrition in children under five years, measured by weight deficiency, increased markedly, from 9.2% in 1992 to 10.4% in 2002. This regression is an alert in itself, revealing a situation that appears paradoxical in comparison with the other changes. The CNES is concerned about inflation, which is affecting the family basket, in particular the price of milk. The purchasing power of the national minimum wage decreased, and the percentage of that wage necessary to purchase one litre of milk increased from 0.16% in 1992 to 0.3% in 2002.

Oil benefits

From a global perspective, these results should be perceived in terms of a favourable economic situation due to the spectacular increase of the price of oil. Exceptionally high State income has permitted the implementation of the PSRE which, according to the CNES, culminated in the creation of 728,000 jobs, 63% of them permanent.[1] The same source indicates that job creation appears to have responded favourably to the concern over regional stability, since the index of jobs created per 1,000 inhabitants has been favourable for southern regions, followed by the highlands. Although state subsidies for employment policies represent only 0.4% of the gross domestic product (GDP) – compared with figures ranging from 3% to 5.5% of GDP in countries of the Organization for Cooperation and Economic Development – funding for these programmes doubled between 1997 and 2002.[2]

Additionally, in January 2004 the minimum wage was raised by 25%, thus improving purchasing power. Added to this is a greater State intervention in gross family incomes. Transfers went from 16.2% in 1996 to 20.3% in 2000 and 23% in 2004. In June 2006, the State granted a budget of more than DZD 100 billion (USD 1.4 million) for the improvement of the insurance system for government employees. This will allow the public minimum wage to be raised by approximately 15%. This minimum wage increase is one of the points to be discussed in a tripartite meeting in September of this year.

Another achievement was a programme for the construction of one million homes under the PSRE, already implemented to a great extent. The occupancy rate per dwelling decreased from 7 people to 5.5 between 1999 and 2004. It should reach 5 in 2009, after the construction of another million homes projected by the PCSE.

The progress of women

The strong presence of women in schools and universities is a strong and objective signal of a restructuring of the gender system in the mid term. The education of girls is now an established tendency in Algeria. Inequalities between the sexes no longer exist in the secondary school system.

TABLE 1

Incidence of poverty and food poverty (1988-2004)

	1988	1995	2000	2004
Incidence (%) beneath food poverty line	3.6	5.7	3.1	1.6
Incidence (%) beneath general poverty line	8.1	14.1	12.1	6.8

Source: General Commissioner for Planning and Prospects

1 <www.cnes.dz/cnesdoc/plein25/conjt12004.doc>.

2 These figures correspond to the Programme of Local Initiative for Salaried Employment, the Labour Program of Intensive Labour of Public Utility, the Pre-employment Contract and the Mechanism of General Interest Activity.

The numbers of 6- to 15-year-old girls who attend school has evolved positively and more quickly than that of boys. As a result, discrimination has decreased against girls in this age range, 91.87 of whom were educated per 100 boys in 2002, compared with only 81 in 1990-1991 and 87.8 in 1999-2000. In 2006, the rate of women who received a secondary school diploma was 62%, while the overall rate was 52%.

The most significant growth is that of women in the labour force. According to the General Census of Population and Housing, the rate of female activity in the labour force increased from 1.8% in 1966 to 9.6% in 1998. The World Bank estimated the rate of female labour for 2001 at 27%[3]. The rate of female unemployment increased from 9% of total unemployment in 1992 to 15% in 2003 and to 18.1% in 2004.

Socially acceptable professions

This entry of women into the labour market in the last decade is due in part to the dynamics of the informal sector, which attracted more women to the labour market, and also to the increase in women's level of education. Paradoxically, Algerian women appear to have a greater presence in jobs that require more competence and qualifications, excepting political positions. Certain branches of activity considered socially appropriate and prestigious for women are admitting them in greater numbers; women are already a majority in some. The main professions lie in the arena of health care. In the pharmaceutical industry, for example, women represent 74% of the professionals; they compose 71% of the country's surgery-performing dentists, 52% of doctors, 53% of medical specialists and 55% of residents.

Limited political participation

The number of female parliamentarians increased from 14 to 24 in the 2002 elections, representing only 6.6% of the legislature. A not insignificant number of women have been named to key administrative positions during 2004, for example in the heart of the diplomatic and judicial bodies. Nevertheless, these very favourable changes cannot conceal the fact that the proportion of women in political representation continues to be extremely low.

In the area of small business, women have shown a greater presence in the professions, where they reached 39% in 2003. That year they operated close to 25% of small businesses in the service sector and close to 21% in the industrial sector, and they began to work in spheres of activity traditionally reserved for men, such as agriculture, maintenance, transportation and construction, public works and hydraulics.

More girls in school

The efforts made by the State to achieve compulsory and free education resulted in the schooling of nearly all children aged 6 to 12. The rate of education drops abruptly in the age range from 16 to 19, in which the rate for boys increases. Additionally, the ratio of teachers per students in primary and secondary school remains low.

In 2002, the illiteracy rate in those over 10 increased to 26.5%, with a significant difference between urban and rural figures (20.1% and 35.7% respectively) and by sex (13.5% of men and 26.6% of women in cities and 24.6% and 47%, respectively, in rural areas).

The Government outlined a strategy to teach literacy skills to between 150,000 and 200,000 people per year, in order to reduce the illiteracy rate by half before 2013. Also, the National Literacy Office collaborated with UNICEF to initiate a pilot project prioritizing women.

TABLE 2

Children's health situation (results per 1,000 live births)

INDICATORS	1990	1991	2000	2002	MDGS
2015					
Infant mortality	46.8	44.9	36.9	34.7	15.6
Under-five mortality	54.6	52.7	43.1	40.0	18.2

Communicable diseases, child mortality

In the 1980s, Algeria entered a transitional demographic phase, experiencing a reduction of mortality and a significant decrease in the birth rate. This phenomenon is accompanied by an epidemiological transition, characterized by a decrease in endemic communicable diseases and diseases controllable by vaccination, signifying an increase in life expectancy despite the appearance of new diseases. Nevertheless, in spite of these decreases, communicable diseases remain at a worryingly high level.

Facts from a 2002 survey carried out by the Pan-Arab Project for Family Health (PAPFAM) set the child mortality rate at 38.8 per 1,000 live births, with a significant difference between urban (35 per 1,000 live births) and rural areas.

Given the slow pace of progress, successful arrival at the Millennium Development Goals set for 2015 appears difficult. According to the survey, the probability of death among children under five years of age whose mothers are illiterate is four times higher than that of those whose mothers have completed secondary education and beyond. Also, the risk of death before one year is twice as high for children born in a traditional home than for those born in apartment buildings.

In terms of prevention, the vaccination programme covers more than nine children out of 10, in all types of vaccines. Children aged 12 to 23 months who are fully vaccinated account for 88.9%, with a significant difference between those from urban (91.2%) and rural (86.1%) areas. On the other hand, the survey indicates that 97.1% of children born during the five years prior to the survey had a vaccination card. These results demonstrate that the public health system has two challenges before it: one is a question of quality; the other of equity. A programme of action against child mortality was initiated in 1985 with a vaccine against measles. The survey of the PAPFAM reveals that 90.6% of children were vaccinated against measles in 2002, in contrast to 85.7% in 1992.

Conclusion

The reversal of social and economic rights recorded during the period 1986-1999 makes necessary the current integration of these rights into a process of sustainable development and for the assurance of an equitable division of the fruits of that development. Income from oil comprises 70% of the State's total income. These resources can be fleeting; thus, it is necessary to find a way of utilizing them in order to guarantee the production of lasting, long-term resources. Sustainable development depends on the mobilization of renewable resources. This is essential in order to absorb the social and economic consequences linked to the association agreement with the European Union reached in September 2005 and after accession to the WTO. ■

3 <http://publications.worldbank.org/WDI>.

Insufficient service provision from public-private associations

Public-private associations have not produced a more efficient service or increased access by the more disadvantaged sectors. The case of water and sewerage provision demonstrates that the regulatory framework has to serve the public interest and not just the private interest in making a return, and that mechanisms to ensure management transparency and civil participation are necessary. In 2006 the Government decided to re-nationalize this service.

Centro de Estudios Legales y Sociales (CELS)[1]

Throughout Latin America during the 1990s there was a process of economic liberalization and public sector contraction. International finance institutions such as the International Monetary Fund and the World Bank promoted, among other measures geared to making States more efficient, the privatization of public services. During President Carlos Menem's administration (1989-1999), Argentina was one of the countries that most echoed this initiative, privatizing the majority of essential public services.

Public-private associations are still advocated as an efficient model to finance the expansion of essential public services to all sectors of the population. However several examples could be used to show that privatization does not in itself guarantee increased efficiency in public service provision and even less access to services for the most vulnerable sectors. One of these examples is the case of Aguas Argentinas S.A.

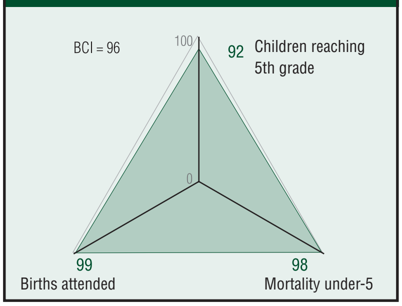
We will examine the privatization of its predecessor Obras Sanitarias de la Nación (OSN), the company charged with providing water and sewerage services for Buenos Aires city and 17 districts of the Buenos Aires conurbation, and analyze some causes of this privatization's failure.

In 1989, a law passed by the National Congress declared that the provision of public services was in a state of emergency and authorized the Executive to transfer public assets to private companies.

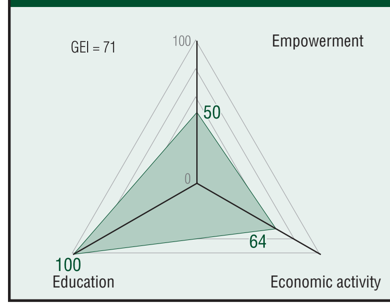
One of the main arguments in support of privatizing the public water and sewerage services, and indeed most essential public services, was the State's apparent inability to provide them efficiently. In the case of OSN, the lack of investment during preceding years had prevented both the maintenance and expansion of water and sewerage networks. The concession for this service was placed in private hands with the intention of remedying the situation.

1 This report is based on the study *Evaluation of direct foreign investment impacts on human rights: Aguas Argentinas S.A. case study,* carried out by Centro de Estudios Legales y Sociales (CELS) and Asociación Civil por la Igualdad y la Justicia (ACIJ) with the support of the Canadian organisation Rights & Democracy.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



In 1993, after a public tender process, the Aguas Argentinas S.A. consortium, with Suez and Vivendi multinationals among its main shareholders, undertook service provision.

The concession contract set 30 year investment and service expansion goals requiring the extension of water supply services to approximately 1.7 million people and sewerage systems to almost two million people. In this way the service was to be extended from covering 70% of inhabitants at that time to supply almost the entire population within the area. Also central to the contract were sewage treatment goals with a view to the gradual elimination of watercourse contamination by liquid effluent.[2]

Return before service

During the concession's first ten years, drinking water networks were indeed extended and the number of people connected to the service increased. However, as clear criteria for the extension work had not been incorporated in the contract, the company's priorities were based on potentially higher economic return and almost completely ignored the social aspirations of the project. On top of this, successive modifications to the original plan of improvements and expansion were made substantially reducing the goals that the company had committed itself to at the beginning of the concession (ETOSS, 2003).

As a result, the work undertaken was chosen on the basis of minimum cost and maximum profit in terms of investment recovery. In fact, much more expansion took place in relatively wealthy zones than in areas inhabited by the more vulnerable and less well-off sectors of society. The same phenomenon happened with the extension of sewerage networks, which was also in the main directed to zones of greater purchasing power.

2 The contract signed by Aguas Argentinas S. A., its subsequent modifications and the regulatory framework of the concession can be accessed at: <www.etoss.org.ar>.

Health crisis risk

Sewage treatment plants were also not developed as specified in the original contract, which exacerbated one of the principal environmental contamination problems of the zone. The postponement of these projects caused concentrated contamination around the main sewerage discharge points polluting both river basins and neighbouring coastal areas. A particular problem highlighted in a report by the Buenos Aires City Ombudsperson is the health risk to people in the south of the city due to unofficial connexions combined with collapsed parts of the network. This situation could result in a health crisis with outbreaks of cholera, hepatitis and other diseases caused by drinking water contamination.[3]

Rate increases

According to the Tripartite Body of Sanitary Works and Services (ETOSS), the average rate bill for the service increased by 88% between the beginning of the concession and 2002, far in excess of inflation during that period. At the same time, although invoicing systems were established incorporating cross subsidy schemes between different zones and types of building that were geared to favouring those users with the least resources and to universalizing the service, the original concession contract did not explicitly include the provision of a lower rate for poorer

3 *La Nación*, 25 April 2006.

sectors. Only in 2001 was the Social Rate Programme created with the objective of lessening the effect of the economic crisis on less well off groups. But even then the company remained entitled to cut services in the event of bills not being paid.

Regulations "à la carte"

It was possible for such situations to develop because the repeated contract and legal framework modifications, implemented by Executive decrees and resolutions, ended up nullifying many of the concession's initial objectives.

Even the mechanism provided for modifying the contract was itself drastically reformulated, losing its original characteristic of being only for use in exceptional circumstances. The nature of the contract modifications demonstrates that their principal objective was to benefit Aguas Argentinas, reducing company risk to almost zero. In fact, while normally there is a proportional relationship between the profitability of an economic activity and its degree of risk, in this case it became a case of greater profitability for less risk.

The accounts of the company itself show that between 1994 and 2001 there was an average profit on shareholders' equity of 20.3% while during the same period the average profit made by Argentina's 200 biggest companies represented 3.5% of annual sales. The disproportion is also evident looking within the sector where for example in the USA equivalent profit percentages are between 6.5% and 12.5% and in the UK between 6% and 7% (Aspiazo and Forcinito, 2004).

A lack of appropriate regulation has also allowed the company's debt to exceed what was anticipated in the original tender and rise to levels above accepted international norms for this type of company. In 2002 this situation became critical when, due to the peso devaluation and the freezing of rates, the company's profit in dollars – the currency in which it had contracted its international debts – was substantially reduced.

Aguas Argentinas failed to fulfil the contractual objectives and obligations that it had undertaken. The company was repeatedly sanctioned for this; however it only paid 42% of the consequent fines (ETOSS, 2003). In addition, the system for the application of fines was itself modified during contract renegotiations reducing the size of future fines and providing relief for those already imposed.

Re-nationalization

In early 2002 the National Congress passed an Economic Emergency Law (Law No. 25561) providing for, among other things, the abandonment of the currency convertibility regime, a rates freeze for public services and the complete renegotiation of public service concession contracts, including the one with Aguas Argentinas. The renegotiation of the water and sewerage service concession contract remained in process until March 2006, when the national government decided to cancel the contract with the company and re-nationalize the service.

The State's share of responsibility

From what has already been said it can be seen that Aguas Argentinas was to a significant degree responsible for the failure of this model. However as one of the intrinsic characteristics of the public-private association model is the alliance between a private company and the State, it is appropriate to examine the State's responsibilities as counterpart to the company in this concession.

It is evident that the benefits obtained by Aguas Argentinas from the successive contractual renegotiations and modifications of the concession's regulatory framework would not have been possible without the approval of public officials responsible for authorizing them. Although judicial investigations into this have for the most part produced no proof, there are clear indications that some corruption may have been involved. There is broad agreement that the contract modifications were made in the interests of the company and had a seriously negative impact on consumers and the population in general. The control mechanisms themselves were successively modified, each time reducing their powers and sanction capacity. On top of all this there were repeated delays in the implementation of decisions contrary to company interests (Defensor del Pueblo de la Nación, 2003).

There were several factors underlying the authorities' permeability to the demands of the company, one of them being that the economic power of multinational companies such as Suez or Vivendi translates into substantial political power during concession negotiations with the government. The activities of this type of company have such an impact on local economies that it is difficult to disregard their requests and risk the possible withdrawal of their investment.

Unfavourable international context

Another underlying factor was that Argentina, along with many other developing countries, had ratified bilateral agreements for the promotion and protection of investments. In general these agreements grant foreign investors the right to seek redress from host States in international courts. The decisions of these courts have traditionally favoured investors' interests, leaving States to pay millions in indemnification. Thus the presentation of such claims has provided companies with a means of applying political pressure by using the possible suspension or definitive withdrawal of them as currency to obtain favourable concessions. This was a factor in the case of Aguas Argentinas. Right up to the cancellation of the contract, the company and the Government had been attempting to reach an agreement in the framework of the concession contract renegotiation and the company's claim presented to the International Centre for Settlement of Investment Disputes was one of the most important tools used in the negotiation.

Conclusions

The Argentinean experience of privatizing water and sewerage public services raises some issues that should be taken into account when assessing the appropriateness of using a public-private association model. One fundamental aspect is that the asymmetry of negotiation capacity between the two parties in the model makes a successful outcome less likely. If the commercial interests of the company prevail over the public interest, the purpose for which the association was originally formed becomes seriously distorted.

Finally, irrespective of the model adopted, the existence of a regulatory framework that is formulated by – and can only be modified by – Congress, an efficient judicial system, truly independent watchdog bodies, mechanisms that ensure management transparency and sufficient civil society participation will all undoubtedly contribute to achieving the objectives of any management scheme for an essential public service. ■

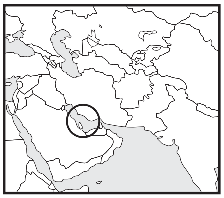
References

Azpiazu, D. y Forcinito K. (2004). "Historia de un fracaso: la privatización del sistema de agua y saneamiento en el área metropolitana de Buenos Aires", en Azpiazu, D., Catenazzi, A. y Forcinito K., *Recursos públicos, negocios privados. Agua potable y saneamiento ambiental en el AMBA*. Universidad Nacional de General Sarmiento.

Defensor del Pueblo de la Nación (2003). *Informe sobre el Servicio de Agua Potable y Cloacas*.

Ente Tripartito de Obras y Servicios Sanitarios (ETOSS) (2003). *Informe sobre el grado de cumplimiento alcanzado por el contrato de concesión de Aguas Argentinas S.A.*

Oil dependency: short-term benefits but a long-term impossibility



As a country that draws most of its income from oil, Bahrain has benefited from the recent rise in world oil prices, which have helped spur growth in every sector of the economy. However, this tiny island nation's oil reserves could be depleted within a decade, which means that other sources of revenue must be pursued to prevent economic collapse and ensure that the population's needs continue to be met.

Bahrain Economic Society
Jaffar Mohammed

Bahrain is a very small island within an archipelago of 33 islands. The total area of Bahrain is approximately 703.63 square kilometres. However, total area figures continue to change due to extensive and frequent land reclamation schemes. In 1986, Bahrain became linked to Saudi Arabia by a 25-kilometre causeway. Most of the island is flat, the altitude being on average not more than 60 metres above sea level. The northern coast of the island, which is just under five kilometres wide, is cultivated, while the rest of the country is a desert, surfaced with hard limestone rock. In terms of climate, since Bahrain is an island it is humid and extremely hot in summer, while winter temperatures are below 20ºC. There is little rainfall.

The country's total population, which was estimated at 70,000 in 1863, has grown rapidly as a consequence of Bahrain's economic development and improved living conditions. It had increased to 182,203 by 1965, then more than doubled in the next 26 years to a total of 508,037 in 1991, reaching 707,160 in 2004. Much of Bahrain's population growth can be attributed to the rise in the number of non-Bahraini nationals living and working in the country, as illustrated in Table 1.

Despite the Government's commitment to increasing the number of Bahraini nationals employed in the private sector, foreign workers, primarily from South and Southeast Asia, still held around 65% of private sector jobs in 2004, because of wage differentials with nationals. Women account for 18% of the purely Bahraini workforce. In 2004, the total workforce was estimated at above 284,969, of whom 99,767 were native Bahrainis (Ministry of Labour).

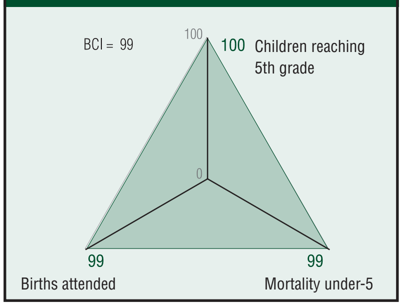
An economy fuelled by oil

Hydrocarbons remain the only natural resource in Bahrain. The domestic economy is still largely dependent on the production and export of oil to maintain its very existence and meet the basic requirements of the population. However, since 1970, the oil sector in Bahrain has been declining at an average rate of 6% annually, and according to forecasts, its oil supply will be depleted in nine years time. Bahrain's proven oil reserves are relatively small and the number of productive oil wells is limited. Since yields from the remaining wells are low, any attempt to increase production would mean higher production costs. Therefore, unless other sectors are developed to replace the oil sector, the economy is threatened with collapse.

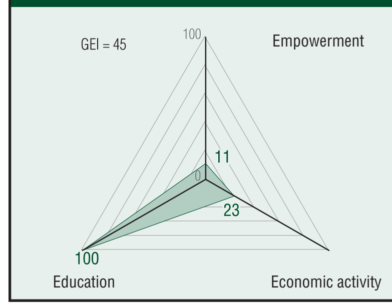
Bahrain also has relatively substantial reserves of natural gas. Based on current extraction rates, Bahrain's gas reserves are expected to last for 25 years. Total reserves were estimated at 255 billion cubic metres in 1979 and were reduced to 201 billion cubic meters in recent years. The country depends on two sources for its gas production: associated gas (found in association with crude oil) and dry gas (found in natural gas fields). As rapid industrial development emerged and the need for more energy increased, Bahrain endeavoured simultaneously to utilize the associated gas and reduce the amount of gas that is flared (burned off) as "waste" from oil wells.

Given the declining production yields of Bahrain's onshore oil fields, the country has become increasingly dependent on the oil produced in the Abu Saafa offshore field, which it shares with Saudi Arabia. The Abu Saafa field currently accounts for the bulk of Bahraini oil production, as Table 2 illustrates.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Towards diversification

In recent decades, the Bahraini government has made concerted efforts to transform the economy from one that is dependent on the primary sector for output and employment into a modern industrial economy and services centre. The government's economic strategy is currently under review, and the liberalization of inward investment has been stated as a key issue. The government's main goals are geared towards:

- diversifying the economy and national income, which will be pursued through developing small- and medium-scale industries
- encouraging the services sector, notably commercial services
- developing off-shore banking and tourism by removing obstacles to foreign investment
- encouraging the contribution of the private sector to economic development.

In many countries, government revenue is largely derived from the different components of taxes. In Bahrain, as in other Gulf countries, the government's revenues are determined primarily by oil revenues. However, as oil revenues gradually decline alongside decreased production, a possible expansion of the role of taxation in the future is a distinct possibility. There has already been a marked trend in the increase of indirect taxes.

In Bahrain, the Government's budget consists of two income transfers – oil and non-oil revenues – and current and capital expenditures. Oil revenues are collected from two sources, the Bahraini onshore oil fields and the Abu-Saafa offshore field shared with Saudi Arabia, while non-oil revenues include grants, indirect taxes, and income from investment. Meanwhile, expenditures mainly comprise the Government's purchases of goods and services to meet the country's administrative, military and social services needs. Oil revenues are allocated by the Government to the construction and development of all other non-oil sectors in the country, such as transportation, manufacturing, agriculture, public services, commerce and others.

Public expenditure is most often determined by government revenues. Thus a rise in oil revenue is normally translated into higher public spending, leading to an overall improvement in economic growth conditions. It is important to emphasize that as non-oil revenue is proportionately smaller, current expenditure has been largely financed from oil revenue until now. Bahrain has benefited from the current rise in world oil prices, which has directly and positively affected all of the country's economic sectors, spurring economic growth and generating more job opportunities in both the private and public sectors. Nevertheless, no matter how high oil prices may be, as Bahrain's reserves dwindle, oil revenues will obviously decrease accordingly.

It would be difficult to decrease current expenditure, which comprises mainly wages, salaries and maintenance expenditure (62% of the total expenditure), without causing a great disturbance throughout society as a whole. The problem with this expenditure is that once it has reached a certain level or maintained a certain rate of growth, it not only becomes fundamental to the standard of living, but its growth will also influence growth in other sectors. Since reducing the growth or the volume of this expenditure is difficult, one can predict that it will remain high.

Capital expenditure is of two types, fixed capital assets and capital transfer, of which electricity and water constitute the largest part. This expenditure is partly financed from oil revenue and grants (mainly from Saudi Arabia and Kuwait) and partly from domestic borrowing. Any decline in capital expenditure would reflect a government policy of fiscal restraint as a measure to cope with lower oil income.

Grants and loans emerge as important elements in the state budget. In addition to providing financial aid, other Gulf States have also been involved in implementing social and development projects in Bahrain. Kuwait, for example, has paid for 18 primary, secondary and technical schools on the island. Saudi Arabia and the United Arab Emirates (UAE) have contributed to social services, and payment for part of the cost of the Bahraini distillation programme was promised by both of these countries. Grants, however, are determined by economic and political conditions in the region. The political instability in the Gulf since 1980 suggests that financial aid will become less readily available to Bahrain. Since 1980, the Gulf States have been more concerned with regional political development, while military expenditure has been increasing rapidly in almost all of the region's countries.

The level of government expenditure, rather than the level of oil prices or oil revenues, determines the level of surplus or deficit in the state budget. For example, in 1977 and 1983, with expenditure undergoing explosive growth, the state budget experienced a deficit of BHD 14.7 million and BHD 46.9 million respectively (USD 40.12 million and USD 128 million). The usual government reaction to the appearance of a fiscal deficit is to choose the easiest option by leaving some of the unimportant current expenditure intact, but cutting capital expenditures simply by postponing a few investment projects.[1]

TABLE 1

Population by nationality

Year	Nationality		Total
	Bahraini	Non Bahraini	
1941	74,040	15,930	89,970
1950	91,179	18,471	109,650
1959	118,734	24,401	143,135
1965	143,814	38,389	182,203
1971	178,193	37,885	216,078
1981	238,420	112,378	350,798
1991	323,305	184,732	508,037
2001	398,221	239,361	637,582
2004	438,209	268,951	707,160

Source: *Central Statistical Organisation*, 2001, and Ministry of Finance

TABLE 2

Production of crude oil (in 1,000 barrels) for the years 1981-2004

Year	Production of crude oil		Total production
	Bahrain onshore fields	Abu Saafa production	
1981	16,862	19,502	36,364
1983	15,273	19,206	34,479
1985	15,301	23,819	39,120
1987	15,216	22,491	37,707
1989	15,583	25,136	40,721
1991	15,373	26,351	41,724
1993	14,875	38,385	53,260
1995	14,459	38,585	53,044
1997	14,159	45,194	45,208
1999	13,677	61,746	77,422
2001	13,656	71,723	87,380
2004	13,647	62,690	76,338

Source: Ministry of Oil and Industry, *Bahrain Oil and Gas Statistics.*

Improvement in the standard of living

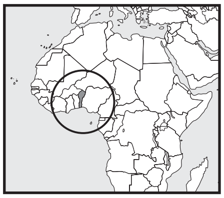
Bahrain has adopted an action plan to improve the standard of living of the average Bahraini. The plan includes improvements in healthcare (particularly preventive medicine), education and training programmes, an expansion in the existing infrastructure, and more housing projects. Bahrain is already one of the top-ranking Arab countries on the Human Development Index (HDI) compiled by the United Nations Development Programme (UNDP). With an HDI score of 0.846 in 2005, it was narrowly surpassed only by Qatar and the United Arab Emirates, which both scored 0.849. It also ranked number one on the UNDP's first Arab Human Development Index.

Bahrain has set a target of annual gross domestic product growth of 5%-6% over the next four years, a significant increase from the 4.5% average annual growth rate over the previous four years. Instrumental to achieving this objective is the attraction of an annual BHD 650 million to BHD 700 million (USD 1.77 billion to USD 1.91 billion). ■

1 Jaffar Alsayegh. Bahrain: A case study of Diversifying oil exporting Economy- 1971-1989.

BENIN

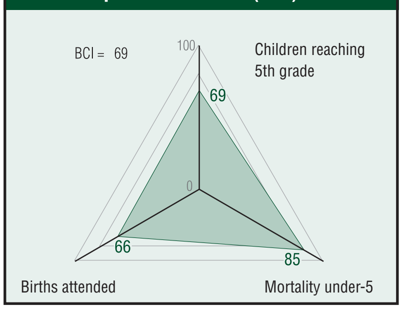
Public administration lacks transparency



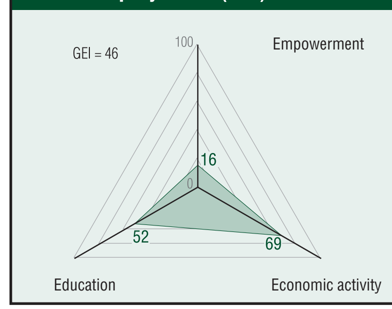
There remains much to be done to ensure the development of basic capacities. More than 60% of the rural population lives in poverty and one of every two girls does not attend school. Corruption is widespread and mechanisms are necessary that favour transparency in public administration.

Social Watch Benin

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Financing for social development, gender equality and the eradication of poverty continue to be the greatest concerns for the Government. The objectives established in these areas have not been met and corruption is reaching unprecedented levels. Poverty has grown and efforts to improve the gender situation are barely perceptible. At the same time, the traditional means of resource redistribution have splintered again, while the culture of individualism grows.

Extreme poverty has installed itself across the length and breadth of our country. Since 2002, Benin's economic and financial situation has deteriorated substantially, without experiencing improvements. The rate of economic growth has been declining, from 3.9% in 2003 to 2.7% in 2004, a year when growth of 6.8% was expected. In 2004 poverty reached 36.3% in urban areas and 63.7% in rural areas.

The State budget, in addition to the contribution of partners in development, only obtains fiscal resources. In terms of redistributing public resources, appropriate methods exist such as salaries, subsidies and other social programmes (infrastructure, health, education and others) but, in general terms, only those who exercise some activity benefit from the redistribution of the lean income of the State.

Corruption associated with the lack of resources destined to the resolution of social problems limits satisfaction of basic necessities for the great majority of poor people. The rate of enjoyment of health care services is very low, around 39% in 2004.

The Government's economic and social policy is not based on a rigorously equitable distribution of the national income. In any case, efforts are made with the goal of improving the distribution of budget resources, for example the creation of a budget programme dedicated to prioritizing sectors such as education and health. Some budgetary reforms permit a better evaluation of the activities whose execution is subject to shortages that reduce its efficacy for reaching its target recipients. Poverty persists generally in rural areas and the periphery of cities, affecting in particular women and children.

In terms of budget reforms, budgets are created by State bureaucrats without much citizen participation. The express desire of the Government is to make the budget process more and more participatory with the founding of a programme at the level of the competent authorities. The implementation experience of the public spending adjustment programme (PERAC, its initials in French) in 1998 and 1999 meant that some ministerial departments created their own budgets on the basis of a participatory process. The experience of writing budget programmes at the local level would begin in 2007. Due to the lack of trained public officials, citizen participation in the budget writing and public expense tracking processes continues to be very limited.

The need for a budget provision for gender equity

An examination of the measures and programmes capable of favouring women's access to education, health and credit does not show encouraging results. The same occurs at the level of the Ministry of Women, the Ministry of Social Protection and that of Solidarity. The general State budget for fiscal year 2006 does not include any new measure for the promotion of women. But the fight against poverty cannot be realized successfully if the disequilibrium and the inequities between men and women are not addressed.

It is necessary to consider women as a specific group, keeping in mind that they do not face the same obstacles or the same opportunities as men in access to the public services of education and health. Focusing programmes on women is recognized as an effective poverty reduction strategy given that women constitute a greater proportion of the poor.

Nevertheless, this emphasis on women is difficult to implement from the viewpoint of public spending without including criteria that take into account the gender dimension. For this data are needed on the proportion of public spending that has a differentiating effect on men and women, as well as the proportion of public expenditures destined specifically to women. Nevertheless, insofar as policies are neither conceived nor formulated to take the gender dimension into account, budgets will not either.

Meanwhile, the participation and decision-making power of women in the economy compared to those of men have remained stagnant. At the level of political representation, the female presence in the parliament in 2004 was 7.2%.

One of every two girls does not attend school

An advance in the area of education is an initiative approved by the Government for the education of girls. Monitoring this initiative is difficult, if one takes into account the lack of gender awareness and training of public officials to deal with this difficult area.

Education rates reveal inequity between women and men. According to the World Bank, the gross enrolment rate for primary school increased from 94% in 2003 to 99% in 2004, with a difference of 24 points between boys and girls. The status of girls is worrying, as one of every two school age girls is not attending class, indicated by a net enrolment rate of 47% in the 2000-2004 period.

Corruption and lack of transparency

In terms of the fight against corruption, the experience of accountability to vote on the regulatory law is recent. From 2000, some measures have been taken in financial laws to make public business more transparent and to permit a better following of public spending. These laws continue to be insufficient to fight effectively against corruption, which has already profoundly penetrated into the society. Actions taken to combat corruption focus without success on the sectors of high incidence of corruption such as the customs administration, tax collection, the treasury and public finance. The institutional framework is not entirely favourable to the fight against corruption. Reform measures, and a better application of existing laws, are necessary. Immunity is the rule and no controlling body exists that is capable of exercising coercion against the poor administration of the State, while the Parliament does nothing more than issue recommendations which are generally ignored.

In regards to a strategy of providing information to the citizens about State administration, this is nearly nonexistent. The State does not say a word about its administration and no body can obligate it to do so. Recently a sporadically-published news magazine has begun to publish the results of the mismanagement of public finances. The institutional and informational weaknesses amply favour corruption.

The rare formal occasions in which citizens are informed about government management are provided for by:

- Article 72 of the Constitution, that obliges the President of the Republic to give an annual speech to the National Assembly regarding the State of the Union;
- Article 113, that establishes that the Government must give the National Assembly all explanations asked of it regarding its management and activities;
- written or oral questions directed at the Government and the parliamentary investigating commissions thanks to which representatives of the citizenry gain some information from government ministers about public management or individual questions of national interest.

Besides these constitutional mechanisms, the government ministries sporadically put out press releases that reflect the official viewpoint on public administration.

It is notable that the sources of information related to State management are true taboo themes in the Republic of Benin. With or without reason, this information bears a secret or confidential seal of the State, meaning that the citizens cannot gain access to it. The reports of the governmental investigating commissions created with great media support are never made public.

The new Government has brought forward perceptible efforts for better informing the population. With the objective of informed management, all the Ministries and public services will be interconnected thanks to information and communication technologies.

Conclusion

To sum up, some laudable efforts at development do exist, but there remains much to be done to meet the real needs of the citizens and to ensure transparency in State administration. The actions of the focal point of Social Watch in Benin are oriented toward this end. ■

TABLE 1

Public investments by sector of activity (in millions of FCFA) – 2005-2006

Sector	Total 2005	Total 2006	Variation %
Rural	21,412	28,191	+31.66
Industry, artisanship	5,009	5,079	+1.40
Water, electricity	8,513	12,808	+50.45
Infrastructure	67,067	68,495	+2.13
Commerce, services and tourism	2,977	2,095	-29.63
Total for productive sectors	**104,978**	**116,668**	**+11.14**
Health	18,244	20,043	9.86
Education	25,793	19,012	-26.29
Housing	1,869	1,304	-30.23
Other social sectors	6,724	;∏ë95	+7.00
Total for social sectors	**52,630**	**47,554**	**-9.64**
Administration	2,651	32,193	+20.79
Total for all sectors	**184,259**	**196,415**	**+6.60**

Source: Presentation Report of the Public Investment Programme 2005 and 2006. (FCFA 1,000,000 = USD 1,870.)

TABLE 2

Comparison of social measures contained in budget proposals (millions of FCFA) – 2005-2006

Areas of intervention	2005	2006	% Variation
Health	7,284	9,708	+33.27
Education	13,113	6,615	-49.55
Hydraulics and energy	8,339	13,594	+63.01
Rural development	3,339	19,226	475.80
Security	-	2,119	-
Decentralization	19,044	21,532	13.06
Other social measures	8,062	-	
Total	**59,225**	**72,794**	**22.91**

Source: Presentation Report of the Public Investment Programme 2005 and 2006. (FCFA 1.000.000 = USD 1,870).

Economic model limits change

Public investment has increased but not significantly so in the social and production sectors. There is still no strategy for redirecting the new resources generated by increased tax pressure and higher priced gas and oil exports to these areas.

Centro de Estudios para el Desarrollo Laboral y Agrario (CEDLA)

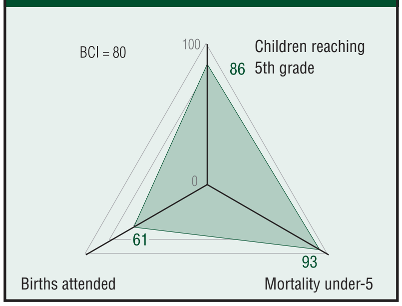
The higher prices of export goods[1] have resulted in increased Gross Domestic Product (GDP) growth from 1.68% in 2001 to 4.06% in 2005. This reflects the Bolivian economy's high level of dependence on the economic performance of industrialized countries.[2]

During the last two years this favourable external context has had a positive effect on the level of internal tax collection and revenue from royalties and taxes on hydrocarbons but has not remedied the fiscal deficit. Although the latter was 1.9% in the middle of the 1990s, in 2002 it reached 9%, the highest in Latin America, due to public expenditure pressures, public income volatility and global economic fluctuations. After that peak the deficit was curtailed – falling to 2% by 2005 – through public expenditure control policies, extraordinary tax collection measures, foreign aid and most significantly new revenue from the Direct Tax on Hydrocarbons (DTH).[3]

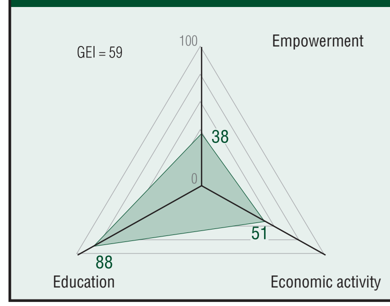
Nevertheless problems with the makeup of public expenditure and income remain unsolved. In 2005 more than 70% of public expenditure went on debt servicing, salaries and pensions. Several aspects of the economy are worrying: the limited growth of public investment in social and production sectors and the high level of dependence on both increased tax pressure (that emphasizes indirect taxes on individual's income) and the behaviour of gas and oil exports and prices.

In June 2006 the Government presented a new Development Plan aimed at reducing poverty by 9%, from 58.9% to 49.7%, extreme poverty from 35.3% to 27.2% and the Gini Coefficient from 0.59 to 0.58, all before 2011.The success of this plan could be threatened by a high dependency on public investment if the generation of employment, the main source of household income, is left to the market.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The fragility of public income

Faced with the need to loosen fiscal policy and strong pressure from social organizations to nationalize the hydrocarbon industry, in 2005 resources from this sector were used to reduce the deficit. Although the tax system structure was maintained, measures geared to more efficient collection were approved and additional taxes were created.

The population has not seen a return on its tax payments in the form of social expenditure on investment for essential services such as health care and education. From 1995 to 1997 health and education expenditure represented 10.24% of GDP while taxes paid by consumers amounted to 12.07% of GDP. In short, the population contributed more than it received in terms of essential public services.

As previously mentioned, in recent years there has been no, or insufficient, public surplus to sustain investment in production and social services.[4] Finally it has to be taken into account that just over 60% of the population live in poverty and that the current tax system is regressive. As a result taxes have a significant effect on most families' consumption.

For the last five years, as was the case in the 1990s, tax collection has been the main source of public income. During this period an average 45% of public income came from tax collection. With the present administration this has risen to 54%.

A second element that has not changed is a dependence on foreign resources. Foreign credits and donations make up almost 32% of total income. Finally, the Other Internal Income category has gradually diminished from 33% in 2000 to 14% in 2004, principally due to the privatization of refineries that reduced income from hydrocarbons sales.

This scenario stems from the economic reforms of the 1990s, especially the privatization of state companies that led to a reduced income from the sale of goods and services.[5] Between 1980 and 1986 such income made up 77% of the total current income while by the period 1997-2004 it had fallen to 18%.[6]

The structure of public income has not significantly changed due to the maintenance of a regressive tax system very susceptible to fluctuations in economic activity and to a continuing high dependence on bilateral and multilateral sources of finance.

The new government and finance

Available fiscal information for the first two months of 2006 shows an overall surplus of approximately BOB 1 billion (USD 128 million), which differs from the first two months of the last six years.[7] However considering the fragility and volatility of public income it is too early to get enthusiastic about this.

The principal elements behind this fiscal surplus in the first two months of the current administration are: a still favourable external context,[8] the orthodox

1 The export prices index registered an increase of 111.5 % between 2000 and 2005.

2 According to a report from the Economic Commission for Latin America and the Caribbean (ECLAC) in 2005 this economic performance will not be maintained.

3 In May 2005 Hydrocarbons Law 3058 was passed. Among other things, it provided for the creation of a direct tax on production, generating revenue for the State of USD 287 million in 2005.

4 In the last three years the average growth rates for investment expenditure in production and social services were -8.4% and -7% respectively (data based on information in USD).

5 Unidad de Análisis de Políticas Sociales y Económicas. *Evaluación de la economía 2000, 2001, 2002*. p. 30, 35, 38.

6 Arze Vargas, Carlos (n.d.). *Crisis fiscal: La insolvencia del estado neoliberal*. CEDLA. The figure of 18% was calculated with data from the Fiscal Programming Unit.

7 Over the last six years January and February have registered an average deficit of BOB 320 million (USD 40.25 million).

8 According to ECLAC in 2005 South America's GDP grew by 4.9%, which is higher than the average growth of industrialized economies calculated by the IMF at 2.5%.

economic policies of previous governments, amongst them rate modifications for the Special Tax on Hydrocarbons and Derived Products (STHD); measures geared to improving tax collection (tax pressure); and fundamentally, the passing of the new Hydrocarbons Law as a result of social pressure.

As Table 1 shows, in 2006 there was an extraordinary growth in public income of almost 40%, mostly due to a 115% growth in the hydrocarbons sector. Comparing January-February 2005 with January-February 2006, the increase in revenue from taxes on hydrocarbons was BOB 860 million (USD 108.2 million), which represents 67.7% of the increase in total public income.

Approximately BOB 800 million (USD 100.6 million) was collected in DTH during the first two-month period of 2006, a figure that represents almost 90% of capital outlay (investments) during that period. When revenue from STHD and royalties is added to this figure it amounts to BOB 1.6 billion (USD 202.3 million), a sum almost twice that spent on investment and representing 36% of total income, 13% more than in 2005.

Regressive tax system

The 14.8% growth in tax revenue is the result of both old and new tax measures but all of them respect and have continuity with the logic of an income management policy oriented towards improving tax efficiency by combating evasion, avoidance and smuggling. It could be said that in general there has been no change or innovation in income policy.

In summary, public income growth in the first two months of 2006 reflects and reaffirms the income policy management logic developed by the State, an orientation that emphasizes greater tax pressure and efficiency while maintaining the regressive nature of the current tax system. In the face of this, changes proposed by the current Government are not apparent, leaving only good intentions but so far no concrete policy.

Still no defined strategy for public expenditure

During the first two months of 2006 public expenditure grew by just 2%, a figure influenced by, among other factors, the reduction of interest payments on internal debt (11%), lower pension expenditure (0.5%), increased expenditure on goods and services (50%) and a growth in capital outlay (25.9%).

Investment expenditure grew by 25.9% because municipalities and prefectures received DTH transfers.[9] Although DTH resources have made an increase in public investment possible, up to now there is no new strategic framework to redirect these new resources to strategic sectors. Such a reorientation would not only involve restructuring public expenditure but also an assessment and identification of public stakeholders or public sector bodies to which DTH resources would be allocated

TABLE 1

Income, expenditure and fiscal deficit (in million BOB)

	2002 JANUARY-FEBRUARY	2006 JANUARY-FEBRUARY	GROWTH (%) 2004 JANUARY-FEBRUARY	GROWTH (%) 2005 JANUARY-FEBRUARY	GROWTH (%) 2006 JANUARY-FEBRUARY	STRUCTURE (%) 2005 JANUARY-FEBRUARY	STRUCTURE (%) 2006 JANUARY-FEBRUARY
Total income	2,475.3	4,470.3	0.8	26.4	39.7	100	100
Current income	2,318.8	4,325.9	-0.02	27.0	41.5	96	97
Capital income	156.5	144.4	-13.3	15.5	1.0	4	3
Total outlay	2,747.6	3,452.3	2.9	11.1	2.0	100	100
Current outlay	2,276.5	2,560.7	-7.8	11.9	-4.3	79	74
Capital outlay	471.2	891.6	20.7	8.1	25.9	21	26
Current surplus/deficit	42.4	1,765.2	-109.1	2,151.0	363.4		
Total surplus/deficit	-272.4	1,018.0	-12.2	-64.2	-652.9		

Source: Calculated with data from the Fiscal Programming Unit.

The figures reflect two aspects:

- The growth in public investment expenditure due to increased hydrocarbons tax collection, which should not imply a deepening of the current regressive tax system.
- Reduced outlay resulting from measures taken within the Austerity and Rationality in Public Expenditure Framework established during Carlos Mesa's government (2003-2004)[10] that are being maintained by the present administration of President Evo Morales, which began this year (2006).[11]

In the first months of 2006 some significant matters have been dealt with very superficially by the present Government but will undoubtedly require greater attention in the medium term and perhaps will be part of the much anticipated management plan:

- External debt cancellation within the framework of the G8 initiative. Although the World Bank has ratified its cancellation and the IMF has already cancelled, it remains to be determined which are the appropriate public sector bodies for the administration of resources accruing from cancellation. This has led to an assessment of municipal governments' efficiency in administering resources liberated by cancellation under the Heavily Indebted Poor Countries initiative. It seems that the Government's attempts to include IDB debts within the framework of G8 cancellation have not produced positive results but it is waiting for an answer regarding this by September 2006.
- DTH resources. These have undoubtedly been fundamental to fiscal deficit reduction and the main enabling element for public expenditure increase. However in the medium term, discussion about the efficient use of these resources could lead to their redistribution, although this may cause conflict with municipal governments.

This detailed analysis of public finance during the first months of 2006 aims to show the trends in Bolivia's economy that the Morales Government inherited, and at the same time to make it clear that improvements have not been generated by public policy reforms but rather by the extraordinary behaviour of the prices for raw materials exported by Bolivia. In general, central aspects of economic policy continue unchanged, as demonstrated by the ongoing restrictive fiscal policy. ■

9 According to the 2006 Budget, DTH resources allocated to investment represent approximately 17% of the investment planned for that year.

10 Supreme Decrees 27327, 27407 and 27450.

11 Supreme Decrees 28609 and 28618.

■ BRAZIL

Inverted priorities

While more than 40% of the population live in zones without sewerage systems and so live with open sewers, the National Bank for Economic and Social Development, with a budget greater than that of the World Bank, does not operate as a development promotion institution generating policies geared to inclusion and well-being.

IBASE
Luciana Badin [1]

With continental dimensions, a population of 184 million and countless inequalities to overcome, the country viewed with concern a growth rate of 2.3% in 2005. It is necessary to return to the path of development and emphasize not only financial resources but also a right orientation of economic and social policy. As Carvalho (2004) says, development results from the conjunction of sustainable economic growth and social, political and institutional transformations that translate into reduced inequality and increased democracy.

Orthodox economic policy

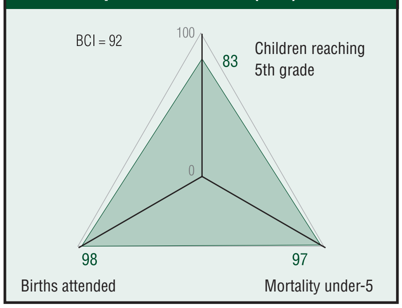
The adoption of a restrictive and austere monetary and fiscal policy has in various ways obscured the pressing need to resume economic growth and to translate an increased Gross Domestic Product (GDP) into raised social indicators. In recent years, macro-economic policy based on economic orthodoxy has been geared exclusively to achieving price stability and fiscal balance. Out of a static vision for maintaining this balance, high interest rates, aimed at containing demand and inflation, have been combined with contracted public expenditure and investment.[2] The net government debt representing 51.6% of GDP continues to keep the base interest rate at 15.25%, which explains last year's poor growth.

One of the main tasks to be undertaken for the revitalization of development is to go beyond the neo-liberal agenda by implementing a macroeconomic policy geared to the creation of employment and the redistribution of income and wealth. The current orthodox policy has devastated the State's investment capacity. The data in Chart 1 shows that a substantial part of the national budget goes to service public debt, using resources that could otherwise drive development. In 2005 the government had to pay BRL 139 billion (USD 62.5 billion) in interest on the debt, and with a primary surplus of only BRL 93.5 billion (USD 42 billion), the difference became more debt.

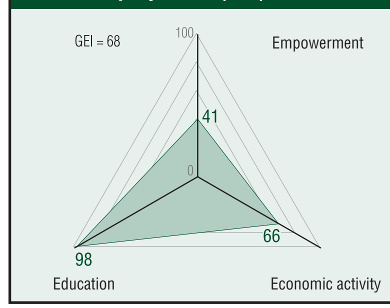
1 The author is an IBASE economist and researcher.

2 The 2005 primary surplus represented 4.84% of GDP.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



This perverse mechanism has contributed to a concentration of wealth and income. It is estimated that interest payments on the debt will rise to BRL 180 billion (USD 80.4 billion) in 2006. In contrast, little more than BRL 7 billion (USD 3.1 billion) will be spent on the Family Basket programme.

This economic policy has an effect on the financial capacity of the State in that private investors will only invest in a widening of the production base if they can see that economic growth is likely. Otherwise it is much safer and more profitable to invest in financial assets.

Questionable usage of public resources

To finance its development Brazil has a public bank with a larger budget than that of the World Bank. In 2005 the National Bank for Economic and Social Development (BNDES) spent BRL 47 billion (USD 21.1 billion), while "investment" spending by the federal government did not exceed BRL 9.7 billion (USD 4.4 billion). In a country with an underdeveloped capital market and high interest rates and in which private banks have attached little importance to long term project funding, this public body, operating with a long term interest rate of 8.15%, is central to financing development.

BNDES was created in the 1950s in a political and historical context that recognized the importance of the State's role as promoter of development. However in the 1980s with the import substitution process ending and an economic policy geared to stability, the State distanced itself from its central role in economic development and BNDES lost its original focus. During the following decade the Bank assumed a principal role in the privatization process and the sale of a significant part of the nation's assets to foreign capital, placing all its technical and financial capacities at the service of this new orientation.

There is at present a certain ambiguity about BNDES in that it is increasingly operating as an investment bank, with a profitability and insolvency rating[3] that reflect its healthy performance as a financial institution, while as a public institution for the promotion of economic and social development its performance is unclear. Although operating with capital from the Workers' Protection Fund, which comes from taxes on workers' wages and company income, as BNDES does not have a public information policy, comprehensive data on its operations are not available, which makes a more detailed evaluation of its investment activities impossible. The scarcity of available information is not encouraging. The Bank does not apply social evaluation parameters in its analysis of the projects it funds or its own programmes.

A look at the different regions demonstrates BNDES's inability to promote inequity reduction. In 2005, consistent with the trend over recent years, the north and northeast regions, which are the lowest ones on the Human Development Index, received 4% and 8% respectively of the Bank's total outlay while the southeast, the richest region, received 60%.

Another example is the amount of expenditure allocated to the Social Inclusion area, which was BRL 1.1 billion (USD 464 million) in 2005, a figure lower than in 2004 and equivalent to 24% of the BNDES budget. Over a three-year period, from a

3 In 2005 BNDES made a profit of BRL 3.2 billion (USD 1.44 billion) while 90.1% of its credit operations portfolio was classified between AA and B risk levels.

total of BRL 122 billion (USD 51.5 billion), the Bank only provided BRL 4.5 billion (USD 1.9 billion) for the financing of projects considered as social, just 3.6% of its total budget.

The Bank argues that the nature of its outlays is not a consequence of deliberate policy but rather stems from commercial demand, which confirms that it does not operate as a development promotion institution. Following this logic, in 2005 it provided BRL 2.5 billion (USD 1 billion) to finance the pulp and paper company Suzano Bahia Sul. This sum represented 5.5% of the Bank's total outlay during that year. In terms of promoting a more democratic development model that redistributes income and is environmentally responsible, this loan to the Suzano Company is questionable as the sector has a large negative environmental impact and has been at the centre of many land use conflicts.

Exclusive development

The development finance issue is not only concerned with acquiring financial means but also involves choices about their allocation; in the case of Brazil, the existence of a State bank with surplus capital to invest provides a good example. The choice of development model can contribute, or not, to social development and the elimination of inequality. Development involves other dimensions beyond the mere quantification of GDP growth rates and a more critical vision is needed when choosing projects for economic and social development in Brazil.

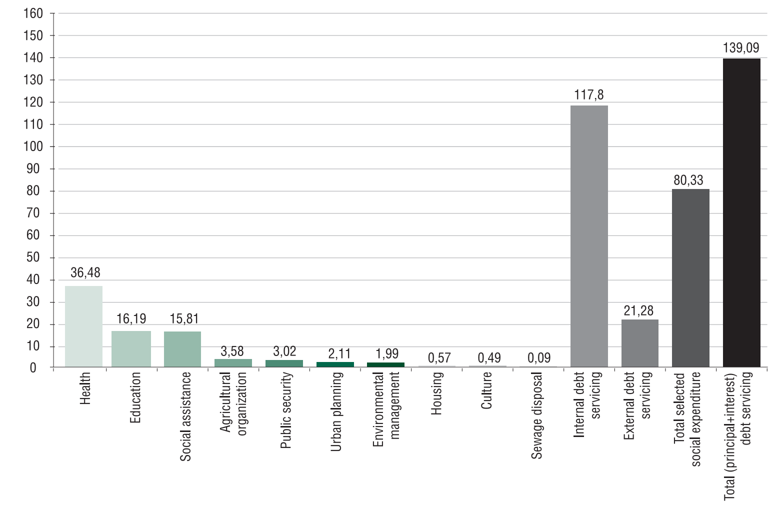
As described by Mineiro, the Brazilian government has adopted a "short term pragmatism" that is made apparent by the importance attached to external account adjustments and in its emphasis on a rapid increase in the balance of payments (Mineiro, 2005). This strategy justifies the ever-increasing provision of finance to the pulp and paper sector by BNDES. The volume of loans to this sector grew by 145% in 2005 while the sectors of food and drink, textiles, clothing and accessories, leather, and domestic appliances registered a fall of 5%, 51%, 52% and 58% respectively.[4] If there was a relation between Government economic policy and the adoption of incentives for BNDES loan contracts, these sectors should be given priority. It is well known that the manufacture of products for mass consumption is labour intensive and therefore contributes to reducing unemployment. These sectors are able to drive the virtuous cycle of an increase in working families' income, a broader mass consumption base, investment, increased productivity and competitiveness, further increasing working families' income.

Additionally, BNDES could look for ways of investing in social infrastructure that use intensive labour. According to the Brazilian Institute of Geography and Statistics 42.7% of the population lack access to sewerage networks or a septic tank, which means that more than 80 million people live with open sewers.

CHART 1

Federal Government – Fiscal and Social Security Budget

2005 EXPENDITURE IN BRL BILLION



Source: Brazil Budget Forum

Another question to consider beyond the availability of resources is whether certain projects presented as "big development projects" are really promoting development in a broad sense. As Novoa (2006) says, due to their dimensions and scope some infrastructure projects have the power to consolidate development trends that in reality follow the logic of private interests.

Building development strategies involves an inversion of this logic and a redefinition of priorities to reorientate the use of financial resources. It is estimated that between BRL 9 - 10 billion (USD 3.8 - 4.2 billion) a year would have to be invested over 20 years in order for most Brazilians to benefit from basic sewage disposal systems.[5] If BNDES is a development promotion bank why does it not use part of its resources to solve these problems? Instead of financing the construction of new hydroelectric plants with large-scale negative socio-environmental impacts, BNDES could invest in projects orientated towards the cheapest way of solving the energy deficit.[6]

However, as we have endeavoured to demonstrate, such decisions have not been technical but political and have reinforced the interests of groups benefiting from a model that is not committed to fighting inequality or protecting the environment. Commercial agriculture in Brazil is an emblematic example of this. In May 2006 the government provided BRL 50 billion (USD 20.4 billion) to assist agricultural producers thus demonstrating the political influence of soy, timber and agricultural produce exporters who have been partly responsible for the deforestation of the Amazonian and central-west regions, which has had wide international repercussions.

An important step for improving this situation could be the re-politicization of the economy by the definition of values that orientate decisions towards favouring an inclusive development. Although Brazil has consolidated its democracy during the last 25 years, this has not had much effect on the structure of economic relations and for this reason growth continues to feed social inequity and the denial of rights while damaging its natural and cultural assets. ■

References

Cardim de Carvalho, F.J. (2004). "O fim da ambigüidade". *Folha de Sao Paulo*. 26 November.

Mineiro, A.S. (2005). "Desenvolvimento subordinado ao modelo exportador", *Rugidos e Sussurros – mais promessas que açoes*. Observatório da Cidadania.

Novoa, L. (2006). "O que está em jogo no megaprojecto do Madeira". Unpublished.

4 See *Boletim Desenvolvimento, Democracia e Direitos:* www.ibase.br/dvdn/edicao-15122005.htm

5 National Industry Confederation data quoted in an interview in *O Globo* journal, 24 May 2006.

6 A study sponsored by the World Bank and the United Nations Environment Programme concluded that China, India and Brazil could reduce their energy consumption by 25% through adopting simple low cost measures.

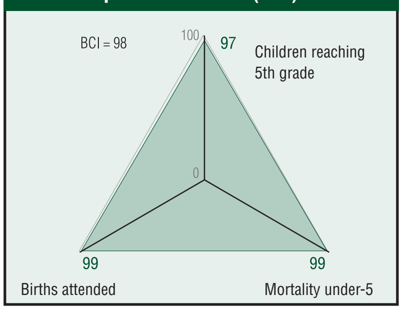
■ BULGARIA

The challenge of redirecting reforms and resources towards the human factor

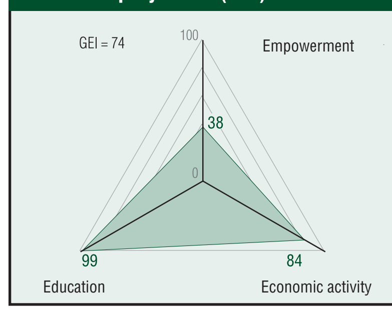
The neoliberal model of economic development promoted by the IFIs and imposed by the Bulgarian government has brought the country to a turning point: further economic growth and full integration in the EU cannot be sustained without income convergence with the EU and greater labour market participation, qualifications and skills. This calls for efforts to reduce poverty and inequality, promote social inclusion and integration in the labour market, and achieve a high and sustainable level of education.

Bulgarian Gender Research Foundation
Bulgarian-European Partnership Association

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Recent economic analyses undertaken by international agencies, including the World Bank, have highlighted the need for a major shift in the allocation of resources in Bulgaria. The pressing need for new reforms to increase productivity, per capita income, competitiveness and efficiency, according to the latest neoliberal discourse, is in fact the need to invest in fundamental human rights. It means redirecting reforms and resources towards people, which is also the only way to curb the severe demographic crisis and to meet the goals and commitments of the EU Lisbon Agenda.

Contrary to the expectations and rhetoric of the major trade players and the international financial institutions (IFIs), international trade and structural adjustment programmes (SAPs), tend to increase inequality and cause so-called "immiserating growth" (Joekes, 1999). But it is precisely this model of growth, followed by the Bulgarian governments during the transition, that now poses an obstacle to full integration in the EU, which requires more equal and competitive partners.

The very promoters of this model, such as the World Bank, recognize its failure by admitting that reforms did not bring about the desired results. Consequently, they now recommend new ones, including budgetary reforms and resources reallocation. Above and beyond any differences in language and interpretation, one thing seems clear: that reforms and restructuring can no longer ignore the human factor, which is central for achieving sustainable economic development, and this fact has its budgetary implications.

According to the World Bank's assessment, over the last seven years Bulgaria "has made impressive progress towards long-term stability and sustained growth" (World Bank, 2006a). Average growth reached the levels of New Member States (NMS-8) at about 5% per year between 2000 and 2004. Despite this overall positive performance, however, it is recognized that Bulgaria is still one of the poorest countries in Central and Eastern Europe. In 2003, the country's per capita income in PPS (purchasing power standards) was 30% and 57%, respectively, of the average level in the European Union-25 (EU-25) and NMS-8 countries. Given Bulgaria's large income gap with EU-25 and its rapidly aging population, serious measures in the labour market and social sector are needed if the country's accession to the EU is to result in sustained and meaningful improvements in its standards of living.

Aging population leads to shrinking labour force

One of the most daunting obstacles facing Bulgaria is its negative natural rate of population growth (about -0.7% per year) which, together with net outmigration (about -0.1% per year), has resulted in negative population growth averaging -0.8% annually during the 1990s and early 2000s. As a result, the working-age population is declining rapidly, while the aging population is growing equally rapidly. It is estimated that in 20 years the working-age population will have shrunk by 19% and the population over 64 years of age will have increased by 17%. In the meantime, Bulgaria currently has the second-lowest labour market participation rate (49.4% versus 58% in EU-25 in 2003) and lowest employment rate (43.6% versus 53% in EU-25 in 2003) in Central and Eastern Europe.[1] As a result, meeting the Lisbon Agenda criteria of increasing the employment rate to 70% by 2010, which implies increasing labour market participation and reducing unemployment levels, seems highly questionable, if not impossible. Moreover, productivity growth cannot compensate for low labour market participation. Even if productivity were to increase, without the needed increase in labour market participation, Bulgaria's per capita income would remain below one-third of the EU-25 level.

Therefore, trapped in the results of reforms that led to demographic crisis and abstract growth, without taking into consideration the human factor, Bulgaria faces the challenge to find a way out, namely by adjusting budgetary flows to the Lisbon Agenda.

Investing in productivity

In this respect, overemphasizing the importance of the prospective EU funds for the 2007-2013 period – the estimated net amount is only EUR 5.5 billion, bearing in mind the agreed contributions of Bulgaria to the EU budget – would divert attention from the real problem. Bulgaria urgently needs to mobilize its domestic resources through more effective spending in the public sector and mainly through productivity growth. The effects achieved by increasing productivity will be three times greater than by merely raising public expenditure.

Shifting resources from lower to higher productivity sectors would require radically different investment policies to the ones the Government has favoured so far. In fact, although significant in quantitative terms, FDI inflows have tended to go to sectors that are oriented towards the domestic market and are generally characterized by lower productivity, such as financial services, real estate and tourism. The expansion of the services sector has been more pronounced than in the NMS-8. Externally oriented activities, where productivity is higher due to increased competition, tend to be in unskilled, labour-intensive, higher energy-consuming sectors,

1 National Statistical Institute. <www.nsi.bg/Population_e/Population_e.htm>.

TABLE 1

Consolidated State Budget by Function (in BGN million)	2003 Reported	2004 Reported	2005 Programme	2006 Programme	2007 Projection	2008 Projection
I. General Government Services	**1,097.8**	**1,115.2**	**1,232**	**1,546.1**	**1,374.1**	**1,419.9**
% of GDP	3.2%	2.9%	3.0%	3.4%	2.8%	2.7%
II. Defence and Security	**1,787.7**	**1,946.4**	**2,086.8**	**2,345.2**	**2,440**	**2,667.7**
% of GDP	5.2%	5.1%	5.0%	5.1%	5.0%	5.0%
III. Education	**1,504.7**	**1,652.4**	**1,798.9**	**1,899.6**	**2,094.3**	**2,272**
% of GDP	4.4%	4.3%	4.4%	4.2%	4.3%	4.3%
IV. Health Care	**1,697.7**	**1,769.1**	**1,777.7**	**1,997.4**	**2,109.5**	**2,289.1**
% of GDP	4.9%	4.7%	4.3%	4.4%	4.3%	4.3%
V. Social Security	**4,805.2**	**5,238.4**	**5,596.5**	**6,169.3**	**6,431**	**6,766.2**
% of GDP	13.9%	13.8%	13.5%	13.5%	13.2%	12.8%
VI. Housing, Construction, Public Works, Public Utilities and Protection of the Environment	**497.3**	**586.3**	**946.8**	**981.0**	**1,106**	**1,209.8**
% of GDP	1.4%	1.5%	2.3%	2.2%	2.3%	2.3%
VII. Recreation, Culture, Religious Activities	**286.1**	**303.7**	**286.1**	**330.7**	**318.3**	**335.6**
% of GDP	0.8%	0.8%	0.7%	0.7%	0.7%	0.6%
VII. Economic Activities and Services	**1,621.8**	**1,838.5**	**1,786.4**	**2,100.6**	**2,032.3**	**2,291.8**
% of GDP	4.7%	4.8%	4.3%	4.6%	4.2%	4.3%
IX. Expenditures Unclassified Within the Other Functions	**770.1**	**748.8**	**1314.3**	**1100.5**	**1212.1**	**1179.2**
% of GDP	2.2%	2.0%	3.2%	2.4%	2.5%	2.2%
TOTAL EXPENDITURES	**14,068.5**	**15,198.7**	**16,461.5**	**182,588.0**	**18,853.4**	**20,158.6**
% of GDP	40.7%	40.0%	39.8%	40.0%	38.7%	38.0%

Source: Government of Bulgaria (May 2005), Budget Projections for the period 2007-2008; and Budget for 2006.

such as textiles and wood processing, which represented about 41% of Bulgaria's total exports in 2003. Capital and skilled labour-intensive exports, in contrast, reached a share of about 29% of exports. Therefore, in addition to very low labour market participation, a broad share of employment remains in largely unproductive segments of the economy or in activities where productivity is stagnant. It is obvious that maintaining a large number of workers in low-salary, low-skilled sectors at high risk of exploitation, such as the garment industry, does not increase productivity.

Investing in human capital

Investing in human capital means not only shifting resources between sectors but also investing in raising the standard of living, and in the health and education of the country's citizens. In addition to the extremely low average salary in Bulgaria and a minimum salary of around USD 100, the subsistence minimum for a family with two children had risen to USD 954 by early 2006. According to trade unions, between March 2005 and March 2006 alone, life in Bulgaria became 10.9% more expensive. These trends left three million Bulgarians under the poverty line (set at USD 117 per household member) and 55% of citizens at risk of poverty. Raising the living standards of members of vulnerable groups and their integration in the labour market should be priorities for mobilizing public resources.

Investing in upgrading labour skills and education is another major direction for reallocation of state budget funds and further public expenditure restructuring. The main tasks are improving the quantity and quality of human capital and access to education by vulnerable groups, as well as strengthening the links between the skills acquired in the education system and those needed in the job market. This can be achieved through more resources for education and vocational training and more effective spending of public resources. Optimizing expenditure on education involves quality-enhancing inputs, such as the modernization of curricula, textbooks, and teaching materials and teachers' wapes and qualifications. With average wages close to the overall national average, Bulgaria currently falls among the countries with the lowest-paid teachers.

This is a major point of disagreement with the advice of the IFIs, which discourage increased public spending on education as a share of GDP and instead recommend "better outputs with the same cost" and decreasing the role of the state by expanding the role of private education providers. These recommendations from the IFIs, if followed by the government, will lead to an even deeper crisis in the sector, similar to what has happened in the health sector and the failure of a series of reform programmes undertaken on their advice. State expenditure on education was 4.3% of GDP in 2004, which is significantly lower than in other European countries, and specifically the NMS-8, for instance: Estonia 5.7%, Hungary 5.5%, Latvia 5.8%, Lithuania 5.9%, Poland 5.6%, Slovenia 5.9%.[2] Instead of the IFIs' advice, the Government should follow the example of the NMSs, which obviously took the appropriate measures in order to meet the Lisbon Agenda requirements.

Reallocation of resources towards education and vocational training is fully possible in the framework of the current state budget. For example, the share for Defence and Security of 5% of GDP in 2005 is a heavy burden for the budget and the citizens. The share for Defence in particular was 2.3% of GDP in 2004, an amount assessed as very high by the World Bank economic analyses as well. Comparison with the defence share in the NMSs – which are also NATO member states – is very indicative: Estonia 2%, Hungary 1.4%, Latvia 1.7%, Lithuania 1.6%, Poland 1.8% and Slovenia 1.4%.[3] Clearly, the Government has to redirect resources from state security to human security.

Fighting corruption

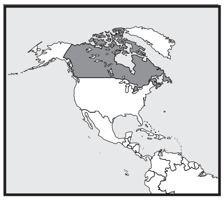
Meeting the requirements of the Lisbon Agenda will also require stamping out corruption and improving the efficiency of the administration and the judiciary. These are conditions set by the European Commission for Bulgaria's full EU membership as of 1 January 2007. Despite the Government's efforts to convince the public of its efficiency in this area, a report from the Sofia Centre for the Study of Democracy, based on a country-wide survey earlier in 2006, argues that perceptions of corruption are increasing and the general view is that the boundaries between organized crime and public authorities, including the highest levels of government, remain porous.

(Continued on page 258)

2 Data obtained from: Bulgaria, Ministry of Finance; IMF, Government Finance Statistics; Eurostat; and OECD.

3 *Ibid.*

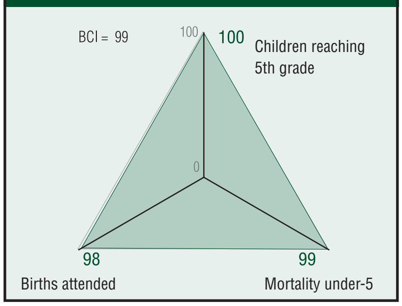
Fighting mad – Canada's new focus on the world



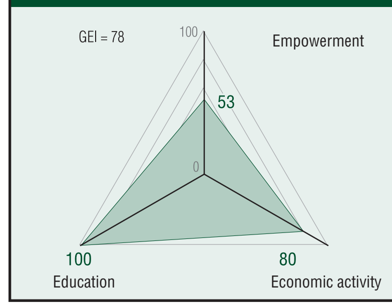
Canada is in the enviable position of having posted a budget surplus for nine consecutive years. While these resources could be used to remedy the eroding access to basic services like health care, education, and even clean water and housing, the Conservative government has chosen to adopt massive tax cuts that will further increase the gap between rich and poor, while substantially expanding its military capacity without explanation or debate around this significant change in Canada's international role.

Canadian Centre for Policy Alternatives
Armine Yalnizyan[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



A newly elected minority government is redefining the meaning and purpose of the federal government in Canada.

A decade of fiscal surplus is scheduled to end, with little to show for it except the prospect of a more militarized and "security-conscious" Canada, and a growing gap between rich and poor.

Despite being in a minority position, the disarray of the opposition parties has allowed the Conservative government to pass sweeping change through Parliament. The Government's two main federal priorities are now focused on slowing revenue-generating capacity through massive tax cuts, so as to reduce expectations of the Government, and redirecting the purpose of government away from supporting social security towards providing military security.

The commitment to expanding Canada's international role in combat requires huge investments in equipment, infrastructure and personnel. No other sector of interest – including Canadians' number one concern, health care – is afforded this kind of support (Laghi, 2006).

Eliminate the federal surplus, eliminate expectations

Canada has enjoyed an unbroken string of budgetary surpluses at the federal level since 1997. It is the only nation in the G8 to have such fiscal luxury. Until this latest budget, Canada was set for surpluses as far as the eye can see. It stands atop almost CAD 18 billion in surplus funds this year, and over CAD 19 billion next year (DoFC, 2006a, p. 160).

This minority federal government plans to eliminate "unplanned" surpluses, principally by reducing taxes and paying off national debt. It also plans to decrease the rate of growth in federal spending, largely by reducing the scope of government and shifting its focus (DoFC, 2006a, p. 21).

The 2006 budget speech notes that spending will become more consistent with areas of federal responsibility (DoFC, 2006b, p. 18). This is widely interpreted to mean a tight focus on international issues, as well as a devolution of programs and funding to the provinces for supports on social issues. Within the context of international issues, the Government has placed emphasis on defence/security and trade rather than international development, assistance or reconstruction.

The combined surplus between 2005-2006 (the year the new government was formed) and 2007-2008 is CAD 54.6 billion. Without question, enormous change could be financed through such "extra" revenues. Indeed, large changes are afoot.

The May 2006 budget allocated half of the surplus to new tax cuts (CAD 26.2 billion until 2007-2008) and promises more to come. When debt reduction is included (CAD 14 billion to 2007-2008), almost three quarters of the surplus disappears. Net new spending initiatives total CAD 9 billion over the two-year horizon (DoFC, 2006a, p. 160).

A further CAD 3.6 billion is provisionally allocated to a set of spending initiatives brokered by the previous minority government and is the source of one-time funding for:

- Housing (CAD 1.4 billion, of which CAD 800 million goes to an "affordable housing" program that appears to be part of the new fiscal arrangements with the provinces, (DoFC, 2006a, p. 111), and a potential CAD 600 million for off-reserve Aboriginals and the northern territories)
- Public transit supports (CAD 900 million)
- Supports to colleges and universities (CAD 1.1 billion infrastructure trust fund)
- Foreign assistance (CAD 320 million)

A final CAD 2 billion remains as unallocated surplus.

Of the CAD 9 billion that will go to new spending initiatives, most goes to three areas:

- The Conservative approach to child care, the so-called Universal Child Care Benefit (a taxable allowance which sends CAD 3.9 billion in cheques to families with children under age 6 rather than actually expanding child care)
- A new focus on the military and security (totalling CAD 2.6 billion by 2007-2008)
- Infrastructure deals that are targeted at highways, border and "gateway" security, with some renewals of existing municipal infrastructure funds (totalling about CAD 2.5 billion over the next two years).

Resources were also freed up by abandoning two major initiatives undertaken by the previous minority government, which were viewed as breakthroughs in fields that had faced decades of difficulty in gaining access to funding.

One was the Kelowna deal with Canada's First Nations, Métis and Inuit peoples, which provided CAD 5 billion over five years to address chronic shortfalls in education, housing, health and water services in Aboriginal communities. This was replaced with CAD 450 million to meet all the needs but housing. "Up to" CAD 300 million was provided to address housing issues among off-reserve Aboriginals. Another "up to" CAD 300 million was directed to the northern territories to create affordable housing, but does not flow to reserves or Aboriginals.

The other cancelled agreement provided CAD 5 billion over five years to launch Canada's first-ever bid to create a national approach to child care. The plan to create 250,000 licensed child care spaces by 2009 was shelved in order to finance the Conservatives' Universal

1 The author is Research Associate with the Canadian Centre for Policy Alternatives.

Child Care Benefit, discussed above. This spending program does nothing to help working families find child care. Further, because it is taxable, few families will get the full amount. Ironically, the ones that do are families with one parent at home and the other earning more than CAD 106,000. Families on social assistance receive only CAD 950 because the Universal Child Care Benefit is also partially financed by the young child supplements that previously went to the poorest families (worth about CAD 250 a child).[2] It should be noted that the CAD 3.9 billion "face-value" of this program costs the public purse 28% less because it is taxable and replaces an existing program (Goff, 2006).

Despite the economic largesse available at the federal level, Canadians from rural, remote and urban regions across the country continue to voice concern about eroding access to basic services like health care, education, even clean water and housing.

The mayors of the biggest cities recently warned that mounting infrastructure needs threaten to swamp local coffers. They seek senior government assistance in functions that were devolved a decade ago to the local level without passing on commensurate resources. Needed transit investments are estimated to require an additional CAD 4 billion in operating costs per year for Canada's urban centres (Big City Mayors' Caucus, 2006). Other estimates of the funding gap for hard infrastructure (roads, sewers, electricity, etc.) run at about CAD 50 billion currently, growing to approximately CAD 100 billion over the next 20 years (Robertson and Horsman, 2005, p. 25-29; and De Bever, 2003).

The existing surplus amounts could have helped address these concerns. Instead, a flurry of tax cuts will most benefit those with the highest income, further accentuating the growing gap between rich and poor.

Tax cuts and debt reduction will continue shrinking the federal presence in the economy and society. Federal spending and revenues as a share of gross domestic product (GDP) are at levels not seen since just after World War II, and even then only fleetingly before the federal government engaged in the project of post-war reconstruction in Canada (Yalnizyan, 2005, p. 59). The budget plan seeks to contract federal spending further, to 13% (from 13.7%) by 2007-2008, and shrink revenues to 15.5% (from 16.4%) (DoFC, 2006a, p. 22).[3]

Consider that 1% of GDP will be worth about CAD 15 billion by 2007, enough to finance much of the annual costs of the nation's infrastructure and social needs, not to mention finally arriving at the goal of providing 0.7% of GDP in the form of international assistance. That goal was first set in 1969 by former Canadian Prime Minister Lester Pearson. By 2007-2008, official development assistance (ODA) will have reached about 0.26% of GDP, down from 0.54% in 1975,[4] and the defence budget will be more than four times as large as the budget allocated to ODA.

This is the backdrop against which the new government is setting its directive to gear up for greater combat in the world. This represents a significant cultural shift in Canadian politics – one that is taking place without political debate.

Gearing up the military

At first glance, the increase in military spending in the budget is not stunning. This budget adds CAD 1.1 billion to the Department of National Defence over the next two years. There is a further CAD 1.5 billion in spending on other security issues such as border and port security, police, and prisons.

But there is more here than meets the eye. At the end of June, mere weeks after the Budget was tabled, the Minister of Defence had a whirlwind week of announcements that totalled CAD 17 billion in spending on capital military equipment, including trucks, ships, helicopters, and tactical and strategic airlifts.

The Conservative promise is for at least CAD 5.325 billion more in the defence budget over the next five years. This comes on top of the previous government's allocation of CAD 7 billion over five years to the Department of National Defence in the 2005 budget, which described its expansion as the "largest increase … in 20 years" (DoFC, 2005, p. 22). That CAD 7 billion in budgetary funding "will support CAD 12.8 billion in additional expenditures by the Forces in that period" (DoFC, 2005, p. 221).

Budgetary figures that look modest today will grow quickly over time. The CAD 17 billion in new capital spending appear as quite small amounts in budgetary terms in 2006-2007 and 2007-2008. That is because expenditures for capital are amortized over the lifetime of the equipment, so they look very small in annual budgets.

Such logic has not held sway in the search for financing urgent community infrastructure needs such as upgrading hospitals, repairing schools, building affordable housing or creating child care spaces. It took three rounds of highly publicized federal-provincial negotiations over more than five years to come up with CAD 3 billion for desperately needed investments in medical equipment, despite a concern across the country that Canadians are getting sick or dying because underinvestment in capital needs has led to delays in diagnostic tests.

The CAD 17 billion currently allocated for the military's capital needs vastly eclipses these other demands, but CAD 17 billion is just the beginning. A recent Senate report states that capital requirements for big-ticket equipment items over the next 20 years range between CAD 58 and CAD 81 billion – almost equivalent to the rest of the nation's needs (Standing Committee on National Security and Defence, 2006, p. 47).

The 2006 budget plans to add 23,000 soldiers to Canada's current complement of forces, which stands at about 62,000 regulars and 26,000 reservists (DoFC, 2006a, p. 135). The goal of 75,000 regular forces may also be only a first step. Senator Colin Kenny (2006), chair of the Senate Committee that has been studying military needs since 2003 states the need is in the order of 90,000 regular soldiers (with a commensurately larger reserve army).

It should be noted that, despite more than a decade of hand-wringing about the crisis in health care, this budget did not fund even one more doctor or nurse for the health sector.

The planned growth in the size of the military is staggering compared to everything else the federal government does. No other federal budget line has seen this breathtaking rate of expansion – doubling in a decade, and still growing. One expert has noted this "will put Canadian military spending at a higher level than any amount of spending in adjusted dollars since the Second World War."[5]

The Canadian public has not been told why we need to expand our military capacity by this scale. Where are these troops going to be deployed? What are we doing overseas? Why?

Growing inequality – poverty reduction falls off the policy menu

Meanwhile, inequalities among Canadians are accelerating on a whole host of dimensions.

Differences based on where a person lives or the size of their wallet increase with every passing year in access to basic needs like child care, training and education, affordable housing, clean water, public transit, programs for youth, income supports when jobs run out, recourse to the justice system, etc.

Those differences are accentuated for women.

For decades Canadian women have worked hard to minimize their economic vulnerability. There are now more female than male graduates of post-secondary education. Women keep setting records in labour force participation rates. More women own their own homes and invest in their own retirement savings plans than ever before. Women are also having fewer children, more women are having no children, and more women of all ages are living on their own.[6]

Yet women still earn less than men, represent fewer positions of influence within business and public institutions, and are still more economically vulnerable.

The economic progress that Canadian women have made has been on their own steam. Over the past decade, public policy changes have worked against women, despite the federal government's 1995 commitments to reduce poverty and gender inequalities.[7]

(Continued on page 258)

2 See www.universalchildcare.ca for more information.

3 Note that new accounting and reporting rules make all these figures approximately 1 percentage point higher than they were before, but the trend lines remain unchanged.

4 Based on Budget Plan 2006 figures estimating that international assistance will total CAD 4.1 billion in 2007-2008 (p. 137) and that nominal GDP will rise to CAD 1,517 billion in the same year (p. 22). Even aid has shifted focus. Between 2001 and 2004, 28% of new resources for aid were targeted to Iraq and Afghanistan, neither of which were priorities previously (RoA, 2006, p. 258).

5 Staples, S. Director of Security Programs, Polaris Institute, Ottawa, Presentation to the Standing Committee on National Security and Defence, 8 June 2006.

6 Documented by Statistics Canada in a number of publications.

7 Canada is signatory to a variety of UN international agreements on poverty reduction and gender equality, including the World Summit for Social Development (1995); the Fourth World Conference on Women (1995); the Millennium Development Goals (2000); and the International Conference on Financing for Development (2002).

Progress towards parity

Student mobilization for educational improvements has echoed a general discontent with social inequity. Led by Chile's first woman president, the new Government has announced measures to improve the privately funded pension system, with a particular emphasis on achieving parity for women.

Equipo de ACTIVA[1]

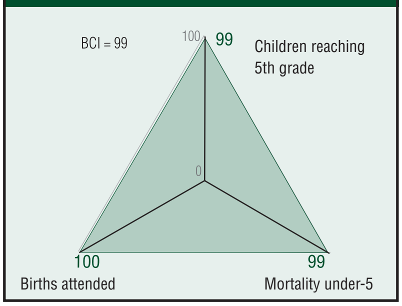
"Copper sky high, education rock bottom" was the most representative slogan of Chile's largest social protest movement since the return to democracy in 1990 after 17 years of military dictatorship. Between April and June 2006 there was a countrywide mobilization of some 600,000 secondary students demanding government action to improve the quality of education.

The slogan clearly alludes to the extra USD 11 billion that the State will collect this year due to an increase in the price of copper, the country's main export product. "The March of the Penguins" (a name arising from the students' blue and white uniforms) not only highlighted the poor quality of education but also echoed the discontent felt by hundreds of thousands of Chilean men and women with an increasing awareness of the unequal opportunities generated by acute social inequity.

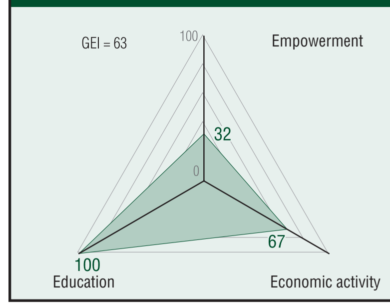
Disaffected children of democracy

The outbreak of student unrest came as an unexpected shock to the Government. Particularly so because of undoubted efforts made by the governing coalition in education matters since they assumed power after the dictatorship. In fact the education budget increased from CLP 619.9 million (approx. USD 1.66 million) in 1990 to CLP 2.28 billion (USD 3.94 million) in 2005; the Constitution was amended to extend from 8 to 12 the number of years of compulsory free schooling provided by the State; at primary level full-day schooling is being introduced as a result of which more than 2 million pupils in 7,000 schools have access to better infrastructure and more class-hours. Between 1990 and the present day the number of young people enrolled in higher education has risen from 245,000 to over 600,000. In 1990, 72,000 of them were receiving financial assistance towards their studies amounting to a total of CLP 28 billion (approx. USD 75.03 million) and by the end of 2005 160,000 were receiving such assistance that then totalled over CLP 28 billion (USD 48.35 million). The overall fiscal contribution to higher education has risen from CLP 123 billion (approx. USD 329.58 million) in 1990 to approximately CLP 290 billion (USD 500.69 million) in 2005.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Why then has student discontent arisen? Largely because upon graduating from municipal schools it is very unlikely that students will be able to enter technical or higher education or acquire a trade enabling them to get a qualified job. These fourteen- to seventeen-year-olds are demanding that the authorities make radical changes to the education system, the inequalities of which are evident. There are around three million secondary students of which only 8.5% attend non-subsidized private schools. In these schools there is an average monthly investment of CLP 140,000 (USD 267) in the education of each pupil. For the 91% of young people attending municipal and subsidized private schools this figure is only CLP 30,000 (USD 57). The strength and persistence of the secondary students' movement and the echo and sympathy that it has found in the rest of the population are therefore not surprising.

The other side of the coin: an avalanche of dollars

The student mobilization interrupted a debate provoked by a new situation unprecedented in the history of a country characterized by decades of indebtedness and balance of payments deficit. With the price of copper close to USD 4 a pound, the dominant debate in the public domain – and in media headlines – focused on how to manage, and where to invest profitably, the avalanche of dollars produced by a period of steadily rising copper prices, instead of on discussing the best way of easing and managing the public debt.

Chile is increasingly different from the rest of the region's countries in becoming for the first time in its history a net creditor country, i.e. it is contributing to the financing of other economies' deficits.

The country's net consolidated public debt will have a positive balance of 2.5% of Gross Domestic

TABLE 1

Chile's macroeconomic performance

	2000	2001	2002	2003	2004	2005
Growth rate	4.5	3.4	2.2	3.9	6.2	6.3
Internal demand (real annual variation as %)	6.0	2.4	2.4	4.9	8.1	11.4
National income (real annual variation as %)	4.4	2.4	2.8	3.9	8.6	9.1
National savings (% GDP)	20.6	20.6	20.7	20.7	23.0	23.6
Inflation (to December each year)	4.5	2.6	2.8	1.1	2.4	3.7
Unemployment rate (%)	9.2	9.1	8.9	8.5	8.8	8.0
Exports (USD millions)	19,210	18,272	18,180	21,664	32,215	40,574
Imports (USD millions)	17,091	16,428	15,794	17,979	23,020	30,394
Current account balance (USD millions)	-897	-1,100	-580	-964	1,586	702

Source: Chilean Central Bank, National Statistics Institute.

1 The report was prepared in consultation with members of Coalición Chile.

Product (GDP) this year, estimated by the Central Bank to be between USD 2.5 billion and USD 3 billion. This is due to the application of the structural fiscal surplus rule that allows for a more expansive public expenditure only in low phases of the economic cycle while emphasizing fiscal saving in high phases.[2]

Pensioners expect change

One sector likely to gain from this fiscal boom are the hundreds of thousands of senior citizens who would benefit by the Social Security Reform promised by President Michelle Bachelet, of the Socialist Party, for her presidential term, which began in 2006 and was reduced to only four years of government by the most recent constitutional reform.

This reform is a high government priority because after 25 years there is now evidence that the Pension Fund Administration (PFA) system – based on individual capitalization capacity – will never by itself provide pensions to all Chileans.[3] In fact, only a fifth of PFA affiliates will receive pensions higher than the minimum guaranteed by the State, equivalent to some USD 85 per month, and more than half of them will receive no pension, only the possibility on retirement of withdrawing the limited funds that have accumulated in their individual accounts. In short, everything seems to indicate that the State will have to subsidize the millions of women and men who, based on the assumption that it would ensure an adequate income for life during old age, have since 1981 been paying part of their salaries into a system created during the military regime and administered by the private sector.

PFAs have become one of the most dynamic sectors in Chile's economy, yielding an annual return close to 25%.[4] In contrast with this thriving reality there are problems with the overall pension system of a seriousness that makes radical surgery unavoidable. Less than 60% of the labour force is contributing affiliates. Over 50% of the labour force has incomes of less than USD 370 per month. Half of the affiliates are wage-earners who pay contributions for less than 4.2 months a year in the case of men and 3.6 months a year in the case of women, resulting in only small accumulated sums in their accounts far less than the USD 26,415 required to obtain a minimum pension. Around 90% of self-employed workers do not pay contributions; 78.2% of senior citizens and 90% of over-seventies receive pensions but only 4.3% of them are PFA financed from funds accumulated in individual accounts of which a significant part are provided by the State.

TABLE 2

Participation, unemployment and pay: men and women between 20 and 60 years old (2002)

	PRIMARY EDUCATION	SECONDARY EDUCATION	MORE THAN SECONDARY
Income from work (CLP)			
Men	141,065	210,268	467,007
Women	95,126	144,321	293,909
Possibility of being in work (%)			
Men	77.6	84.5	88.6
Women	45.8	59.2	74.9
Participation Rate (%)			
Men	91.2	95.4	94.4
Women	59.8	71.4	83.7
Unemployment Rate (%)			
Men	14.9	11.4	6.6
Women	23.4	17.2	10.5

Source: PFA Superintendence

Gender disadvantage

The situation of pensioners in general is not encouraging and even less so in the case of women. The figures are explicit. The overall average contribution "density" is low at 52.1%, i.e. approximately 21 years of contribution in a 40-year working life. For women, the situation is even more precarious with an average contribution density of 43.4% as compared with 59.6% for men.

A government that has made gender parity one of its key priorities cannot overlook the discrimination against women and the disadvantage inherent in the pension system. This is due, among other reasons, to the increasing relationship between self-generated pension income and income received during the working life of an individual. Here it is evident that women suffer in three ways: because of the characteristics of their integration and permanence in the work market which are affected by child rearing, through gender related lower pay and as a result of high rates of female unemployment.

In the state pension system neither gender nor marital status affects the size of a pension which is determined solely on the basis of the wage at retirement and the number of payments made. However this is not so in the PFA system where women are required to make larger contributions than men because they tend to live longer. In addition a married man has to pay more than a single man to cover the probable longer life of his wife.[5]

Commitment to equity

The present administration's commitment to pensioners was demonstrated recently with the publication of proposals generated by the Social Security Reform Commission, a body of experts drawn from across the entire political spectrum and charged with making recommendations on this subject. The Commission's nine main proposals included the creation of a solidarity pillar with the aim of ensuring a basic universal pension of USD 142, suggestions for encouraging contribution payments by self-employed and young workers, tenders for portfolios of affiliates that have just entered the work market and the subsidizing of monthly contribution payments made by low income workers. Two of their proposals received immediate but differing responses from the Chilean President. On the one hand a categorical rejection of the proposal that the retirement age for women be made the same as for men at 65. On the other hand a positive reception for the recommendation to subsidize the pension payments of 60% of the poorest women in the population by providing one year's contribution per live birth. For feminist groups this is a clear indication that Chile is approaching the old aspiration of 'a pension for the housewife'. ■

2 The structural fiscal surplus regime, introduced in 2000, is an anti-cyclic rule that determines fiscal expenditure levels compatible with a 1% of GDP surplus if the economy grows in accordance with its potential and the average price of copper remains in line with 10 year estimates.

3 Decreed Law No. 3500, 1980, instigated an obligatory pension regime based on individual capitalization, no fixed benefits, private and competitive administration and the free choice of affiliates. This regime replaced the old system of shared funding that was based on generational solidarity, state administration and fixed benefits.

4 According to estimates by Economist Marcel Claude, "PFA administered funds amount to over 40 thousand million pesos, which in 2004 represented 64 % of Chile's GDP. That is, out of every 100 pesos generated in the country during that year, 64 were PFA managed". *Radio Universidad de Chile.* 22 March 2006.

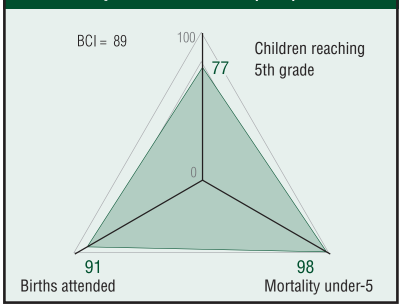
5 Bernstein S. and Tokman, A. (2005). *Brechas de ingreso entre géneros: perpetuadas o exacerbadas en la vejez?* Working Papers Series Nº 8. Pension Fund Administration Superintendence. Santiago, Chile.

A resource allocation that will not meet the MDGs

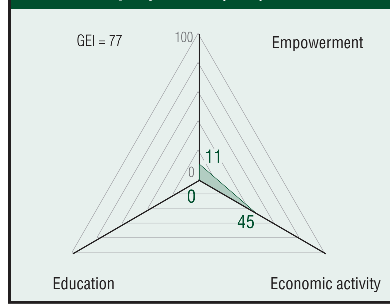
Increased social expenditure has not been accompanied by an improvement in coverage or service quality. The Colombia Plan, partly funded by the USA and international cooperation, allocates 74% of its resources to military build-up and only 26% for social purposes. Assistance for people displaced by the armed conflict is very limited.

Corporación Región
Ana María Arteaga (Research and texts)
Rubén Fernández
Jorge Bernal

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



More than a decade after the World Summit for Social Development (1995) and the international commitment to "the goal of eradicating poverty in the world, through decisive national actions and international cooperation, as an ethical, social, political and economic imperative of humankind", the situation of the poor in the world is not encouraging and Colombia is no exception to this. In 2005, 66% of the population were in a state of poverty,[1] of which more than 18% were in extreme poverty (Garay, 2002, XXIV).

The Government has a strategy for poverty and inequality reduction[2] with the goal of reducing the incidence of poverty to 41.1% by 2010 through "social expenditure compatible with fiscal balance, high and sustained growth that is not over-sensitive to the economic cycle, greater access to basic and higher education, a dynamic work market and a rural development strategy". This programme is ambitious in its goals but insufficient if the reality of the country is compared to the Millennium Development Goals (MDG).

More expenditure but less coverage or less quality

Tax income represented 10.7% of the Gross Domestic Product (GDP) in 1990 and 13.6% in 2003. In terms of the 2003 peso (COP), it doubled from COP 15 billion in 1990 to COP 30.97 billion (USD 11.26 million) in 2003 (Ossa, 2004). Expenditure has also increased: in 1990 it represented 9.6% of GDP and in 2003, 20.9% of GDP.

Economic growth has been cyclic and unstable (Sarmiento, 2006). Without solving structural problems, social expenditure has partly compensated for a development model that has generated exclusion and polarisation. However this trend of increasing social expenditure has not produced a proportional growth in the coverage, quality and relevance of social services (Garay and Rodríguez, 2005, p. 22). The justice and defence item is an important element of the "Towards a Community State" Plan and is allocated resources equivalent to a 4.9% of GDP, mainly destined for the army and the police. The main item of social expenditure is the General Participation System, which in 2005 represented 5.6% of GDP, comprising 58.5% for education, 24.5% for health and 17% for general purposes.

The planned social objectives have not been met partly because of the privatisation of basic services and the fact that increased investment (in terms of a percentage of GDP) has been overwhelmed by growing social demand.

The Colombia Plan

After more than three years of implementation the Colombia Plan, mostly funded by Colombian public resources and assistance from the USA, has focused on the military sector, leaving social investment projects in the background. With 74% allocated to military (60%) and police (14%) build-up, only 26% is channelled to social investment. Currently the Colombia Plan is associated with the armed conflict, the war budget, illegal cultivation substitution and the strengthening of military structure and the Defence Ministry. Of the Plan's total cost, 61% is financed with national debt (internal 22% and

TABLE 1

Budget items as a percentage of GDP (2002-2005)

	2002	2003	2004	2005
I.OPERATIONS	**16**	**15.2**	**16.9**	**17.1**
Personnel	3.6	3.4	3.4	3.2
General Expenditure	1.1	1.1	1.1	1.1
Transfers	11.1	10.5	12.2	12.5
Commercial operations	0.2	0.3	0.2	0.3
II.DEBT SERVICING	**11.2**	**11.9**	**10.1**	**10.9**
External Debt	4.6	5.8	3.3	4.5
Amortizations	2.8	3.4	1.6	3.0
Interest	1.9	2.4	1.7	1.6
Internal Debt	6.5	6.1	6.8	6.4
Amortizations	4.0	3.1	3.8	3.3
Interest	2.6	3.0	3.0	3.0
III. INVESTMENT	4.5	3.8	4.2	4.2
TOTAL	31.6	30.9	31.2	31.2

Source: National Public Budget General Department (Sarmiento, 2006).

1 Comptroller General of the Republic and Development Research Centre. The National Planning Department's figure is 52%, equivalent to 21,953 million people living in poverty.

2 See <www.dnp.gov.co/paginas_detalle.aspx?idp=623>.

external 39%), 35% with assistance from the USA and 4% with international cooperation (Comptroller General of the Republic, 2002).

Investment in economic, social and cultural rights

Health

According to the Ombudsperson (Defensoría del Pueblo, 2003), in order to guarantee health rights four guiding principles have to be observed: availability, accessibility, acceptability and quality, for which the State has specific obligations. This is about the right to a healthy life in a broad sense, which implies a guarantee of minimum essential levels of access to services and medicines, nutritive food, a basic domestic sewerage and drinking water service, appropriate work conditions, public health programmes and a healthy environment.

The legal framework establishes two objectives, service efficiency and universal coverage of an adequate quality. To achieve them two strategies were proposed: an endeavour to make health insurance coverage universal and the introduction of regulated competition to guarantee efficiency in the General System of Health Social Security. The latter however utilised the application of macroeconomic principles that ended up turning the health sector into a market.

In 2003, ten years after the System began operating, health insurance coverage reached 62%. Total affiliation increased by 33.5% between 1993 and1997 and by only 4.6% between 1997 and 2003, which reflected the limitations of the system for achieving universal coverage. (Garay and Rodríguez, 2005, p. 119).

Health rights are not guaranteed by affiliation to the system. Administrative obstacles result in a systematic denial of service provision by Health Service Provider Companies and Health Risk Administrators, both of which work with a profit rationale rather than with social service provision criteria [3] (Defensoría del Pueblo, 2004).

Education

Fulfilling the education provision obligations established by international human rights doctrine and jurisprudence involves guaranteeing the right to availability, access, permanence and quality.

Between 2003 and 2006 General Participation System funds for education grew by 15.2% from COP 364.6 million (USD 143,600) to COP 420.1 million (USD 165,460).[4] However the quality policy has turned into one of using measurements to evaluate students and teachers reducing the concept of education quality to the mere attainment of certain standards. Also, the rapid rise in the cost of matriculation in recent years induced the sacrificing of quality for coverage and prompted the creation of finance schemes for primary, secondary and higher education so that the population could have access to education, which according to the Constitution should be free.

Indicators show that advances are difficult and slow and "when they do occur, they demonstrate how precarious the right to education is due to both the significant ongoing shortfalls and the disillusionment that is engendered... It could be said that the denial of expectations is a regressive factor because it separates people more and more from the effective exercise of their full right to a quality education" (Pinilla, 2006, p. 18). An education that is comprehensive but lacks quality contributes to increasing the divide between social groups and producing social exclusion.

State contributions to education continue to be allocated almost exclusively to covering teachers' pay. Investment in quality has for the most part been completely ignored and the allocation of resources is decreasing.

Secure food supply

The objectives set in the 2002-2006 Development Plan for the agricultural sector had a regional focus, especially on rural conflict zones and productive zones where security is deteriorating. However, the implementation of policies that guarantee land rights has been increasingly difficult since the merging in 2003 of four bodies to form the Colombian Institute for Rural Development, which has resulted in greater hindrances to rural economic development and to production in small family agricultural units (Garay and Rodríguez, 2005, p. 260). Added to this, are the strong interests that parties to the armed conflict have in land. Also, according to the Ministry of Agriculture, in 2003 the resources budgeted for the sector were 29.9% less than in 2002.

According to Economist Luis Jorge Garay, agricultural sector public policies were designed to allow the market to be the distributor of resources and as a result less and less resources were provided from the national budget. Policies that were adopted focused on productivity and prices through the use of subsidies and on protection for the interests of a small minority, without solving structural problems that affect the entire rural population (Salgado, 2004).

There is no public policy that guarantees the right to food. In Colombia poverty is the direct cause of the hunger of millions of people who, without a minimum and regular income, cannot have access to basic food requirements. There are 2.318 million children aged 5 to 17 who will be working in the streets in 2006.[5]

Displaced population

Among the most perverse consequences of the armed conflict is forced displacement, which has made Colombia one of the countries with the greatest incidence of this phenomenon. More than three million people, 7% of the national population, have been victims of forced internal migration (CODHES, 2006).

The Comptroller General of the Republic (2005) estimates that COP 4 billion (USD 1.58 million) is needed to meet the displaced population's needs. This sum is almost nine times the amount allocated for this purpose between 2000 and 2003. The government has only been able to provide assistance for 31% (360,830 people) of the total number of victims of forced displacement, who on average receive only 42% of the resources that they need.

Although the displaced population budget allocation increased significantly in 2004 due to a decision of the Constitutional Court, resources continue to be directed principally to the democratic security policy and specifically to the demobilisation and reinsertion of members of armed groups operating outside the law. Between 2000 and 2003 each demobilised member of these groups received COP 19.5 million (USD 7,680), while an entire displaced family received only COP 5.5 million (USD 2,167).

Displacement deprives people of their means of survival and it is extremely difficult for them to re-establish these in the place where they arrive. Being displaced from their lands and having great difficulty in gaining access to work opportunities, health services, education, recreation and property, they become a highly vulnerable population that can easily fall into poverty or destitution. ■

3 Between 1999 and 2003, the Constitutional Court received almost 145,000 writs of injunction, 25% of them invoking the right to health, with an average of 7.8 tutelage actions per 10,000 inhabitants during that period. 71% of them were based on medical attention rights violations.

4 National Education Ministry. Planning and Finance Consultation Department. Executive summary. March 2006.

5 *El Colombiano*. "Ya son 2.000.000 de niños los que trabajan en el país" (There are already two million children working in the country). 12 June 2006, p. 1A, 3A and 11A.

References

Consultoría de Derechos Humanos (CODHES) (2006). "De la negación al desafío de la reparación". June. Available from: <www.acnur.org/pais/index.php?accion=pre>.

Contraloría General de la República (2002). *Informe de evaluación del Plan Colombia.*

Contraloría General de la República (2005). *Conflicto armado y desplazamiento forzado.* Bogotá: Imprenta Nacional.

Defensoría del Pueblo (2004). "La Tutela y el Derecho a la Salud. Causas de las Tutelas en Salud". Bogotá.

Garay, L. (2002). *Colombia: entre la exclusión y el desarrollo. Propuestas para la transición al Estado social de Derecho.* Bogotá: Contraloría General de la República. Alfaomega.

Garay, L. and Rodríguez, A. (2005). *Colombia: diálogo pendiente.* Public policy for peace documents. Bogotá: Anthropos.

Ossa, C. (2004). "Estructura tributaria y sistema de privilegios". In: *Reelección: el embrujo continúa, segundo año de gobierno de Álvaro Uribe Vélez.* Bogotá: Plataforma Colombiana de Derechos Humanos, Democracia y Desarrollo.

Pinilla, P. (2006). *El derecho a la educación: la educación en la perspectiva de los derechos humanos.* Bogotá: Procuraduría General de la Nación.

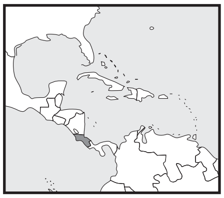
Ramírez, M. (2004). "El Plan Colombia después de tres años de ejecución: entre la guerra contra las drogas y la guerra contra el terrorismo". June. Available from: <www.mamacoca.org/Octubre2004/doc/>.

Salgado, C. (2004). "¿Crecimiento agrícola o desarrollo rural?". In: *Reelección: El embrujo continúa.* Bogotá: Plataforma Colombiana de Derechos Humanos, Democracia y Desarrollo, Antropos.

Sarmiento, L. (2006). "Gasto público en función de un Estado injusto. Uribe, dos años del Estado comunitario". June. Available from: <www.desdeabajo.info/mostrar_articulo.php?tipo=edicion&id=238>.

UN World Summit for Social Development. Declaration on Social Development. Commitment 2. Copenhagen, 1995.

Improved articulation between social programmes needed



Some social indicators show an improvement but poverty has increased and salaries have decreased. Not all of the finance destined for the Social Development Fund actually goes into it and poor articulation between different assistance programmes impedes efficient management.

Programa de Participación Ciudadana
CEP - Alforja
Red Costarricense de Control Ciudadano
Carlos Pentzke
Mario Céspedes

During 2006 the focus of debate and social mobilization will be on the proposed Free Trade Agreement (FTA) between Costa Rica, the USA and the Dominican Republic. The action will take place in several arenas: the Legislative Assembly, where negotiations between political parties will result in the approval or rejection of the agreement, the Chamber of Commerce, civil society organisations and the streets, where the social movement holds sway. The situation is becoming potentially conflictive because the government of Oscar Arias, which took office in May, has failed to promote bridge building with the various stakeholders, resulting in a radicalisation of positions.

Social indicators: advances and setbacks

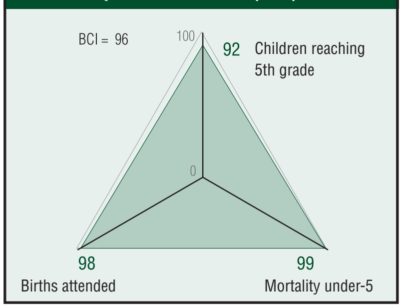
The prospects for a universal improvement in the quality of life have deteriorated. This can be seen in an increased incidence of poverty, reduced income from employment at all levels and reduced State provided social security payments made to households through various programmes and services. The poorest and most vulnerable social sectors are the hardest hit.

Life expectancy, child mortality and educational coverage have shown a predictable improvement in view of the ongoing increases in public expenditure. In 2004, child mortality was 9.25 per 1,000 live births, the lowest rate in the history of the country. Secondary education coverage expanded with a greater attendance at schools and other post-primary education facilities, but at the same time drop-out rates increased.

However, indexes for income generation, poverty, employment and pensions, which indicate opportunity distribution through the population, show clearly negative trends.

Measured in terms of income, poverty has increased from 18.5% to 21.7%. This represents approximately a million people and 38,000 poor households. Measured in terms of unfulfilled basic needs, poverty affects 36% of households and one in every three Costa Ricans. The situation is worst in the metropolitan central region and in the south.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)

The average per capita income in households fell by 6% and real minimum salaries decreased.

In 2005 the economy grew by 4.2% and 13,000 jobs were created. In 2004 the unemployment rate for women was 8.5% and for men 5.4%. Young people aged 16 to 20 experience particular difficulties, with an unemployment rate for that group of 17.2%.

Some 45% of the economically active population contribute to the pension system. Reforms were adopted in the system for invalidity, old age and survivor benefit of the Costa Rica Social Security Fund, which has the problem of a wide coverage (close to 87%) and a limited contributor base.

After a period of rapid advance in the acknowledgement of women's rights and other gender issues, some fundamental changes still have to be addressed. In general, women's employment situation is more precarious than men's and this is particularly so for self-employed women. At the same time, the number of women holding political office has increased and women occupy 50.9% of seats in the 2006-2010 Legislative Assembly.

Civil society keeps a wary eye on the FTA

Campaigning for the election, contested by the National Liberation Party and the Civil Action Party, took place in the context of polarised positions for and against the FTA. If approved, this agreement will affect the region's economic, legislative and social orientation, as well as levels of political governance. Of the potential signatories Costa Rica is the only one that has not yet finished its parliamentary discussion process on the FTA. The main factor that has led to a change in the timetable for approval is an increasing social opposition to it, expressed by the articulation of civil society organisations in processes of information dissemination together with the organisation and mobilisation of communities across the country. Public Universities, the Ombudsman's office, the Costa Rica Electricity Institute Board of Directors and the Catholic Church's Social Ministry, among others, have made public their objections to the FTA. In addition, the narrow margin of victory in the election (the National Liberation Party won by a mere 18.000 votes) has denied the present Government team a clear-cut mandate.

The Government's goal is a country "open" to foreign investment as a foundation for economic growth in order to generate wealth that will be redistributed with compensatory mechanisms and policies to the social sectors adversely affected by commercial liberalisation. However, the poorest provinces, the ones that practically delivered the election victory to Arias, do not necessarily understand the relation between FTA approval and the capacity to sustain long-term social programmes.

Poverty elimination strategies

The plans for combating poverty implemented during the last two decades have not significantly reduced it. The situation has been exacerbated by an accelerated demographic growth. In the middle of 2005 an audit by the Comptroller General of the Republic detected a series of deficiencies in the formulation of the New Life Plan, implemented by the administration of Abel Pacheco (2000-2006). Irregularities dating from previous administrations were identified in budgetary allocation and the implementation of assistance programmes. These irregularities require structural corrections to ensure the continuity of social programmes. Among other things, the audit detected inconsistencies between the poverty reduction plan and the National Development Plan, economic policy weaknesses incompatible with poverty reduction objectives and a lack of communication between the Social Council and the Economic Council on relevant issues. As a consequence, poverty elimination measures are haphazard and have little impact. Also, institutional efforts to implement programmes take place in a strategic framework that focuses on providing assistance to poor families. This generates dependence on assistance. Defects were also found that resulted in the exclusion of some of the communities that registered highest on the poverty index.

Family Allocation Fund: weakened mechanism

The finance for the Social Development and Family Allocation Fund (FODESAF) comes from a 5% company payroll tax and 20% of sales tax income. It finances several social programmes implemented through state institutions. Due to the nature of its funding structure, the Fund's actual resources vary according to the rhythm of the economic cycle, which reduces its response capacity during periods of public expenditure contraction. Although its legal status is maintained its weaknesses are increasingly evident. The financial resources actually received by the Fund and by social sector institutions are much less than the allocation authorised by the Finance Ministry and some institutions are not able to apply all of the resources allocated to them by the end of the year. The Fund registered a surplus of CRC 5.7 billion (USD 11 million) in 2003 and of more than CRC 2 billion (USD 3.9 million) in 2004.

According to the latest State of the Nation Report (2005) the real value of resources provided to the FODESAF by the Finance Ministry diminished by 23% between 2000 and 2004. Also, according to Marcela Román, one of the Report's expert authors, the stipulation that 20% of sales tax income be allocated to the FODESAF has not been complied with since the late 1980s.

As shown in the State of the Nation report the Comptroller General of the Republic revealed that in 2004 institutions implementing social programmes registered a surplus of CRC 17.5 billion (USD 34 million) in spite of the fact that in real terms their allocation had decreased. This surplus was almost equivalent to the sum allocated to them in the National Budget. A partial explanation for this is that the Finance Ministry tends to transfer resources to the institutions in the last month of the year, which prevents the implementation of activities planned for that year. In addition Budget Law provisions prevent institutions from making use of these funds during the following year. It is not clear whether by this device the Finance Ministry seeks to reduce public expenditure through non-implementation or, even worse, if it is obeying a hidden strategy to reduce state capacity for exercising social policy.

Social Watch activities

The Costa Rica Social Watch Network organised activities within the framework of the Global Call to Action against Poverty campaign including information dissemination, training, the formulation of a document critically analysing poverty in the country and a campaign in the mass media. In addition activities linked to civil mobilisation against the FTA were organised, since this agreement represents an institutional framework that would reduce the State's capacity to design and implement social policies.

TABLE 1

Transfers to the FODESAF from Sales Tax (S/T) - 2000-2005

(IN MILLION CRC, WITH CRC 510 = USD 1)

	AUTHORIZED TRANSFER TO FODESAF IN THE NATIONAL BUDGET FROM S/T	AUTHORISED TRANSFER AS A PERCENTAGE OF TOTAL INCOME FROM S/T	ACTUAL TRANSFER	ACTUAL TRANSFER AS A PERCENTAGE OF TOTAL INCOME FROM S/T	ESTIMATED TOTAL INCOME FROM S/T
2000	42,300	12.07	18,198	5.19	350,250
2001	48,739	12.18	12,500	3.12	400,100
2002	51,944	15.53	24,183	7.23	334,475
2003	19,687	4.73	10,845	2.60	415,850
2004	20,938	4.00	2,000*	0.43**	456,340
2005	25,000***	4.83	517,000		

* Sum actually transferred up to 31 October 2004

** Percentage corresponding to the sum actually transferred up to 31 October 2004

*** Sum approved in the first legislative debate on the National Budget Project for 2005, in November 2004. However the Budget project formulated by the Executive proposed an allocation to FODESAF of only CRC 10,498.8 million.

Source: DESAF.

Injunction writ

In mid-2005 a delegation of representatives from social organisations and FODESAF beneficiaries sought an injunction writ in the Constitutional Court demanding the immediate provision of due resources to the Fund to ensure compliance with requirements established in various articles of the Constitution and to meet the basic needs of the population, as well as measures against public officers for not having lodged the pertinent legal actions necessary to comply with juridical obligations in relation to the Fund. It was also requested that the Costa Rica Social Security Fund be provided with its due funds. In May 2006, almost a year later, the Constitutional Court delivered its ruling to the organisations of the Social Watch Network granting the injunction writ and "warning the public officers concerned not to repeat in future the omissions cited in support of the injunction." Under the ruling the State was ordered to pay costs and damages.

In addition the Network's report on poverty in the country was presented to government authorities, members of the Legislative Assembly, public institution officers, the media, international bodies and representatives of social organisations. This report proposes, among others, the following initiatives:

- The formulation of an equitable national employment policy that accommodates gender, ethnic-cultural and regional differences and is based on employment development criteria rather than macroeconomic indexes.
- The implementation of a development strategy based on the decentralisation of State functions and public services through local government strengthening and civil society participation.
- The promotion of a rural development policy that incorporates smallholdings, the development of organic production technologies and agro-industry and guarantees food security and national self-sufficiency.
- The implementation of educational reform through State policy that transcends political-electoral cycles, guarantees access to free education and encourages humanitarian values that will promote the development of a citizenry committed to building a free, democratic and independent society based on tolerance and solidarity.
- The re-direction of FODESAF resources to families and persons excluded from the economically active population, in order to fulfil the constitutional requirement for adequate wealth sharing. The procurement of an immediate provision of finance legally due to the Fund and the re-definition of its objectives along with the articulation of its efforts with civil society organisations and institutions. ■

References

Programa Estado de la Nación (2005). *Estado de la Nación en Desarrollo Humano Sostenible*. San José de Costa Rica, p. 49-54.

Morales, A. (2004). *Análisis de Coyuntura*. Costa Rica. Unpublished.

Economic Commission for Latin America and the Caribbean (ECLAC) (2005). *Balance preliminar de las economías de América Latina y el Caribe*.

Defensoría de los Habitantes (DESAF) (2005). *Informe final sobre el financiamiento y administración del fondo de desarrollo social y asignaciones familiares*.

Documentos de la Red Costarricense de Control Ciudadano (2005).

ECUADOR

Oil exploitation versus citizens' rights

There is going to be more investment in health and education thanks to a new social reactivation fund, but valuable resources have been lost due to difficulties in implementing the scheme, and there are no long term programmes. The Government ought to provide the services that are a constitutional right for the population, seek alternatives to over-dependence on oil, and take measures to counter the negative impact that oil exploitation is having on the environment and on local and indigenous communities.

Centro de Derechos Económicos y Sociales (CDES)

More money has been flowing into the treasury in the last few years because Ecuador's main source of foreign currency is oil, and the price of oil has been rising. This has meant increased funds for the national budget, so the Government has no excuse for not fulfilling its constitutional obligations to ensure that the economic, social and cultural rights of the population are provided for. However, for more than 20 years structural adjustment policies have been in operation because of pressure from the international financing organizations, and because successive administrations have done a poor job of managing the economy. Their policies have made for increased indebtedness. The argument was that it would be easy to pay off these debts by intensively exploiting the country's oil and by raising taxes, but citizens' rights have been overlooked and there has been no serious attempt to improve the quality of life of the population as a whole.

These government policies, and structural changes they have caused, have had a severe negative impact on people's rights in Ecuador. Unemployment rates are high, emigration is on the rise, more people are going hungry and fewer people have access to good quality health and education services. This dynamic is not conducive to fostering economic growth or sustainable human development.

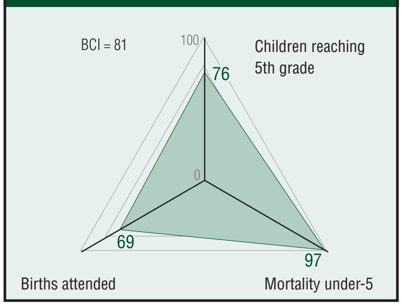
The national budget clearly shows what the Government's priorities are. The figures speak for themselves. In 2003, spending on long term defence assets went up by 196% while the amounts spent on educational and hospital equipment went down by 88% and 49% respectively. In 2004 the main priorities were still foreign debt payments and allocations to the telecommunications sector and the military, and there was a series of regressive measures in areas of vital importance like education and housing.

The oil-based budget

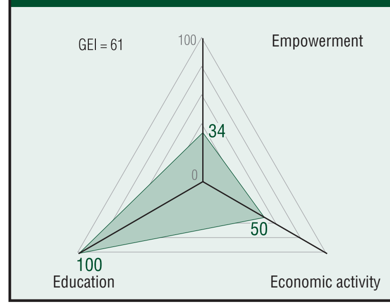
Governments over the last 10 years simply do not seem to have been aware that the citizens have a whole range of rights including decent work, adequate food, housing, health, education and an unpolluted environment, and that the programmes and services to provide these depend on the Government's own economic and social policies, on the way these policies are implemented, and on the amount of resources that are allocated to these areas in the annual budget (CDES, 2006). According to the Ecuadorian Integrated System of Social Indicators, in 2001 some 61.3% of the population were living in poverty and their basic needs were not being met. This is just one of the consequences of an economic and social policy in which human development is disregarded.

In 2006 the total national budget came to USD 6,254 million, an increase of 15.2% on the previous year. Some 28.6% of this total came from the export of oil and the sale of the by-products of this industry. In 2006 social investment went up by 13.1% over the previous year. This was a considerable increase, but most of the allocation went on current costs, mainly salaries, rather than on specific long-term social policies. In the 2002-2003 period, Ecuador ranked second to last out of 21 countries in the region in terms of social expenditure as a percentage of GDP (5.7%). Only Trinidad and Tobago allocated a lower proportion. In the same period social spending in neighbouring Peru doubled (to 8%), and in Bolivia it nearly tripled (to 13.6%) (ECLAC, 2005).

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Accumulated social debt

Successive governments have not honoured their constitutional obligations to allocate a specific proportion of State income to basic services for the people. According to article 71 of the Political Constitution, the Government should allocate at least 30% of current income to education and to eradicating illiteracy, but the figures show that this is simply not happening. When we consider current income and budget provisions and compare these with the allocation for education stipulated in the Constitution, it emerges that over a ten-year period the State has built on an accumulated debt of USD 1,285.92 million that should have been allocated to the education system but never was (Central Bank of Ecuador, 2005).

The education budget in 2006 was USD 112 million higher than in 2005. Of this, USD 89 million (79.4% of the increase) went on salaries in the sector. This shows that there is political will to improve funding for education, but more of the available finance was eaten up in salaries than was invested in long term policies and programmes. This makes it clear just what the Government's priorities are when it comes to drawing up budgets and choosing where to allocate extra funding.

It is the same story with the nation's health system. It is laid down in the Constitution that the health budget should be increased every year by the same percentage that general income increases, but it is no surprise that this has not happened. If we make the corresponding calculations it emerges that the total extra amount that should have been allocated to health between 1995 and 2004, that is to say the money the State "owes" to the health system, comes to USD 1,143 million (Central Bank of Ecuador, 2005).

Another complicating factor is that for some programmes the level of effective execution in a particular year – which stands at an average of 60% for the social sector – determines the amount allocated in subsequent years. This means that in spite of overall increases in social spending, there are some programmes and sectors for which the allocation is actually falling year by year.

Lastly, it is a sad fact that the gap between the tax burden and social expenditure is among the widest in the region. The ratio between the percentage of taxes and GDP is nearly double the ratio between the percentage of social investment and GDP. Out of all the countries in the region perhaps Venezuela is in the best situation in this respect since social expenditure there is higher than the percentage of taxes. But in countries like Argentina, Chile and even Bolivia the gap is much narrower than in Ecuador (ECLAC, 2005).

More funding for health and education

It has frequently been pointed out that Ecuador is in a paradoxical situation. On the one hand oil prices have soared to record levels in the last two years, but on the other hand the country does not have sustainable human development programmes, and the profits from the oil business have not been spent on improving living conditions for the population as a whole.

In July 2005, in an attempt to tackle precisely this problem, the Government set about reforming the so-called Organic Law of Responsibility, Stabilization and Fiscal Transparency, and this involved changing the Fund for Stabilization, Social and Productive Investment and Public Indebtedness Reduction (FEIREP) into a Special Account for Social Reactivation (CEREPS). The aims of this reform were to "improve the quality of public investment, protect human capital and bolster the economic reactivation of the country". The reform was a response to the crisis in social institutions and programmes, and it is designed to foster long-term social investment. In quantitative terms this change has had positive results since, under the old system, only 10% of FEIREP funds were allocated to education and health, while 20% was for stabilization and no less than 70% went on buying back and servicing the country's debts.

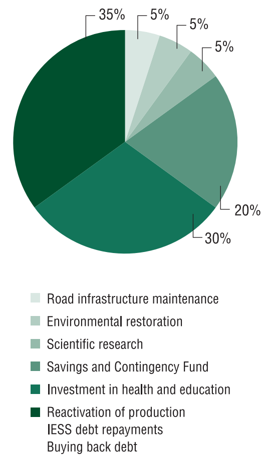
Under the new system, CEREPS, there has been a marked increase in the percentages invested in education and health, a set percentage is allocated to restoring damaged segments of the environment, and the percentage that goes to foreign debt servicing has been cut by half.

In terms of fiscal policy the setting up of the CEREPS has been important for the social sector, and it is one of the positive changes that has taken place in the last year. Nevertheless, certain difficulties arose when the FEIREP was changed into the CEREPS in 2005. Between August and December of that year the CEREPS had USD 97 million available for education, USD 97 million for health, and other funds for various other areas as laid down in the new provisions. However, between 16 and 31 December 2005, USD 170 million (apart from repurchases of internal debt) was transferred out of the account. This meant that only USD 48 million was actually available for education and only USD 56 million for health, which amounts to only about half of the funds originally allocated.

It is clear that the resources were handed over in a hurry at the end of the year. This made it impossible for government bodies to use these funds in a programmed and planned way, and it was inevitable that public funds received at the last minute would be wasted. Balances that have not been used when the fiscal year closes on 31 December must by law be transferred automatically to the Savings and Contingency Fund, whose function is to guarantee the flow of the oil income budgeted and support the tax system (OJO, 2006). In practice, however, all resources allocated to social investment are lost if they are not paid out.

CHART 1

Distribution of CEREPS resources



Source: Ecuadorian Social Security Institute (IESS). Based on the Organic Law of Responsibility, Stabilization and Fiscal Transparency of June 2002.

How far should the oil frontier go?

The CEREPS has certainly given cause for optimism, but there will be surplus profits available for social investment only if the current trend for rising oil prices on international markets continues for the next few years.

At the present time there are plans to extend the geographical area of oil concessions and increase the yield of the wells that are already in production, and this poses a potential threat of enormous proportions. Further exploitation of this natural resource will put even more pressure on indigenous rural communities in the Amazon region of the country to abandon the struggle to defend their rights to the land that they live on. The oil frontier is advancing, and this is putting the economic, social and cultural rights of the communities in the area in jeopardy. The Government should take measures not only to save the environment from destruction but also to safeguard the human rights of these local people which have been, and are now being, violated by the State and by the transnational oil companies.

Increasing long-term social investment cannot be a justification for pillaging natural resources or violating human rights. It would be very perverse indeed to maintain that it is acceptable to destroy the environment and the land and lives of one sector of the population so that another sector of the population can enjoy an improved quality of life.

Conclusions

In the latest budget, for the first time in the last six years, social expenditure went up less than total expenditure, which shows that it is still a low priority area. Nevertheless, the creation of the CEREPS has been a step in the right direction, and the sectors that have benefited most are health and education. It seems that, in the future, oil profits will be better used to foster human development.

However, it is not enough to rationalize public expenditure and increase investment in the social sector, it is also essential that social projects should be planned with a long-term perspective and implemented efficiently. This is complicated by the fact that the funds allocated to social investment are still insufficient not only to improve the living conditions of the most vulnerable sectors of the population but also to meet the State's domestic and international obligations in the sphere of economic, social and cultural rights and protecting the environment.

Unfortunately, in practice, the formulation of social policies is quite separate from the formulation of economic policies, and this makes for inefficiency in public spending and insufficient funding for social investment, which affects the poorest and most vulnerable population groups in the country. These resources are not allocated in line with state policies aimed at promoting the well being of the whole population. Ecuador urgently needs to change track to ensure that budget resources are distributed more equitably and to generate public policies that are geared to bringing about a real improvement in people's quality of life.

The big challenge for the country's finances in the years ahead is to find alternatives to dependence on oil. This challenge also involves not only implementing policies that reduce as much as possible, in the short and middle term, the negative impact that the oil industry is having on the lives of people and communities, but also preserving the country's environment and keeping it clean and healthy for everyone. ■

References

Central Bank of Ecuador (2005). *Monthly Bulletin*. No. 1846.

Centro de Derechos Económicos y Sociales (CDES) (2006). "Los Derechos Económicos y Sociales en el campo: realidad y desafío". *DESC Bulletin for Action* No. 3.

Economic Commission for Latin America and the Caribbean (ECLAC) (2005). *Panorama Social 2005*. Ecuador.

Observatorio de la Política Fiscal (2006). "Movimiento de la CEREPS en el 2005". *OJO Bulletin* No. 31, February.

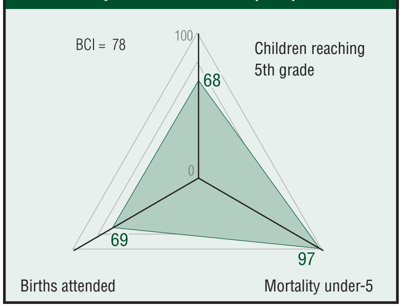
Unidad de Información y Análisis del Frente Social. Sistema Integrado de Indicadores Sociales de Ecuador (SIISE). Available at: <www.frentesocial.gov.ec/siise/siise.htm>.

In need of increased long-term social spending

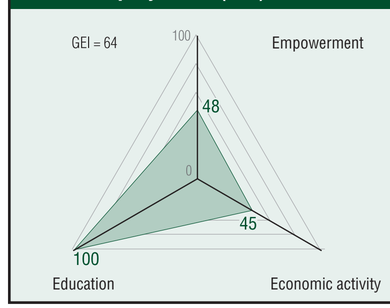
It will be impossible to reach the Millennium Development Goals without greater fiscal income, control of foreign debt, and eradication of corruption. Also needed are sustained growth and long-term public spending.

Social Watch El Salvador
Jeannette Alvarado
Rudy Romero
Mario Paniagua [1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Large increases in the prices of electricity and public transportation, the constant increase of basic living costs, rates of violence among the highest in Latin America, with an average of 12 homicides per day, and the weakness of democratic institutions, all contribute to a country in critical condition at the political, economic and social levels.

With more than a third of the population living in poverty, nearly three million emigrants, high rates of underemployment and unemployment (more than 40% combined) and lagging behind in regional economic growth, El Salvador needs to change its public policies in favour of greater social investment and an equitable distribution of wealth. In the last years there was neither economic growth nor implementation of measures – such as job creation or significantly increased social investment – directed at reducing poverty; however, there was a constant increase in basic living costs.

In 2004, the incidence of poverty ascended to 36.4% of the population, absolute poverty to 12.6% and relative poverty to 22%, with the greatest concentration in rural zones (43.7%). Nevertheless, these figures contrast with the 2003 El Salvador Human Development Report, produced by the UN Development Programme (UNDP), which states a poverty level of 42.9%.

After one year in existence, "Solidarity Net", the Government's programme for the alleviation of poverty, has made no real impact and has been criticized as the monthly allowance of USD 15-20 per family in extreme poverty implies a total daily amount of USD 0.1 per person. Furthermore, it did not reach all the population set as its goal, and it spent much on publicity costs.

Aid from remittances

President Elías Antonio Saca stated to the UN that the proportion of people in extreme poverty was reduced by 18 percentage points between 1991 and 2004, from 33% to 15%. The UNDP has questioned the official method of determining poverty and has signalled that government statistics do not take into account poor people who are "expelled from the country" and sustain the national economy with their remittances.

The remittances, which in 2005 surpassed USD 2.83 billion, allow many families to satisfy their basic needs. The Economic Commission for Latin America and the Caribbean (ECLAC) and the UNDP have indicated that remittances alleviate poverty by between 7% and 8%. Figures from the Central American University (UCA) establish that each year some 145,000 people emigrate, with a total of 2.8 million Salvadorans living abroad, a figure equivalent to one fourth of the population.

Low public expenditure for health

The public expenditure for health continues to be one of the lowest in Central America, representing 3.3% of Gross Domestic Product (GDP), while private expenditure (direct investment from the population) constitutes 4.9% of GDP. The health system is inequitable, regressive, unsustainable and inaccessible to the poorer sectors.

A large part of the funds assigned to health are allocated to salaries (more than 70%, on average) and the rest are distributed for medication, medical supplies and other costs.

Suspension of "voluntary" fees

In 2006 the Minister of Health acknowledged that the public health system has survived thanks to great amounts of funding from the charging of "voluntary" fees actually imposed on patients, who generally cannot afford this service cost and who pay it to the detriment of other basic needs. The total amount of these funds is calculated at USD 18.2 million.

A complaint lodged with the Consumer Protection Authority by civil society organizations revealed the compulsoriness of the so-called "voluntary fee", leading the President of the Republic to order the suspension of this charge.

Lack of funds

Nevertheless, there are no mechanisms for supplying these funds to the Ministry of Public Health and Social Security, which has admitted having a deficit of approximately USD 5 to 7 million, in view of which it could request a budgetary supplement for the 2006 fiscal exercises and the 2007 general budget.

In spite of this deficit, in 2005 this Ministry was one of the State portfolios that had a budget surplus. Under the heading of infrastructure the Ministry used only USD 11 million of the USD 31.3 million available.

In relation to the fulfilment of the Millennium Development Goals (MDGs), there have been no concrete actions in the assignment of resources that indicate a willingness to attend to these requirements, no mechanisms that permit a social monitoring of all its phases (planning, budgeting, execution, evaluation).

The infant mortality rate has been reduced, but not the maternal mortality rate, nor have there been improvements in aid during childbirth, for HIV/AIDS and tuberculosis, or vaccination against measles. The World Bank proposes a minimal package of health and nutrition services that demands an additional 0.2% to 3% of GDP.

1 Members of the organizations that compose Social Watch El Salvador (APSAL, CIDEP, Human Rights Consortium, FUMA) would like to thank Carolina Constanza, Armando Pérez, Claudia Hernández, Jorge Murcia and others for their support.

Education: insufficient resources to achieve MDGs

In recent years, the Ministry of Education (MINED) has made efforts to improve the coverage and quality of the national system, among these the creation of a Presidential Commission and a long-term National Education Plan known as "Plan 2021." This plan integrates the international requirements of Education for All (EFA) and the MDGs.

Nevertheless, the assigned financing is insufficient.

The percentage of GDP dedicated to education (3.14%) is half of that recommended by UNESCO (6%) and is below the Latin American average (4.5%). Achievement of the MDGs would require an additional investment of 1.8% of GDP in the next 10 years. The resources exist, but greater tax revenue and private investment are needed, as well as increased bilateral and multilateral cooperation. "Plan 2021" intends to arrive at 6.29% of GDP, a goal compliant with the MDGs, but which lacks adequate backing under the current administration.

Of the entire school-aged population, 12% do not attend classes. In 2004 the average level of education was at 5.6 grades; 6.9 grades in urban areas and 3.7 in rural areas. In rural areas, 27.1% of women are illiterate, and at the national level 17.7% are, in contrast with 13% of the men.

The index of gender parity was 0.95 in primary and secondary education, with a slight advantage for the male pupils. Gender equity in education is a significant challenge, considering the loss of 4 and 7 percentage points at, respectively, the national and rural levels, in relation to 1991.

Other indicators like enrolment in primary school, progress to 5th grade and illiteracy reveal advances, greater in rural areas.

Public expenditure in education passed from 1.7% of GDP in 1990 to 3.4% in 2001. In 2002 and 2003 it underwent a decrease of 3.3% and 3.2% of GDP respectively, down to 2.88% in 2004; then increased again to 3.1% in 2005 and 3.14% in 2006. In 2006, the general budget for education is USD 510 million, and although it grew by USD 6 million with respect to 2005, it is still USD 47 million below the budget recommended by Plan 2021 and represents only 17.29% of public expenditure.

Fluctuations in recent years (after the Millennium Summit) reflect the lack of a consistent policy of increasing resources to achieve the MDGs. Even so, the global enrolment rate increased from 1.2 million students in 1992 to 1.7 million in 2003. Of these enrolled students, two thirds are in rural areas, where poverty is concentrated.

Despite the elimination of "voluntary" fees in 2006 in the public schools and the assignment of a school budget for each student, 85.2% of educational centres consider that budget insufficient and in 2006 40% of the total cost of the education of each student will be supplied by his or her family.

In this sector the distribution of resources must also be reformed. Between 72% and 75% of the funds are consumed by preschool and basic levels, between 12.4% and 10.4% go for administrative costs and other costs, while investment in educational quality represents only 16% of total expenses per student.

TABLE 1

Indicators of the MDGs in education

EL SALVADOR					GROUP OF LOW TO INTERMEDIATE INCOME		
	1991	2002	2004	CHANGE	1990	2002	CHANGE
Net primary enrolment							
National	78	88	88	10	95	93	-2
Urban	87	91	90	3			
Rural	71	84	87	16			
Completion of fifth grade							
National	58	74.1	75	17	85		
Youth literacy (15-24)							
National	85	93	94	9	93	95	2
Urban	94	97	97	3			
Rural	76	88	90	14			
Ratio female/male pupils in primary and secondary education							
National	99		95	- 4	90	97	7
Urban	100		100	0			
Rural	98		91	- 7			

Source: Report of the Advancement of the Achievement of the MDGs. Education as a key factor of development. MINED. 2005.

Greater social investment is feasible

Between 1996 and 2003, the funds intended for social development increased from 4.7% to 7.3% of GDP. In education they increased from 2.2% to 3.1%, but in health only from 1.4% to 1.5% of GDP. The World Bank has expressed that more social investment is needed for the poor to benefit from economic progress and that this investment is feasible.

In order to reach the MDGs, the World Bank suggests that in the next ten years social expenditures increase from 3.2% to 3.6% of GDP, which demands a gradual increase of 4% in GDP by 2009. According to ECLAC, in order to achieve the MDGs high rates of growth are needed, but that these would be lower if there were an improvement in income redistribution. For El Salvador, without this improvement the necessary rate would be 5.4%. The average annual growth rate in the region is 2.8%.

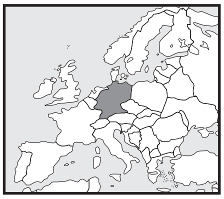
These facts should be considered by the Government, which preferably should make its own estimates and, based on these, take the necessary and urgent measures to design a national budget that allows the achievement of the MDGs.

All social sectors coincide in the need for an increase in tax revenue and the GDP in order to obtain the resources that social investment requires. The differences are founded in the manner in which it is done. Social Watch, the Global Call to Action against Poverty and other civil society organizations consider a better distribution of the country's wealth necessary. Measures must be taken for a fully progressive fiscal reform, so that more taxes are paid by those with higher incomes. It is also necessary to increase the production of goods and services (especially giving incentives for agricultural production and new technologies) to strengthen the State and make it more efficient, generate worthwhile jobs and regulate economic activity, eradicate corruption, avoid tax evasion on the part of businesses along with other bad practices and control public indebtedness. Approximately 25% of the national budget is directed toward the payment of debt.

Among these measures, the eradication of corruption is the most urgent. This only requires political will and is an action of good management and transparency. After 17 years in the government, the Nationalist Republican Alliance (ARENA) has been involved in noted cases of corruption for amounts in the millions, but those responsible are not in prison. During 2004, due to income tax evasion the State failed to receive a sum of USD 2.5 billion. Clearly the resources can be made available. ■

GERMANY

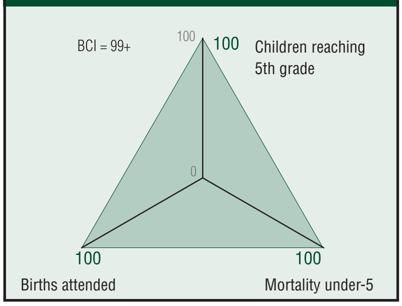
No social progress in Germany, artificially inflated development aid abroad



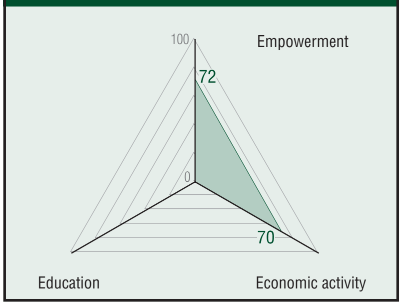
The tax burden has been increasingly shifting towards lower income sectors, despite a continued decrease in real wages and social assistance payments. One result is the alarmingly high number of "working poor", many of whom depend on state support despite being employed. Meanwhile, contrary to its claims of increased contributions to development assistance, Germany's genuine ODA spending has actually fallen in recent years.

Social Watch Germany
Forum World Social Summit
Uwe Kerkow

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



For years, politicians aiming to consolidate government revenue in Germany have relied on types of taxation whose impact is felt mainly by people living on low and medium incomes. According to statistics produced by the trade unions, over the last 25 years, the share of business and wealth tax has fallen by around 10% and now constitutes just 17.7% of total tax revenue. (Eckelmann *et al*, 2006).

This socially inequitable policy is still being pursued rigorously despite the fact that the incomes of the dependent employed (waged or salaried workers), as well as government hand-outs, when adjusted for inflation, have been shrinking for some time. The last Social Watch Report notes: "In 2004 alone, national income rose by 3%. However, while government hand-outs, wages and salaries stagnated, there has been a substantial rise (10.4%) in income generated from business activity and capital assets." This was not exceptional, as the report also bears out: "In 2001, the German Trade Union Confederation (DGB) calculated that workers' purchasing power had decreased by an annual average of 0.7% between 1991 and 2000. In total, there has been a drop of 5.9% in purchasing power since 1991." (Social Watch, 2005). And now, the trade unions calculate that since 1998, "all the tax measures affecting the business sector" have cost the State EUR 12 billion annually in lost revenue. They reject the politicians' claim that low tax revenue means higher investment and therefore more jobs, pointing out that between 2000 and 2004, gross fixed capital formation fell by 11%, with the result that the rate of investment now stands at a lamentable all-time low. (Eckelmann *et al*, 2006).

Business and wealth taxes fall

So far, however, these warnings have gone unheeded. As of 1 January 2007, the standard value added tax (VAT) rate will rise by three percentage points to 19%. This tax hike will have a disproportionate impact on low earners, pensioners on small incomes, families and people on state benefits, who have to spend almost all of their disposable income on consumption. Higher earners and the wealthy spend only part of their income on consumption and invest the rest at good rates of interest, so a rise in living costs has less of an impact on them. There is concern that the social divide will widen even further as a result of this VAT increase.

Moreover, despite the policy failures of recent years, plans are afoot to introduce a further cut in business taxes in 2008. For incorporated companies, the overall tax burden will fall from 39 to 30%, while corporate income tax will be cut from 25 to 16%. Partnerships can also look forward to a lower tax rate of 30% if the proprietors do not withdraw their profits for private use.[1] In the first two years alone, this tax cut is likely to cost the State between EUR 5 billion and EUR 10 billion. The proportion of the tax burden borne by those in dependent employment therefore seems set to increase further in future.

Social funding under pressure

The financing of the social systems has also come under growing pressure in recent years. In Germany, employees are compulsorily insured against social risks such as illness, the need for long-term care and unemployment, as well as for retirement. However, anyone earning a relatively high income or belonging to specific occupational groups (self-employed, freelancers and civil servants) can take out private insurance against these risks, thereby effectively opting out of the community's system of solidarity, which consequently loses these contributions. The widening gaps in the funding of the social insurance schemes are the result of Germany's high level of unemployment as well, since the jobless also pay no contributions to them. And finally, increased life expectancy will also play a role in the future, because a larger number of pensioners will need to be provided for.

1 *Süddeutsche Zeitung*, 4 May 2006.

Yet instead of trying to increase the number of contributors, politicians are funding the revenue shortfalls from taxation.[2] And in an effort to limit this expenditure, they are reducing the range of benefits and services available. For example, patients are increasingly being required to pay a contribution from their own pockets towards the healthcare services provided by their insurers. However, the most significant issue for the under 45s is that in the future, they will have to work until they are 67 instead of retiring at 65. Anyone taking early retirement – for example, on health grounds – will receive less money.

Working and non-working poor

Let's look more closely at the current social situation in Germany: according to Diakonisches Werk, the German Protestant Church's organisation for welfare and social work, at the end of 2005, more than seven million people in Germany – including some two million children and young people under 18 – were living on benefits at the level of social assistance.[3] In December 2005, 4,955,770 people

2 This point is made by Professor Christoph Butterwegge in a lecture based on his book *Krise und Zukunft des Sozialstaates.* Available from: <www.labournet.de/diskussion/arbeit/realpolitik/allg/butterwegge.html>. For a shorter version of this lecture, see Social Watch Report Germany 2005, p. 71ff.

3 Diakonisches Werk [online]. Available from: <www.diakonie.de/nl/fiba/20060131-Statistik-BSHG-2004-2005.pdf>.

were receiving Unemployment Benefit II and 1,779,859 people were claiming “social money” (Sozialhilfe), the two forms of basic social assistance. A further 500,000 or more people, including around 250,000 asylum seekers, were receiving other state benefits.

The second major group of the poor or people living in relative poverty is found in the so-called low-wage sector, where wages are sometimes even lower than state benefits. As a result, large numbers of people in work are still reliant on state support. According to Employment Minister Franz Müntefering, around 300,000 people are in this position.[4] As for the rest of the working poor, they cannot earn enough to achieve an income above the relative poverty line. The United Services Union, known as ver.di, estimates that almost seven million people now work in the low-wage sector.[5] Contrary to popular belief, however, this group is not under-skilled: according to ver.di, two-thirds of them have vocational qualifications and only a quarter of them are actually employed in unskilled occupations. Women, yet again, are especially hard hit.

The poor die younger

In light of this situation, it is hardly surprising that an alarming trend is emerging in the health sector as well: studies show that Germany’s increasing social inequality is also reflected in variations in life expectancy.[6] The German Medical Association (Bundesärztekammer) has stated that the life expectancy of people living in poverty is as much as seven years lower.[7] This variation in mortality can only be partly explained by inequalities in access to health services. Personal pressures (work or family-related) are more significant factors. However, health-damaging behaviour (e.g. smoking, obesity) has proved to be the most important factor of all, and in Germany, this is particularly prevalent in the lower strata of society, especially among people with a poor level of education.

Development policy

Officially, the share of expenditure on official development assistance (ODA) in Germany rose to 0.35% of gross national income (GNI) last year, compared with just 0.28% in 2004. In line with the European Union’s phased plan, the EU member states are to increase their ODA/GNI ratios to 0.51% by 2010 and to the internationally agreed target of 0.7% by 2015. Germany’s Development Minister Heidemarie Wieczorek-Zeul has pledged her support, saying: “We are committed to this plan.” According to the minister, the EUR 300 million increase in ODA funding this year shows that “the plan [will be] implemented consistently.”[8] The Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) also reports that Germany’s ODA contributions have increased from USD 7.534 billion in 2004 to a total of USD 9.915 billion in 2005 and states that in real terms, Germany is the world’s fifth-largest aid donor.[9]

Inflated Aid

However, a closer look at the figures reveals a different picture: only part of this total is actually “new money” for development cooperation. When calculating its ODA/GNI ratio, Germany routinely includes various items of often substantial non-aid expenditure, resulting in a higher ODA/GNI figure. German NGOs therefore talk about “inflated aid”. According to the OECD’s statistics, a total of USD 3.573 billion included in the calculation of Germany’s ODA/GNI ratio was spent on debt cancellation alone, with the lion’s share going to just two oil-producing countries, Nigeria and Iraq.[10] If this figure is removed from the calculation, we see that Germany’s ODA spending has actually fallen by 9.8% since 2004. Another item which has accounted for an increasingly significant portion of German ODA in recent years is the spending on subsidized education for students from developing countries studying in Germany. According to the OECD, Germany’s spending on this item amounted to USD 774 million in 2004.[11]

Little support for innovative funding for development

As described above, Germany’s tax burden – which of course also provides the funds for development cooperation – is increasingly shifting onto average earners. And yet so far, Germany’s pledge as a member of the Lula Group[12] to play an active role in introducing innovative instruments for the financing of poverty reduction and development has been followed by nothing more than declarations of intent. Responding to a parliamentary question from the Left Party, the Federal Government indicated that it currently has no plans to introduce a tax on securities or on foreign exchange transactions, nor does it intend to join the International Finance Facility (IFF) or, indeed, to levy separate charges on major corporations as a means of financing development.[13]

In its answer to this parliamentary question, the Federal Government’s reaction to France’s decision to introduce a levy on airline tickets is terse: “The Federal Government has… followed the French decision with great interest and is working in the international community’s Leading Group for innovative financing for development.” And yet at the Paris Conference on Innovative Financing Instruments this past 28 February, Minister Wieczorek-Zeul was still asserting that: “If we are to achieve the Millennium Development Goals, we have no option but to introduce innovative financing instruments… One possible initial concrete step could be the introduction of a development levy on air tickets. Such a levy could be introduced in a short period of time.”[14] Since then, other countries besides France, including Brazil, Chile, Congo, Côte d’Ivoire, Cyprus, Jordan, Luxembourg, Madagascar, Mauritius, Nicaragua, Norway and the United Kingdom (with some restrictions)[15] have declared their willingness to levy this charge. The revenue will be used to help fund malaria and HIV/AIDS control programmes. ■

References

Eckelmann, U., Hirschel, D. and Schlecht, M. (2006). *Frankfurter Rundschau* [online]. Available from: <www.fr-aktuell.de/in_und_ausland/politik/meinung/standpunkte_aus_der_zeitung/?em_cnt=909906>.

Social Watch (2005). *Social Watch Report 2005: Roars and Whispers*. Montevideo, 2005, p. 182.

4 *tagesschau.de* [online]. Available from: <www.tagesschau.de/aktuell/meldungen/0,1185,OID5390026_REF1,00.html>.

5 Michael Schlecht, chief economist at ver.di, in the Internet edition of *Frankfurter Rundschau*. Available from: <www.fr-online.de/in_und_ausland/politik/meinung/standpunkte_aus_der_zeitung/?em_cnt=886919>.

6 See, for example, the findings of a European Science Foundation research programme on “Social Inequalities in Health in Europe”. A German-language summary (Siegrist) is available from: <www.bundesaerztekammer.de/30/Aerztetag/108_DAET/24Referate/Top04SiegristFolien.pdf>.

7 Bundesaerztekammer [online]. Available from: <www.bundesaerztekammer.de/30/Aerztetag/108_DAET/10Presse/200505051.html>.

8 Federal Ministry for Economic Cooperation and Development. Press release no. 34/2006, 29 March 2006. Available from: <www.bmz.de/de/presse/pm/presse_200603291.html>.

9 Federal Ministry for Economic Cooperation and Development. Press release no. 35/2006, 4 April 2006. Available from: <www.bmz.de/de/presse/pm/presse_20060404.html>.

10 <www.oecd.org/dataoecd/34/24/36418634.pdf>.

11 Organization for Economic Cooperation and Development, Development Assistance Committee (2005). *DAC Peer Review Germany*, p. 32. Available from: <www.oecd.org/dataoecd/54/0/36058447.pdf>.

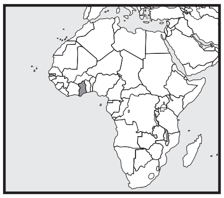
12 The Technical Group on Innovative Financing Mechanisms, commonly referred to as the Lula Group, was founded by Brazilian President Luiz Inácio “Lula” da Silva, French President Jacques Chirac and Chilean President Ricardo Lagos in January 2004 with the aim of identifying new sources of financing to increase development aid.

13 Bundestag Printed Paper 16/1072 (Interpellation): <http://dip.bundestag.de/cgi-bin/getdokg?s=++bt+d+16/1072 and 16/1247>. Answer, 18 April 2006): <http://dip.bundestag.de/cgi-bin/getdokg?s=++bt+d+16/1247>.

14 Federal Ministry for Economic Cooperation and Development. Available from: <www.bmz.de/en/press/speeches/ministerin/rede200602028.html>.

15 Tourism Watch. Available from: <www.tourism-watch.de/dt/43dt/43.entwicklungsabgabe/print.html>.

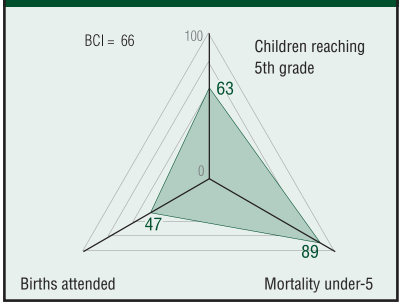
Growing dependence on inadequate foreign aid



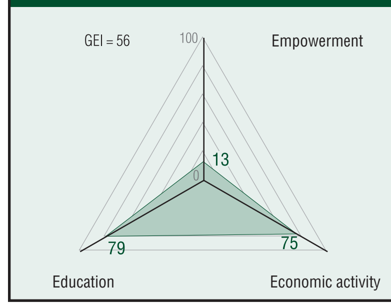
While foreign aid has increased significantly in recent years, it has been erratic and has largely fallen short of expectations. Nevertheless, dependence on this aid has been growing, as the domestic share in development spending becomes ever smaller. At the same time, domestic resource mobilization has largely focused on taxation, leading to a disproportionate burden on women and the poor.

Third World Network-Africa (TWN Africa)
Network for Women's Rights in Ghana (NETRIGHT)

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The issue of how best to finance national development as part of the larger global effort to address poverty and promote social justice has attracted a great deal of attention among both policy makers and development practitioners. Since the adoption of the Monterrey Consensus[1] in 2002, the debate has particularly focused on a number of options, including the need for raising resources through fair trade, the cancellation of poor countries' foreign debts, and increased official development assistance (ODA) for poverty reduction.

But there are limits to each of these policy alternatives. While free and fair trade may give poor countries the opportunity to export, there are constraints in domestic production that can only be addressed over a long period. Externally imposed conditionalities for accessing debt relief also weaken policy ownership in poor countries and leave many still financially constrained.[2]

The erratic and fragmented nature of foreign aid not only makes development planning and management difficult but it also distorts the policy priorities of countries like Ghana. The multiplicity of donor-country assistance frameworks – such as the Worlds Bank's Poverty Reduction Strategy Papers (PRSPs), the US's African Growth and Opportunities Act, the Millennium Challenge Account, and the United Kingdom's Commission for Africa – creates the conditions for poor countries eager for financial resources to produce "development plans" that do not reflect their locally determined policy priorities. Many such plans have tended to ignore the gender dimensions of poverty or have attempted to pay lip service to addressing them after pressure from women's groups.[3]

The paradox of aid augmentation

Ghana has long been the darling of the international development community for its record of two-decades-plus of "reforms" and, more recently, "macroeconomic stability." But behind this façade of success lies a record of rising but disruptive and inadequate levels of foreign aid, contrasted by a declining trend in the domestic share of development spending.

Table 1 provides an insightful outline of this paradox. Disbursed foreign grants between 1999 and 2005 consistently fell below the forecasts in every year except 2004, the year Ghana reached the completion point of the Heavily Indebted Poor Countries (HIPC) initiative, when disbursements constituted 161.8% of the forecast. These shortfalls, however, occurred against a background of generally rising levels of external grants. When adjusted for inflation (using 1999 prices), these grants rose from GHC 303 billion (USD 117 million) in 1999 to GHC 1,708 trillion (USD 186.7 billion) in 2005, a cumulative increase of 464%.[4]

Over the same period, the domestic share of capital expenditures fell from 48% to 20%, having reached a low of 12% in 2001, the year that the Ghanaian Government declared its intention to seek HIPC debt relief. That same year, the Government put a freeze on spending as part of a larger strategy to restore macroeconomic stability, hence the steep fall. But the restoration of macroeconomic stability has not been matched with a corresponding rise in the domestic share of capital expenditures. Significantly, this large fall in the domestic share of capital spending corresponds to a downward trend in tax-revenue growth over the period. After jumping from 14.1% in 2000 to 23.5% in 2003,[5] inflation-adjusted growth in tax revenue fell to 15.5% in 2004, and then further to 5.1% in 2005. (It is projected to grow in real terms by 5.7% in 2006).

In summary, it appears that while foreign aid, particularly grants, has increased significantly, from GHC 303 billion in 1999 to GHC 1,708 trillion in 2005 in inflation-adjusted terms, it has been erratic and largely fallen short of expectations in all but one of the seven years. Simultaneous with these developments is a decline in the domestic share of capital spending from 48% in 1999 to 20% in 2005. While such increases in aid, even if erratic, are in accord with the Monterrey Consensus, they also pose a paradoxical problem of Ghana increasing, rather than decreasing, its dependence on foreign aid.

Challenges and opportunities for domestic resource mobilization

For the Government, there are two main types of domestic resources, namely, borrowing from the local financial markets and raising revenue through taxes. However, decades of misinformation, championed by the IMF, about the role of public debt in development

1 The Monterrey Consensus was adopted by the heads of State and Government on 22 March 2002 at the end of the Conference on Financing for Development (FfD) in Monterrey, Mexico.

2 In December 2005 the *Daily Graphic* published that Ghana was reported to have received total debt cancellation of USD 381 million from the IMF, but with the relief spread over 15 years, only about USD 37 million was scheduled to be disbursed in 2006. Similarly, the same newspaper informed that during the IMF's Regional Roundtable on Debt Relief in Zambia on 16 March 2006, only USD 70 million out of total debt relief of USD 4 billion from the G-8 was expected to be available in 2006. Ablordeppey, S.D. (2005). "IMF Cancels $381m debt". *Daily Graphic*, 23 December, p. 1; and Ablordeppey, S.D. (2006). "Ghana Ready for Higher Aid Inflow - Finance Minister". *Daily Graphic*, 20 March, p. 1.

3 The Network of Women in Ghana (NETRIGHT) has been active in advocating for more commitment to gender issues in poverty policies and has questioned the conceptual basis of the Ghana Poverty Reduction Strategy Papers (GPRSPs).

4 Unadjusted for inflation, grants rose from GHC 303 billion to GHC 5.354 trillion. The data for this section of the analysis was obtained from the relevant government budget statements; inflation adjustment done by author.

5 This was largely due to a real growth of 30.4% in payroll taxes, from 19.4% the previous year.

TABLE 1

Actual revenue (and grants) in GHC millions of 1999	1999	2000	2001	2002	2003	2004	2005
Total tax revenue + grants	3,392,259	3,985,030	4,885,451	5,272,575	6,817,075	8,199,118	8,418,557
A. Tax revenue	3,089,259	3,526,296	3,940,678	4,474,783	5,528,399	6,386,229	6,709,867
Percent Change	n/d	14.1%	11.8%	13.6%	23.5%	15.5%	5.1%
B. Foreign grants – actual	303,000	458,733	944,773	797,791	1,288,676	1,812,889	1,708,690
Forecast	343,000	768,416	1,125,073	1,037,720	1,319,046	1,120,620	1,792,676
Difference	-40,000	-309,683	-180,300	-239,929	-30,370	692,269	-83,986
Actual as % of forecast	88.3%	59.7%	84.0%	76.9%	97.7%	161.8%	95.3%

Source: Ministry of Finance and Economic Planning (various budget statements).

has led to a disproportionate concentration of resource mobilization efforts on taxation, to the near-repudiation of domestic borrowing for development.

The 2003 budget statement (paragraphs 683 and 526) captured this lop-sided approach to domestic resource mobilization as follows:

Delays and shortfalls in donor inflows have often forced government to cut back on development expenditures. Sometimes, the shortfalls in budgetary aid have resulted in unprogrammed domestic financing (which adds to the build-up of the domestic debt) and recourse to non-concessional external borrowing… The 2003 budget aims at reducing the reliance on net domestic financing and minimizing the dependence on donor inflows… Our firm belief is that a government that mobilises its revenue through a well-developed domestic tax system and manages its expenditure efficiently is able to respond to the needs of its citizens even in the face of adverse external shocks.

This pledge was followed by over 12 policy initiatives aimed at increasing domestic revenue for development. This must have contributed to the sharp growth in real payroll taxes in 2003, from 19.4% the previous year to 30.4%, with corporate taxes growing in real teams by 10.9%, more than double the 4.7% recorded for 2002. By contrast, growth in "self-employed" taxes decelerated sharply from 32.3% in 2002 to 6.7%. With 64% of economic activity in the hands of self-employed persons, this category of Ghana's tax-paying units is clearly under-taxed. Indeed, a trend analysis of tax revenue since 1983, when the economy was at its nadir, shows that self-employed taxes in 2005 amounted to only 23% of their potential level, compared with 134% for payroll taxes and 100% for corporate taxes in 2005.

The Government's revenue position has been harmed further in recent years by a number of corporate tax concessions that are supposed to help spur economic activity but have had no such effects because the presumed relationship between tax rates and business activity in Ghana's mercantilist and foreign-dominated economy is very weak. In the absence of efficient infrastructure, it has been shown that lower tax rates do little to enhance growth prospects.[6] Additionally, because such tax breaks benefit mostly foreign-owned and large businesses, which constitute less than 1% of industrial establishments in Ghana, a significant part of these tax concessions are repatriated abroad as profits.

Clearly, weak taxation and internally inconsistent administration means that several potential corporate and individual taxpayers, many of them among the richest in the country, remain outside of the tax net, despite several pledges by the Government to plug the loopholes. Under these reforms, tax-collecting agencies were reinforced in terms of recruitment, training, compensation, equipment and other facilities, but no attempt was made to simplify tax-payment procedures. The long distances often involved in getting to tax offices and the cumbersome procedures involved once people get to these offices are all factors that discourage compliance and lead to lower tax intake.

A low national savings rate also remains a problem for domestic resource mobilization.[7] After declining from 18.1% in 1996 to 10.6% in 2000, the rate rose to about 19% in 2003, only to fall down to 15.1% in 2004. The domestic saving rates, which, unlike the national saving rate, excludes foreign financial resources and is made up of household savings, business profits, and government surpluses, has traditionally been lower than the national rate. Indeed, at about 5%, Ghana has one of the lowest domestic savings rates in the world. Most of the variations in the national rate, therefore, were due to foreign financial resources.

Against this background, misconceptions about Ghana's domestic debt, coupled with faulty measurements and analyses, have also led to an undue government aversion toward borrowing as a means of financing development. The selection of ratios, without regard for their impact on a government's ability to finance its development, has become arbitrary and often ideological, on the grounds of "fiscal conservatism", where the government is supposed to borrow or owe less. This approach of course ignores the social implications of under-spending by government in key sectors of the economy.

In the 2006 budget, for instance, central government allocations to rural water provision were cut by about 50%, against the background of reductions in the public debt and budget deficit. A possible consequence of this retrenchment in rural water expenditures is that rural residents, particularly women and children, would have to walk long distances for water needed for basic cooking and washing. This further militates against the Government's poverty reduction efforts. An example of mismeasured debt stress appears in Table 2. With the exception of 2003, the popular debt-GDP ratio based on the December-only debt stock overstated the debt stress from 1999 to 2002. The alternative measure based on the full year's debt stock is never used in conventional analysis.

TABLE 2

Measuring and mismeasuring debt stress	ANNUAL DEBT STOCK AS % OF ANNUAL GDP	DECEMBER-ONLY DEBT STOCK AS % OF ANNUAL GDP
1999	25.70	28.17
2000	24.08	28.88
2001	22.97	26.82
2002	24.32	29.19
2003	22.29	20.83

Source: Bank of Ghana.

Lastly, it must be stated that mere ratios at particular points in time do not capture the dynamic interactions between debt, economic growth, and the Government's ability to service that debt.

Gender considerations in domestic revenue mobilization

Issues of equity are integral to tax policy and cannot be overlooked in any serious discussion of domestic revenue mobilization. Depending on the nature of the tax and how it is administered, it will affect different socio-economic groups differently. Understanding these differential impacts of taxation and taking appropriate measures to deal with them is essential not only to promoting economic growth but also reducing poverty and ensuring social and economic justice.

(Continued on page 258)

6 World Bank (2005). *Doing Business in 2006: Creating Jobs*. Washington, DC: World Bank.

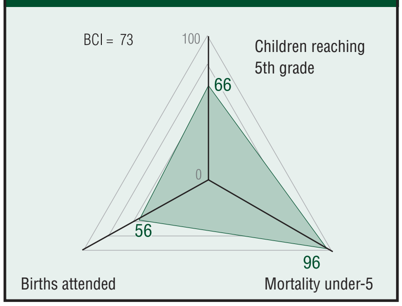
7 The national savings rate is the sum of the domestic savings rate, comprising households, businesses and government, and foreign financial resources that come into the country as investment or aid.

Excluding strategies

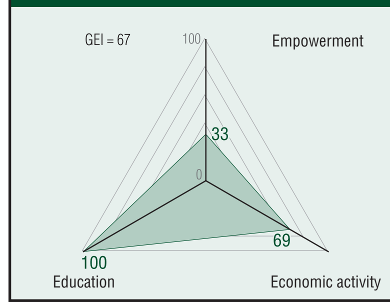
The partial cancellation of Honduras' foreign debt has given the economy a breath of fresh air, and the Government has pledged to use those funds to combat poverty, which continues to affect more than half the population. A national alleviation strategy needs to go from words to deeds and apply programmes that address inequity and gender violence.

Centro de Estudios de la Mujer Honduras
Suyapa Martínez / María Elena Méndez / Ana María Ferrera

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



After Hurricane Mitch in 1998, the country's debt reached extremely high levels, and in 1999 the International Monetary Fund and the World Bank declared Honduras eligible for the Highly Indebted Poor Countries initiative. Between 1990 and 2003, Honduran foreign debt grew by USD 2 billion, reaching a total of USD 4.8 billion by the end of 2003 and USD 5.2 billion by 2004. In 2005 the foreign debt service reached USD 225 million.[1]

In March 2006, the Paris Club condoned USD 1 billion of that debt (FOSDEH, 2005). This gave the economy a breath of fresh air, and the Government has pledged to use the written-off funds solely to carry out the Poverty Reduction Strategy (PRS) and comply with the Millennium Development Goals (MDGs) adopted by the UN in 2000. But the MDGs will only be met through responsible social and macroeconomic measures that include judicial reform, a more frontal combat against various types of violence, a stronger fight against all forms of corruption, the consolidation of equitable economic growth and competitiveness, better tax collection, the modernization of the State, and the implementation of transparency ensuring mechanisms.

Persisting poverty

Honduras has a per capita income of approximately USD 1,000. It is estimated that 64% of the population lives under the poverty line. Of this proportion, 45% live in extreme poverty. In 1999, 20% of the population with the highest income received almost 49.8% of the total income, while the 20% with the lowest income received only 4.7% (FOSDEH, 2005, p. 48).

As happens in other Central American countries, the situation of poverty in Honduras has remained unchanged. According to the UNDP, the percentage of poor people fell from 80.5% in 1990 to 79.1% in 1997, a difference of barely 1%. Between 2000 and 2004, extreme poverty dropped from 49% to 44.6%, while poverty in general was reduced to 64%, a drop of only 2% during that period (FOSDEH, 2005). The funds allotted to the Poverty Reduction Strategy during those years have not managed to reduce it significantly.

Honduras has pledged to meet the MDGs by 2015. However this will not be possible at the rate shown by poverty indicators. Although there have been changes in health and education indicators, and the coverage of electricity and sanitation infrastructure has improved, deficiencies in the quality of education and health persist.

Telephone coverage also expanded after the privatization of the services policy implemented by the Government. However in the mid-term this privatization could have a negative impact on Hondurans, whose poverty situation could become exacerbated as of the adoption of the Free Trade Treaty (FTT) between the Dominican Republic, Central America and the United States that came into effect in January 2005.

Gender inequity

Of the seven million people estimated living in Honduras, 51% are women, of which at least 7 in 10 are poor. The 2003 census registered 1,262,020 households, 25% of which are headed by women (FOSDEH, 2005, p. 49).

The difference between the values of the UNDP Human Development Index (0.667) and the Gender-Related Development Index (0.650) reflects the persistence of significant inequities among men and women in the development of their basic skills. The 2006 Human Development Report on Honduras reflects major economic and political inequalities among the sexes. Although the legislation mandates the inclusion of at least 30% of women in elected positions, of the 298 mayors only 23 are women, which amounts to only 7.7% of all local positions. Although women have an average of 5.7 years of schooling, above the 5.3 years averaged by men, this is not reflected in better wages for women, who earn approximately 67.6% of the average wage earned by men for the same job (INDH, 2006, p. 35).

Women continue to live situations of violence. The number of cases of domestic violence taken to the national courts grew to 10,392 in 2004 and to 11,850 in 2005. Only 10% of these cases led to legal proceedings ending in a sentence. In spite of the growth in the number of cases, the Government still fails to hasten the access of women to a fair trial. Courts specialized in domestic violence required by law have not been implemented yet.

The number of women that die each year from violent deaths is growing. In 2003, 138 women were victims of femicide, a figure that rose to 168 in 2004 and to 171 in 2005.[2] These crimes showed aggravating characteristics and reflect great cruelty against the female body.

So far, the battle waged by the Colectivo de Mujeres Contra la Violencia (Women's Association Against Violence) for the Government to take measures to put an end to the high percentage of femicides and violence against women has not made any progress.

The strategy toward the MDGs

After Hurricane Mitch hit Honduras in October 1998, and as part of the demands from international

1 Data from Foro Social de la Deuda Externa en Honduras (FOSDEH) <www.fosdeh.net> and Ministry of Finance <www.sefin.gob.hn>.

2 Data from the General Board of Criminal Research.

financial institutions, the Government drew up the PRS, a programme aimed at reducing poverty by 24% during the following 15 years as well as reducing inequalities. The PRS Fund is made up of funds that international donors have pardoned from the country's foreign debt service.

A Consulting Council to the PRS (CCPRS), formed by Government officials and civil society members and – more recently – with women's participation, was created to implement the Strategy. Sector Bureaus were also set up formed by representatives of the Government, international cooperation and civil society. Seven Bureaus were in operation during the previous Administration.

One of the major objections against the operation of the Sector Bureaus is that they have squandered funds in consultancies aimed at improving only technological aspects of the new institutions. Furthermore, proposals presented by civil society were not taken into consideration. Finally, the Bureaus were also criticized for their high degree of politicization and it was proposed that they become more engaged with the local and national implementation of the PRS.

Civil society organizers have continuously complained about the funds allotted to the PRS. Instead of increasing, these funds have fallen from the HNL 4 billion (USD 221 million) announced by the previous Government for the CCERP to a mere HNL 2.7 billion (USD 142 million). The new administration of President Manuel Zelaya Rosales allotted only USD 47 million for this purpose. Of these, Congress decided USD 37 million would be distributed through the local administrations.

The decision taken by Congress caused a series of reactions from the CCERP and civil society in general which led to the massive resignation of Council members. Public mobilizations led to negotiations with the Government calling for it to support the decisions taken by the CCERP in relation to the priority granted to each project and what percentages of the funds would be distributed.

According to the experts, the amount invested in the ERP does not reach the rate needed per year to reduce poverty from its current 64% to 42% by 2015. For that to happen, Honduras should have annual poverty reduction rates of 1.5%. Only nine years are left for the deadline and it is not foreseeable that the goal will be met in time.

Of the amount assigned to PRS projects in agreement with civil society, less than 2% will go to special programmes for women. This reveals an inconsistency between the Strategy's aims – which includes gender cross-cutting – and the scarcity of funds meant to fight poverty among women.

A large part of the funds assigned to the ERP was demagogically allocated to comply with electoral campaign promises, such as free tuition fees for one year (a measure which does not solve the issue of education quality) or the appointment of 2,000 new agents to the police force in order to address the problem of crime, but the essential structural problem of violence –gender violence in particular – has not been addressed.

A questionable budget

The national budget should be one of the means available to a country of meeting the MDGs and therefore cutting poverty by half by 2015. However, regional budgets – and especially Honduran budgets – have done little to change an economic and social situation whereby the wealthy sectors accumulate more riches and the poor continue to be poor.

As of 2000 the tax policy has been regressive, since the State receives more taxes from the lower income groups than from the wealthier segments of the population. This clearly reveals how it is the most underprivileged who support a PRS whose results are very different from what was expected. With the approval of the FTT, Honduras will no longer receive more than HNL 1.2 billion (USD 63.25 million) each year in taxes and its national interests will be jeopardized by, e.g., having to take generic drugs off the market.

Education and health absorb 42% of resources in the national budget.[3] However, these resources are not reflected in investments that imply an improvement in services, a better quality education or a wider health coverage. In 2005 and early 2006 there was an evident shortage of drugs in health services, to the point that urgent purchases had to be made to fulfil demand.

MDGs 5 and 6 seek to reduce maternal mortality by three fourths and combat HIV-AIDS. However "malnourishment levels among the indigenous and Garifuna population in the country are significant, with malnourishment levels in children under 14 estimated at 95% and a maternal mortality rate among the highest in Latin America: 147 per 100,000 live births" (Coiproden, 2005). In addition, "between 1985, when the first AIDS cases appeared, and November 2005, the country had a total of 22,366 people infected with HIV, of which 41.8% are women. These data show a rise in HIV-AIDS cases among women" (Public Health Ministry, 2005).

Government agencies that care for social groups in vulnerable conditions are those that receive the lowest budget. The percentage allotted to all of the agencies with social goals[4] add up to 2.1% of the total national budget, while the National Women's Institute receives only 0.03% of that total.

One of the deficiencies of the country's budget system is the lack of references for operational plans of a general, sectorial and institutional nature based on an evaluation of the impact of the various programmes. Also, the Government boasts of gender cross-cutting in the national budget, but the administration of president Ricardo Maduro (2002-2006) closed down the Gender Unit created by the Secretary of Finance in order to monitor through indicators the production and implementation of budgets.

Key issues

The Maduro administration complied with the tax demands of international financial institutions and those deriving from the FTT, while it favoured the interests of the country's most powerful corporations. This was reflected in a rise in fuel prices, which caused a reaction from the population in general and from the taxi-drivers' union in particular, which paralyzed Tegucigalpa by blocking the city's main access roads. The energy crisis at the end of Maduro's government has been inherited by the Liberal Party administration, which came to office with the promise of lowering the price of fuel and applying the recommendations of the Commission of Experts appointed to bring solutions to the crisis.

Another source of tension in the country has been the mining concessions. More than 31% of the national territory has been given over to foreign metal and non-metal mining companies. The measure caused a sharp reaction from social movements, especially from environmentalist groups. Such is the case of former presidential candidate from the Democratic Unification Party Juan Almendares Bonilla, who in the last two years has questioned the Government for the way in which it hands the country away without taking into consideration environmental depletion and the quality of life of Hondurans.

Leaders of women's movements claim that the failure to appoint politicized women with clear views of women's rights to the various spaces of power is one of the major obstacles to an equitable distribution of resources aimed at fighting poverty. It is mostly men, rather than women, who make up the Government, civil society and international cooperation circles.

The current neoliberal model is exclusive, patriarchal and based on a double standard, since in theory it favours democracy, social justice and equity, while in practice it takes political decisions leading to the exclusion and the discrimination of the majority of its people, including women. ■

References

FOSDEH (2005). *Balance Honduras 2005*. Available at: <www.fosdeh.net/publicaciones.php?f=45>.

UNDP (2006). *Informe sobre Desarrollo Humano Honduras 2006*. Available at: <www.undp.un.hn/INDH2006/descargas/inicio.pdf>.

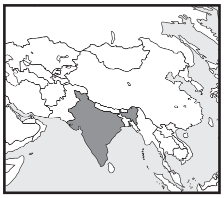
Red de Instituciones por los Derechos de la Niñez (Coiproden) (2005). *Informe de la Situación Actual de la Niñez Hondureña en el marco del Seguimiento a las Recomendaciones del Comité de la Naciones Unidas Por los Derechos del Niño*. Tegucigalpa.

Ministry of Public Health (2005). "Estadio Clínico de la Infección VIH".

3 FOSDEH. *Análisis del Proceso Presupuestario en Honduras.* p. 93.

4 Instituto Hondureño de la Niñez y la Familia, Instituto Hondureño para la Prevención del Alcoholismo, Drogadicción y Farmacodependencia, Patronato Nacional de la Infancia, Instituto Nacional de la Mujer, Programa de Asignación Familiar and Instituto Nacional de Juventud.

Balancing goals, commitments and means



The Indian Government is faced with a delicate balancing act as it strives to reconcile its commitment to a neo-liberal economic policy of fiscal prudence with ambitious commitments to social development. This challenge is further complicated by the leakages and corruption that act as a drain on already insufficient social expenditure.

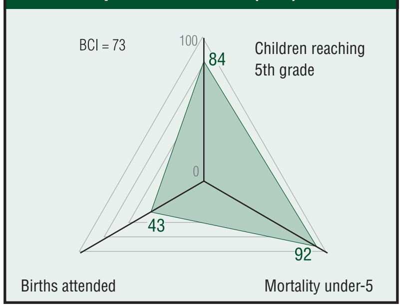
Social Watch India
Himanshu Jha

The challenge currently facing the Government is to maintain a balance between the changes in the two paradigms that have taken shape in the political and economic policy realms since the turn of the 1980s. The dilemma of two conflicting paradigms makes it necessary to reconcile the resulting contradictions with regard to needs, commitments, political will and finances. Under these pulls and pressures, the Government is performing its own balancing act to deal with this emerging dilemma, leaving the citizens clueless about the outcomes of their demands and expectations.

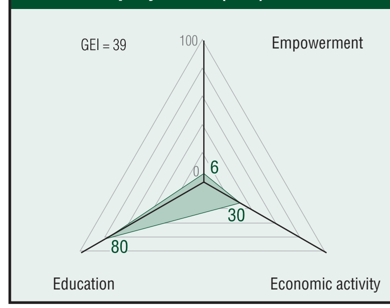
In the political field, resurgent political formations and repeated social upheavals are forcing new expectations and demands on the Government. Several of these political groups have gained influence by supporting the demands behind these upheavals and promoting the "social justice" ideology. Nevertheless, their impact is limited by the fact that their political support comes almost exclusively from the most deprived social sectors of Indian society. At the same time, however, socio-economic realities like rampant poverty, multi-layered deprivations, and the emancipation of marginalized social groups and women cannot be ignored in any policy framework.

In terms of the economic development paradigm, the challenge lies in the Government's commitment to the neo-liberal framework and to a pattern of economic and institutional planning that ostensibly emphasizes economic prudence, an approach that often conflicts with and contradicts its political and social policy commitments. Policy makers must keep in mind the "welfarist" considerations which are both politically and socially advisable, while simultaneously designing economic policy in line with the considerations of new economic compulsions, both national and global. Governments both at the national and state levels are perpetually caught in this paradigmatic dilemma. Added to this is an overall problem of "institutional decline", where institutions of governance have been caught in unprecedented atrophy and are unable to carry out the programmes to which they have committed themselves. Many of these governmental commitments, both sociopolitical and economic, remain "half achieved" at best and unfulfilled at worst.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Therefore, while the Government has shown its commitment to social development through initiatives like the Common Minimum Programme[1] and its Five-Year Plans, as well as its adoption of the Millennium Development Goals (MDGs), on the one hand, it remains subject to its commitments to the prevailing global economic paradigm, on the other. This deepens the predicament of the common citizen, who is caught between these conflicts. To be fair, the Government is increasingly taking steps to follow a participatory model when it comes to decision making and implementation. But how effective has this participation really been? Has it sufficiently impacted on financial policy instruments, like budgetary allocations for social development programmes?

In the light of the dilemma outlined above, it is imperative to explore the following questions: Are the Government's social commitments being reflected in the budgetary allocations of recent years? Do the governmental institutions have the capacity to deliver on these commitments? Are the institutions effective enough to carry the programmes to the target groups? What is the extent of corruption, leakages of public funds and inaction on the part of functionaries?

Analysis of the annual budget

While all-around development, including economic development, remains the overall goal of the Indian State, social development and equitable distribution remain priority objectives, at least on paper. An overview of the Government's stated commitments is provided by the Common Minimum Programme and the Tenth Five-Year Plan, which visibly coincide with the MDGs. Obviously, these commitments must be matched by proper and effective means to achieve them. They should not only be backed by the required financial allocations, but also an effective institutional infrastructure. A closer look at the Government's annual budget demonstrates its commitments, on the one hand, and its changing priorities, on the other. The budget is also indicative of the direction in which policies are progressing.

The Fiscal Responsibility and Budget Management Act of 2005-2006 was aimed at a one-to-one revenue-expenditure relationship. In other words, if the Government's expectations of revenue are not realized, which is often the case, there would be a curtailing of expenditures, the major brunt of which is borne by the social sector.

While the 2005-2006 budget raised the grants provided as aid to the state governments, it also signalled an end to central government loans to the states for the implementation of their annual plans. This meant that the states were obliged to raise INR 29,003 crores[2] (USD 6.47 billion) from the market. It also resulted in the decline of the central government's direct assistance to the states and the union territories from INR 54,858 crores (USD 12.24 billion) revised estimates for 2004-2005 to INR 33,112 crores (USD 7.39 billion) budget estimates for 2005-2006. This trend is disturbing, as it will directly hit the poorest, most backward states.

1 The Common Minimum Programme is the policy agenda adopted by the Government in May 2004, and places heavy emphasis on addressing the needs of the country's poor, particularly in rural areas.

2 A crore is a unit in the Indian numbering system and is equal to 10 million.

TABLE 1

Social sector expenditure by central and state governments				
YEARS	EXPENDITURE ON SOCIAL SECTORS BY THE CENTRAL GOVERNMENT (INR CRORE)	COMBINED TOTAL EXPENDITURE (CENTRAL+STATE GOVERNMENTS) (INR CRORE)	EXPENDITURE ON SOCIAL SECTORS BY THE CENTRAL GOVERNMENT AS A PROPORTION OF COMBINED TOTAL EXPENDITURE (%)	SOCIAL SECTOR SPENDING AS A PROPORTION OF COMBINED TOTAL EXPENDITURE (CENTRAL+STATES) (%)
2000-2001	18,115.34	591,300	3.06	22.3
2001-2002	20,881.46	644,700	3.24	21.4
2002-2003	22,726.63	704,900	3.22	20.6
2003-2004	25,458.83	796,400	3.20	19.7
2004-2005*	30,625.44	904,500	3.39	20.7
2005-2006**	34,656.82	979,800	3.54	20.9

*revised estimates **budget estimates

Source: Economic Survey 2005-2006, Government of India.

The rising expenditure on defence as a proportion of total expenditure has been another worrying trend, in view of the substantially higher expenditure needed for social services.

The effect of this pattern of allotment is immediately reflected in the expenditure on rural employment and poverty alleviation schemes, which has remained stagnant and even declined during the period 1995-2001. The Food for Work Programme, for instance, was allocated a paltry INR 1,818 crores (USD 405.75 million), which was increased to INR 5,400 crores (USD 1.21 billion) in 2005-2006, while the Finance Minister himself has admitted that the programme would cost another INR 5,600 crores (USD 1.25 billion) to fully implement. The Sampoorna Gramin Rozgar Yojna and Swarnajayanti Gram Swarozgar Yojna, programmes to create wage employment opportunities and provide food security for rural households below the poverty line, were subjected to significantly reduced allocations in the most recent budget. With regard to rural infrastructure, the Government made a commitment in its Tenth Five-Year Plan to connect all of the country's villages with all-weather roads. However, while INR 1,600 crores (USD 357.09 million) was proposed as an additional budgetary support for this initiative, it would actually cost roughly INR 70,000 crores (USD 15.62 billion) to fully implement, according to the Government's own admission.

Agriculture, which supports 57% of India's population and contributes 21% of its gross domestic product (GDP), has been plagued by stagnation in the last few years. This can be largely attributed to the decline in public investment in the agricultural sector, which fell from 1.92% of GDP in 1990-1991 to 1.31% in 2003-2004.

The Government's goal to include socially marginalized groups in the development process is not reflected in its expenditure. The overall budgetary allocation for marginalized groups as a proportion of total budgetary allocations has declined from 0.62% in 1998-1999 to 0.30% in 2004-2005. Even after the negligible increase of 0.43% in 2005-2006, the current rate of spending remains well below the 1998-1999 figure.

Gender budgeting, contained in a separate statement on gender sensitization regarding budgetary allocation, was introduced for the first time in the budget of 2000-2001. In 2005-2006, the total allocation for gender budgeting was INR 14,379 crores (USD 3.21 billion), which in proportion to total expenditure is only 2.8%.

TABLE 2

Union (central) government expenditure on social services and defence services				
YEARS	EXPENDITURE ON SOCIAL SERVICES AS A PROPORTION OF TOTAL EXPENDITURE (%)	EXPENDITURE ON DEFENCE AS A PROPORTION OF TOTAL EXPENDITURE (%)	EXPENDITURE ON SOCIAL SERVICES AS A PROPORTION OF GDP (%)	EXPENDITURE ON DEFENCE AS A PROPORTION OF GDP (%)
1996-1997	4.83	14.68	0.71	2.16
1997-1998	5.15	15.20	0.79	2.32
1998-1999	5.28	14.28	0.85	2.29
1999-2000	5.82	15.80	0.90	2.43
2000-2001	5.56	15.24	0.87	2.37
2001-2002	5.76	14.98	0.92	2.39
2002-2003	5.50	13.47	0.92	2.26
2003-2004	5.40	12.74	0.92	2.18
2004-2005	6.32	15.74	1.00	2.51
2005-2006*	7.58	16.54	1.09	2.38
2006-2007**	7.69	16.27	1.10	2.32

*revised estimates **budget estimates

Source: Economic Survey 2005-2006, Government of India.

Leakages and corruption

To make matters worse, even the insufficient funds allocated for social services and development are not fully put to this use. Former Prime Minister Rajiv Gandhi himself once acknowledged that only 15% of the finances allocated for welfare schemes reached their target groups, while the remaining 85% were absorbed by administration costs, leakages and corruption. This was confirmed by later studies on the Public Distribution System and poverty alleviation, which found that only 20% of the food ration items meant for the poor through this channel actually reached them. Of the total funding for rural housing schemes, between 25% and 40% is appropriated by middlemen, while only 20% of government spending on food subsidies reaches the poor, and the rest is either wasted or goes to the middlemen. And these are just a few examples of the widespread leakages and misappropriation of government funds (Gupta, 2004).

According to the 2005 Transparency International Corruption Perceptions Index, India scored 2.9 on a scale from 10 (highly clean) to 0 (highly corrupt). Meanwhile, a 2005 report by Transparency International India estimates that common citizens pay bribes of INR 21,068 crores (USD 4.70 billion) a year while availing the 11 public services covered in the study, which include the police, the judiciary (lower courts), land administration, government hospitals, electricity and the Public Distribution System ration programme. As many as 62% of citizens have had first-hand experience in paying a bribe or "using a contact" to get a job done in a public office, while three-fourths said they believed that the level of corruption in public services had increased during the previous year (between 2004 and 2005).

It has been repeatedly emphasized by research studies, the media and public opinion that the web of corruption encompasses not only government officials all along the hierarchy, but politicians at every level as well. A 2006 report released by India's national Social Watch coalition revealed that nearly 25% of members of the lower house of Parliament (Lok Sabha) have criminal records. Numerous central and state government ministers have repeatedly faced charges of corruption of different types. The most pessimistic aspect of this depressing scenario is that average citizens come to be convinced that the "high and mighty" will always escape unscathed from these acts of corruption. This sense of acquiescence rings a disturbing bell for good governance and for the health of the polity. ■

References

Transparency International (2005). *The 2005 Transparency International Corruption Perceptions Index*. Available from: <ww1.transparency.org/cpi/2005/cpi2005.sources.en.html>.

Gupta, U. (2004) "Budget: Good intentions drained by leaks". *Business Line*, 23 July.

Transparency International India (2005). *India Corruption Study 2005*. Available from: <www.tiindia.in/data/files/India%20Corruption%20Study-2005.pdf>.

Social Watch India (2006). *Citizen's Report on Governance and Development 2006*.

Shrinking resources for development at home and abroad

The previous five years in Italy have been marked by deep cuts in social spending, regressive fiscal policies, rampant tax evasion and a serious decline in the quantity and quality of cooperation aid. This situation has led civil society organizations to call for a radical review of the country's fiscal and development aid policies.

Italian Social Watch Coalition
Tommaso Rondinella / Jason Nardi [1]

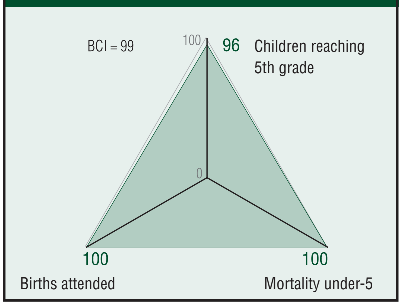
Government policies in the last five years have been characterized by the attempt to cut back the State's role and collective responsibility in favour of private initiative and the market, by reducing the resources allocated to the welfare system and undertaking severe cuts in public spending. Without resources, there can be neither an adequate welfare system to respond to the needs of the citizens, nor the necessary development support and aid for the poorest regions. In general, the local authorities (municipalities, districts and regions) are no longer able to guarantee basic services to their communities. Poverty in Italy reflects a marked difference between the centre-north regions, where poverty rates are consistently below 10%, and the southern regions, where poverty affects 20% of the population, and reaches as high as 30% in the case of Sicily. (CRISS, 2006).

The Berlusconi government drastically reduced the fund for social policies, which in the last three years has dropped from EUR 1.884 billion in 2004, to EUR 1.301 billion in 2005 (of which 482 million remains unspent), to EUR 1.157 billion in 2006, reflecting a 30% cut altogether since 2004. In addition, Italy remains the only country in Europe, except for Greece, that does not implement a guaranteed minimum income scheme. The poverty rate among families with dependent children increased between 2000 and 2004 by almost four percentage points (from 24.9% to 28.5%), and the most severely affected are the largest families, for whom the risk of poverty increased by slightly more than 10 percentage points, from 48.2% to 58.3% (NENS, 2006). Overall, an estimated 19% of Italians are at risk of poverty (CRISS, 2006), and 11.7% of the population, meaning some 2.6 million families, live below the poverty line, while the wealthiest 20% of families control 40% of the country's resources.[2]

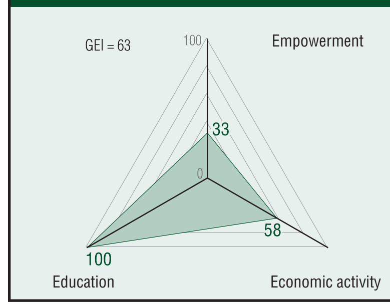
1 Tommaso Rondinella is a researcher at Lunaria in Rome and coordinator of the Sbilanciamoci campaign. Jason Nardi is a campaigner at UCODEP and coordinator of the Italian Social Watch coalition. The Italian Social Watch coalition is made up by ARCI, ACLI, Campagna Riforma Banca Mondiale, Fondazione Culturale Responsabilità Etica, Lunaria, Mani Tese, Movimondo, Sbilanciamoci, Sdebitarsi, Unimondo and UCODEP.

2 The methodology adopted by ISTAT to calculate poverty is different from the EU's: it is based on families' consumption, not on their incomes, and figures are aggregated in terms of families, not of individuals.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Fiscal policies promote tax evasion

The notable recent growth of tax evasion has been promoted by the fiscal policies of the last five years. Evaded taxes total some EUR 100 billion and businesses that operate illegally account for an estimated 15% of the total GNP.[3]

The enormous extent of tax evasion increases fiscal pressure on law-abiding companies and citizens and reduces the amount of resources available for the country's economic and social development. By implementing 22 tax amnesties and the «fiscal shield» (which allows capital illegally kept abroad to return to Italy «protected»), the Berlusconi government clearly encouraged undeclared employment and tax evasion.

Regressive tax policies

The past government's efforts to reduce taxes focused on the adoption of deeply regressive measures. On the one hand, cuts in direct taxes have almost exclusively corresponded to higher revenue levels; on the other, these reductions have been compensated by increases in indirect taxes, which are regressive by definition. Moreover, the inheritance tax, another means of redistribution of wealth, was abolished, to the advantage of the richest 10% of the population and to the significant detriment of the state treasury. Through the tax reforms adopted, the richest 20% of the population reaped the benefits of over 78% of the total tax relief (Pennacchi, 2004).

The growth in indirect taxes over recent years has increasingly eroded the principle of progressiveness in the country's fiscal system. Public administration revenue from indirect taxation rose from EUR 176 billion in 2001 to EUR 200 billion in 2005, versus practically unchanging direct tax revenues. This means that the tax burden has been distributed with no regard for the income levels of taxpayers.

3 Il Sole 24 Ore, 29 May 2006.

Cuts in funding of local administrations

The only «effective» measure for balancing the budget - while clearly negative in terms of its social effects - has been a further cut in federal funding for local administrations. Between 2001 and 2004, local taxes increased by over EUR 11 billion, rising from 6.3% to 6.5% of GNP, mainly due to cuts implemented in the state budget. With the last Financial Act (2006), cuts in financing for local administrations have been even heavier, with a decrease of 6.7% in transfers to municipalities and of 3.8% to the country's regions. (Sbilanciamoci/Nuovo Welfare, 2006).

The tax cut policies of the Berlusconi government have had a wide range of other negative impacts on social services, including EUR 2.5 billion less for the national health system and 65% less towards applied research.

Employment and gender inequity

Despite progress over the long term since 1990, the latest Organization for Economic Co-operation and Development (OECD) reports reveal a clear slowdown in employment growth in Italy, where this growth is now less than one half of most other European countries. The employment growth rate was 0.7% in 2005 and 0.6% in 2006 and will decrease to 0.4% in 2007. The worst off are women workers, among whom the employment rate is 45.3%, as compared to an average in the OECD countries of 56.1%.

Women also earn markedly less than men do: 28.2% of female workers fall into the lowest income level, as compared with 12.3% of their male counterparts. As far as gender equity in general is concerned, the situation up until 2005 remained substantially unchanged, if not slightly worsened, especially with regards to women in decision-making positions (OECD, 2006).

Distorted official aid figures

When it comes to Italy's contributions to development assistance, the figures and indicators provided in official reports are not always trustworthy. An independent report released in April 2006 by CONCORD, revealed a number of anomalies in Italy's official development assistance (ODA) accounts. According to the figures reported by OECD/DAC, Italy's ODA allocations represent 0.29% of GNI. In reality, effective development aid is around 0.12%[4] (excluding USD 1.4 billion of cancelled debt and other improperly used figures), thus remaining far below the 2006 objective of 0.33% of GNI and positioning Italy as the lowest OECD contributor together with the United States.

As a result, there is an almost total lack of «fresh resources» for development programmes, especially bilateral aid initiatives. Less than one-fourth of the total amount allocated resulted in new interventions in 2005, while the rest represented debt remission.

Tied aid

The problem is not only the limited amount of resources allocated to development aid; another fundamental issue is the quality of this aid, since most of it is still tied to Italian goods and services. There are no exact figures regarding how much of Italy's development aid comes back to subsidize Italian businesses, because the Government has refused to publish these figures since 2001 (Eurodad *et al*, 2005). The difficulty in analyzing Italian development aid also derives from the fact that there is no coherent and unitary management of the funds, which is instead fragmented across various ministries. In any case, according to the latest available data, tied aid represented over 92% of Italy's total ODA in 2001 (Outterside *et al*, 2004). Nevertheless, the director-general of the Foreign Ministry's development cooperation office declared that tied aid is not a real problem, since it is in the national interest of the country to support its industries. NGOs have called on the Government to produce a coherent and transparent report on official aid spending to enable public scrutiny of aid allocations.

HIPC debt cancellation

After almost a year's delay, the previous government presented its report in Parliament on the application of Law 209/2000 on debt cancellation for HIPC countries. Unfortunately, the report says nothing new and confirms the tendency that developed over the course of the Berlusconi government of a progressive elimination of commitments in the fight against poverty and financing for development. The law has resulted in the cancellation of EUR 2.56 billion in debt for 25 HIPC countries, far less than the original goal of cancelling EUR billion in debt for 38 eligible HIPC countries over a three-year term, to have been completed by June 2004.

Nothing is said in the report with regards to the corresponding debt cancellations in favour of Nigeria and Iraq, and on the limited conversion of Indonesia's debt as a result of the 2004 tsunami. This marks a serious gap in the information presented to Parliament, since these amounts are believed to total approximately EUR 1.4 billion, practically half of the funds Italy allocates to development aid.

Priority for multilateral aid

In 2005, as in previous years, Italy confirmed its priority on multilateral channels for aid. DAC estimates for 2005 (DAC, 2006) show that of the EUR 4.065 billion allocated for ODA, EUR 2.282 billion (or 56%) have gone to multilateral channels (international financial institutions and UN agencies) and EUR 1.782 billion to bilateral aid. This priority can be explained by the fact that multilateral aid offers a «refuge» to hide the structural insufficiency of the Foreign Ministry to manage its programmes, as well as an easier way to cover cliental relations, as the procedures are more discretionary and less controlled.

At the beginning of 2006 the Italian government decided to cancel its voluntary contributions to certain UN agencies, including UNHCR, UNICEF, FAO, UNDP, UNFPA and UNRWA, for a total of EUR 52 million, approximately one half of Italy's voluntary contributions. Although voluntary, these contributions have been vital for the UN in its financial crisis. A positive note is that around EUR 885 million in multilateral aid have been allocated to refinance the HIPC initiative for the cancellation of multilateral debts owed by the poorest countries to the World Bank, IMF, African Development Fund and other institutions, while another EUR 180 million have been contributed to the Global Fund to Fight AIDS, Tuberculosis and Malaria, to cover the overdue payments for Italy's 2004 and 2005 commitments.

Recommendations

It is clear from the foregoing analysis that a radical review of Italy's fiscal and development aid policies must be urgently undertaken. They must be inspired by the principles of legality, equality, progressiveness and social justice. Socially and environmentally damaging production, consumption and behaviours must be punished. The tax burden must be lightened on work-related income and accentuated on profits and annuities. In addition, there must be an extraordinary effort to fight tax evasion.

The following proposals from the Italian civil society organisations united in the Sbilanciamoci fiscal justice campaign are intended to re-establish the principle of social solidarity as the foundation of the use of the fiscal lever.

Progressiveness. A revision of the fiscal treatment of individual citizens should be started, in order to more effectively enforce the principle of progressiveness enshrined in the Italian constitution (Article 3) by raising the highest tax rate from 43% (the current rate) to 48% for incomes higher than EUR 100,000.

Tax evasion. Many businesses in Italy, while presenting high values in their activity balance sheets, declare low or even negative profits at the same time. It is thus necessary to introduce a form of minimum tax in our legal system, similar to what happens in other countries, such as the United States.

Income. Savings in banks today are taxed 27%, while interest on bonds, capital gains and returns on individual and collective financial managements are taxed just 12.5%. This results in the creation of unjust phenomena: millions of euros earned by big stockholders or real estate speculators are in fact de-taxed. A proposal to correct this is to unify the tax rates on deposits and financial income, creating a single rate of at least 20% for all forms of financial income.

Inheritance tax. The reintroduction of the inheritance tax on the largest estates, such as those worth more than EUR one million, is a basic redistribution measure, especially since it relates to issues like unearned income and supposed «birth right».

Targeted taxes. New targeted taxes should be levied on private production and consumption activities that are harmful for the environment and society. While increasing tax revenues, such measures can also serve to redirect development and consumption towards a better quality of life. Here are some examples:

- Carbon tax. A tax on the emission of carbon dioxide could bring EUR 1.2 billion into the state coffers, which would cover the necessary resources to implement Italy's commitments under the Kyoto Protocol.
- Arms trade. A tax increase of at least 4% on the profits of defence companies that sell arms to foreign countries, with the resulting revenue allocated towards fighting poverty in developing countries.
- Firearms licences. An increase of at least 20% in the cost of firearms licences, allocating the revenue to the creation of a national fund for non-self-sufficient elderly people.
- Advertising. A 5% tax increase on profits in the advertising sector, with the double goal of reducing its intrusiveness and raising resources to devote to the school system and cultural activities for the population as a whole. Potential income from this measure is around EUR 450 million. ■

References

Centro di Ricerca Interuniversitario sullo Stato Sociale (CRISS) / Università La Sapienza (2006). Rapporto sullo stato sociale 2006, Roma: Utet.

Development Assistance Committee (DAC) (February 2006). Report 2005. <www.oecd.org/dac>.

Eurodad, Action Aid, Oxfam (2005). Joint briefing paper: "EU Heroes and Villains. Which Countries are Living up to their Promises on Aid, Trade, and Debt?"

European NGO Confederation for Relief and Development (CONCORD) (2006). "EU aid: Genuine Leadership or Misleading Figures? An Independent Analysis of European Aid Figures". <www.concordeurope.org>.

Istituto Nazionale di Statistica (ISTAT) (2005). Report on Poverty and Consumption.

Nuova Economia Nuova Società (NENS) (2006). "Family, House and Social Policies". <www.nens.it>.

OECD (2006). Report 2006. <www.OECD.org>

Outterside, K. et al (2004). An Independent Study on the Further Untying of European Aid. European Commission.

Pennacchi, L. (2004). L'eguaglianza e le tasse. Roma: Donzelli Editore.

Sbilanciamoci/Nuovo Welfare (2006). "Fiscal Justice, Income, Citizenship".

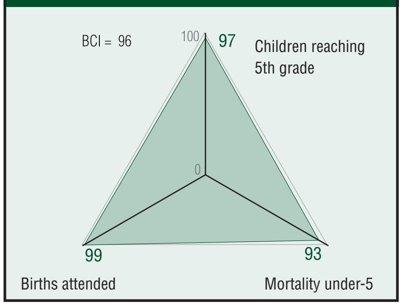
4 Though officially recognized around 0.19%, the effective ODA/GNI has been recalculated by the new government and made public on national radio by Deputy Minister of Foreign Affairs Patrizia Sentinelli (June 2006).

Introducing a gender perspective: a case study

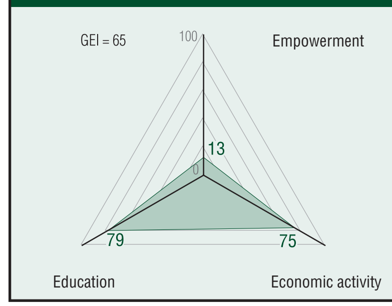
Poverty alleviation programmes are more effective when they include a gender perspective and are specifically designed for women and other vulnerable groups. This case study examines the lack of the gender dimension in a public project at the local level as well as the efforts of civil society to achieve development without exclusion.

Women's Federation 'Status'
Irina Unzhakova
Center for Gender Studies
Svetlana Shakirova

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Considering the gender dimension is essential for achieving economic and social development with equity. The inclusion of special gender programmes within public budgets should be part of the gender planning of governmental actions. Kazakhstan is taking its first steps in this direction, and civil society has a decisive role to play in constructing a society of equal opportunities. The Women's Federation 'Status' is undertaking a project called the "Public Council for a Gender Budget", which is aimed at expanding knowledge on the principles of gender budgeting among civil servants, members of Parliament, and NGOs at the local level. The project is part of the organization's National Action Plan on the Improvement of the Status of Women (1999).

The project focuses on the implementation of the Government's poverty reduction programme in Ust-Kamenogorsk, an industrial city in the *oblast* [1] of East Kazakhstan[2]. The two tools for measuring the extent of gender budgeting are the gender sensitivity of the actors involved in the programme's implementation and the impact on its beneficiaries.

The evaluation of the implementation of this programme at the local level has shown that the civil servants involved in the budget process are not informed about gender budgeting. Therefore, it is no surprise that the programme in question is not gender-sensitive, despite the fact that gender considerations are mentioned in the introductory section of the programme document. Among the principles of poverty reduction outlined in this introduction, the seventh principle clearly refers to the need to consider region, gender, age and other aspects. Obviously, it is the most vulnerable groups of a population who have the greatest need for a fair distribution of resources and public goods, as well as access to public services.

In Ust-Kamenogorsk, the most vulnerable group is made up of women over the age of 40 with low scores on health indexes and with one or more minor dependent children. Despite having spent a considerable length of time in the work force (18 years and more), these women have been either employed temporarily, self-employed or unemployed for more than one year, and as a result, their income is variable and occasional. Most of these women speak Russian but not Kazakh, and the only social support they have are regressive pension savings. Many of them have approached public and private employment services and NGOs in search of advice and assistance. Roughly 70% of their requests are related to seeking assistance to find permanent employment, whereas the remaining 30% were directed at obtaining social benefits in healthcare, help for taking care of sick and disabled family members, protection from domestic violence, and information about emigrating to Russia, among other services.

Specific needs

The goals and targets of the poverty reduction programme are aimed at the local population as a whole, but do not specifically address the needs of those whose income is below the poverty line, most of whom are women. At the time the programme started, the average per capita income of the poor population was KZT 1,871 (USD 12), which represented 12.5% of the per capita nominal income of the urban population. In 2003, according to official statistics, 8,000 people (2.6% of the population) were living below the poverty line. The main expected outcome of the programme is to reduce the number of poor people by 3,000 between 2003 and 2005. However, the programme provides no disaggregated data by gender, age, or health status.

Another major obstacle is that the information available is not sufficiently specific. For example, it is not clear if all 5,604 people registered at the local employment centre could be considered poor. Half of the female population of Ust-Kamenogorsk suffers from anemia, but it is not known how many of these women are in fact poor. The latest statistical data show that over a third of Kazakhstani women have anemia, and the proportion is higher in Ust-Kamenogorsk, which is a major contributing factor to the high rates of infant and maternal mortality in the region. Infant mortality was estimated at 20.6 deaths per 1000 live births in 2004, while maternal mortality reached 64.8 deaths per 100,000 live births the same year. The implementation of a treatment programme, including iron deficiency anemia prophylactics, would help to decrease maternal and child morbidity and mortality in the region.

Unspecific data

Unlike the stated principles of the poverty reduction programme, the selected indicators do not take into consideration gender, age and other factors frequently related to poverty. These indicators include the number of targeted social assistance recipients, the number of housing support recipients, the number of microcredit recipients, the number of people trained for a new profession, and the number of people provided with social service employment.

1 Administrative division or region.

2 Eastern-Kazakhstan Oblast Program on Poverty Reduction (2003-2005).

Within the programme, the basic actions aimed at the development of infrastructure include primary healthcare, food and water quality control, the strengthening of preschool facilities, roads, transport and others. Actions focused on poverty reduction are implemented through activities for income generation, as well as access to basic social services such as healthcare, education, and social support for the poor.

Although public expenditures on the social sector continued to grow between 2003 and 2005, actions for income generation have been underfinanced. The possibilities of obtaining increased income are doubtful. Temporary social service employment could hardly be considered as a serious poverty reduction tool, due to its short duration and low effectiveness (only 10% of the unemployed find a permanent job).

The list of programme beneficiaries includes young people who are neither studying nor employed, children from low-income families, orphans, single elderly poor people, disabled people, and members of marginalized groups. None of these categories has been gender-disaggregated. Hence, the difference between girls and boys or young and elderly women and men has not been taken into consideration.

For instance, there is a clear need for specific preventive measures for young women, since many of them become involved in street prostitution and sexual exploitation (not necessarily in foreign countries, since the situation is widespread within Kazakhstan). This leads to the increase of sexually transmitted diseases, early pregnancies, abortions and loss of reproductive health.

Conclusions and recommendations

The existing poverty reduction programmes have a low effectiveness because they target the population as a whole and do not focus on the specific population group of those living below the national poverty line. At the same time, the gender specificity of the poor population has not been taken into account.

In each of the groups of potential beneficiaries, the needs targeted and actions implemented should be differentiated by gender. This would considerably increase the effectiveness of public expenditures on poverty reduction in both economic and social terms.

The civil servants involved in the budget process have to be informed about the principles of gender budgeting. For this, they need to receive special training. The Kazakhstani network of NGOs, in cooperation with international experts, is prepared to organize the necessary training. ■

BUDGET ISSUES

Thirteen years after gaining independence, Kazakhstan has transformed itself from an agriculture-based republic of the Soviet Union to one of the fastest-growing economies in the region. Recent years have also witnessed improvements in budget processes and in civil society participation in the budget. However, much room remains for further improvement.

In April 2004, Kazakhstan Revenue Watch of the Soros Foundation-Kazakhstan held an international roundtable conference at which civil society groups discussed the need to strengthen Parliament's role in the budget process. Problems cited by members of Parliament at the forum included their lack of budget knowledge to analyze the President's draft budget, their inability to hire external experts to help them do this job, and the limited time they have to review the draft budget, negotiate amendments with the Government, and approve the budget. However at the moment there is a green light for gender budget initiatives.

Kazakh legislation clearly states what budget information should be made public and provides penalties for violating the people's right to information. In 2005 a civil society organization, the Tax Standards Formation, compiled a list of these legal requirements in the report "Analysis of Expenditures on Healthcare, Education and Social Protection in the Budget of Almaty City".[1] However, this legislation often does not work in practice. Public officials sometimes hide cases of misappropriation and embezzlement or resist cooperating with civil society.

Also, only a limited number of Kazakh NGOs are involved in the budget process given the lack of knowledge about the budget, inexperience in dealing with the appropriate officials and difficulties in obtaining professional legal assistance when authorities refuse to provide the required information. ■

Gender Budget initiatives in CEE/CIS Region
Network of East-West Women

1 Available from: <www.taxpayers-kz.freenet.kz>.

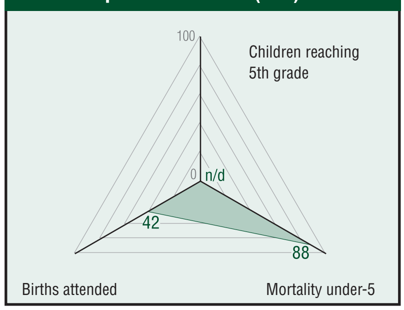
KENYA

Constituency Development Fund disappoints hopes for community-based development

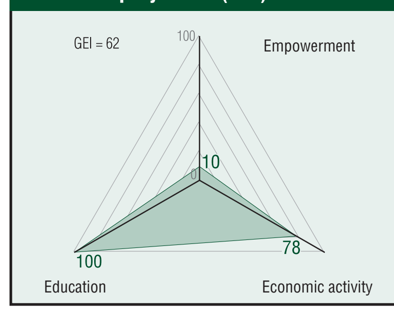
The creation of the Constituency Development Fund was welcomed by Kenyans as a means of focusing national budget expenditure on the specific development needs of local communities. In practice, however, it appears to have served more as a political tool for members of Parliament than a genuine instrument for community-based development.

Social Development Network (SODNET)
Edward Oyugi / Ayoma Matunga
Southern and Eastern African Trade Information and Negotiations Initiative (SEATINI) Kenya
Oduor Ong'wen
Kenya Land Alliance
Lumumba Odenda
Kenya Debt Relief Network (KENDREN)
Njuki Githethwa
MDG campaign KENDREN
Wahu Kaara
DARAJA
Andiwo Obondo
Undugu Society of Kenya
Alloys Opiyo

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Aid and debt, the twin curses of the African political economies, have increasingly alienated financing for development from the domain of national economic planning. It was therefore a refreshing relief when the current Kenyan parliament passed a law establishing the Constituency Development Fund (CDF).[1] Its main objective was to open a new window of opportunity for the promotion of social development at the constituency level and, therefore, to lend reality to the imperative of subsidiarity as a *global* response to sub-national demands for development policy attention. Following closely on the heels of an aborted constitutional reform effort aimed at economic devolution and deconcentration of political power, many Kenyans felt that for the first time in post-colonial history, the execution of the budget process would once and for all be freed from the dictates of the Executive.

Until now, budget allocation for development has always been carried out in the shadow of executive manipulation. For decades, budget planning has been held hostage to the monopolistic whims of the Executive as long as it continued to provide the pork barrel for rewarding and punishing political cronies and adversaries, respectively, through the provision or non-provision of resources for their constituencies. Whereas for many the CDF was devolution by default, for others it heralded an opportunity for local development needs to find unmediated resonation with national budget allocation.

However, a closer and critical analysis of the statutory architecture of the law and the institutional framework for its implementation evokes a rude reminder that the CDF is not the panacea for rural development challenges that the Kenyan rural poor had anxiously been waiting for. The democratic wirings and the legislative machinery meant to deliver the economic benefits to the rural poor are increasingly appearing to be prone to short-circuiting, and therefore open to abuse by those who gave them the force of law – namely, the members of the National Assembly or Parliament. With that realization, the prospect of a genuine devolution seems to be turning into a top-down replication of the centralizing tendencies that many had hoped the CDF would free them from.

Decentralization offers opportunities not only for the expansion of democratic space and the active engagement of the people in development endeavours, but also for effective and efficient delivery of public services. Like all processes of social engineering, its benefits come with strings attached: it can lead to fragmentation if not properly balanced with the necessary retention of reasonable power at the centre. It is not intrinsically democratizing. A trigger is needed to put its benefits within reach of the various critical stakeholders. As critics point out, devolution in the hands of democratic pretenders can add layers of local bureaucratic authority to those that already saturate the political centre. This makes the nexus between decentralization and popular participation a not-so-straightforward matter.

The statutory architecture of the Constituency Development Fund

In the recent past, Kenyans have been treated to an intense debate concerning the political integrity and possible abuse of an instrument of governance whose fundamentals still need much more comprehensive articulation: the newly established Constituency Development Fund, which acquired the force of law through an Act of Parliament on 31 December 2003.

The Act in question places at the disposal of members of parliament, through a Constituency Development Committee (CDC), financial resources equal to no less than 2.5% of all the Government's ordinary revenue collected in every financial year and any monies accruing to or received by the National Committee from any other sources. The fund is supposed to be administered through a wide range of statutory bodies and processes, a good number of which add to or overlap with existing public finance management systems. The management of the fund has kicked off controversies that touch on:

- the conflict of roles of the main executors of the policy – the members of parliament
- the democratic integrity of competitive politics at the constituency level
- resource allocation efficiency
- multi-jurisdiction overlaps in the management of the fund

The CDF purports to enlarge and deepen strategic options for entrenching the principle of subsidiarity in financing for social development. By that very token, it seeks to bypass the state-bureaucratic machinery through which traditional budget allocations are processed into legitimate expenditures. It does this by virtue of targeting the constituency and community development initiatives therein as the focus and site of state expenditures.

1 Constituency Development Fund Bill (2003). *Kenya Gazette Supplement* No. 30 (Bill No. 13).

The principal organ through which development projects are identified, prioritized and adopted as undertakings deserving CDF support is the Constituency Development Committee. In between are several bureaucratic agencies and processes which are provided for in the Act for the purpose of overseeing or monitoring the implementation of the projects in question. These range from the District-Based Development Committee and project-relevant local and central government departments to the National Constituency Development Fund. At stake in this long chain of CDF execution, which encompasses implementation, monitoring and control, is the larger question of conflict of interest as it is likely to infringe on the delicate issue of the imperative of relative jurisdictional sovereignty within the budget process. And this has been the bone of contention since the CDF was enacted into law in Kenya almost three years ago.

There is no question that the democratic integrity of the governing authority in question largely determines the relative importance of an efficient and transparent execution and monitoring system for budget implementation. Such monitoring needs to recognize that implementing the budget calls for striking a delicate balance between responding to changing political exigencies and strict adherence to the corresponding statutory structures. At the same time, it needs to be understood that in many countries – Kenya included – both the Executive as well as the Legislature have exceeded their mandates in not abiding by budget laws.[2]

Delimitation of the controversial issues involved

Generally, when public budgeting is considered from the legal point of view, the critical issues seem relatively straightforward. A clear distinction is presumed between "material" and "formal" budgeting laws. The former provides that in a given budgetary year, specific quantities of monetary units are expected to be collected from the various sources and may be spent for specific purposes as determined by the finance bill. On the other hand, formal budgetary law spells out procedures in the four principal phases of budgeting, which are drafting, voting, execution and accountability/auditing. These presuppose the underlying principle of separation of jurisdictional powers between legislation, execution and adjudication. The following questions are important for a comprehensive picture of budgetary law:

- The stages and the time-table for the drafting of the budget estimates
- The role and powers of the corresponding ministerial portfolio
- The stages and time-table for debating and voting on the budget estimates in parliament
- The extent to which parliament is aware of details and its powers to amend the draft
- Procedures in the event that the appropriations bill is not passed in time
- The introduction of provisions to ensure proper execution of the budget

Finally, there is the overarching question as to which specialized authority will audit the execution of the budget, and that authority's relationship with the other organs of the State, particularly the Parliament.

On the other hand, when the public budget is considered from the good governance point of view, the issue of proper and prudential management and fair distribution of public resources brings up a host of broader, deep-rooted questions of democracy as it relates to the imperative of good governance in the management of public resources. Some of the more specific questions that arise have to do with the extent to which the required amount of detail in the budget estimates is provided by the relevant arm of the Executive, and whether or not Parliament can exercise effective control over budgeting as a critical economic governance instrument.

The CDF as a budget allocation instrument is supposed to be informed by the Economic Recovery Strategy for Wealth and Employment Creation.[3] This government strategy is centred on enabling existing and newly identified actors to create wealth with the potential for a "trickle down" effect on poverty reduction, through micro-economic levers firmly placed in the invisible hands of the market. As controversial as the underlying assumption may be, we are mainly interested here in the governance implications of the CDF, rather than in the putative strategic linkage with the policy framework that informed its articulation and subsequent enactment.

The political and institutional framework for the budget process

There is no doubt whatsoever that the proper functioning of a budget system is to a large extent determined by the institutional and political framework conditions within which it operates. From the perspective of the capacity of all the legitimate actors engaged in the budget process to decide on the outcomes to be sought, probably the most important feature of the framework is the creation and observance of the legitimate jurisdictional boundaries that will serve as the basis to determine who does what, when and how. A framework with a clear demarcation of jurisdictional powers and delineation of functional roles is more conducive to an effective budget process than one in which confusion of roles and overlaps of jurisdictions are the order of the day.

Another important factor that can adversely affect a country's budget system is the jurisprudential quality of a particular budget law. When a budget process undergoes a significant modification, it is important that the legislature adopts a comprehensive appreciation of the need for checks and balances that help in the regulation of procedures for budgeting, economic reporting, auditing and so forth. In this particular respect, the CDF falls far short of meeting these criteria.

Since its inception, the CDF has attracted controversy from a wide range of social actors, especially competing political interests at both the national and local levels. The Act is relatively clear on the constitution and role of the principal organs charged with the responsibility of managing the Fund. Apart from underscoring that no political bodies should benefit from the allocation of any of the Fund's resources, the Act also stipulates that the projects to be supported by the Fund should be community-based. All of this is good governance from a rhetorical point of view. The political reality underlying the implementation of the Fund is quite a different ball game.

For some time now, the Kenyan media – both print and electronic – have been awash with all manner of complaints, accusations and counter-accusations regarding the implementation of the Fund. Generally, they all point to obfuscation of the principle of separation of powers between the three arms of a democratic government. Underlying these controversies are the dual and conflicting roles that the legislative arm of the State has arrogated: legislative and executive. The political implication of the arrogation of conflicting mandates undermines the integrity of the political process in general, and the principle of representation and its underlying democratic assumptions in particular. In the majority of cases, incumbency has been used to give unfair advantage to sitting members of parliament: they are more than likely to stack the constituency committees with their supporters, excluding actual or potential adversaries from the social development process. All too frequently, incumbent members of parliament will give priority attention to projects that will benefit and possibly reward their political allies in the constituency. This will no doubt unduly influence their popularity as far as electoral politics in the constituency are concerned. The fact that 75% of the funds are allocated equally to all the electoral constituencies in the country hardly ensures a fair distribution of public resources, given the unequal levels of development among the various regions of the country, a legacy of the poor distributive capacities of the colonial and neocolonial states. The remaining 25% that is supposed to take care of such inequalities is far too inadequate to make any meaningful difference.

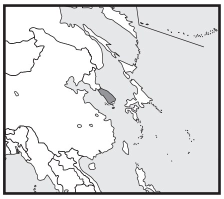
In view of the complaints arising from every sector of society on the implementation of the CDF, something will clearly have to be done to address the emerging image of the Fund as yet another parliamentary misuse of its special role in the budget process. This perception is shaped by what appears to many observers as parliamentary abuse of good governance in public finance, backed up by the plethora of cases of direct misallocation of CDF money. In this particular sense, the statutory integrity of the parliamentary Public Accounts Committee (PAC) remains hugely compromised and saddles the role parliamentarians play with the dual and conflicting responsibilities of making and executing a law, when they should more appropriately be keeping an eye on its implementation on behalf of the taxpayers. ■

2 Falk, S. and Shapiro, I. (1999). *A Guide to Budget Work: A Systematic Overview of the Different Aspects of Effective Budget Analysis*. Center on Budget and Policy Priorities.

3 A creative strategic modification of PRSP in the era of the NARC government.

■ REPUBLIC OF KOREA

Concrete action needed on domestic social welfare and foreign aid policies



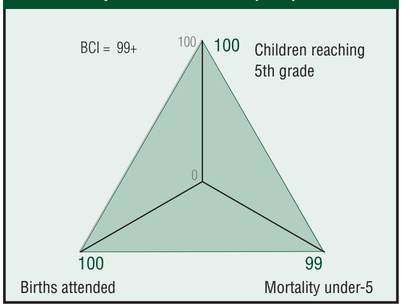
Korea's current development policies are problematic, in both the domestic and international spheres. Domestically, despite growing income stratification, taxation policy and social expenditure have been poorly executed and have failed to provide more equitable income distribution. At the same time, while Korea as an emerging donor country faces ever greater requests from global society and Korean NGOs to enlarge its role, it has struggled to increase the quantity and quality of its aid.

Staff, CCEJ International
Dohye Kim

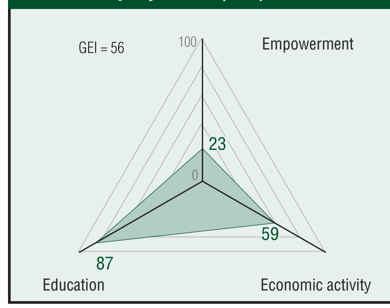
Stratification in Korean society has caused substantial negative effects as the economic gap between classes has widened over the past several years. While enormous profits have arisen in the domestic economy, this has largely been the result of inflated housing prices in the real estate market, with most of this income vested in the hands of landowners representing only a small fraction of the population. For this reason, Korean public life has been swept by talk of "stratification", from the New Year's speech given by President Roh Moo-hyun, to the policy pledges made by all of the candidates for local governorships in the 31 May elections. While discussion on the causes of stratification has been varied and has occasionally resulted in controversies between political parties, no real steps for tackling income stratification and the widening gap in income have been taken. For their part, civil society organizations have been analyzing the causes and suggesting possible solutions.

As the world's 10th largest economy, Korea has also encountered considerable pressure from international society to assist developing countries through effective aid in a manner commensurate with its economic status. Since 2005, civil society groups have joined together in order to make their voice heard on the issue of foreign aid, and to urge the Government to take proper steps by observing international standards for the quantity and quality of aid. NGOs were the first in Korean society to express their interest and concern about the effectiveness of foreign aid, which had previously never been a part of the nation's social agenda. While local NGOs have succeeded in raising some issues with the Government, they continue to await more improvements in the near future.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Stratification inspires a lot of talk but little action

The widening income gap in Korea was illustrated by a press release from the Korea National Statistical Office on 11 May 2006 regarding household income distribution by quintile. In the first quarter of 2006, incomes in the 1st Group and 2nd Group - that is, the two lowest income groups - reflected an increase of 2.4% and 3.3% percent respectively in comparison with the same quarter the previous year. However, as Table 1 illustrates, incomes in the 3rd, 4th, and 5th Groups expanded by 5.1%, 4.7%, and 4.1%, respectively (Korean National Statistical Office, 2006). The ratio obtained by dividing the 5th Group income by that of the 1st Group increased 0.83%, thus marking the largest gap between the lowest and the highest income groups since 2003.

In response to the growing phenomenon of income stratification, the Government has announced new policies to provide for a social safety net and to enlarge budget allocations for the economically disadvantaged. For example, the Administration promised that it will expand social welfare spending to amount to 25% of the total governmental budget.

However, the Government's social expenditure has amounted to just 2.4% of gross domestic product (GDP) since 2001, which is one-seventh of the average in the Organization for Economic Cooperation and Development (OECD) member countries (Jeon, 2006, p. 4). Within this limited social expenditure, social insurance and corporate welfare, which have relatively little impact on income redistribution, take the lion's share at 74.3% (Lee, 2006). Even though the Government has expressed its firm intention to reduce the gap between income groups and enhance the social safety net, it has yet to reform the composition of social expenditure and failed to increase public expenditure that would have a real impact on the lowest income groups.

Along with the small public social expenditure and the high share earmarked for social insurance and corporate welfare, taxation policies have also contributed to worsening income stratification. Based on annual tax revenue from 2004 to 2006, the Citizens'

TABLE 1

Income distribution by income quintile

Unit: KRW 1,000 (USD 1), % year on year

CLASSIFICATION	FIRST QUARTER 2005			FOURTH QUARTER 2005			FIRST QUARTER 2006		
		SHARE	PERCENT CHANGE		SHARE	PERCENT CHANGE		SHARE	PERCENT CHANGE
Average	2,937.5	100.0	5.8	2,941.2	100.0	4.1	3,062.3	100.0	4.2
1st Group	754.2	5.1	1.8	803.1	5.5	4.6	772.2	5.0	2.4
2nd Group	1,744.2	11.9	2.9	1,791.3	12.2	3.9	1,802.5	11.8	3.3
3rd Group	2,514.3	17.1	4.7	2,561.0	17.4	3.3	2,642.3	17.3	5.1
4th Group	3,471.8	23.6	5.1	3,499.6	23.8	4.0	3,635.9	23.7	4.7
5th Group	6,201.9	42.2	8.0	6,049.2	41.1	4.4	6,458.1	42.2	4.1

Share = (Income) / (Total income of all groups) x 100

Source: Korean National Statistical Office (2006). "Household Income & Expenditure Trends in the First Quarter 2006". Available from: <www.nso.go.kr/eng/releases/report.html?category=7>.

Coalition for Economic Justice (CCEJ) found that the Government's taxation policy did not play a positive role in redistributing income or slowing the increasing trend toward income stratification. Based on the CCEJ's findings, there has been unfair taxation in terms of withholding and collection, meaning that tax deducted and withheld at the source from the income of salaried workers is expanding more rapidly than income tax collected from the self-employed. Specifically, withholding tax increased 29% from 2004 to 2006, but corporate income tax increased only 13.9% during the same period. Furthermore, value added tax (VAT) applied inversely against income increased by 11.41%, while special excise tax falling on luxury goods decreased by 22.9%. Therefore, the tax burdens for middle and low income households increased, and tax policy did not contribute to redistribution of income.

In recent years, stratification in Korean society has emerged as a key issue on the political agenda. Nevertheless, while both the President and opposition party representatives have presented their own perspectives on the causes of and solutions to the growing problem of stratification, "real" policies for addressing the matter have yet to be developed. Instead, income stratification has merely become an issue to be used by Korean politicians from both the ruling and opposition parties for the purpose of attacking their opponents.

Civil society groups, including the CCEJ, have taken note of the attitude of Korean politicians in paying lip service to the problem of stratification for political and diplomatic gain. Throughout the first half of 2006, Korean NGOs analyzed the causes of income stratification, such as regressive taxation policies, and have suggested solutions to both the Administration and the opposition party. Unfortunately, neither has responded to our requests, but civil society groups will nevertheless continue to wage these campaigns.

Insufficient and ineffective aid flows to developing countries

As an emerging donor country, Korea's policy on aid to developing countries has become an increasingly prominent issue. While Korea ranks as the 10th largest economy in the world, with a GDP of USD 793 billion in 2005, the volume of its official development assistance (ODA) amounted to USD 744 million, or 0.09% of GDP in 2005. Not surprisingly, this falls far short of the average for member countries of the OECD Development Assistance Committee (DAC), which is 0.26% of GDP (OECD, 2006).

As well as the disappointing scale of ODA, the quality of aid bears further scrutiny. As Korea is not one of the member countries of the DAC, it is not obliged to provide full reportage of its ODA for peer review. For this reason, the quality of ODA is unsatisfactory in that grants accounted for 64.1% of bilateral aid in 2004, in comparison to the 90.1% DAC average grant ratio for bilateral aid. Moreover, according to the Korea International Cooperation Agency (KOICA), nine of the top ten grant recipient countries are other Asian nations, which received around 70% of all bilateral grants in 2004. While aid to the least developed countries increased to 26% in 2004 (20.5% if excluding the post-war reconstruction of Afghanistan and Iraq), aid to sub-Saharan Africa (7%) remained the same as in 2003. In addition, most of Korean bilateral aid - including aid to the least developed countries - is tied aid, which means it must be used to purchase goods and services from the donor country. Not only does this lessen the value of the aid, but it also leads to placing priority on the provision of goods, technology and consulting from donor countries, rather than on the needs of recipient countries (Kim, 2005).

As well as the quantitative and qualitative shortcomings of Korean ODA, it is also devoid of a legal and institutional framework, as there is no basic ODA law or charter, resulting in a lack of consensus on the objectives of Korea's aid policy. Partly because of the low awareness of ODA among the public, even many policy makers regard development aid as merely a diplomatic means for enlarging Korea's slice of the economic pie in the future. Moreover, the so-called "dual system" for Korean ODA makes it difficult to promote efficiency and consistency. In bilateral aid, the Ministry of Finance and Economy is in charge of supervising loans and the Export and Import Bank of Korea is in charge of executing them; the Ministry of Foreign Affairs and Trade takes the lead in supervising grants, and KOICA is in charge of executing them. If communication between these organs was fluid, the dual execution system might be seen as reliable. However, channels for communication between the two different supervising agents and the two executing agents have been irregularly promoted and rarely implemented.

Recognizing there is room for improvement not only in quantity and quality, but also in the institutional and legal frameworks for ODA, the Korean NGOs' Network Against Global Poverty was established in June 2005 with the participation of 21 development and advocacy NGOs, including the CCEJ. The Network drafted a letter outlining its views on what Korea's future ODA policy should be and presented it to the President, who was preparing to visit the UN for the September 2005 World Summit. The letter called for enlarging the scale of ODA, creating an appropriate institutional and legal framework, and improving the quality of aid. Subsequently, following a conference organized by the Network and attended by government officials and members of parliament, the Government responded with a full report on the future of Korean ODA policy.

The Government's proposals for ODA policy directions surprisingly matched the NGOs' proposals in several areas. In particular, the Administration agreed on the need to enter the DAC sooner and to regulate ODA by law. The report also pledged actual numbers for an increase in the scale of ODA and stipulated the creation of a Committee for International Development Cooperation to serve as a channel for communication among the different ministries and agencies involved in development aid. The Committee includes members from universities, NGOs, and the private sector.

Despite these welcome developments and the noteworthy achievements of the civil society groups, there are certain issues that require further monitoring from civil society. These include the fact that the Government did not accept suggestions from NGOs when filling the NGO seats on its Committee, as well as the fact that the mechanism s to formulate an ODA law appear too slow to meet the promised deadline of 2006. The CCEJ is now developing two ways to monitor the Government's progress in living up to its pledges: by forming an "ODA Watch" group, and by inviting other NGOs to participate in this follow-up. In the meantime, the NGOs' Network will continue the advocacy and awareness-raising campaign launched upon its founding in 2005.

Conclusion

In view of the unique situation of Korean society, the nation now faces two distinct obstacles: the problem of domestic development and the problem of overseas development. Even though the country has shown great progress in its economy over the past 20 to 30 years, it has failed to solve the problem of worsening income stratification and the concomitant deterioration in the quality of life for the economically disadvantaged. In the meantime, as one of the world's largest economies, Korea needs to adopt an adequate aid policy to provide effective assistance to developing countries.

Economic growth without revision of social welfare and taxation policies does not hold much promise for the majority of Korea's citizens. Likewise, verbal promises from politicians made for political gain will not actually guarantee the establishment of alternative policies. That said, in recognition of the initial stage of its foreign aid practices, the Government has taken significant steps for further development of its aid policy. However, if Korea really wishes to enter the DAC in the near future, it needs to consider more carefully the principles of aid and the effectiveness thereof. These two distinct areas therefore require the continuous attention of Korea's NGOs. ■

References

Jeon, Seong-hoon (2006). "Study on National Expenditure comparing with other countries". *Economic Issue Brief (7)*. Seoul: National Assembly Budget Office.

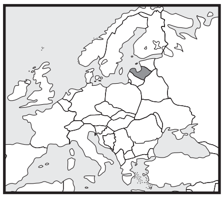
Kim, Hye-kyung (2005). "NGOs Proposal for Better Korean ODA Policy". In: *Trends in International Development and the Future of Korean ODA Policy*. Seoul: Korean NGOs' Network Against Global Poverty.

Korean National Statistical Office (2006). "Household Income & Expenditure Trends in the First Quarter 2006" [online]. Korean National Statistical Office. Available from: <www.nso.go.kr/eng/releases/report.html?category=7>.

Lee, Yul (2006). "Social Expenditure by GDP, 1/7 of OECD average". *YonhapNews*. Seoul: Yonhap.

OECD. Development Assistance Committee (2006). "Aid flows top USD 100 billion in 2005". Available from: <www.oecd.org/document/40/0,2340,en_2649_33721_36418344_1_1_1_1,00.html>.

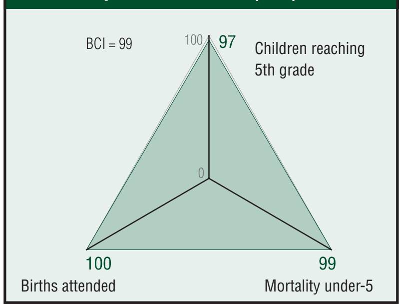
Learning to give as well as receive



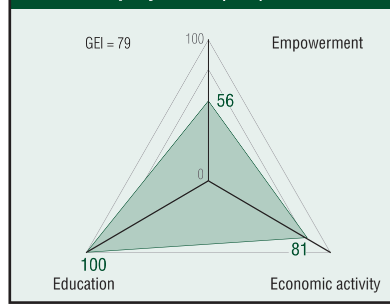
Just over two years after joining the EU, Latvia is taking its first steps in development cooperation, despite its status as the bloc's poorest member state. This cooperation involves both government institutions and a small but growing number of non-governmental development organizations. One of the main challenges they face is to change society's view of the country from that of a support receiver to a support giver.

Latvian NGO Plataform
Gunta Berzina

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Historical and economic background

Following the collapse of the Soviet Union, Latvia regained its independence and was recognized as an independent and sovereign state in 1991. After creating the fundamentals of a market economy in the early 1990s, Latvia quickly established a new macroeconomic environment, which for several years served as the basis for the transition from a planned to a market economy. Latvia became a member of the European Union on 1 May 2004.

Latvia has also become successfully integrated into international structures. However, its achievements have been focused on the most immediate needs of the country, while overall development has been insufficiently consistent and coordinated. Pride in its accomplishments is tempered by acknowledgement of its status as the poorest EU member state, in terms of per capita GDP.

The rapid growth that has taken place in recent years has increasingly led to the emergence of inequalities in the national economy. This is evidenced by the rise in inflation and the high current account deficit in the balance of payments. More and more economic indicators show that the supply of the national economy cannot satisfy the growing domestic demand. Low employment levels, long-term unemployment, the risk of social exclusion, and the growing prevalence of undeclared work have become significant sources of concern in Latvian society. Social segregation and the increasing income gap between rural and urban populations are the country's main social problems. Because Latvia has the lowest salaries, lowest minimum wage and lowest pensions among the EU member states, there has also been a significant exodus of workers to other member states and other countries around the world.

Until Latvia has achieved the status of a developed nation with a sufficiently stable economy, Latvian society will continue to view the country as a support receiver, as opposed to a support giver.

First steps in development cooperation

The Ministry of Foreign Affairs has been designated as the institution responsible for designing and implementing Latvia's development cooperation policy.

Since the beginning of the 1990s, Latvia has made regular payments to international organizations in order to provide assistance to developing countries and transition economies, including the UN, UNESCO, World Health Organization (WHO), International Red Cross and International Organization for Migration (IOM). Up until 2005, Latvia's direct development cooperation activities were basically ad hoc responses to specific situations or events.

In 2004, Latvia allocated 0.06% of its GNP, or approximately EUR 6.4 million, to development cooperation. Of this total funding, 97% represented payments to international organizations and their programmes, such as the EU, UN agencies, the IOM and the IMF. Bilateral assistance projects through which Latvian institutions provide assistance to less developed countries accounted for the remaining 3%.[1]

Bilateral assistance in 2004 was mainly directed towards countries in South and Central Asia (Georgia, Uzbekistan, Kazakhstan), the Balkan countries (Bosnia and Herzegovina, Croatia, Albania) and Moldova as *ad hoc* technical assistance. In addition, the Ministry of Foreign Affairs, in cooperation with UNDP Latvia, supported a technical assistance project in Iraq. Latvia also provided humanitarian assistance to Iran following the earthquake in Bam in late December 2003.

In implementing its development cooperation, Latvia does not provide direct financial assistance. Rather, it provides assistance by sharing its experience in implementing public administration reforms, promoting a democratic society and social development, environmental protection and improving the educational system.

1 Republic of Latvia, Ministry of Foreign Affairs. <www.mfa.gov.lv/en/DevelopmentCooperation>.

For example, consultants from the Bank of Latvia have provided assistance to the National Bank of Georgia in matters of bank supervision and human resources management; consultative assistance has also been provided in the public administration sector.

In 2005, for the first time ever, separate budgetary resources were provided for development cooperation, in the amount of EUR 140,000. The funding allocated within the budget of the Ministry of Foreign Affairs for the implementation of development cooperation activities in 2006 was increased to EUR 214,000. Because it has never had bilateral lending arrangements with the countries it has assisted, Latvia has never engaged in any debt relief activities.

The funding allocated for bilateral assistance in 2005 was used to implement several technical assistance projects in Latvia's priority countries –Moldova and Georgia– in sectors such as border security, customs, administration of penitentiary institutions, coordination of EU matters, establishment of local government systems, and others.

Of the EUR 108,240 allocated to bilateral projects, NGOs received EUR 31,840.

YEAR	ODA (EUR)	ODA/GNI	BILATERALLY MANAGED AID
2002	716,547	0.01%	10%
2003	702,835	0.01%	10%
2004	6,657,910	0.06%	3%
2005	8,336,138	0.07%	8.81%

Thanks to the expertise and practical experience of Latvia's national experts, the Ministry of Foreign Affairs believes it can contribute considerably to the promotion of stability and development in the neighbouring region.

Latvia's priorities with regard to the European Neighbourhood Policy are the key elements in planning and implementing its development cooperation policy. Latvia pays particular attention to the European Neighbourhood Policy in its foreign policy, since its goal is to ensure increased stability and welfare in the countries to the east of the EU's external border and of Latvia's national border.

The Development Cooperation Policy Plan for 2006 has set the implementation of bilateral and trilateral cooperation projects as one of its priorities, as well as public information activities to raise awareness and support for the implementation of development cooperation policy.

Development cooperation and humanitarian aid are considered to be areas of shared competence, which means that both the EU and its member states may legislate on these topics. For the Latvian government, like those of other new member states, there seems to be little understanding of the need to "untie" aid, since development cooperation is already very difficult to "sell" to their constituencies. The current predominance of tied aid – bilateral assistance that must be used to purchase or use goods or services from the donor country – allows Europe to use its development funds for its own economic benefit. Unfortunately, the shape of Latvia's development cooperation policy clearly reflects the tendency to satisfy its own interests first. Moreover, this tendency is fully supported by Latvian society.

As of 2005, there had been no national private resources allocated to development cooperation.

Civil society's role

Since 1991, more than 10,000 NGOs have been registered in Latvia. Their main target area is the wide range of social problems in the country. Until now, no more than 10 organizations in Latvia have been actively involved in development cooperation. There have been several projects designed together with western NGOs or experts and short-term consultants provided to developing or neighbouring Eastern European countries. There are only three pure non-governmental development organizations (NGDOs) in Latvia, but there are a significant number of NGOs that intend to begin working in the development field: 24 of them are members of the Latvian NGDO platform that was established in 2004. It should be acknowledged, however, that the creation of the NGDO platform was motivated mainly by the European example, not by the country's own internal drive.

The Latvian NGDO platform is primarily supported by the Soros Foundation. The first projects will be implemented in 2006 with the support of the Presidency Fund and in cooperation with other NGDO networks in Europe. The platform will undoubtedly have to struggle in order to survive.[2]

Successful implementation of any development cooperation policy is only possible if NGOs, the private and academic sectors and society at large work together with governmental institutions. Unfortunately, this is not the case in Latvia. Public awareness of development cooperation is practically non-existent, and until now, not a single NGDO has been able to attract national private funding for its activities.

The country's first genuine NGDO, GLEN Latvia, arose from a trilateral project with the main stakeholder in Germany. GLEN Latvia is a politically neutral, non-profit organisation that seeks to raise awareness about global development issues and promote the ideas and basic values of sustainable development and global justice. Through the organization, young people are given the opportunity to participate in projects in Africa and Asia, and are thus able to experience and compare diverse understandings of development and development cooperation and to exchange knowledge and skills. GLEN Latvia encourages young professionals to use these unique project experiences to educate society on development issues.

As of now, it is impossible to speak of public support or even understanding of development cooperation. Even humanitarian assistance in crisis situations is seen as the responsibility of "rich countries". The first and so far only show of support for humanitarian actions from the Latvian cultural sector has come from singer Marie Naumova, who was designated UN Goodwill Ambassador for Latvia and organized a concert for the victims of Beslan[3] in 2004.

Broader public participation in humanitarian aid actions, such as assistance for the December 2004 Indian Ocean tsunami victims, has been extremely limited and short-term. For the most part, people are disinclined to even think about the situation in low-income countries and about their global responsibility, at the same time that they are being asked to make a contribution. Globalization is viewed only as an instrument for ensuring their own welfare, and in some cases, even NGOs are open to cooperation merely in the event that somebody will offer a competitive salary for the work involved.

TABLE 2

ODA sectors of intervention (%)

SECTOR	2004	2005
Governance and reform of the State	40	95
Security and conflict prevention	50	0
Justice	0	0
Local economic development (agriculture, small and medium-sized companies, etc.)	7	0
Human rights and civil society support	0	5
Private sector and investment	3	0
Decentralization and strengthening of local authorities	0	0
Migration	0	0

Facing the reality

It is a huge challenge to be a support receiver and giver at the same time. Latvia's three NGDOs and 20-odd likeminded NGOs face enormous pressure in competing with the 10,000 NGOs that focus on solving the growing problems within the country itself. The Ministry of Foreign Affairs has already made enormous progress from the moment back in 2002 when the Development Cooperation Policy department was created. On the basis of Latvia's commitment to development cooperation, as well as its economic growth and experience in reform implementation, there are plans to significantly increase the budget for bilateral and trilateral projects in the less developed countries in the coming years. The Ministry of Foreign Affairs has drafted a concept document that establishes annual increases in Latvian development cooperation funding so as to reach 0.1% of GNP by 2010.[4]

This commitment may seem meagre in comparison with the EU average, but considering the social situation within the country, it is more than adequate. In the meantime, a number of serious questions need to be answered in view of the pressures from the "old" EU member states and the growing number of NGOs that are willing to act as experts and share their transition-period experience.

- Is an increase in funding the only responsibility involved in achieving the Millennium Development Goals?
- Do the current EU policy and the way it is implemented genuinely contribute to reducing poverty and injustice in the world?
- Have we truly established a global partnership for development?
- Are we ready to recognize that a huge part of funding is spent on ensuring our own participation in the "game" that goes by the name of global development?
- Do we want to be players, fighters or students in this global game while injustice, poverty and human suffering continue to grow?

Perhaps it would still be possible to achieve the Millennium Development Goals if we were ready to accept the fact that the time has come to truly cooperate in giving for the sake of the world, as opposed to taking under the pretence of giving. ■

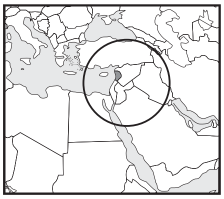
2 Additional information available from: < www.trialog.or.at/docs/lapas_ct2006.ppt >

3 The Beslan school hostage crisis (also referred to as the Beslan school siege) in the Russian town of Beslan in North Ossetia, which began 1 September 2004 and ended 3 September with hundreds of deaths.

4 Republic of Latvia, Ministry of Foreign Affairs. <www.mfa.gov.lv/en/DevelopmentCooperation>.

■ LEBANON

Economic social and environmental consequences of the war: a preliminary assessment



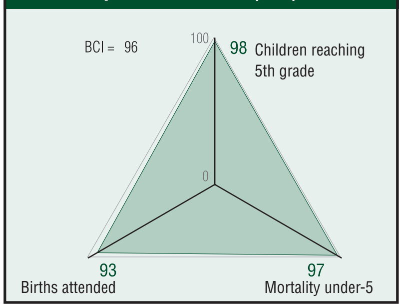
Due to the emergency situation in Lebanon, the national report by Amal Moukarzel-Damien in collaboration with May Hazaz (École Libanaise de Formation Sociale, Université Saint-Joseph), written before the Israeli attacks, was replaced at the last moment by this overview contributed by ANND on 23 August 2006.

Arab NGO Network for Development

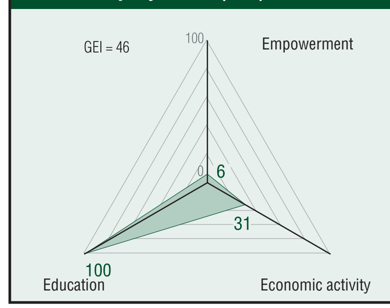
On 12 July 2006 Israel launched a massive attack on Lebanon that only ended 33 days later with a UN Security Council resolution and unprecedented world public opinion outrage. The Lebanese Association for Human Rights documented 57 massacres while the attack lasted. The number of dead in those incidents ranged between 6 and 35 (the Association highlighted that they were only reporting the events that they documented). As of 23 August, the Lebanese government had published these official estimates: 1,183 dead; 4,059 injured; 256,184 displaced; 15,000 homes destroyed and 77 bridges hit.

The effects of the war, by all estimates, are so massive in relation to the size and capabilities of the Lebanese economy, that many government and private-sector analysts are describing it in terms of massive natural disasters such as earthquakes and tsunamis. Overall losses (actual and lost opportunities) are being estimated at USD 9.5 billion or 40% percent of GDP. However, basic economics would say that if the total economic consequences were similar to those of an earthquake, the Lebanese would, believe it or not, be relatively lucky.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The damage in infrastructure, factories and other productive facilities is estimated at around USD 2.5 billion. The minister of Agriculture said the losses inflicted to the agricultural sector were estimated at USD 500 million. The implications of these losses on economic activity are severe, and several agencies have already significantly revised their growth projections for 2006 down from 6% to 0% at best, i.e., a loss of USD 1.1 billion. The implications on the fiscal front, for a country with an already very high debt ratio, will also be hard, including loss of revenue from taxes and customs duties, estimated at around USD 700 million. Additional expenditures to deal with the effects of the war, such as health issues, compensation, and reconstruction, are difficult to estimate at this stage.

As for the balance of payments, the loss of exports, estimated at USD 200 million, combined with the loss of revenues from a promising tourist season, estimated at USD 3 billion, will weaken the current accounts, which will in turn weaken the balance of payments if capital inflows are not stepped up. Indeed, the lost opportunities in foreign direct investment are already estimated at USD 2 billion. If international investors, tourists and even residents start to see the present war as a harbinger of indefinite conflicts in the future, the full economic implications of this war would be much higher indeed, observed economist Mazen Soueid in a column for *The Daily Star.*

Fadel al-Shalaq, head of the Lebanese Council for Development and Reconstruction (CDR), compared the devastation to the damage from the 1975-1990 civil war that tore the country apart, saying, "the result is that you can compare these losses with the losses Lebanon sustained over 17 years, except this time we witnessed it in one month". He added that 30,000 homes had been hit, a quarter of them in the crowded southern suburbs of Beirut, a Hezbollah stronghold that was battered by Israeli air strikes. If rebuilding began immediately, it would take at least a year to repair the infrastructure and three years to replace or repair damaged buildings. It took years and billions of dollars for Lebanon to recover from the 1975-1990 civil war, and now, in many cases, the country must start the process again.

ISRAEL'S HISTORY WITH LEBANON

Counting the costs of Lebanon's economic losses over years of Israeli attacks: 1968-2006: 24,000 killed; 49,000 wounded; USD 4.5 billion in physical damage and USD 25 billion in lost GDP

Between 1968 and 2006, Israel waged over 5,000 military attacks against Lebanon, including five invasions and/or major campaigns. Most of the economic damage was caused in the 1978 invasion (USD 418 million), the 1982 invasion (USD 1.7 billion) and the 2006 onslaught (USD 1.6 billion). The attacks harmed all economic sectors and targeted hundreds of thousands of housing units and private property at a cost of USD 1.6 billion, and of commercial establishments (damages valued at USD 938 million), manufacturing (USD 338 million), and airports, airline property and radars (USD 328 million). The largest single number of human losses occurred in 1982 when Israel launched a major invasion of Lebanon, killing over 19,000 Lebanese and wounding 32,000. In total, almost 24,000 Lebanese were killed during Israeli attacks between 1948 and 2006, and 49,000 were wounded.

In the period of 1968-2006, all major incursions caused the displacement of hundreds of thousands of civilians, especially from the southern regions to safer areas up north. For example, the current crisis forced almost a million Lebanese to leave their homes, which means loss of safety and security and hardships in obtaining shelter, medicine, food and the amenities of life.

By Kamal Dib, Canadian economist of Lebanese origin, author of several books on the Middle East, most recently "Warlords and Merchants". From an article published by The Daily Star.

Airport losses

The losses at the airport have been estimated at around USD 170 million with average daily losses of USD 5 million, including the losses of government revenues, the duty free market, and the airlines. This is in addition to the losses due to damages of fuel storage and airport infrastructure, which amount to around USD 18 million.

Port losses

The siege on ports continued after the ceasefire, inflicting chaos and delays in the resumption of work on the Lebanese ports, which are close to and competitive with the Israeli port of Haifa.

The losses to transport companies and the port administration are estimated at USD 4.5 million. The losses due to export and import stagnation and the related losses in taxation amount to around USD 60 million. This brings the overall direct losses to the port to around USD 65 million (from an article by Adnan el Hajj in *As-safir* newspaper).

Impact on the hotel sector

Lebanon had expected 2006 to be its best year for tourism since 1974, with estimates of 1.8 million tourists spending USD 2.5 billion. These expectations vanished into thin air, along with the exodus of tens of thousands of vacationers and expatriates. The overall hotel occupancy rate in Lebanon hovered around 34%, but several five-star hotels were all at least 70% full, and are typically frequented not by wealthy Gulf nationals, but by the international press, including the crews for the BBC, CNN and Fox News, multinational corporations, and global humanitarian groups.

The average price of a hotel room in Lebanon has dropped from USD 160 to USD 120 a night since the onset of the violence. Since the new market is ephemeral at best, most hotels have offered tour groups reductions of 30-40% on commercial tour packages and are organizing promotional campaigns to woo Gulf tourists back to Lebanon in time for religious holidays (based on reporting by Lysandra Ohrstrom, *The Daily Star*).

Migration, unemployment

Unemployment has increased dramatically since the attacks, as the work contracts of thousands of employees were cancelled. The number of Lebanese who left the country because of the war exceeds 210,000, many of whom will not return immediately. There were close to a million internally displaced persons.

Debts

The damages to the financial and monetary sector in this context were much smaller, but for banks the problem is that of investment plans that exceed USD 3 billion and which are all set on hold or cancelled. This is in addition to the problem of private sector debt, which amounted to around USD 18.6 billion before the Israeli attack, and which will increase as a result of the attack.

Environment and health

The war has badly polluted the air, sea and land. During the conflict, Israel's air force carried out approximately 7,000 aerial attacks throughout Lebanon while its navy conducted more than 2,500 bombardments of the Lebanese coast, according to the Israeli military. "A crater caused by Israeli munitions in Khiam contained a high degree of unidentified radioactive materials", reported Mohammad Qobeissi, a member of the National Council for Scientific Research. Qobeisi, along with Ibrahim Rashidi from the Faculty of Sciences at the Lebanese University, have inspected the crater – which is three metres deep and has a diameter of 10 metres – with a Geiger-Muller counter, used to detect nuclear radiation and radioactivity. The Israeli weapons launched on Khiam and the neighbouring areas of South Lebanon probably contained a high level of uranium, Qobeisi added. The inspection was done in the presence of former French health minister Bernard Kouchner.

Leftover cluster bombs kill after the ceasefire

On the morning of the ceasefire between Lebanese Hezbollah militias and the Israeli military, 11-year-old Hadi Hatab stepped out to play in the street for the first time in more than a month. Seconds later a cluster bomb exploded. Hearing the blast, Hadi's father, Moussa Hatab, 32, ran to help his son, detonating another bomb that killed him 72 hours later.

On 14 August, the Lebanese army began the painstaking task of clearing the thousands of unexploded cluster bombs that litter the fields, gardens, doorsteps and playgrounds of Nabatiyeh and its surrounding villages. A Lebanese soldier said he had detonated 1,000 such devices already.

"I have never seen anything like it before. It is far more widespread than in Iraq", said Sean Sutton, spokesman for the Nabatiyeh office of the Mines Advisory Group (MAG), a UK-based NGO. Sutton said the group was struggling to cope with the quantities of cluster bombs lying around Nabatiyeh. He added that he saw both M42 and M77 cluster bombs, which are either US-made or Israeli copies. The leftover bombs are hampering the delivery of relief food. "The threat is enormous", said Matt Hollingworth of the United Nation's World Food Programme.

These cluster bombs, or submunitions, are small metallic canisters, about the size of a torch battery. Typically, tens to hundreds of these bomblets are ejected from artillery shells in mid-flight, showering a wide area with explosions that kill anyone within 10 metres of where they land. The types of artillery-delivered submunitions used by Israel have an initial failure rate of at least 14%, according to U.S. military testing data. However, up to a quarter fail to explode. In Yohmor, 7 km from the Israeli border, locals say nearly three-quarters of the people from the area have been unable to return to their homes, because there is no safe path through the explosives.

Despite a decades-long campaign by human rights groups to ban cluster bombs altogether, they are permitted under international law as long as they are not used in urban areas. An Israeli military spokesman insisted on 17 August that Israel used these munitions "within the confines of international humanitarian law". "Because of their wide dispersal pattern, cluster munitions should never be used in populated areas", said Kenneth Roth, executive director of Human Rights Watch. "The laws of war don't ban cluster munitions in all circumstances. But the use of cluster munitions in or near civilian areas violates the ban on indiscriminate attacks, because these weapons cannot be directed at only military targets". Cluster submunitions with high initial dud rates "effectively become antipersonnel landmines", Roth said. "Even if civilians are not present at the time of attack, they risk stumbling onto the submunitions weeks, months or even years later, triggering fatal explosions".

United Nations deminers, beginning emergency survey and clearance work in the south of Lebanon, have identified 10 locations where Israel used artillery-delivered cluster munitions during the recent hostilities, Human Rights Watch reported. They have been able to visit only a limited region so far, and fear that the 10 sites identified in the first two days could be the "tip of the iceberg".

Toxic air a major health hazard

Local non-governmental organizations and government officials have warned that chemicals and dust from the buildings hit during Israeli air strikes on Lebanon have badly polluted the air and land. "The combination of toxic fumes that has been spreading for the past five weeks, which people have inhaled and is already in their bodies, is a great source of contamination", said Greenpeace campaigner Zeina al-Hajj.

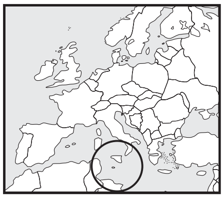
Israel's attacks on fuel tanks at the Jiyeh power station on 13 July and 15 July caused a 10,000-tonne oil spill into the Mediterranean Sea, which could not be cleaned up because of the ongoing fighting. These bombings on the fuel tanks also resulted in a fire that burned for three weeks, releasing a cloud of smoke which hung over Beirut and central Lebanon and which could be seen from 60 km away.

"The oil spill is the most visible environmental damage of this disaster but of course there are many more", al-Hajj said. "The bombs themselves are a problem. With all the chemicals that are in them and the amount that have been dropped, there you have an environmental disaster in itself". The bombing of factories that made products such as glass, foodstuffs and plastics has also released these chemicals and chlorine into the atmosphere in central areas of Lebanon, potentially affecting as many as two million people.

The bombing of electricity transformers such as the one that was hit by Israeli air strikes in the town of Sidon on 12 August resulted in the release of polychlorinated biphenyls (PCBs) into the atmosphere. Lebanon still uses transformers that contain parts that were made with PCBs, despite an international ban on the substance. "These are chemicals that are bio-accumulative and persistent so when you inhale them they stay in your body, and they cause cancer", said al-Hajj. ■

■ MALTA

The benefits and challenges of EU membership



The economic and social changes entailed by EU membership have had a positive impact on Malta in such areas as gender equality and living standards. But joining the bloc has also posed new challenges through the transition to a market economy and the growing phenomenon of irregular immigration.

Kopin
Joseph M. Sammut

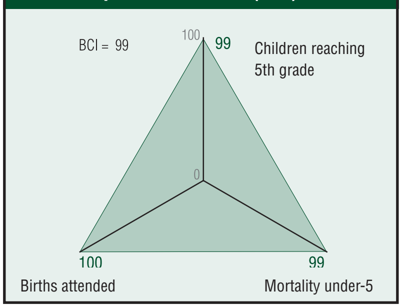
Malta became a member state of the European Union (EU) on 1 May 2004. The past few years have been marked by a wave of rapid and unprecedented changes in various sectors of society in order to bring the country's laws and policies in line with the *acquis communautaire*, the body of EU legislation which candidate countries must adopt to become members of the bloc. EU membership has brought positive changes, including the adoption of gender equality legislation and improvements in living standards. But membership has also posed new challenges resulting from economic restructuring and the transition from a centralized to a market-driven economy.

Gender equality

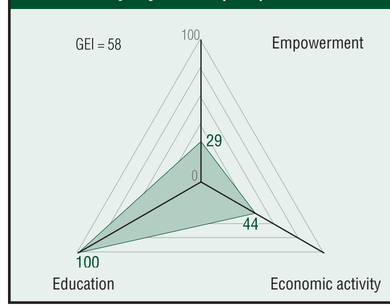
Malta's commitment to the promotion and actual implementation of gender equality has been recognized by reports from both the EU (EU Commission Report COM, 2005) and the United Nations (UN Economic and Social Council, 2004). The National Commission for the Promotion of Equality is working towards reaching the Lisbon Agenda goal of raising the employment rate by increasing the number of women in the workforce. In addition, an ongoing exercise has been undertaken in which all legislation and government policies are monitored in order to make them gender-inclusive and to eliminate all forms of written discrimination.[1] Nevertheless, gender balance remains an area in which Malta continues to lag behind the other EU member states. According to the Eurostat Labour Force Survey for the third quarter of 2005, the male employment rate (the percentage of working-age people who have jobs) in Malta was 77.9% and ranked 13th among all European countries, while the female employment rate stood at 37.0% and was the lowest in Europe (Eurostat, 2006). There are ongoing projects co-financed by the European Social Fund to increase the participation and advancement of women in the labour market. Such projects are especially crucial given the fact that women tend to make up a higher proportion of people living in or at risk of poverty in Malta.

1 The *EU Directive 2002/73/EC* came into force in October 2005.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Unemployment and poverty

The economic and social changes taking place in Malta are creating new demands and new expectations. Although an improvement in living standards has been registered,[2] certain pockets of the population are falling behind. The unemployment rate has been rising, and as a result, unemployment benefits as a percentage of GDP have increased from 0.9% in 2000 to 1.2% in 2005. In 2005, 8.9% of children aged 0-17 were living in jobless households, an increase of one percentage point over 2000. At the same time, the population is aging, due to changes in family size and structure. In 2005, the most prevalent household size in Malta comprised four persons (27.3%), followed by two persons (24.3%), three persons (22.2%) and one person (13.2%) (NSO, 2006c).

Meanwhile, although great strides are being made towards achieving gender equality and eradicating poverty, there is still a section of Maltese society, mainly female, that still faces the risk of poverty. As a consequence of the changing social environment, the proportion of births outside marriage has increased significantly, from 2.2% of all births in 1992 to 19.8% in 2005 (NSO, 2006c). This may put more women and their offspring at risk of poverty. In addition, women who choose the traditional role of staying at home looking after the family and thus do not participate in the formal economy receive a non-contributory pension or widow's pension, which is considerably less than a contributory retirement pension, and will mean a lower income for these women later in life. The government has been encouraging citizens to buy private pension schemes to safeguard their standard of living when they reach retirement age, which may increase the gap between the "haves" and the "have-nots" in the future.

2 In UNDP *Human Development Report 2005*, Malta ranks number 32 on the Human Development Index (HDI) with a per capita gross domestic product (GDP) of USD 17,633 in 2003.

The Maltese economy is facing stiff competition in the globalized market economy. The manufacturing sector has experienced difficulties due to lower demand, and several factories have closed down, while others have reduced the number of employees. On the other hand, new jobs are being created in the service industry and pharmaceuticals and information technology (IT) sectors. Redundant workers need re-education and training in new skills to help protect them from remaining jobless. Unemployment registration statistics (NSO, 2005b) show that 50% of the unemployed were found to be at risk of poverty; the average for the EU-15 (the 15 member states of the EU before the 2004 enlargement) is 38%. Moreover, 45% are young people who lack a contributory history or still live at home and so are not entitled to social benefits, and one in five or 20% did not complete secondary education. This category is more likely to be unemployed than those who have completed school, and will tend to remain unemployed for a longer period.

Public financial administration

Table 1 gives a bird's eye view of the generation and distribution of public finances for 2004-2005. The Maltese Government revenue comes mainly from direct and indirect taxes (86.86%). The economy is undergoing a restructuring process through which government and commercial corporations are being sold to the private sector. This is generating revenue for the government, but it is also reducing the social responsibility towards the common good that government corporations used to provide.

Malta is classified as the second most indebted country in the EU. Eurostat statistics show that Malta comes after Cyprus (72.2%) with a 72% gross debt relative to the gross domestic product (GDP) (Eurostat, 2004). In 2005, the government allocated 8.99% of its budget towards public debt servicing, which compared to expenditure on education (6.65%) reveals a gap of 2.34% or MTL 17.92 million (USD 51.91 million). The resources spent on debt servicing show that the government needs better financial management in controlling and balancing its budget.

Irregular immigration

Malta has witnessed a considerable increase in irregular immigration. Most of these immigrants are from sub-Saharan African countries, attempting to emigrate towards Europe. Between 2004 and 2005, 3,210 persons were registered as irregular immigrants; the majority had arrived by boat after setting out from North African countries (NSO, 2005c).

The irregular immigration phenomenon in Malta started in 2001 with the arrival of 1,686 asylum seekers (NSO, 2005c). Malta is a densely populated island country, with 1,282 inhabitants per square kilometre (NSO, 2006a). It is at the crossroads of the Mediterranean, making it one of the main routes for the "boat people" leaving North Africa to reach mainland Europe. Upon joining the EU, Malta became part of the Dublin Convention, which states that asylum seekers must remain in the first country where they land. Thus, all "boat people" passing through the Maltese search and rescue area are referred back to Malta. This is seen as a convenient way for larger EU countries to keep immigrants out of their own backyards.

Irregular immigrants are taken to detention centres that are currently accommodating 1,279 detainees. The centres are overcrowded, with the overflow of immigrants living in tents. Detainees are managed by army and police officials, who are responsible for security, accommodation, meeting basic needs, providing access to medical care and day-to-day administration. Soldiers are trained to kill, not to look after people, and are clearly not the right people to be entrusted with this task. In the meantime, most of the Maltese public looks upon the "boat people" as a burden and as such they are unwanted by the local population. This has made irregular immigration in Malta a hot political issue, and has led to the formation of new right-wing parties that are vocally opposed to providing asylum to these individuals.

The Maltese population must learn to be more tolerant towards asylum seekers and to better understand their situation. At the same time, however, the EU must recognize the fact that Malta is by far the member state that is bearing the heaviest burden relative to its size and resources. The EU member states should show solidarity with Malta and the asylum seekers by accepting them in their own countries and working towards eradicating poverty in the impoverished nations that these people are attempting to emigrate from.

TABLE 1

Comparative Maltese Government Finance Data 2004-2005 (in USD millions)

Maltese Government Finance	2004 MTL 1 = USD 2.9061*	% Distribution	2005 MTL 1 = USD 2.8959*	% Distribution
Total Revenue *consisting of:*	***2,679,060.94***	***100.00***	***2,988,702.01***	***100.00***
Loans	**290,458.88**	**10.84**	**318,549.00**	**10.66**
Receipts from sale of shares			**63,104.56**	**2.11**
Other Extraordinary Receipts	**25,861.38**	**0.97**	**11,111.57**	**0.37**
Recurrent Revenue	**2,362,737.76**	**88.19**	**2,595,936.89**	**86.86**
of which:				
Grants	88,084.00	3.73	193,894.98	7.47
Customs and Excise	181,076.18	7.66	190,173.75	7.33
Consumption Tax	411,417.00	17.41	487,469.74	18.78
Income Tax	613,701.48	25.97	642,194.78	24.74
Social Security	551,162.21	23.33	566,400.39	21.82
Others	517,297.42	21.89	515,803.23	19.87
Total Expenditure *consisting of:*	***2,714,033.00***	***100.00***	***2,854,060.04***	***100.00***
Recurrent Expenditure *of which:*	**2,129,721.00**	**78.47**	**2,218,184.11**	**77.72**
Education	145,921.09	6.85	147,453.44	6.65
Social security (benefits)	602,893.69	28.31	639,501.60	28.83
Others	1,380,906.07	64.84	1,431,229.07	64.52
Public Debt Servicing	**280,275.91**	**10.33**	**256,530.41**	**8.99**
Capital Programme *of which:*	**304,036.00**	**11.20**	**379,345.52**	**13.29**
Productive Investment	78,569.32	25.84	84,493.67	22.27
Infrastructure	121,164.03	39.85	143,598.99	37.85
Social	104,302.84	34.31	151,252.86	39.87
Gross Government Dept *of which:*	***3,933,127.36***	***100.00***	***4,065,226.77***	***100.00***
Treasury Bills	**713,026.17**	**18.13**	**550,866.79**	**13.55**
Government Stock	**2,948,808.05**	**74.97**	**3,258,851.83**	**80.16**
Foreign Loans Outstanding	**199,274.18**	**5.07**	**188,922.72**	**4.65**
Other dept assumptions	**77,479.53**	**1.97**	**72,032.62**	**1.77**
MGSF Investment in Government Debt	**-5,460.56**	**-0.14**	**-5,441.40**	**-0.13**

Source: Extracted from NSO: Government Finance No. 92/2006, p. 6. *Annual exchange rate

Official development aid

Malta is a signatory of the Millennium Development Goals (MDGs) and has made a commitment to contribute 0.17% of its gross national income (GNI) as official development aid (ODA) to developing countries. A recent report published by the European Commission (2006) shows Malta to be the highest donor among the 10 new member states, with an ODA contribution of 0.18% of GNI. However, another report released by CONCORD (2006) – a European non-governmental development organization (NGDO) platform of which the Maltese NGDO Platform, coordinated by Kopin, is a member – states that Malta's overseas development aid is deceptively doubled by including the spending on refugees in Malta. Genuine ODA is money allocated as development aid to improve the welfare of the poor in poor countries, and not money spent on refugees or foreign students studying in the donor country. In addition, Malta wrote off MTL 2.8 million (USD 6.3 million) in debt owed by Iraq in 2004, and this money was included as part of Maltese ODA for 2003-2005 (Calleja, 2006).

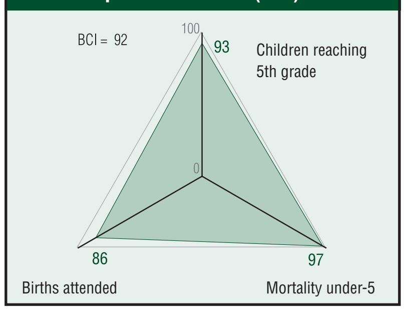
(Continued on page 259)

Investments that do not guarantee rights

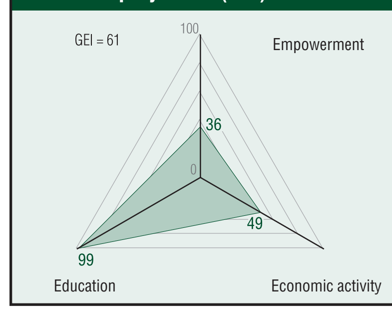
When public-private associations that provide basic services do not guarantee economic accessibility – one of the key components of economic, social, and cultural rights – and both coverage and access are defined by the ability to pay, the Government fails to fulfil its obligation to satisfy these rights. Also, if the Government allows or favours foreign direct investment in development projects that are neither socially nor environmentally responsible it fails to comply with its obligation to protect human rights.

DECA Equipo Pueblo[1], **Espacio DESC**[2]
Areli Sandoval Terán[3]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The hotly contested and disputed results of the 2 July 2006 federal elections, and the ensuing socially and politically tense climate, have brought out into the open the ideological confrontation between the different visions of the country, and the very different experiences lived by the various sectors and regions with respect to the impact of the economic and social development model. The profound divide and inequality that we are living demands a profound, serious and participative revision of the economic liberalization model that has been dominant in Mexico for the last quarter of a century. As a contribution to this challenge, the Social Watch Mexico report analyzes from a human rights perspective some of the schemes applied by the Government to mobilize resources – public, private, national and foreign – toward development, and looks into their effects on the living conditions of the population. It also proposes alternatives and recommendations toward the attainment of the right to development.

Associations that are more private than public

The report made by UN Secretary General Kofi Annan to the Preparatory Committee to the Monterrey Conference on Financing for Development, stated that although private foreign capital can play an important role insofar as it supplements domestic resources, there have been negative experiences when these investments do not comply with labour or environmental regulations. Annan emphasised that both governments and transnational corporations should act responsibly in these areas (A/AC.257/12, paragraphs 46, 47 and 60, 18 December 2000).

Alleging budget restrictions that made it difficult to meet the need for infrastructure and basic services, between 1983 and 2006 governments promoted foreign direct and indirect investment and set up different kinds of public-private associations (PPAs) in the energy, roads, water supply, health, housing, and higher education sectors. For example, the Vicente Fox administration (2001-2006) implemented a mixed investment scheme called Projects for the Provision of Services, a different kind of PPA.[4]

Fox maintains that the PPAs improve the quality and coverage of public services because they bring efficiency and capital from the private sector, they promote the development of domestic providers and make them more professional, and they reduce costs and free resources for other social projects[5]. But this is simply not happening. As health, education and drinking water services and the construction of new housing are privatized, the coverage they provide is now determined by people's capacity to pay. In addition, transnational capital has replaced the domestic private sector, and contrary to what is claimed, the Government has de-capitalized key social sectors like education, health and social security. The State has not fulfilled its obligation to allocate the maximum resources available to working towards establishing the rights enshrined in the International Covenant on Economic, Social and Cultural Rights (ICESCR).

The PPAs are "following the general trend towards the commercialization of services ... and they are still a form of privatization" (McDonald and Ruiters, 2006) so they are more geared to making profits than to enhancing social development. To make matters worse, the privatization of services can lead to violations of human rights if economic accessibility, a basic element in economic, social and cultural rights, is not guaranteed. This happens, for example, when a transnational corporation raises its charges for basic services so much that this compromises the enjoyment of other rights. In all cases of privatization the State should fulfil its obligation to protect people's human rights against non-State third parties by supervising and regulating how these organizations operate, and by providing mechanisms and resources to defend human rights if violations take place. The example below is a good illustration of this situation.

Privatizations that trample human rights

The National Water Commission claims that Aguas de Saltillo in the state of Coahuila, a mixed public-private association that involves the Spanish corporation Aguas de Barcelona,[6] is a successful privatization scheme that provides drinking water and sewage facilities.

However there was no adequate prior consultation with the local population, charges for the services were illegally increased above the level of the National Consumer Price Index, and the demands of the Users Association of Aguas de Saltillo were not considered in due time. The Public Treasury Auditor's Office of the Coahuila Congress discovered a series of irregularities like the fact that the

1 Social Watch focal point in Mexico.

2 Mexican reference group for Social Watch and other international networks.

3 Coordinator of the Citizenship Diplomacy Programme (Programa Diplomacia Ciudadana), DESCA and Social Watch of DECA Equipo Pueblo, A.C. <arelisandoval@equipopueblo.org.mx>.

4 Secretariat of Finance and Public Credit: <www.pps.sse.gob.mx/html/que_son.html>.

5 Presidency of the Republic. Press release, 21 October 2004: "Inaugura el Presidente Vicente Fox la Primera Cumbre de Asociaciones Público-Privadas para las Américas", at: http://presidencia.gob.mx

6 The Municipal System of Aguas de Saltillo holds 51% of the shares and 49% are held by Aguas de Barcelona, of which the French transnational Suez is a shareholder.

main officers of the corporation were receiving salaries in excess of the levels stipulated in the legislation by which it was set up, some work was not reported to the Administration Council, some vehicles were purchased in contravention of the Acquisitions Law, and there have been labour rights violations such as unjustified dismissals and threats (Castañeda Bustamante, 2006).

In General Observation No. 15 concerning the right to water, the UN Committee on Economic, Social and Cultural Rights (CESCR), interpreting the ICESCR, ruled that "water, and water services and facilities, must be accessible to all. The direct and indirect costs and charges associated with the provision of water must be affordable and must not compromise or endanger the exercise of other rights recognized in the Covenant" (E/C.12/2002/11, paragraph 11, c, ii). Therefore Aguas de Barcelona is contravening the ICESCR and various ILO conventions and other commitments involving good business practices. When it comes to managing water in Mexico, the new Government must consider "the great potential of participation and democratization to improve the public water supply" and should recognize that "privatization is not the answer" (Balanyá *et al*, 2005).

Negative impacts of foreign direct investment

The way that foreign direct investment (FDI) operates was also analyzed by the DESCA Alternative Report that 105 NGOs submitted to the CESCR in May 2006. We reported how FDI projects in areas where the local people are highly dependent on the environment for farming or because they inhabit areas rich in biodiversity are doing social and environmental damage with the consent or complicity of the State. Such is the case of the Plan Puebla Panama (PPP), which affects the area from the south-southeast of Mexico to Panama in southern Central America, for which the Inter-American Development Bank as part of the High Level Committee seeking to raise financing for the PPP projects, is channelling its own funds and promoting leadership from the private sector as a financing alternative. In its fourth periodic report to the CESCR (E/C.12/4/Add.16), the Government mentions the PPP as one of the measures it is taking, in line with a 1999 recommendation by the Committee, to alleviate the negative impact that the North American Free Trade Treaty has had on economic, social and cultural rights.[7] Unfortunately, this project lacks a holistic vision of the right to development, and there are no measures to guard against or compensate for land appropriation, to prevent damage to the environment, to limit the appropriation and over-exploitation of natural resources, or to safeguard the country's cultural heritage.

At Espacio DESC we have also documented reports from communities that have suffered or are suffering violations of their human rights as a result of mega-projects. One typical case is a plan, which is part of the PPP, to build a hydroelectric dam at La Parota in the state of Guerrero. This will involve the flooding of 17,000 hectares of farmland, roads and bridges in an area that is home to 21 communities, and around 25,000 people will be displaced. The project will indirectly affect more than 75,000 people downriver and will cause irreparable damage to their health and to the ecosystem (for example, an endemic species of frog will become extinct). The La Parota project is opposed by the joint owners of common land in the area on the grounds that it does not constitute sustainable development and is a threat to community life because of its high ecological, social and economic costs. The municipal, state and federal governments have ignored these complaints, and in promoting the project at all costs they are acting in an authoritarian and undemocratic way (Espacio DESC, 2006).

The new Government, which will take office on 1 December 2006, should not fail to take action in this situation, which is so serious that it merited a specific recommendation from the CESCR urging Mexico to ensure that the indigenous local communities affected by this project, or by other mega-projects, should be duly consulted so as to obtain their informed consent beforehand. This applies to all decision-making processes connected to projects that affect people's rights and interests, as recognized in the ICESCR. The Committee also urged Mexico to recognize the rights of indigenous communities to the possession and ownership of lands they have traditionally occupied, and, should the need arise, to ensure that the indigenous and local rural communities affected by the work at La Parota, or other PPP infrastructure projects, should be suitably re-located and receive adequate compensation and alternative fertile farmland, and that their economic, social and cultural rights should be protected.[8]

The need for prior informed consent

Another mega-project that is to be undertaken with mixed investment is a wind energy facility in the Tehuantepec Isthmus, in the state of Oaxaca. Some 14 firms have shown interest in this, including Spanish corporations like Gamesa Eólica and Iberdrola (Castañeda Bustamante, 2006). While legal problems that are delaying the start of construction work are being resolved, the foreign investors are negotiating with the co-owners of common land to acquire leasing contracts for sites where the wind turbines can be located. The Government has promoted a Certification Programme for Common Land Rights and Title Deeds (PROCEDE) to be able to take possession of the land, and community representatives are having to negotiate without sufficient information or counselling, which makes it difficult for them to reject the project or strike a bargain that will benefit the community. This means the transnational corporations involved are taking advantage of the fact that the community is poor. In this situation it is very important for the authorities to analyze seriously the possible environmental, economic and socio-cultural impacts about which various organizations that are absolutely opposed to the construction of the energy facility have already sounded the alarm.

Conclusions

It is clear that unrestricted free trade and foreign investment has mostly worked in favour of transnational corporations. We agree with the UN commentators that the negative impact of globalization on the exercise of human rights "is multi-dimensional, and therefore calls for a critical re-think of trade policies and instruments, international investments and finance, and that human rights should no longer be treated as something peripheral to how the system is formulated and how it operates" (E/CN.4/Sub.2/2000/13).

In the light of these problems, the new Government should apply every human rights instrument, principle and recommendation,[9] and show that it has the political will to act in accordance with them. We also demand that it take account of the proposals and recommendations regarding ESCR set out in the national diagnosis from the Office of the UN High Commissioner for Human Rights as it is faced with an economic model that has not been socially responsible (Office of the UN High Commissioner for Human Rights, 2003). The Government should also consider the 1999 and 2006 CESCR recommendations; promote UN standards in the new Human Rights Council (of which Mexico is the current president) and UN standards concerning the responsibilities of transnational and other commercial corporations in the human rights area (E/CN.4/Sub.2/2003/38/Rev.2); promote the facultative protocol of the ICESCR to set up a mechanism to report violations; uphold the supremacy of international human rights instruments over other kinds of treaties – in line with the UN Charter – and set up suitable spaces for civil participation in public economic and social policies. Investment in economic and social development with a human rights perspective is a crucial task and one of the major challenges in the 2007-2012 period. ■

References

Balanyá, B., Brennan, B., Hoedeman, O., Kishimoto, S. and Terhorst, P. (Eds.) (2005). *Por un modelo público de agua. Triunfos, luchas y sueños.* Transnational Institute / Corporate Europe Observatory / El Viejo Topo.

Castañeda Bustamante, N. *et al* (2006). *Estudio sobre el impacto social y medioambiental de las inversiones europeas en México y Europa.* Mexico: CIFCA/RMALC.

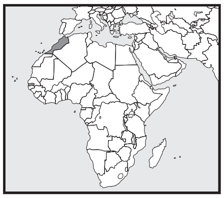
(Continued on page 259)

7 Final observations made by the CESCR to Mexico in 1999: E/C.12/1/Add.41, paragraph 35.

8 Final observations made by the CESCR to Mexico in 2006: E/C.12/CO/MEX/4, paragraph 28.

9 The impacts of economic globalization on human rights have been analyzed by various bodies, commentators and specialist UN agencies. For example the Human Rights Commission resolution on globalization and human rights (E/CN.4/RES/2003/23) and the High Commissioner for Human Rights report on trade, investment and human rights (E/CN.4/Sub.2/2003/9), etc.

Programmes do not address the roots of poverty



The development programmes are not coordinated and lack monitoring to evaluate and modify the impact, quantity and quality of the resources they mobilize. The new National Human Development Initiative has a limited budget and while it proposes citizen participation, the NGOs feel barely represented.

Espace Associatif [1]

In recent years various reforms were announced in the fields of education and of laws related to family, work and criminal justice, as well as Obligatory Health Insurance, among others. Nevertheless, the real results do not meet the expectations of the citizenry, especially the civil society organizations that work toward the development of democracy. An examination of diverse indicators related to socio-economic development, equality of opportunity and the fight against poverty is not encouraging.

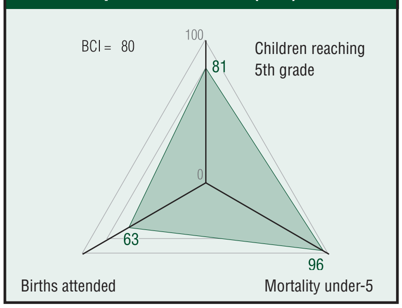
The Social Watch 2006 report, dedicated to the theme of financing for development, is a logical continuation of the 2005 report on poverty and gender five years after the United Nations Millennium Summit and 10 years after the Beijing Conference on Women. The latter made public the deficiencies that still exist and which are a true challenge to meet in order to achieve the Millennium Development Goals.

This contribution from Espace Associatif to the 2006 report has been preceded by the implementation of a consultation that established a platform made up of 32 NGOs from different regions of the country that operate in different sectors linked to development. The objective is to answer the question: "How can we mobilize diverse financial resources and put them to the service of social development, the fight against poverty and discrimination?"

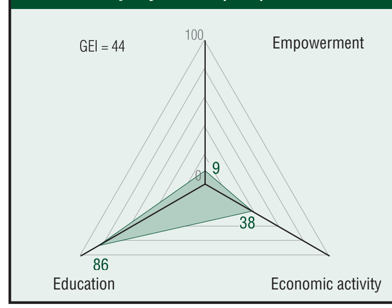
The debates on this question about financing for development have shown how this question has raised many others, linked to democracy, good governance and respect for human economic, social and cultural rights, as well as participation and in particular women's rights.

Before making a general empirical assessment of the funds in Morocco that are already being used and those that can yet be utilized to ensure social development, we have defined social development as the satisfaction of economic, cultural and social needs; and as society's answer to certain risks that affect developing peoples: the abusive exercise of power, the marginalization of its members and the unequal distribution of the fruits of economic growth. Social development is thus a social process characterized by active collective attitudes that promote integration of individuals by society, the establishment of social solidarity relations within society and the implementation of a good management system. Actions taken for social development will imply measures tending to suppress discrimination and eradicate poverty.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Poverty and emigration

The analysis of poverty from the perspective of income has reaffirmed the importance of transfers within families and above all those that spring from emigration as an attenuating factor. This remark highlights the decisive role emigration plays as a means of compensation. Migration policies and the behaviour of States in terms of management of labour flows are principal components of the actions to take against poverty. Flows of labour which are free from all obstacles are a decisive means of fighting against poverty because they alleviate the demographic pressure on regions that lack resources and capital, which for structural reasons cannot achieve a level of competitiveness that will ensure a decent life for their population.

Insufficient economic growth limits the balance of the labour market and determines an internal and external migratory movement. Internal migrations translate into a demographic pressure on the cities and a structural labour surplus in the urban labour market. This situation requires development actions on three levels: investment in campaigns to fight poverty and create employment for rural young people, investment to fight against unhealthy housing and to correctly equip the urban peripheries and finally, investment in productive activities to generate a level of growth and employment sufficient to eradicate poverty and unemployment and create an accumulative process of growth and improvement in the quality of life of the people. As the productive apparatus does not succeed in absorbing the labour force offered in the internal market, there is a strong pressure for emigration.

TABLE 1

State income in 2003 (MAD billions)	
Customs duties	11.30
Internal consumption taxes	15.80
VAT	18.25
Various loans	40.50
Revenue from State assets	4.40

Public spending without monitoring or evaluation

State spending reaches MAD 117.3 billion,[2] around 83% allocated to operational costs. In the general budget, investment continues to be limited, and 53% of the budget is used for paying the salaries of government employees. The remainder is assigned to the purchase of goods and services, to servicing the external debt and other matters.

For the moment, public expenditure for the different departments are stipulated based on previous budgets without economic evaluation of the performance of public projects that would permit reorganizing the budget.

Public expenses are dominated by salaries of government employees and debt service. Social

1 Representatives of 32 associations from different regions that operate in multiple sectors participated in the consultation meeting organized by Espace Associatif (www.espace.cjb.net).

2 USD 1 is equal to MAD 8.77 (June, 2006).

budgets for education and health consume a great part of public spending. The State pays for food and gas subsidies. In addition, it supports rural medicine and tries to fight poverty by means of a series of programmes in infrastructure, housing and promotion of activities that generate income, above all micro credit loans.

In 2003, the State spent MAD 18.9 billion on formal education and MAD 4.3 billion on health. For programmes in infrastructure, rural development, housing, food subsidies and others it invested MAD 18.9 billion.

Our analysis has revealed an extreme dispersion of the means mobilized by the State and also a lack of coherence and monitoring of the effects of the plans and resources mobilized.

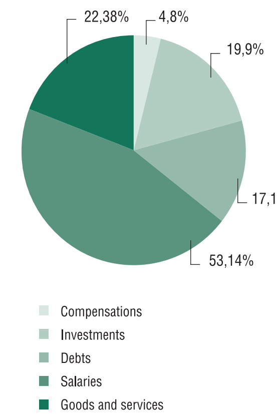
The balance between spending and investment in the last few years makes evident a surplus principally in the homes and in financial ventures. The State and non-financial ventures recur to the savings of other economic agents to finance their investments. In 2003, contributions from households represented a third of the total national investment (MAD 120 billion), while the non-financial entrepreneurial ventures contributed with more than half (MAD 65 billion), above all the public enterprises. Public companies only contributed 10% of the total investment, approximately MAD 13.7 billion.

National accounts do not provide information on the modalities of distribution of household savings (positive as well as negative) or on the rate of evolution of poverty.

Economic activities generate resources whose modalities of redistribution cause the restructuring of wealth. The sectors that generate savings have got richer and those who live on their earnings have got poorer. This phenomenon is significant because for a very long time the productive sector was predominantly household-based. Only in 2001 did the added value generated by non-financial enterprises exceed that generated by households.

The internal market is open to foreign direct investment. Reduction of customs barriers, within the framework of trade policy, harms the artisan sector. The activities that maintain themselves in this context are those protected by public regulations or investment. The initiatives of the sectors exposed to international competition need to be restructured.

State expenditures in 2003 (MAD billions)



Meanwhile, the remittances sent by emigrants are very important and contribute significantly to the reduction of poverty.

The State maintains a fiscal policy that takes social objectives (such as waivers of the value added tax, waivers to the agriculture sector, progressive income taxation and others) into account in determining tax rates, the tax structure and fiscal quotas. The effects of these objectives are a larger compartmentalization of the labour market, the underutilization of the qualified workforce in the sectors exposed to international competition and high unemployment in the sector of highly qualified workers. Urban employment is estimated at 20%.

Development assistance

Some actions taken by the State, the private sector and international financial institutions have attempted to address poverty and its effects. These actions imply direct or in-kind fund transfers, and interventions in the areas of prices, salaries and the social security framework. Nevertheless, these actions are not well focused and do not aim to solve the root of the problem of the lack of jobs, which contributes to increase poverty.

The State is trying to commit the private sector more and more to the offer of social loans, but the social policy is irrational, lacks homogeneity and does not address the causes of poverty.

Public development assistance is directed at infrastructure, education, water, electricity, the environment, health and agriculture. In general, it comes from European Union countries, Japan and the Arab countries. France, Japan and the Arab countries contribute more than 80% of bilateral aid to Morocco (and 70% of total aid).

New programme, little participation

The lack of relevance and focus of social policies, as well as their ineffectiveness, led to the creation of the National Human Development Initiative in 2005. This initiative, which is the starting point of a strategy of revision, proposes a change in the concept of social policy, in particular a more participatory implementation, mobilizing with equal responsibilities the Government and the public administration as well as civil society and the political classes. Nevertheless, the sum of MAD 10 billion directed at financing these actions during a five year period is highly insufficient for alleviating all of the weaknesses. Some civil society actors also criticize the management committees of the National Human Development Initiative for being composed primarily of representatives of the state and for incorporating little representation of NGOs. ■

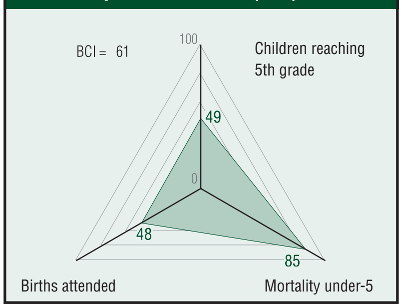
■ MOZAMBIQUE

The challenge to eliminate extreme poverty

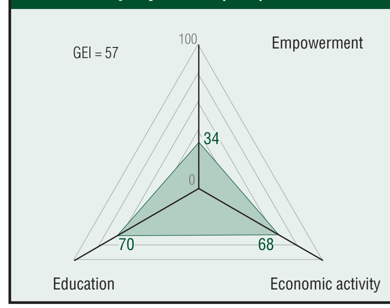
The international community has offered significant financial help with the aim of eliminating extreme poverty. The Government faces the challenge of improving its management and monitoring mechanisms, overcoming corruption and promoting transparency.

Social Watch Mozambique
Mozambican Human Rights League
Custódio Duma
Joaquim Dimbana

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



In its second year in office, the Government continues to face great difficulties in terms of human development. In the 2005-2009 Five Year Plan, the Government merely paid lip service to its anti-corruption strategies and its implementation of a policy to combat absolute poverty is inadequate and ineffective. Meanwhile, there are claims of economic growth and Mozambique continues to attract financial support, especially from the West.

In terms of income, the Government foresees collecting MZM 27 billion (USD 1.08 billion) for 2006. Of this total, 97.3% corresponds to current income and 2.7% to capital income. In terms of total expenses, the State foresees spending MZM 52.53 billion (USD 2.09 billion) this year; 50.9% of these funds will be used for current expenditure, 41.5% for investment expenditure and 7.6% for expenses from financial operations.[1] Current income is employed primarily to improve education, health, justice and law, security and public order and the financial administration of the State.

In terms of promoting sustainable economic growth and budget sustainability, in 2006 the State should avoid resorting to domestic public bank credit, thus granting expansion possibilities for credit to the private sector.[2]

Difficulties in public management

Two great limitations affect the population's standard of living: the illicit wealth of minorities linked to the power structure and the absence of public policies promoting a family income capable of providing an economically stable life and meeting basic needs. The inequality of opportunities and a minimum wage of USD 50 (the lowest in southern Africa) tend to be the principal cause of extreme poverty.

Due to the growing levels of corruption, impunity and corporativism in the public sector, the public administration is unable to carry out its duties effectively. A report published by the United States Agency for International Development (USAID) in May 2006 refers to the Mozambican economic system as a favourable setting for corruption, with a judicial system that protects offenders, particularly those connected to the power structure.[3]

The lack of transparency in the administration, the lack of training and technical knowledge, as well as the ineffectiveness of the auditing and monitoring of government management contribute to the weak execution of plans drawn up since 1992, when the General Peace Treaty put an end to the civil war.

The plan for the decentralization of district governments shows the difficulties in diagnosis, planning and execution of public projects for rural areas, where the majority of the population lives and where state-provided services are scarce. The districts received MZM 1,578 million (USD 62.9 million) for the implementation of development projects of reduced scope and complexity, while MZM 1,334 million (USD 53.2 million) went to the provinces and MZM 18,081 million (USD 721.2 million) remained at the central level. All districts received the same amount of MZM 7 million (USD 279,200), without taking into account the needs and potentialities of each local government.[4]

High mortality rates

Although the mortality rate has not yet been reduced, the population continues to grow, reaching a total of some 20 million inhabitants – 13 million in rural areas, where they survive thanks to small-scale subsistence agriculture carried out by rudimentary methods.[5] Citizens who live far from Maputo find that the involvement, effectiveness and presence of the State in their lives becomes weaker as distances grow.

Mozambique is one of the least developed countries of the world. The proportion of people living under the national poverty line exceeds 65%. More than half the population suffers from malnutrition and more than a quarter of children under five are underweight for their age.

The general mortality rate is high (21.2 per 1,000 live births in 1997) and the infant mortality rate is especially high at 124 per 1,000 live births (Demographic and Health Survey – IDS, 2003). The maternal mortality rate is situated at 408 per 100,000 live births (IDS, 2003). Malaria, HIV/AIDS, cholera and endemic diarrhea continue to be the greatest health problems and principal causes of death. Twenty per cent of pregnant women carry the malaria parasite, and 15% to 30% of maternal deaths result from this disease, which is also a primary cause of pediatric hospitalization and death.

As regards the Millennium Development Goals (MDGs), the economic plan has made advances in some areas, but in others almost nothing has been done; for example, with respect to the reduction of absolute poverty, the incidence of HIV/AIDS, improved efficiency of services, job creation, increase of state income, reduction of dependence on external aid and the capacity for effective response to natural disasters.

The goals of the Government

The Government conceived a Population Policy Action Plan in order to address the demographic balance and migration from the country to the city, ensuring rural as well as urban development and

1 <www.dnpo.gov.mz/sis_info/orcamento/apresentacao_AR/2006/apresentacao2006.htm>.

2 Economic and Social Plan for 2006, <www.dnpo.gov.mz>.

3 USAID (2005). Evaluation of Corruption: Mozambique. Final Report.

4 Ministry of Finance. 101/GM/MF/06, 12 May 2006.

5 <www.ine.gov.mz>.

guaranteeing reproductive health rights and the reduction of infant and general mortality.[6] The fight against extreme poverty calls for a prioritization of education, health, agriculture, infrastructure, government and the regions with relatively low levels of development.[7]

For 2006, the Five Year Action Plan for the Reduction of Absolute Poverty (PARPA III), in agreement with the MDGs, listed, among others, the following goals: a 50% reduction of absolute poverty before 2010, an increase in the number of people with access to drinking water and improved sanitary services in urban and peri-urban centres.

Educational goals include achieving a net enrolment rate of 88% in primary education and a gross enrolment rate of 161.7%,[8] as well as raising the number of schools and teachers and achieving a net rate of 86% for girls completing primary school. The Government has not specified how it intends to achieve these goals.

As regards infant mortality, the plan affirms that from 1997 to 2003 the country reduced by nearly 19% the mortality rates in children under five, citing malaria, respiratory infections, diarrhoea, malnutrition and measles as the main causes of death in children.

Concerning maternal health, the goal for 2006 is to reduce in-hospital maternal mortality to 160 per 100,000 live births. The main hindrance lies in that more than half of births are not attended by skilled health personnel. Sexual and reproductive health policies, good management and planning, monitoring, evaluation and coordination among institutions are nonexistent.

There is no concrete goal for the fight against HIV/AIDS, malaria and other illnesses. The National Council for the Fight against AIDS, created in 2002, is multi-sectoral and its objective is to lead and coordinate the response to the pandemic. In less than five years the Council has demonstrated a scarce capacity for direction and management of resources. AIDS projects get turned into sources of funds for other projects.

In terms of environmental sustainability, the objectives are many, but a means for achieving them has not been specified.

As for justice, in 2006 efforts will continue in the sense of implementing a Strategic Integrated Plan with the objective of simplifying processes and increasing efficiency in the provision of services on the part of the judicial system. The main actions include legal reform, access to justice and professional and technical training. Another component of the plan is that 20 inmates from each prison be taught a trade. Meanwhile, jails are overcrowded; the Central Penitentiary of Maputo alone accommodates 3,000 inmates.

In access to justice, the goal is to expand the Administrative Tribunal to the national level, carry out seminars in the provinces about judicial pluralism and freedom of religion, and create a human rights commission and a corresponding national human rights plan. Another intention is to work together with the media, as well as distributing leaflets informing the public of their rights and guarantees, and providing free legal assistance to citizens who lack this resource. It should be noted that the Institute for the Sponsorship of Legal Assistance created by the State in order to offer free legal assistance transformed itself into a kind of society in which technicians and legal assistants began to charge fees as if they were private lawyers, despite being under the public budget.

Legal reform goals for this year include the production of the Referendum Law, HIV/AIDS regulations and laws relating to disabled people, including victims of war, terrorism, consumers' and buyers' rights, and loss and reacquisition of nationality.

TABLE 1

Total spending in PARPA areas of priority compared to resource allocation

	2004	PLAN 2006
Total spending (millions of MZM)	29,503	52,530
Debt interest	1,228	1,568
Financial operations	—	4,007
Total spending in prioritized sectors	17,803	32,649
Percentage of total spending excluding debt interest	62,9%	69,5%
Education	5,909	9,466
Health	2,978	6,850
HIV/AIDS	115	687
Infrastructure	3,725	7,486
Roads	2,911	4,652
Water and public works	814	2,834
Agriculture and rural development	1,236	1,574
Government, security and judicial system	2,746	5,861
Other prioritized sectors	1,094	726
Percentage of total spending excluding debt interest and financial operations	63,0%	69,5%
Education	20,9%	20,2%
Health	10,5%	14,6%
HIV/AIDS	0,4%	1,5%
Infrastructure	13,2%	15,9%
Roads	10,3%	9,9%
Water and public works	2,9%	6%
Agriculture and rural development	4,4%	3,4%
Government, security and judicial system	9,7%	12,5%
Other prioritized sectors	3,9%	1,5%

Source: 2006 General State Budget, <www.dnpo.gov.mz>.

International cooperation

Thanks to its political stability, the country has received different forms of financial aid, a factor that in some way should contribute to the fight against extreme poverty. In February 2006, the Government and the European Union signed an agreement for a new programme of budgetary aid for PARPA, so that the European Commission will grant a total of USD 114 million in 2006 and 2007.

In June 2006 Germany announced a donation of USD 25.4 million to the State budget in 2007 and 2008.

Portugal is one of the 17 Partners for Programming Support for Mozambique (PAP).[9] Since February 2004 Portugal has made an annual contribution of USD 1.5 million, while the Programme contributes a total of USD 178.29 million, of which USD 77.7 million (43.6%) is assumed by the European Commission as largest donor. Under this programme, the Government promised in April 2006 to implement the actions described in the calendar, setting as its goal the reduction of absolute poverty and an improvement in the management of public finances.[10]

Conclusion

Although the socio-political and economic atmosphere favours a rapid and increased improvement of its citizens' quality of life and the fulfilment of the MDGs, the public administration suffers from a lack of ethics as well as clarity and objectivity in the goals that it intends to achieve.

Also urgently needed is a policy of auditing and monitoring that will demand accountability from each branch and agent of the State.

The assignment of a decentralized budget for districts, more than an interest in the development of remote areas, demonstrates the incapacity of the central Government to reach the places where the majority of Mozambicans actually live. The lack of objective criteria in the assignment of resources already demonstrates this programme will be a complete failure insofar as some administrative officials have declared publicly that they do not know how to make use of resources in the situation of extreme poverty in which we live. ■

6 <www.npad.gov.mz>.

7 2006 Action Plan of Population Policy, <www.dnpo.gov.mz>.

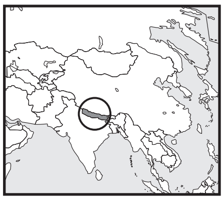
8 <www.dnpo.gov.mz/sis_info/p_global/pes/pes.htm>.

9 <www.pap.org.mz>.

10 <www.ipad.mne.gov.pt>.

■ NEPAL

The urgent need to mobilize public resources to finance development



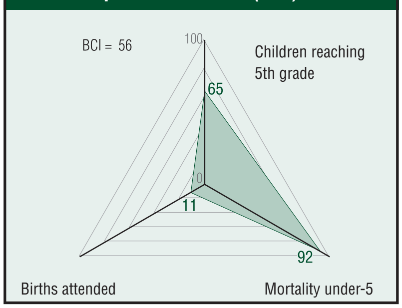
The trend to increasingly allocate the country's scarce resources to security and debt servicing has led to diminishing financing for social and economic development and poverty alleviation in Nepal. With the recent return to multi-party rule and the start of peace talks between the Government and Maoist insurgents, there is hope for a renewed focus on pro-poor and participatory development processes.

Rural Reconstruction Nepal
Karen Bernstein
Prerna Bomzan
Arjun Karki

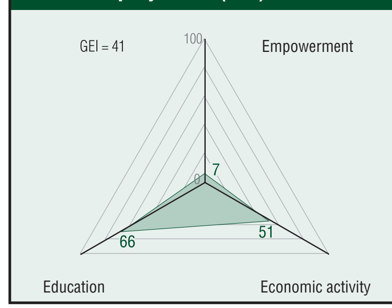
Nepal's political crisis – which deepened from 2002 to 2006 with the transfer of power from a series of weak elected governments to King Gyanendra[1] – reached a new transition point in April 2006, when the King was forced to restore power to an elected parliament after mass popular demonstrations. But even before the King usurped control and further stalled development, Nepal – already categorized as one of the world's least developed countries – was suffering under the burden of a Maoist insurgency and a feudalistic socio-economic system. The insurgency began in 1996 after people became dissatisfied with the country's elected leaders, following the advent of representational democracy six years earlier.[2]

Since then, the conflict has caused thousands to be wounded and disabled, and resulted in the death of more than 12,000 civilians, the abduction and displacement of an estimated 64,000 people, and the destruction of billions of rupees of government and private infrastructure (HMG/N Office of the Prime Minister and Council of Ministers, 2006, p. 27). Additionally, a leading newspaper recently reported that the Government's spending capacity in development activities has also been collaterally damaged (Khanal, 2006). As a result of political and governance problems, quality of life has deteriorated and the economic growth of the country has been negatively affected.[3] Those who have been the worst hit are the marginalized communities and indigenous people, who historically have been the most deprived of economic, social, political and human rights.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Domestic budget processes and macroeconomic policy

Nepal's macroeconomic policies have been ineffective in addressing poverty alleviation issues, and have been particularly unable to promote pro-poor growth and equitable income distribution. This is largely because macroeconomic policies are structured according to international liberalized financial and trade regimes. The current national development plan, the Tenth Plan (2002-2003 to 2006-2007), mainly focuses on poverty alleviation through liberalization of the economy and concentration of government resources on physical and social infrastructure. Although the Government has declared that under the Ninth Plan, the percentage of people living in poverty decreased from 41% to 32%, many have questioned these figures and the structures and effectiveness of such policies in truly addressing poverty (GCAP Nepal, 2005).

The State has also been unable and unwilling to incorporate a pro-poor and inclusionary approach in its budget-making processes. Women, Dalits ("untouchables"), Janajati (indigenous) and other ethnic groups and the disabled have rarely been given the chance to play a role in policy decisions and in the formulation and monitoring of national development plans and policies. In fact, the United Nations Development Programme (UNDP, 2004, p. 11) evaluation of the country's governance structures in relation to poverty has identified the absence of citizen participation in the decision-making processes as one of the foremost weaknesses in the system. Furthermore, disruptions caused by the civil war have now made public consultations impossible in the many districts where rebels maintain effective control.

As the provision of basic services is necessary to reduce poverty and move the development process forward for the rural poor, the conflict situation has further compounded the financial vulnerability of the marginalised population. The Government has continued to increase its security-related expenditures at the expense of social and economic service expenditures, and the poor have subsequently become increasingly poorer and unable to access social services. In fiscal year 1997-1998, for example, the total security expenditure rose steadily and accounted for 9.03% of the budget. By 2003-2004, the allocated budget for security increased even further to a startling 16.58% of the total budget (GCAP Nepal, 2005, p. 9).

Meanwhile, budget expenditure for social development and economic development dropped from 18.40% and 31.90%, respectively, of the total budget in the year 1997-1998, to 14.98% and 18.74% in the year 2003-2004 (GCAP Nepal, 2005, p. 9). This decrease in the development budget has compromised the content, range and reach of government programmes and services and this has been detrimental to those who need them most.

At the same time, a large proportion of the allocated budget for social services and development goes under-utilized due to the non-release of the

1 King Gyanendra seized absolute power in February 2005. His rule curtailed fundamental human rights and crushed any political and development progress made until that point.

2 After a series of unresponsive governments failed to deliver on their promises – specifically and significantly along the lines of caste, gender, ethnicity, social exclusion – the Maoist armed insurgency began to take form and gain power.

3 The country's economic growth, which stood at about 5% on average during the 1990s, dropped to 2% in 2004-2005 against estimated growth of 4.5%. In 2005-2006 growth is expected to be the same and per capita income will decline as in 2004-2005. Nepal's Civil Society Report, 2006, p. 10.

budgeted amounts. The *Kathmandu Post* has estimated that 48% of development budget allocated for the 2006 fiscal year will not be spent by the end of the year. In the health sector, of the allocated NPR 7.68 billion, only 34.5% was distributed, and in the education sector only 54% of the allocated NPR 21.05 billion was spent. In some projects, such as the "Education for All" project, this figure dropped to 11% of the budget (Khanal, 2006, p. 7).

As regards gender budgeting, it is primarily the Ministry of Women, Children and Social Welfare (MWSCW) that conducts this kind of analysis. Although the MWSCW develops its own programme budget that integrates key elements of the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) and is responsible for ensuring that gender equality is engrained in those of other ministries, it has little influence on the latter's programme budgets. Considering inflation, the 2003-2004 budget of the MWCSW has actually declined in comparison with past years as a result of volatile funding. This kind of uncertainty and the under-utilization of the budget has led to the inefficient programming of government-funded projects (MPEG, 2003).

Access to credit

Access to credit sources is important in upgrading the socio-economic status of the marginalized and poor sectors of society. However, less than 20% of the population have access to institutional credit, and small, marginal and landless households have practically been barred from institutional borrowing, as 86% of formal credit is provided against the collateral of land and property.

Moreover, Nepal's formal financial system caters largely to the urban population. As agriculture is instrumental in reducing poverty, the lack and high cost of credit has resulted in its stagnation. For instance, none of the expectations of liberalization, such as the extension of the organized credit market to more rural areas, increasing access for small capital borrowers, or more efficient and productive use of financial resources have been achieved even partially (Acharya *et al*, 2003).

Lack of transparency, inefficiency and corruption

State efficiency, accountability and transparency are prerequisites for addressing poverty, and there is much work to do in these areas. Development projects implemented with both loans and grants, for instance, have been highly affected by corruption, unaccountability and non-transparency (Thapa, 2004 as cited in GCAP Nepal, 2005, p. 43). This is particularly reflected in "excessive political interference at key appointments in the project cycle, increasing corruption and leakage, politicization of the civil service and insecurity among the public officials which leads to either delaying sensitive decisions or passing even the routine matters to higher levels." (Acharya *et al*, 2003)

Capital flights have also been attributed to the State's inefficiency and corruption in managing its affairs. Historically, many of the companies with access to foreign accounts have also been the ones with the most links to the royal regime, so that many have supposedly transferred money out of the country before they can be caught and brought to trial. During the royal takeover, the palace gave itself a blank cheque to the State's financial resources, and began siphoning as much as possible into its private bank accounts abroad. The State's inability to influence financial transfer transactions also includes the financial impunity of the ruling classes; the role of India in influencing tariff setting and financial management; the lack of experience and understanding among successive governments about the impact of international trade treaties on Nepal's economy; and the huge amounts of red-tape that discourage inward investment.

Moreover, transparency issues have been one of the major problems plaguing Nepal since the advent of democracy in 1950. Even before this historical date, the feudalistic nature of Nepal lent itself to a feeling that the country and its assets belonged to its rulers. At present, transparency is still a problem with detailed programme costs difficult to verify within the relevant government ministries.

Lastly, as regards corruption, Nepal's trade and investment have been negatively affected by the whimsical changes in decisions made by corrupt politicians. Corruption has affected the implementation of some of the most important development projects in the country, including the Kali Gandaki 'A' (KGA), Nepal's largest hydroelectric project (Chintan, 2004, cited in GCAP Nepal, 2005, p. 43). The Index of Economic Freedom, published by the Heritage Foundation, gives Nepal a very poor rating on such issues as inefficiency and pervasive corruption. The impact of corruption on the poorest also has direct negative repercussions, as those who cannot afford to pay bribes are denied rights such as citizenship papers and land registration.

Susceptibility to global economic factors

As one of the world's least developed countries (LDCs), Nepal is easily susceptible to adverse effects from economic policies imposed upon it, particularly those related to liberalization-oriented reforms. The liberalization process has intensified the process of impoverishment and is increasing the disparity of income and access to resources. A vicious circle of poverty-powerlessness-poverty has resulted, and few of the 'poverty alleviation' strategies have actually made a difference in terms of promoting opportunity, facilitating empowerment, enhancing security and increasing "people's participation" (Acharya *et al*, 2003).

Nepal's accession to the World Trade Organization (WTO) in 2004, as the first least developed nation to join, alongside Cambodia, has not yet resulted in any putative benefits. This can be primarily traced back to the two types of commitments that are required for a country to receive WTO membership: (1) reducing trade barriers and (2) regulations and processes in the domestic economy. Nepal lacks the institutional capacity, understanding of the issues at play and money needed to carry out these measures.

Nepal's products – which are handicapped by a lack of human, technological, as well as financial resources – have a difficult time meeting the standards required for competitive trade as set by WTO. When looked at from the perspective of the poor, meeting such standards may actually hurt them. Additionally, other WTO agreements also limit both the incentives necessary for promoting small and medium enterprises, and the country's ability to impose conditions on foreign investors for using local materials. According to the UNDP, "all in all, failing to mitigate such impacts through policy interventions can disempower people and widen the development gap." (UNDP, 2004, p. 42)

Foreign aid and debt

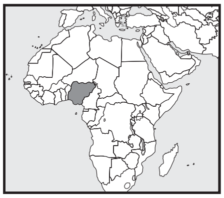
External financial assistance has contributed greatly to the Nepali national economy, especially to the development and agricultural budgets. In 2003-2004, foreign grants and other aid accounted for 57.65% of the development budget and 3.82% of the GDP, at market prices (MoF/HMG/N 2005 as cited in GCAP Nepal, 2005, p. 38). The share of assistance to the social sectors has also been relatively high, although when one considers the integral relationship between access to the social sectors and poverty alleviation, it is not substantial enough.[4]

Gradually, Nepal is falling into a debt trap with the accumulating foreign debt being increasingly offset by debt service liabilities and worsening rates of internal revenue mobilization. Fresh loans are now being taken to service past loans: the proportion of debt service to net annual borrowing increased threefold between 1989-1999, when it was 43.78%, and 2002-2003, when it reached 121.43%. In other words, debt service payments actually exceeded net annual borrowing (GCAP Nepal, 2005, p. 41). In fact, within the eight years after the restoration of multiparty democracy, public debt increased seven-fold, forcing the country to put aside 3% to 4% of the GDP and 15% of the annual budget for debt servicing (Sharma *et al*, 1998 as cited in SAAPE, 2003, p. 128). It is currently estimated that more than half of the annual government revenue goes to foreign debt servicing (Pradhan, 2000, as cited in SAAPE, 2003, p. 128).

(Continued on page 260)

4 In the education sector, the share of aid was calculated at 22.03% of the total expenditure in 2003-2004.

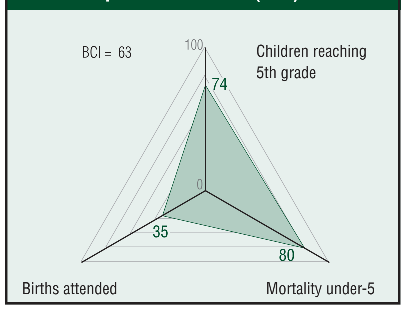
Costly "debt relief" and trade agreements



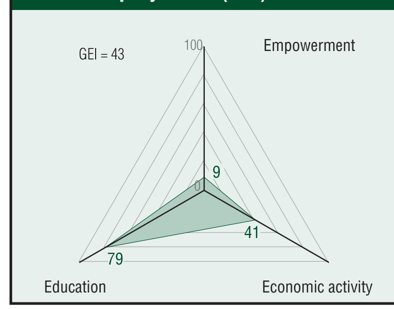
The "debt relief" granted to Nigeria by the Paris Club took a heavy toll on the country's finances: in order to have USD 18 billion in debt cancelled, it was obliged to pay out over USD 12 billion in the space of just seven months, a whopping sum in a country where 70% of the population lives under the USD 1 a day poverty line. In the meantime, negotiations to establish free trade agreements between the EU and the ACP countries are emerging as yet another threat to the capacity of impoverished nations like Nigeria to fund social development.

Social Watch Nigeria[1]

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



In the third quarter of 2005, Nigeria was granted debt relief by the Paris Club of creditor nations, to which the country owed over 70% of its total external debt of USD 36 billion. However, the terms of repayment of the uncancelled part of the debt were so onerous that one wonders if the entire exercise could actually free any funds for social development in order to reduce poverty. The deal entailed payment of a princely USD 12.4 billion in two instalments in order for the country to have USD 18 billion in debt cancelled.

Moreover, a major part of this debt had long been disputed by Nigeria. Eminent Nigerian accountant David Dafinone has argued that several elements that constitute a valid debt were absent in Nigeria's debt overhang. He listed the elements as follows:

- A valid contract between a willing buyer and a willing seller;
- Adequate consideration;
- Absolute or partial performance;
- The goods which form the basis of the contract must be of merchantable quality, that is, the goods must be for the purpose for which the contract was meant;
- There must be probity, transparency and accountability;
- There must be justice and equity.

The debt in question involves several turnkey contracts where contractors fronting for members of the Paris Club were to build, operate and transfer projects. For example, in the case of the building of steel factories, this means that the contractors were supposed to have built and then managed the factories until they reached a high level of sales and profit, and then subsequently transferred them to the Government. This was never so. The funding was managed by the foreign contractors, who arranged and opened various foreign accounts for themselves, in addition to completing the necessary formalities for the Government and its agencies to open foreign accounts. It was into these accounts that the proceeds of all manner of bribes, kickbacks and gratification were paid. There is evidence that none of the projects that incurred the debts was adequately funded or completed after more than 20 years have passed since their establishment. Yet money claimed to have been spent on these projects was passed onto Nigeria as part of its external debt. These were highly capital-intensive projects, including three steel plants, five machine tool factories and three steel rolling mills, among others, which were never completed. There is also evidence that the controversy surrounding the projects involved both Nigerians and the foreign creditors.

Many of the debts held by overseas agencies including the Paris Club and the London Club were private sector debts and bills for collection that were converted to public debts. The full details surrounding them have been unavailable to the current Government, hence the continued disputes about the actual amount involved. The truth of the matter is that there were high level conspiracies between officials of the government of the day and some foreign creditors to ensure the irregular conversion of these debts into public debts. The foreign agencies took over the debts without even carrying out full due diligence on them. This has cost Nigeria a great deal of money that it could have directed towards poverty alleviation in order to meet the Millennium Development Goals (MDGs).

By the time the debt relief was granted, the conditions of its repayment constituted an enslavement of the country. The combined principal of the loans purportedly taken out was about USD 18 billion; Nigeria had paid over USD 42 billion yet still owed over USD 36 billion. Between 2003 and 2005, for instance, Nigeria paid USD 3.4 billion to service its debts, but the interest alone rose by USD 4 billion during the same period, causing the debt to jump from USD 32 billion to USD 36 billion.

Even with its oil wealth, the debt burden is still enormous, given its huge population of over 140 million and its extreme poverty, with an average annual income of USD 270. The country has become an increasing source of transnational security threats, including regular hostage taking of foreign oil workers; and has suffered a heavy toll from diseases such as HIV/AIDS. Most African countries have been granted debt relief from the Paris Club creditors, typically with a two-thirds stock reduction under the so-called "Naples Terms". In addition, 23 countries have also benefited from the multilateral Heavily Indebted Poor Countries (HIPC) Initiative. Nigeria was denied debt relief under both the Naples Terms and the HIPC Initiative, at least in part because its oil wealth prevents it from being considered a poor country. Excluding Nigeria from the HIPC initiative totally ignores the relationship between what the country earns from oil exports and its population. In fact, Nigeria's annual income from oil is less than USD 25 per capita.

Nigeria was eventually granted debt relief on the Paris Club option of case-by-case "Evian Terms" introduced in 2005 to reduce the Iraqi foreign debt. Following the payment of the first instalment in October 2005, the Executive Committee of the IMF approved a Policy Support Instrument (PSI) for the country as means of backing its economic reform policies.

1 Social Watch Nigeria: Socio Economic Rights Initiative (Ray Onyegu); Women & Youth Advancement Foundation (Judith Ogunniran); Centre for Peace & Development (Luke Chukwu); CASSAD (Nicholas Dosumu); YDP Network (Ceicile Payne); Concerned Professionals (John Onyeukwu); Project Alert for Women's Rights (Josephine Chukwuma); Legal Defence & Assistance Project (Chinonye Obiagwu); Legal Defence Centre (Basil Ugochukwu).

The implications on Nigeria's capacity to meet the MDGs

In order to benefit from the debt relief, Nigeria paid USD 12 billion to the Paris Club between October 2005 and April 2006. The payment of such a whopping sum of money by a poverty-ridden, hugely populous country like Nigeria in the space of just seven months clearly deprives it of funds that could have been channelled towards social development and poverty alleviation. Given that 70% of the population currently lives below the USD 1 poverty line, this is obviously an urgent task. Indeed, the component states of the Nigerian federation whose debts were higher than the others continue to have huge chunks of their statutory allocations deducted at the source in order to pay back the states that had lower debts or no debts at all.

However, in order to ensure that resources freed from the debt relief are well utilized, the Paris Club inserted two conditions: (1) that the bulk of the money should be spent on social issues; and (2) that the monitoring and evaluation of the management and expenditure of the money must involve civil society organizations in Nigeria. In fulfilment of these terms, the Federal Budget 2006 provides that the sum of NGN 100 billion (USD 1 billion) released from external debt service will be used to fund projects in ministries, departments and agencies whose mandates are relevant to the attainment of the MDGs. This amount is in addition to the statutory allocations that are earmarked in the budget for MDG-related sectors but which are already included in the sectoral envelopes.

To guarantee that the funds are properly directed to MDG-related activities and that the expected results are achieved, a system for the effective monitoring of MDG-related projects executed with the "debt relief gains" has been put in place. This special tracking system is known as OPEN, which stands for Oversight of Public Expenditure Under NEEDS. NEEDS stands for National Economic Empowerment and Development Strategy, and is Nigeria's official poverty-reduction strategy paper. OPEN will follow allocated resources from the point of disbursement to the point of expenditure to ensure that the intended results are achieved.

The federal government has mandated the Office of the Senior Special Assistant to the President on the Millennium Development Goals (OSSAP-MDGs) to invite members of civil society to participate in the monitoring and evaluation of projects undertaken with debt relief gains. The OSSAP-MDGs has held two meetings on the subject with civil society actors, the first between 24 and 25 February 2006, and the second from 29 to 31 March 2006. At both meetings, the Government explained that civil society actors had been invited to monitor and evaluate the implementation of the 2006 budget as it relates to the debt relief gains spent on the MDGs as a means of developing a stakeholder feedback system, in which they will serve as primary contacts during the project implementation period.

Civil society actors and Nigerians in general believe that if the touted new regime of openness in the management and expenditure of public funds as exemplified by their participation in the monitoring and evaluation of budgets is adhered to, it will reduce the leakage of public money and free up considerable funds towards alleviating poverty in Nigeria.

The EU proposal of free trade agreements with ACP countries and their negative effect on the availability of financing for development

Since decolonization, the relationship between the European Union (EU) and 77 of its member states' former colonies in Africa, the Caribbean and the Pacific - known as the ACP countries - has remained important for both sides. This has been symbolized by the successive agreements of Yaounde (1963-1975), Lome (1975-2000), and most recently, Cotonou (2000-2020). An important feature of these agreements has been the preferential access to the European market that they have granted to exports from ACP countries. Even though the full potential of these trade preferences has never been realized, trade with the EU continues to be a crucial element in most ACP countries' development strategies.

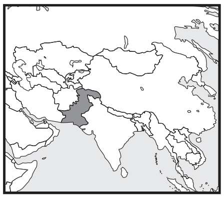
The conditions of trade between the EU and ACP countries may change dramatically as a consequence of the current negotiations on Economic Partnership Agreements (EPAs), which are basically free trade agreements between the EU and ACP subregions where an internal free trade arrangement has already been or is being negotiated. All stakeholders in the EPA negotiations agree that development must be the primary objective of these agreements. However, much controversy has arisen over what kind of agreement would best serve development in the ACP countries.

Many governments and other stakeholders, particularly civil society organizations in ACP countries, are deeply worried and have raised serious concerns about the EU proposals and the direction of the EPA negotiations. Some of the ACP countries' concerns include the following:

- The trend of EPA negotiations is not geared towards promoting development; rather, the proposals being made would serve to undermine the industrial and development efforts of the ACP countries.
- Free trade agreements are based on reciprocity. If the ACP countries have nothing to show by way of accrued benefits after more than 40 years of trade preferences, what is the basis of the expectation of developmental outcomes from a regime of reciprocal trade and competition?
- One of the reasons for the failure of the ACP countries to exploit these trade preferences is that they have problems of supply-side constraints (power, water, roads, etc.). With these problems still prevalent despite failed EU promises of aid to scale up infrastructure, how can the EPAs be proposing reciprocal access? Reciprocity derives from competitive positions, and the ACP countries are decidedly in no position to compete with Europe.
- The negotiating process is skewed against ACP countries, many of whom are in the club of Least Developed Countries (LDCs) and depend on EU aid for up to 40% of their national revenues.
- Tariff revenue currently makes up a substantial component of ACP countries' national revenue, but with increasing liberalization as demanded by EPAs, most national revenues would be hurt, thus compromising social spending in many countries.
- Negotiating EPAs at the same time as WTO negotiations are going on is over-stretching the negotiating capacity of the LDCs, who are then obliged to maintain negotiating teams both in Geneva and at their regional headquarters.
- Some of the issues proposed for negotiation under EPAs by the EU are issues that the LDCs have successfully resisted at the WTO. To raise them at the EPA negotiations would seem unfair and a roundabout way of reintroducing them at the WTO. Some of the proposals are not even trade-related.
- There is indecent haste in the process of bringing down tariffs as demanded by the EU; deep and rapid liberalization of the type proposed would not only wreak havoc on the ACP countries' economies, but also undermine their regional integration efforts. Some sympathetic EU governments have even suggested that liberalization should be phased over 20 years rather than the 12 years proposed by the EU.

Civil society organizations in ACP countries have raised serious concerns related to the development dimensions of these EPAs and their impact on poverty, on the regional integration process of the various ACP regional groupings, and on the unity of the ACP group as a whole. They have also analyzed the merits of reciprocal market opening, the capacity of ACP countries and regions to negotiate and implement EPAs, and the linkages and coherence with parallel trade initiatives like the WTO. Addressing these concerns in the context of EPA negotiations has proved a very difficult challenge. If the free trade agreements succeed, they will substantially erode the capacity of the affected countries to raise finances for their development. ■

The long distance between promises and realities



Despite the lofty promises made by successive governments, the socioeconomic situation in Pakistan remains dire, with the gap between rich and poor growing ever wider. Social development indicators in every sector are alarming, and women and girls are hit especially hard because of their lower social status.

Social Watch Pakistan
Aijaz A. Qureshi / Mushtaq Mirani / Jhaman Hirani

The socioeconomic situation facing Pakistan is daunting. After having fallen from 31% in 1979 to 17% in 1988, the poverty rate rose to 33% in 1999, and today an estimated 38% of the population lives below the poverty line. Poverty and the gap between the rich poor continue to grow alongside high rates of inflation.

For many years, Pakistan's development budgets were not fully executed, and many of the resources allocated for social expenditure – resources collected from the country's taxpayers – were instead siphoned off to corrupt government officials, bureaucrats and contractors. This rampant corruption has given rise to a neo-feudal class in Sindh and Punjab, the two major provinces of Pakistan.

Social Indicators

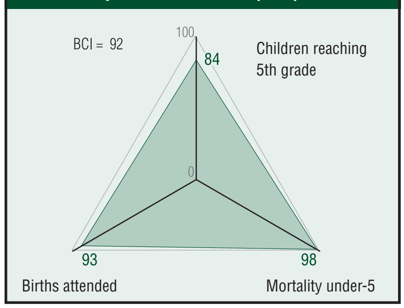
Education

The education sector in Pakistan is immense but fragmented and famously resistant to change. Of the approximately 18 million children in Pakistan, only 42% are enrolled in school, and historically, less than half of those enrolled complete five years of schooling. On any given day, close to one quarter of the teachers in public schools are likely to be absent, and this is in a country where the pupil to teacher ratio is already extremely high, with an average of 55 students for every trained teacher.

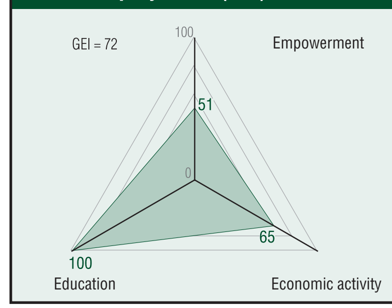
It is therefore no surprise that illiteracy is a huge problem in Pakistan. Despite the improvement in literacy rates since the country gained independence in 1947, its overall literacy rate of 45% (56.5% for males and 32.6% for females) still lags behind most of the countries in the region. Moreover, it may be true that literacy rates have risen in general terms, but due to the increase in population, the number of illiterate Pakistanis has more than doubled since 1951, while the number of illiterate women has tripled.

In addition to marked gender disparities in educational attainment, there are also heavy disparities between rural and urban areas and among the country's different provinces. The literacy rate in urban areas is 58.3%, while in rural areas it is 28.3%, and only 12% among rural women. The inequalities in literacy rates among the four provinces are particularly influenced by the disparities between men and women.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Health

It is estimated that every 20 minutes in Pakistan a woman dies from complications related to pregnancy and childbirth, while four out of five women are anaemic. Four out of seven children are malnourished at some point in their lives, and three out of seven are chronically malnourished. This proportion is nearly one in every two in the rural areas of the southern province of Sindh. One out of every ten children born dies before his or her first birthday, while one out of nine dies before the age of five.

The health status of women in Pakistan is directly linked to women's low social status. Pakistan's poor position internationally is reflected in the 2004-2005 Gender-Related Development Index (GDI) compiled by the United Nations Development Organization (UNDP), on which Pakistan ranks 129th out of 174 countries. Some 30,000 women die each year due to pregnancy complications, and 10 times more women develop life-long pregnancy-related disabilities. The health of rural women tends to be especially poor, due to the lack of health facilities and skilled health care providers. For example, the maternal mortality ratio in predominantly rural Balochistan is 800 deaths per 100,000 live births, compared to the national average of 340 per 100,000.

There is a wealth of examples of the marked differences between the health status of women and men in Pakistan. For instance, malnutrition is a major public health problem in Pakistan that disproportionately affects women and girls. More girls than boys die between the ages of one and four; the female mortality rate is 12 percentage points higher than for boys. This is a direct consequence of the lower social status accorded to women and girls, who as a result tend to eat less and face additional barriers when accessing health care. Women, girls and infants most often die of common communicable diseases such as tuberculosis, diarrhea, pneumonia and tetanus.

Essentially, the poor health status of women in Pakistan is as much a social as a medical problem. The underlying factors are the lack of awareness of and attention to women's health needs; women's lower educational and social status; and social constraints on women and girls, including the practice of seclusion.

Unemployment

Pakistan's labour force is calculated on the basis of all persons who are ten years of age and older and who at any given time are either working, seeking work, currently available for work or not working. Based on the current estimated population of 142.87 million and a labour force participation rate of 27.46%, there are roughly 39.23 million people active engaged in some form of employment.

On the other hand, the unemployment rate – calculated as the proportion of those who are out of work but actively seeking employment – was 6.2% in the second quarter of 2005, according to the Pakistani government's Labour Force Survey. However, it is widely considered that unemployment is in fact much higher than the official rate. In addition, it is often perceived that unemployment is greater in rural areas than in urban areas, because of the employment opportunities offered by the larger number of industries in the latter.

The environment and poverty

It has become increasingly apparent that a critical dimension of poverty has not been given sufficient attention, i.e., the link between environmental conditions and poverty. It is being discovered – particularly through the use of participatory poverty assessment – that many of the impacts of environmental degradation particularly affect the poor, and this serves to even further exacerbate poverty. The reason for this is partly because the poor are more likely to be dependent on environmental goods and services and partly because they have less capacity to protect themselves and hence are most vulnerable to environmental degradation.

In 2004, for example, dozens of people died and thousands contracted severe gastric illnesses due to the contamination of the water supply around the city of Hyderabad in the province of Sindh. The contamination was caused by irrigation officials mistakenly releasing poisonous water from nearby Manchar Lake into the Indus River, which passes through the province before emptying into the Arabian Sea. Although officials issued warnings advising people to boil the water or purify it with chlorine tablets, many continued to consume untreated water out of a lack of awareness or the means to protect themselves. Health officials also recognized that the hardest hit by the crisis were children who were already undernourished and thus weaker and more susceptible to disease.

Governance and development

A wide range of non-economic factors, such as the economic sanctions on Pakistan due to nuclear testing, the difficult law and order situation, terrorism, sectarian and ethnic division, non-democratic regimes, unrest in Balochistan, the tensions with India and the negative fallout of the war in Afghanistan have adversely affected the climate for investment and growth, which has created further hardships for the poor.

The World Bank recently prepared economic reports for all of the country's provinces. The report on Sindh, historically the most developed and prosperous province in Pakistan, was especially troubling. According to the World Bank researchers, while Sindh was 55% richer than rest of the provinces of Pakistan in 1947, it is now barely 16% wealthier. Although the number of poor is growing in both the urban and rural areas of the province, the incidence of poverty is particularly high in rural areas. In the year 2001-2002, one out of every two rural dwellers was living below the poverty line, as compared to one out of every four persons in the urban areas.

A survey of key stakeholders in the province carried out as part of the World Bank report revealed that the number one challenge to development singled out by respondents was poor governance, followed by corruption. Table 1 presents the results of the survey.

TABLE 1

World Bank stakeholders survey on obstacles to development in Sindh (2004-2005)

Overall governance	8.1	Directly or indirectly related to governance issues
Widespread corruption	7.3	
Law and order situation	7.1	
Inefficient use of public expenditure	6.9	
Inadequacy/poor quality of infrastructure	6.8	Infrastructure or fiscal issues
Water shortage	6.3	
Low level of public investment	5.8	
Feudalism and "old mindset"	5.1	Regional divide

0 1 2 3 4 5 6 7 8 9 10
Least important constraint ——— Most important constraint

Broken promises, rising poverty

Successive governments in Pakistan have gained support with impressive slogans and ostentatious promises, knowing full well that the country had neither the financial resources nor the human resources needed to deliver on these promises. The pledge of earmarking more funds for the power sector to reduce the gap between demand and supply has been only very partially fulfilled, and while more allocations have been made to improve access to drinking water, this has mainly benefited the urban areas.

In the meantime, poverty and unemployment rates continue to increase, and rising inflation has made life increasingly difficult for the lowest income sectors. Gross domestic product (GDP) growth has been erratic for the last five to six years. In 2005, there was 2.6% GDP growth in the province of Punjab, 2.2% in the North West Frontier Province, 1.7% in Sindh and 0% in Balochistan. While the textile sector has experienced significant growth, this has only benefited a single class of society. The same can be said for the boost in the energy sector. Privatization has increased, with a consequent toll on government revenue. The national currency, the rupee, has undergone repeated devaluations. Gas, oil and diesel fuel prices have risen sharply in the last year and a half.

Pakistan's current economic situation is obviously critical, and the challenges it poses are formidable. Nevertheless, there are a number of steps that could be taken to begin remedying the situation. These include:

- A reduction in defence expenditure
- Enhanced financial autonomy for the provinces
- Enhanced fiscal devolution by transfer of sales sax to regional and local governments for increased spending on education, health, sanitation and public welfare.
- A more effective and equitable revenue distribution arrangement between federal, provincial and local governments.
- Placing top priority on rural districts in public sector development programmes
- Concrete efforts to improve governance
- The eradication of feudalism and neo-feudalism. ■

References

Akbar Zaidi, S. (2004). *Pakistan and social development*. New Delhi: Rupa & Co.

Bangali, Q. (n.d.) Various papers and books.Karachi: Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST).

Dawn (n.d.). Various reports. Karachi.

Ghausi, S. (2005). "Water scarcity, division threat to development: WB's survey on Sindh". DAWN Internet Edition, 31 August. Available from: <www.dawn.com/2005/08/31/ebr3.htm>.

Ghuas Aisha, A.F., Pasha Hafiz, A. and Ismail Zafar, H. (1997). *Provincial Government and the social sectors in Pakistan*. Lahore: Social Policy and Development Centre (SPDC), Vanguard.

Government of Pakistan (2006). *Pakistan Economic Survey 2005-2006*. Economic Advisors Wing, Finance Division, Islamabad.

Irin News (2004). "Pakistan: The health crisis in Hyderabad". Available from: <www.irinnews.org/report.asp?ReportID=41648>.

IUCN, Sindh Office (2004). *Sindh, state of environment and development*. Karachi.

Social Policy Development Centre (2001). "4th Annual Review". Karachi.

Wizarat, S. (2002). *The rise and fall of industrial productivity in Pakistan*. Oxford.

World Bank, Asian Development Bank, Government of Sindh and Government of Pakistan (n.d.). Various reports.

World Bank. Poverty Reduction and Economic Management Sector Unit South Asia Region (2006). *Securing Sindh's future. The prospects and challenges ahead*. Document prepared in partnership with Asian Development Bank, January (Report No. 35001 PK).

Undeveloped potential

Extreme poverty continues to grow in one of the most unequal countries in Latin America, while development initiatives are largely disconnected and fail to specifically target the potential of society's most disfavoured groups.

DECIDAMOS – Campaña por la Expresión Ciudadana
Hugo Royg

With nearly 5,899,000 inhabitants, a per capita gross domestic product (GDP) of USD 1,301, an aggregate annual rate of production which has grown only 1.15% in the last decade and annual population growth of 2.6%, it is highly improbable that Paraguay will be able to generate the means necessary to improve the quality of life for its population.

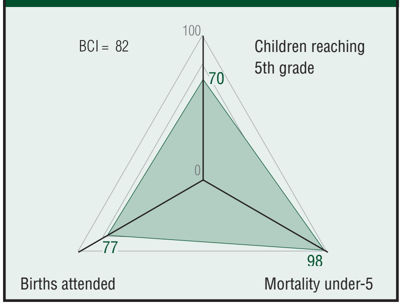
Viewed against this panorama it is reasonable to ask to what extent institutional efforts – development policies, social initiatives, redistribution of resources – are succeeding in launching processes of "expansion of opportunities for the people and improvement in the quality of life, growth of human capacities", according to the United Nations Development Programme (UNDP) 2003. Do the strategies begun in the country allow people better opportunities to live a life of dignity? To what end are resources and institutional efforts targeted? Are they effective? Which factors will allow for rapid modifications of the greatest impact?

The commitments assumed by the State

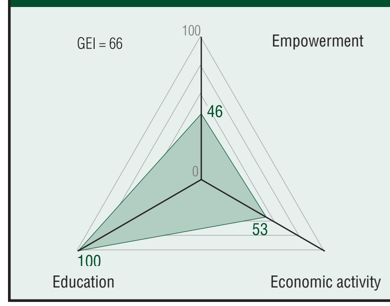
Paraguay ratified the American Convention on Human Rights in 1989 and the Protocol to the International Covenant on Economic, Social and Cultural Rights (ICESCR) in 1992. Both agreements guide institutional decisions and tend to prioritize the development of citizen capacities.

In 2004, together with representatives from the private sector and civil society, the Government signed the San Bernardino Declaration, a document that indicates strategic lines of action for the economic and social policies of the country and sets forth goals for 2008 and 2011. The Declaration ratified the Plan for Economic Growth with Equity that aimed for substantial advancement toward meeting the Millennium Development Goals (MDGs). Among other objectives, reducing extreme poverty to 13%, universal literacy and 87% coverage for health services stand out (Ministry of Finances, 2004). This Plan, strongly promoted by the Government, constitutes an important standpoint from which to evaluate the advances of the public sector in the area of social equity.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Growing poverty and inequality of capacities

Currently, 42% of the population lives in rural areas. Poverty has risen from 30.3% in 1995 to 38.2% in 2005, meaning over that ten-year period, 2.23 million additional people found themselves in poverty. Of note is the rise in urban poverty, which between those years rose from 23.7% to 39.4%, coinciding with the process of rural to urban migration. Rates of extreme poverty also worsened in the same period, rising from 13.9% to 15.5% (General Directorate of Statistics, Surveys and Censuses, 2005a).

According to the UNDP (2003), Paraguay is one of the most unequal countries in Latin America, with a high Gini coefficient of 0.522. Poverty in this country cannot be explained simply by insufficient economic performance, but by existing inequities as well, evidenced by the varying levels of access available to Paraguayans to improve their employment potential, income and opportunities.

Poverty is growing gradually although at a lower rate in recent years. Poverty is increasingly urban and characterized by unequal income distribution, limited quality of life due to low levels of human capital, a regressive tax regime and poorly focused public spending. The level of socioeconomic development will remain low if structural changes aimed at improving income distribution and addressing concrete problems of the various groups in society are not begun immediately.

Inequalities are most evident in an analysis of the statistics on the exercise of the right to education, health and employment. If half the population has fewer than six years of schooling (the national average is 7.5 years), 67% of Paraguayans in the richest fifth of the population achieve this level of education while only 30% of Paraguayans in the poorest fifth do. In Table 1, social variables are broken down according to income quintile.

The situation worsens upon analysis of undeveloped capacities. According to unofficial estimates, functional illiteracy (the ability to read and write without understanding exactly what is being read) could be as high as 60%. One of the factors of social exclusion is the Guaraní language, because social, economic and institutional networks operate principally in Spanish.

According to the World Bank (2005a) "Paraguay has been the Latin American country with the slowest progress in reducing infant mortality in the last 50 years, maternal mortality rates have not registered improvements in the last 15 years and differences exist in the statistics depending on the region and economic group, worsening in the poorest regions and quintiles of the population". In 2004, the infant mortality rate was 27 for every thousand live births (Survey of Demographics and Health, 2004). In 1990, the national rate was 35.9, reaching 42.9 in the poorest quintile and 15.7 in the highest income quintile.

Meanwhile, the National Constitution of 1992 obligates the Paraguayan State to "protect and promote health as a fundamental personal right" – making clear that "no one will be deprived of public assistance" – and providing free primary education together with programmes directed at students of limited resources. What is more, the Constitution highlights the establishment of health, education and social welfare systems with community participation in service provision, plans a minimum budget allocation of 20% for education and signals that policies should be put in place to guarantee complete coverage of the population, freedom from discrimination and attention to the most disadvantaged sectors.

Regressive tax regime

The tax regime was reformed in 1991 and again in 2003. The first reform aimed to reduce the number of taxes collected and increase the rate of collection; the second aimed to formalize a greater segment of the economy and to generate incentives for increased private investment. As a result, tax revenue rose from 10% of (GDP) in 2002 to nearly 12% in 2005.

The 2003 tax reform implemented the Personal Income Tax involving a single rate for income above 10 minimum salaries, expanded the Value Added Tax and lowered the Business Income Tax. These changes are regressive, and in relative terms would tax the most those who earn the least.

Running costs versus public administration

In the last decade public spending rose an average of 13.5% per year while revenue rose 13%. The extent of running costs is high, and largely destined to fund public salaries. The World Bank (2005b) suggests that "the high level of running costs, which account for 75% of total revenue and 137% of tax revenue, is displacing the necessary investments in infrastructure and social programmes (particularly in the areas of social assistance and health). Social spending constitutes 11% of public expenditures, while education and social security (contributing and non-contributing programmes) constitute 75%. Beginning in 2006 there has been a relative decrease in social spending in favour of funding infrastructure improvements (Public Works).

Spending for health and programmes to combat poverty is low; that for agrarian reform minimal and for policies to promote employment, nonexistent. The budget process places emphasis on defining the sums assigned to institutions and their responsibilities, without developing mechanisms to guarantee monitoring and evaluation of their management and public objectives. Thus, the evaluation of public spending is realized analyzing the degree of execution, or focusing on products generated and not on the impact achieved.

Fragmentation of social programmes

With the San Bernardino Declaration of 2004, the Government made a commitment to take action necessary to reach, by 2011, an annual economic growth of 6%, a tax collection rate of 12.5% of GDP and public investment equalling 7% of GDP. The Government also committed itself to launching the National Export Strategy, prioritizing agricultural and food production and taking steps to reduce poverty. The Declaration has two focuses: creating equality of opportunity in education to improve human capital and combating poverty and social exclusion. Nevertheless, it lacks a general plan to orient and integrate the assortment of public policies it implicates.

TABLE 1

Social indicators according to income quintile

	20% poorest	20% richest	National average
Rate of illiteracy (% of the quintile)	16.7	3.7	9.1
Average years of schooling (population over 15 years of age)	5.3	10.0	7.5
Guaraní language spoken a majority of the time (%)	78.3	21.8	47.4
Public water supply (%)	30.3	59.3	44.4
Average family disposable income			
PYG	361,000	3,905,000	1,783,000
USD[1]	58.43	632.08	288.60

Source: General Directorate of Statistics, Surveys and Censuses, 2005.

Since 1995 the Secretary of Social Action[2] is the agency in charge of coordinating activities in the fight against poverty. In 2005 it was strengthened as the executive agency in charge of diverse social projects with international cooperation, launching focused initiatives to combat poverty in specific segments of the population or determined geographic locations. These projects are neither directly nor indirectly linked to the National Strategy to Fight Poverty that was prepared in an open and participatory process together with various social and political sectors, and defined a short-term strategy of direct attention to the most vulnerable sectors of society by means of direct subsidies. Currently this strategy is being publicized but not applied.

The Social Cabinet was created in 2004 and funded for the first time in 2006. The creation of this agency opened a new chapter in the preparation of a new strategy to confront poverty. In accordance with public announcements, its programme will be similar to previous initiatives, which raises a warning flag because this means the agency will not specifically occupy itself with eliminating social exclusion.

Cristaldo (2005) reports that of the USD 1.16 million received in foreign investment, 19% is assigned to projects in education, health and water supply. This percentage is limited if one takes into account the low coverage of these programmes, which ignore sectors such as, for example, infancy, and problematic areas such as malnutrition, the lack of technical education, illiteracy and the necessity to assist vulnerable sectors of society.

If the portion of the budget assigned to social policies is estimated at approximately 50%, the current state of poverty suggests that the quality of public spending continues to be low and that little has been done to decrease existing inequities. The institutional changes necessary to reach levels of public spending adequate for the social necessities present have not been evident, nor have improvements in the implementation of programmes or provisions for evaluating their effectiveness at achieving their goals. In addition, public efforts find themselves duplicated by other initiatives that act with independence and without coordination.

Millennium Development Goals distant

The State has made commitments but the answers to those commitments have been insufficient. The civil society monitoring report signals that the MDG of "Eradicating extreme poverty and hunger" will be impossible to reach given the current situation, while the report of the UNDP indicates that the Paraguayan State faces "probable failure" on this MDG.

The current answers do not constitute structural policies nor do they propose complementary programmes that permit a permanent escape from poverty, favouring instead an economic structure that does not guarantee the development of human capacity, sustainable incomes or improvements to the quality of life.

At the same time, reform of the State is necessary to limit discretionary spending, break the perverse link to electoral cycles, prioritize social policies and expand the observance of the universal rights articulated in the Protocol to the International Covenant on Economic, Social and Cultural Rights (ICESCR), prioritize the most urgent necessities and link programmes so as to guarantee the comprehensiveness of social policies.

Conclusions and recommendations

- Spell out the constitutional mandate to coordinate with the community and generate spaces for diagnosis, design, implementation and evaluation of social policies with civil society and private sector actors.
- Define individuals within the institutions to coordinate their actions.
- The quality of public spending is deficient. In the country there is leeway to reassign public resources to social programmes.
- Instruments for wealth redistribution need to be developed both through public revenue and spending.

(Continued on page 260)

1 The 2005 average exchange rate of 6,178 Paraguayan Guaranies (PYG) per 1 United States Dollar (USD) was taken from the CIA World Factbook. See: <www.cia.gov/cia/publications/factbook/fields/2076.html>.

2 See: <www.sas.gov.py/>.

Macroeconomic growth and social exclusion

More than half the people are still living in poverty, but what the State invests in poverty alleviation programmes amounts to less than private remittances from Peruvians living abroad. There has been macroeconomic growth but no significant increase in development, and inequality, violence, destitution and discontent are rife. Tax policy favours the big enterprises since the main burden falls on production and consumption.

Conferencia Nacional sobre Desarrollo Social (CONADES)
Héctor Béjar

On the face of it Peru enjoyed excellent macroeconomic performance between 2001 and 2006, the period of President Alejandro Toledo's administration. Average annual growth in these years was 6%, which has raised GDP to USD 75 billion, while the annual inflation rate was less than 4%. The country's currency reserves increased from USD 8.2 billion in 2001 to USD 15 billion in 2005, and exports rose to USD 14 billion in 2005, creating a surplus in the balance of trade of USD 2.7 billion[1] in that year.

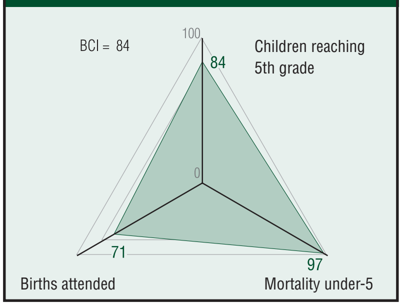
Although the economy grew 14% between 2001 and 2004, poverty only decreased by 2.7 percentage points, from 54.3% to 51.6%. Official sources show that extreme poverty fell by only 4.9 points, from 24.1% in 2001 to 19.2% in 2005 (INEI, 2006), but even this slight decrease has been called into doubt as independent research does not bear out the Government's estimates.[2] But even if we accept these figures, and even if the improvement continues at the same rhythm, there would have to be at least 50 years of sustained economic growth – fuelled by big increases in the prices of Peruvian raw materials on the international market (as is happening now) before poverty disappeared.

While Peru does have good macroeconomic indicators, the other side of the coin is that the country is almost overwhelmed by social problems. The cities and rural areas are plagued by under-employment, insecurity, violent crime, drug abuse, corruption at all levels, a chaotic transport system, environmental pollution and other symptoms of a deteriorating society, and this is damaging people's quality of life and their rights.

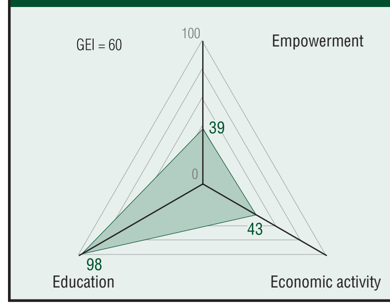
The reasons for this paradox

Why is it that a country that is apparently enjoying good macroeconomic growth should at the same time be suffering a fall in the level of people's well-being? The explanation for this paradox can be traced directly to the nature of Peru's growth and how it is organized in the country's economy.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



First, there has been an increase in speculation in international prices and the production of raw materials like gold and copper. These are sold in bulk by transnational corporations that give almost nothing in exchange, a system that has been in operation for centuries. The price of gold has soared from USD 250 an ounce (24 grams) in October 2000 to more than USD 500 an ounce today, and the price of copper has risen to USD 2.64 per pound (460 grams), which amounts to an increase of 77% in the last twelve months. Every year Peru exports 2 million ounces of gold.

The enterprises that exploit these minerals have tax privileges. According to an estimate by the National Tax Administration Superintendent's Office, in 2002 the Government did not collect some USD 300 million as a result of tax stability conventions, asset depreciation allowances and discounts on future tax payments. Taxes on production and consumption yield three times as much as the amount of profits tax that, according to their own estimates, the big enterprises have to pay. In Peru, the tax rate on income for private citizens is higher than that for legal entities. In 2004 the mining enterprises paid only PEN 989 (USD 300 million), in taxes on their income. In the 2000-2003 period, the hydrocarbon sector, which is rated in the third income tax category, paid an average of PEN 9.7 per PEN 100 of production (measured by GDP), while mining enterprises paid only PEN 3.5 per PEN 100 of production (SUNAT, 2002).

Tax stability contracts can in some cases reduce taxable income by 80%, allow profits to be sent abroad untaxed, exempt products from the general sales tax, and allow the double depreciation of assets and currency, which means that less tax is actually paid. Remittances of profits to foreign enterprises (income from capital) came to USD 3.2 billion in 2005 (Campodónico, 2005).

While the corporations suck resources out of the country and send them to their head offices, people who have emigrated send money home to their families in Peru to alleviate their economic plight. Around three million Peruvians out of a total population of 27 million live abroad, and they help their families financially. The total of these remittances is far more than the State invests in poverty alleviation programmes. An annual average of USD 2.5 billion flows into the country, and it goes to 10% of the population. This figure is equal to 10% of exports, or 1.7% of GDP. On average, each family receives USD 166 nine times a year (Fomin, 2005).

Why Peru is in debt

The State has a permanent deficit, and this will continue unless there is a reform in the tax system to annul the privileges that are an important part of the so-called neo-liberal model. According to the 2006 public sector budget, the accounting deficit fluctuates around 1% of GDP, but the real deficit, that is to say the difference between what is collected in taxes (USD 10.3 billion) and expenditure (USD 15.9 billion) comes to nearly USD 6 billion (MEF, 2006).

This shortfall is covered by increasing public indebtedness. Peru is a debt addict. Foreign indebtedness to multilateral bodies (the International Monetary Fund, the World Bank, the Inter-American Development Bank) is saturated and cannot be re-financed, so in 2001 the country started acquirinó domes§ic debt through so-called 'sovereign

1 Ministry of the Economy and Finance, Presidency of Council of Ministers.

2 If, instead of measuring the capacity of homes to buy the basic basket of foods, the apparent consumption of calories per household is measured directly, it emerges that the proportion of the population in the capital city with an insufficient intake of calories jumped from 18.7% in 2001 to 29.8% in 2003 (Herrera, 2004).

bonds' (treasury bonds), that are bought on the domestic stock market by the private pension funds (AFPs). These organizations use money that savers are legally obliged to deposit with them as a percentage of wages or salaries, but the savers themselves have no control over how their contributions are used. In 2005 public debt stood at USD 31 billion, or 39% of GDP, and debt servicing payments exceeded USD 3.4 billion, or 26.7% of the public sector budget. In 2000 total foreign debt was USD 24.3 billion, so between 2000 and 2005 it increased by USD 6.7 billion, or 27.6%.

The neo-liberal economic model has been very good business indeed for the international corporations, but it has been very bad business for the country.

Between 2001 and 2006 Peru allowed USD 3.2 billion to be sent abroad to tax-fee enterprises, and another USD 3.4 billion went in foreign debt service payments. In exchange the country received USD 908 million in credits (foreign indebtedness acquired in 2006), and much of this new credit was conditional on compliance with the neo-liberal programme. To make matters worse, the country has also had to incur domestic debt at the same time.

The rise in public spending might have been expected to translate into increased social investment, but this has not been the case. In 2005, some 45% of the budget went on current expenditure, 26% on servicing the foreign debt and 14% to the pension fund that the State had to pay to ensure that the AFPs would be able to make use of the savings of future pensioners without having to pay current pensioners. Only 15% was allocated to education, 7.9% to health and sewage facilities (in both cases a large part of the total went on current expenditure, salaries and wages) and 13% to capital costs, that is to say public investment. Social expenditure did not increase in line with the growth in public sector spending, in fact it remained almost unchanged in the 2001 to 2006 period. The same applies to poverty alleviation programmes, which were allocated only USD 361 million out of a total budget of USD 15 billion.

An unjust model

In 1992 President Alberto Fujimori tightened his grip on power in a so-called "self-coup" and his new administration closed Congress, suspended civil rights and imposed a new Constitution tailor-made for the big enterprises. The resulting economic model allowed these enterprises to buy up large slices of the country's assets at laughable prices and seize monopoly positions in the only profitable areas of the economy, namely the distribution and sale of electrical energy, telephones and communications, and the mineral extraction industries, above all copper and gold. Since then these enterprises have all operated with total disregard for environmental protection standards, they pay almost no taxes and they take their profits out of the country without any kind of control. The Free Trade Treaty with the United States will entrench this situation and rule out any kind of future call for redress.

The government is in deficit because it is unable to levy effective taxes, so it has had to resort to indebtedness. Tax pressure is not heavy, it amounts to only14% of GDP (the average in Latin America is 18%), and it is mainly exerted through the General Sales Tax. This is an indirect levy so it is consumers who have to finance the government. Thus the government is putting the tax burden on the public while at the same time it openly defends the high rates charged by private providers of public services such as telecommunications and electricity. Besides this, enterprises are currently putting heavy pressure on the Government to privatize the provision of potable water as well.

The country is borrowing funds from multilateral bodies, which are taking advantage of their role as lenders to reinforce the conditions of the neo-liberal economic model by promoting privatization and tax exemption policies. Domestic indebtedness is effected through treasury bonds that are bought by the AFPs with money deposited by savers. In this way the AFPs have now accumulated USD 8,000 million, and the total is increasing every month thanks to forced saving. This money is used by domestic and foreign enterprises, and the "investors" have no say at all in how it is managed and no share in the profits.

The Toledo government has legalized a practice that was employed by the Fujimori administration; it has granted the Peruvian Chamber of Construction – the association of private construction companies – control over the National Housing Fund, which amounts to USD 500 million in public and private employees' savings. This money is used to build housing for the middle and working classes, and these housing units, whose average construction cost is USD 8,000, are sold by private banks and construction companies at an average price of USD 50,000.

Sweeping it under the carpet

There is no debate in the media about the neoliberal programme; it is simply accepted as the only possible way to do things. The mass media point to GDP growth and talk of economic progress, but what is really growing are export prices and business profits. This growth does not rebound to the benefit of the majority of Peruvians or improve their quality of life.

The press also trumpets the defence of democracy, but more and more people are coming to see Congress merely as a lobby for enterprises, and ministers are seen to be promoting business interests instead of pursuing the well-being of the population as a whole. The media seem to have been captured by economic power and it is conducting an ongoing campaign to demonize any opinion that challenges the prevailing neo-liberal economic doctrine. This underpins a situation that is unbearable for more than half the population of the country and which openly benefits consumption by the minority that controls the wealth.

Where are the resources? How can they be mobilized?

With this panorama there is no prospect of any real reduction in poverty unless there is a radical change in economic policy. Changing the model would involve implementing tax reform so that the large enterprises actually pay taxes, and these resources could be used to support small urban enterprises and agriculture, which are the main generators of employment. Government finance should be based more on direct taxes on wealth than on indirect taxes on consumption. The public sector budget ought to be thoroughly reformed to give priority to investment in education and health, and a universal social security programme should be set up so that the benefits that the State "so generously pays" would become rights that the State satisfies in the form of social programmes. The different health services ought to be coordinated into one single organization, and the service could be improved and its coverage widened through use of the Public Health Fund, which should be based on a reformed tax system. Lastly, there should be a reform of the State so as to open the door for citizens' organizations to participate in local and regional government.

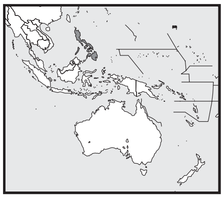
Civil action

Over the last few years civil society organizations have been trying to bring these questions to the fore under the banner of "putting the economy at the service of the people". Some progress has been made. There is now a National Agreement involving enterprises, churches, unions and political parties that has resulted in the formulation of 31 State policies that respond to a shared concern for social policy. Through the technique of participative taxation, important sectors of civil society have gained access to formulating priorities for public investment. There are now more than a thousand coordination committees for the fight against poverty that bring together representatives from the Government, the churches and civil society in all parts of the country to plan local public investment in social development. But the struggle is complex and there is still a long way to go before there can be any hope of real change. Grassroots social organizations ought to muster their strength in order to lead the way in building a real democracy from the bottom upwards.

Outside the political parties, there have been many instances in recent years of people mobilizing against different manifestations of the neo-liberal programme, and sometimes these have managed to put the Government in check and paralyze the timetable for privatization, at least for a while. In the last presidential and congressional elections there were two candidates campaigning for economic and political change and they received massive popular support.

(Continued on page 261)

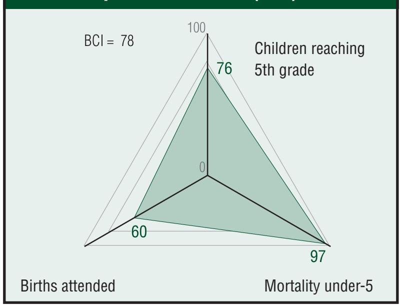
The crisis of financing development



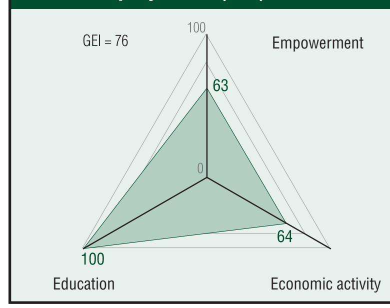
More than two decades after the global debt crisis of the 1980s and the subsequent adoption of structural adjustment programmes, the Philippines continues to face a severe shortage of resources for financing development. Significant funds are still drained by loan payments, while mistaken tax policies limit the mobilization of domestic financial resources. Unless the necessary additional resources are raised, the Philippines will fail to meet its commitment to achieving seven of the eight MDG targets.

Social Watch Philippines
Prof. Leonor Magtolis Briones

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The Philippines is one of the countries devastated by the global debt crisis. It struck the country in 1983, one year after Mexico's default triggered the global conflagration that destroyed developing nation economies throughout Latin America, Africa and Asia. The Philippine government dutifully swallowed the bitter pill of structural adjustment imposed by the group of creditor banks led by the multilaterals, in spite of a national campaign calling for selective debt repudiation. Scarce financial resources went to debt servicing at the expense of social services, particularly education and health. Poverty levels escalated.

The devastating effects of the debt crisis still linger. Twenty-one years later, on August 23, 2004, Philippine President Gloria Macapagal Arroyo admitted the existence of a fiscal crisis and conceded that the government was having difficulty managing its mounting deficits. Thus the Philippines, despite its official classification as a middle-income developing country, continues to suffer from massive deficits. The problem of inadequate financial resources persists. The spectre of the debt crisis continues to haunt the economy.

This country's report seeks to identify problems and issues related to financing social development in the Philippines. Obviously, the Government's commitments to the Copenhagen Declaration as well as the Millennium Development Goals (MDGs) cannot be achieved without additional resources.

Obstacles to mobilization of domestic financial resources

It has been two decades since martial law was dismantled and democratic rule was restored in the Philippines. It has also been 20 years since the country endured a series of structural adjustment programmes to solve its huge debt problem. Three presidents have come and gone after Ferdinand Marcos: Corazon Aquino, Fidel Ramos and Joseph Estrada. The current president is Gloria Macapagal Arroyo.

Regressive taxation.

Why are public revenues never enough? There is general agreement that three reasons account for this persistent problem. The first is excessive dependence on indirect or regressive taxation. This has resulted in a double whammy: taxes based on income and wealth are not being fully exploited, and the low-income groups who compose the majority of the Philippine population are bearing the brunt of the tax burden.

The Constitution of the Philippines provides that the government must "evolve a progressive system of taxation." Yet, indirect taxes - particularly sales taxes - have formed the bulk of tax collections since the start of the Philippine Republic in 1946. During the administration of President Aquino, the regressiveness of the tax structure was aggravated by the imposition of the 10% Value Added Tax (VAT) which replaced the sales tax. It was considered the fastest way to generate more revenues. Aquino had inherited the Marcos era debts and needed more resources to pay them off.

Twenty years later, President Macapagal Arroyo increased the VAT rate to 12% and expanded its coverage to encompass additional goods, including gasoline and other oil products. The reason was the same: her administration was mired in a fiscal crisis. Arroyo's financial advisers gave her a list of eight tax measures. She chose to implement the expanded VAT proposal over the proposals for more income and wealth-based taxes.

For the year 2006, for example, total projected revenue is PHP 969 billion (USD 18.9 billion). Of this total amount, PHP 566 billion (USD 11 billion) will be from indirect or regressive taxes and non-tax revenue. This constitutes 59% of total projected revenue. On the other hand, projected direct taxes total PHP 402 billion (USD 7.8 billion), which amounts to 41% of total revenue.

Inefficient tax administration

Tax administration in the Philippines has traditionally been perceived as both corrupt and inefficient. The government tax collection agencies are considered "flagships of corruption." In spite of the efforts of administrators to change this unsavoury image, public perception has remained largely the same. Inefficiency and corruption have resulted in the non-collection of significant amounts of government revenue.

Tax incentives

A third factor responsible for inadequate revenue collection is the practice of granting tax incentives to attract investors. While the government is passing new tax measures or collecting existing taxes, it is also granting incentives and tax benefits. Last year, the House of Representatives conducted a study on foregone revenue due to incentives. It was found that this amounted to PHP 150 billion (USD 2.9 billion). On the other hand, the projected financing needs of the government for 2006 amount to PHP 125 billion (USD 2.4 billion). Obviously, foregone revenue could have covered all or at least a part of the Government's financing requirements.

While the Department of Finance has been calling for a rationalization of fiscal tax incentives, the Philippine Congress continues to pass laws to provide more incentives, especially to foreign investors. The Board of Investments then grants these incentives. According to a study from the University of the Philippines, "the fiscal incentives granted by the Board of Investments in 2004 alone resulted in a negative economic benefit of PHP 55.72 billion," (USD 1.1 billion) which means that the amount of foregone revenues due to tax- and duty-free privileges was higher than the amount of economic benefits resulting from the investments for which these perks were provided.[1] Thus, while foreign investors are benefiting significantly from tax incentives, host countries like the Philippines are losing heavily and have to turn to regressive taxes and borrowing to cover urgent financing needs.

Limited external sources of public financing

Official development assistance (ODA) is an important source of financing for development in the Philippines. For 2006, for example, ODA accounts for more than 50% of projected funds for MDG-related health sector activities. While government funding is calculated at PHP 687 billion (USD 13.4 billion), expected ODA funding is PHP 784 billion or USD 15.3 billion.[2]

Policymakers tend to prefer ODA funding over borrowing from commercial banks, even if the Philippines does not qualify for grants. Interest rates are lower and terms can be generous. Nevertheless, there are downsides to ODA assistance. Bilateral partners have their own global, regional and country-specific agendas. Levels of assistance are determined by these agendas, even though there might be other national priorities. ODA-funded projects tend to be more costly than locally funded projects because of the involvement of consultancy firms from the donor countries and other service providers. Furthermore, complex and overlapping monitoring mechanisms add to costs.

Borrowing

The Philippines has never really recovered from the debilitating effects of the global debt crisis; the country is still paying debts that were restructured and securitized 20 years ago. Even the Government has adopted the phrase "unproductive expenditures", which civil society organizations use to describe debt service for debts that were wasted, mismanaged and tainted with corruption.

The following table shows the enormity of the problem. For the past eight years, the percentage share of interest payments in the national budget has been steadily rising. In 1999, 18% of the national budget went to interest payments. This will rise to 32% of the budget in 2006. In 1999, 34% of the budget went to social expenditures. In 2006, this will go down to 28% of the budget. In 1999, 25% of the budget went to economic development expenditures. In 2006, this is expected to go down to 19%. The percentage shares of all other sectoral expenditures are declining. Only interest payments continue to rise.

Department of Budget and Management

It cannot be denied that at present, the government is borrowing not so much for development as for the amortization of loans. For 2006, for example, the Bureau of the Treasury has programmed PHP 221 billion (USD 4.3 billion) in foreign borrowing. Of this amount, PHP 119 billion (USD 2.3 billion) will go to interest and principal payments. Less than one-half is left as net foreign financing, in the amount of PHP 102 billion (USD 2 billion). The situation in domestic borrowing is much worse. The Treasury has programmed PHP 310 billion (USD 6 billion) for domestic borrowing, and of this, PHP 263 billion (USD 5.1 billion) will go to interest and principal payments, leaving a mere PHP 47 billion (USD 916 million) in net borrowing. To summarize, out of PHP 532 billion (USD 10.4 billion) in programmed borrowing, net financing of only PHP 149 billion (USD 2.9 billion) is expected, because the rest will go to interest and principal payments. It is clear that in the Philippines, the debt burden is a major drain on government finances.

TABLE 1

Percentage share of budget expenditure by sector (1999-2006)

	1999	2000	2001	2002	2003	2004	2005	2006
Economic Services	25.25	24.5	20.18	20.19	20.59	18.06	17.54	18.72
Social Services	33.81	31.21	31.04	29.84	28.79	28.77	28.02	27.91
Defence	5.03	5.31	4.68	5.91	5.39	5.09	4.87	4.98
General Public Services	17.64	17.95	17.15	17.12	17.12	15.93	15.50	15.33
Net Lending	0.09	0.38	1.00	0.78	0.68	0.64	0.84	0.78
Interest Payments	18.17	20.65	25.95	26.16	27.44	31.51	33.24	32.28
Grand Total	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

TABLE 2

Financing for health related MDGs - Summary

MDGS programs & projects	Total cost (PHP)	Department of Health funding (PHP)	ODA (PHP)	Budget gap (PHP)
Reduce Child Mortality	1,469,938,544	370,544,000	3,500,000	1,095,894,544
Improve Maternal Health	4,825,928,227	107,880,277	11,230,000	4,706,817,950
Combat HIV/ AIDS, Malaria & Other Diseases	2,692,233,557	208,976,667	768,978,810	1,714,278,080
HIV/AIDS	358,253,587	22,899,667	153,377,920	181,976,000
Malaria	1,727,102,970	19,200,000	354,400,890	1,353,502,080
Tuberculosis	606,877,000	166,877,000	261,200,000	178,800,000
GRAND TOTAL	**8,988,100,328**	**687,400,944**	**783,708,810**	**7,516,990,574**

Source: Department of Health

Underspending on social development

The Philippines is a signatory to the Millennium Development Declaration and has committed to attain seven of the eight MDG targets by 2015. Social Watch Philippines has consistently advocated adequate financing for the MDGs since 2000.

Social Watch Philippines was a key player in the unique process that mobilized civil society, government, the private sector and the donor community in producing a country position on financing the MDGs. It monitors achievement of the MDG targets and has raised issues ranging from statistical methodology and disaggregation of data to inadequate financing.

On June 22, 2006, Social Watch Philippines launched a new book in cooperation with the United Nations Development Programme (UNDP) and graduate students from the National College of Public Administration of the University of the Philippines. Entitled *Moving Forward with the Millennium Development Goals: May Pera Pa Ba?* (Is Money Still Available?), the book raises two major questions: Is there money available for the MDGs? And if there is money, is it adequate? The Department of Budget and Management was asked to submit a write-up on budget allotments for the MDGs. These numbers were compared with resource requirements for the MDG targets. The findings were astounding.

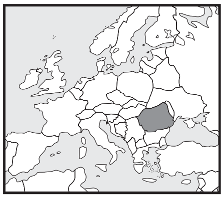
In the education sector, for example, the MDG target of universal primary education would require PHP 133 billion (USD 2.6 billion) in 2006. But the budget for education in 2006 is PHP 119 billion (USD 2.3 billion), which means the resource gap is PHP 14 billion (USD 273 million). The picture for health financing is just as dismal. The resource gap is calculated at PHP 7.5 billion (USD 146 million). What is surprising about health financing is that the donor community is contributing more to the health budget than the Government itself. The table below shows that while available resources from the Government amount to PHP 687.4 billion (USD 13.4 billion), the donor community is contributing PHP 783.7 billion (USD 15.3 billion).

(Continued on page 261)

1 Remo, M. (2006). "DOF wants to limit tax perks grant". *Philippine Daily Inquirer*. 10 July, p. B11.

2 Department of Health.

Working to develop capacity at the service of those most in need



Throughout the difficult transition period, Romanian NGOs have provided vital social services with the help of international funding. When Romania joins the EU in 2007, these foreign donors will withdraw, making state funding crucial for the survival of NGO social service programmes. EU membership will also require Romania to step into the role of donor country itself, and the NGO sector has contributed significantly to addressing this new field of international cooperation and humanitarian aid.

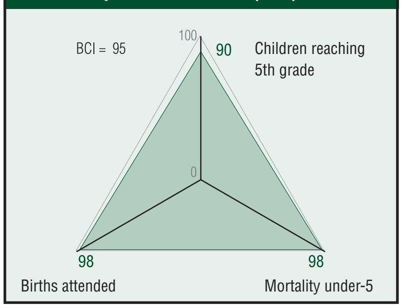
Fundatia pentru Dezvoltarea Societatii Civile
(Civil Society Development Foundation)
Valentin Burada

Since 1989, after the fall of the Communist regime, Romania has undergone a difficult transition to new political institutions and a new economic framework. The transition increased poverty and the risk for larger categories of people to become marginalized. Romanian NGOs, with the support of international institutions and other foreign donors, have worked to alleviate the negative consequences of the transition.

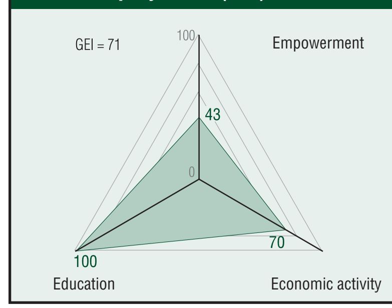
On 1 January 2007, Romania is expected to join the European Union. As such, it will have to align with EU development cooperation policies and move into the position of donor state. This transformation poses a double challenge: on one hand, although Romania will be an EU member, its domestic socio-economic conditions remain very difficult. Over the last decade, civil society organizations have built, developed and maintained a wide range of social services for vulnerable groups. This has been possible with the support of foreign donors, particularly through EU programmes. It is generally recognized that the social services provided by non-governmental agencies offer higher quality, standards and responsiveness to community needs than public ones. State funding, however, is directed almost exclusively to public social services. With the expected withdrawal of most of the foreign donors, the social services provided by NGOs will face serious difficulties, with their very survival being threatened. Therefore, we believe that public budgets should be adapted to ensure that the services developed by NGOs will continue to be provided. Likewise, civil society organizations need to play a greater role in influencing the national budgeting process, at both the local and central level, to ensure that the local funding available to social services is allocated in the best interest of the communities, providing the highest quality services with the most efficient allocation of resources.

On the other hand, by becoming an EU member, Romania has the opportunity to become more involved in the global arena. It needs to commit more resources and build capacity to act as a donor of assistance to poorer countries. International development cooperation is a recent preoccupation for both the Government and NGOs.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Social services and the role of NGOs

The domestic context, in socio-economic terms, continues to be a serious concern. According to government statistics, almost one in three Romanians lives in poverty. The situation is worse in rural areas, where wages are far below Romania's average of USD 140 per month. Economic restructuring has lead to social exclusion, and certain regions of the country, such as mono-industrial centres and rural areas, have been hit even harder.

Although the official unemployment rate was around 6% in the first quarter of 2006, a higher percentage of the population is under-employed, and attractive employment options remain limited. Over 40% of the population is engaged in agriculture, most on small subsistence plots. Moreover, many young, educated workers continue to leave the country in search of better opportunities elsewhere, particularly in EU countries. Over the last years, because of the absence of adequate social services, remittances from family members abroad have become an increasingly important means of support for vulnerable social groups.

The poor living conditions of such a large share of the population are not caused only by the limited resources available, but also by the way these resources are distributed and redistributed. To some analysts, the social policy promoted over this period has had an overly narrow focus on the objective of development and placed too little emphasis on social benefits, leaving large fields and sectors of the population excluded and socially marginalized while at the same time privileging others (Marginean, 2005).

Although a series of social policy legal provisions have been adopted in Romania over the last 15 years, the system of social policies has remained rather incoherent, with insufficient linkage among its various dimensions and actors (Marginean, 2005). Moreover, Romania remains one of the lowest ranked among EU member states and accession countries in terms of social spending. Since 2000, public social expenditure, including expenditure on education and housing, has increased, but throughout the transition period it has not exceeded 17% of gross domestic product (GDP), compared to over 25% in the majority of western European countries.

The public budget has been considerably diminished by a decrease in the number of taxpayers and by the fact that many companies and individuals avoid paying their due share of taxes. The recent adoption of a new Fiscal Code and of a 16% flat tax for salaries and profits aims to increase the rate of tax collection by encouraging fiscal discipline and offering incentives for increased investments. However, this move is only expected to have consequences for national social policies in the medium and long term.

It is considered that the social security and social services systems in Romania have been more adversely affected than other European countries' systems by globalization, demographic transition and migration of the population. Additionally, previous analysis has proven that many administrative units lack both the competence and the resources to provide the social services required in their area of activity (Chivu, n.d.). At the same time, the national social services system has had to contend with institutional fragmentation at both the central and local levels. Similarly, despite their efforts and the support of international donors, NGOs involved in social service provision are unevenly distributed across the country, with many areas not covered. Most of the extensive rural areas lack both public and non-governmental services.

The current legislation in Romania offers a general framework for the organization and administration of social services. However, a large number of problems persist, such as the uneven distribution of services; the wide differences between regions and counties and between urban and rural areas; gaps between the needs of beneficiaries and the available resources; the absence of any strategic community planning; the various differences among the categories of beneficiaries; and the poor management structures and lack of qualified personnel (Chivu, n.d.).

The individual initiatives of the Ministry of Labour and Social Solidarity and of other specialized central authorities in elaborating the legislation, as well as the poor cooperation among them, resulted in a series of incoherent regulations in the social services sector and an overlapping of attributions, procedures and methodologies, as well as legislative gaps. NGOs have repeatedly drawn attention to these incoherencies and overlaps.

In December 2005, the Government adopted the National Strategy for the Development of Social Services, accompanied by an action plan for its implementation in the period 2006-2013. Civil society actors have criticized the National Strategy for a number of reasons. They maintain that instead of bringing greater coherence to the social services system, it creates more confusion by proposing the adoption of 22 new pieces of legislation by 2010, including a Social Services Code. Moreover, the strategy was not based on an adequate analysis of the context: it did not include information on the economic and social situation, the resources within the system, or the actors interested in developing the system. Most importantly for NGOs, the new strategy failed to address the externalization of social services provision, which could help guarantee a more efficient use of public money and a viable solution to existing social needs.

As mentioned earlier, NGOs have built, developed and maintained a wide range of social services for vulnerable groups over the past decade with support from international institutions, particularly through EU programmes. In view of the expected withdrawal of the major foreign donors in the social field (the European Commission, World Bank, USAID) after Romania's scheduled accession to the EU in 2007, the funding policy for this field has to be carefully revised. The Government must provide more support to social services created and provided by NGOs, which have developed high quality standards, expertise and considerable knowledge of their beneficiaries' needs.

In fact, the public has acknowledged the positive contribution made by NGOs to social services. In a survey conducted by the Civil Society Development Foundation and the ISRA market research centre, as part of the CIVICUS Civil Society Index project, Romanian citizens were asked for their opinion on the effectiveness of different institutions in responding to marginalized people's needs. NGOs were given a rating of 56%, scoring second only to international organizations (62%) and higher than the Church (54%) and the business sector (48%). The state scored lowest, as only 43% of interviewees believed that it is able to respond properly to people in need.

Research has also shown that the provision of social services through NGOs has promoted increased solidarity with disadvantaged sectors of the population, as well as a change in attitude toward persons with disabilities (Balasa, 2004). Most of the activity of social services NGOs is directed to particularly vulnerable groups, such as the physically or mentally disabled, people living with HIV/AIDS, institutionalized children and the elderly.

The involvement of civil society organizations in the national budget process

In the last few years, civil society organizations have become more aware of the need for greater involvement in national and local budgeting processes.[1] However, research carried out by the Civil Society Development Foundation in 2005 found that civil society activity in influencing the overall national budgeting process is very limited and focuses only on specific budget components.

In theory, trade unions and employers' organizations are in a better position to influence the drawing up of the national budget because they participate in the Economic and Social Council (ESC), a tripartite body made up of government, trade union and employers' representatives that was established in 1997 to play a consultative role. In practice, however, the ESC has proven to have little impact on key issues like the national budget. According to the 2004 Annual Report, the ESC had been consulted on only 38% of all the laws and policies adopted that year, and its opinion or observations were only actually taken into account in the case of 48% of the laws on which it had in fact been consulted. And of all the draft laws analyzed by the ESC in 2004, a mere 6% were related to the national budget.

NGOs have sought to have a greater impact on the *local budgeting process*. There have been several important projects aimed at empowering citizens and building capacity for local NGOs to influence local budgets. In 2004, the Governance Reform and Sustainable Partnerships programme promoted the organization of public hearings and consultations on draft budgets.

In 2003 and 2004, the Pro-Democracy Association carried out the DIALOG Programme, aimed at involving citizens throughout the country in the debate over local decision making and local budget adoption, while since 2001 another organization, the Institute for Public Policy (IPP), has elaborated reports and offered expertise in this field.

However, NGOs have had little impact on the *national budgeting process*. Think tanks such as the Romanian Academic Society or IPP have sometimes criticized national government budgets and suggested proposals for improving the taxation system and changing expenditure priorities and the way public money is spent. The only visible way in which NGOs have managed to influence the national budgeting process is indirectly, through the modifications in the New Fiscal Code that allowed for the adoption of the "2% Law".[2]

A recent publication by the AnA Society for Feminist Analyses notes that gender budgeting has not been a priority for the Government (Grünberg, Borza, and Vacarescu, 2006). On the other hand, NGOs have been involved in sharing experiences at the international level on good practices in gender budgeting, and are interested in working on this issue.

International development cooperation and humanitarian aid

International development cooperation and humanitarian aid is rather a new preoccupation for the Government and NGOs. Although activities in this field have been carried out in the past, it has only recently started to become a distinct field of policy and intervention, primarily in the context of Romania's upcoming EU accession.

In compliance with the commitments made in the EU accession negotiation process and the recommendations in the European Commission's 2003 and 2004 Regular Reports on Romania's progress towards accession, Romania has begun to elaborate a national policy for development cooperation. In line with EU member state practice, development cooperation will be financed from the national budget, specifically through the budget of the Ministry of Foreign Affairs, which will be responsible for managing the policy. Romania, like the other new EU member states, will be expected to increase its expenditure on official development assistance (ODA) to 0.17% of gross national product (GNP) by 2010, and 0.33% of GNP by 2015. Romanian ODA is currently estimated at 0.04% of its GNP.

At the same time, NGOs have become more involved in specific initiatives at the European level and have started to develop the capacity to operate in the field of development cooperation. Although until very recently there has been no structured legal and institutional framework for Romania's international development cooperation, the non-governmental sector has gained significant experience in the context of the domestic socio-economic transition, which can be transferred to development cooperation projects.

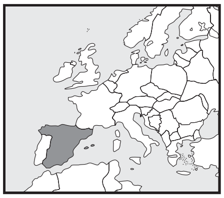
(Continued on page 261)

1 The observations on the national budgeting process are drawn from a study carried out by the Civil Society Development Foundation (CSDF) within CIVICUS Civil Society Index process. (CSDF, 2005).

2 The 2% system enables individual taxpayers to allocate 2% of their income tax to a non-governmental organization. Essentially, this system allows citizens to tell the state how a part of their taxes should be spent. These funds are not considered donations, but rather a part of the state budget allocated by individual citizens to the non-government sector. NGOs that provide social services to vulnerable social groups are expected to benefit the most from this legal mechanism, but so far, its impact on the financial sustainability of NGOs has been extremely limited. See: <www.doilasuta.ro/sistemen.htm>.

■ SPAIN

The challenge of consistency



In the last year Rodríguez Zapatero's government has taken measures that amount to progress in international cooperation, but although it is half way through its first term it is still faced with the challenge of progressing from a policy of cooperation in development to a policy of support whereby the needs of poor countries are no longer subordinated to Spanish commercial interests.

Intermón Oxfam
Isabel Kreisler[1]

The Government has demonstrated its support for international cooperation by making commitments to increase funding for official development aid (ODA) and to forgive foreign debt and exchange debt for education.

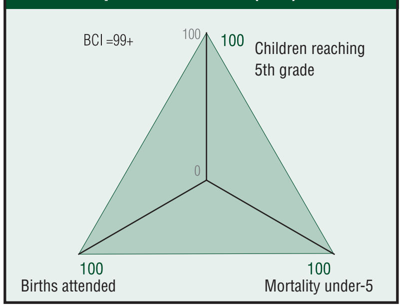
However, there is still a lack of direction and the necessary coordination to make this progress in the ambit of international cooperation consistent with other essential aspects of development like investment policy, agricultural policy or international trade.

ODA: Progress and conditioning factors

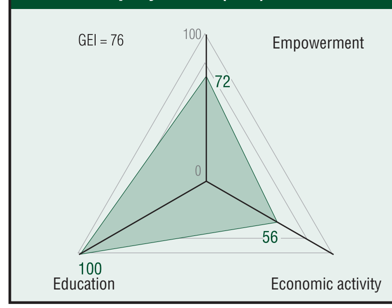
The present government has made a commitment to raise ODA to 0.5% of GDP by the end of its mandate in 2008. The Spanish Socialist Workers' Party (PSOE) has promised that, if re-elected, it will increase aid to developing countries to 0.7% of GDP by 2012. If it does so it will have honoured the commitment it reiterated before the international community in 2002 at the Monterrey Conference on Financing for Development.

- According to data from the Development Aid Committee (COD in Spanish) of the Organization for Economic Cooperation and Development, in 2005 Spain allocated USD 3,123 million to ODA, equivalent to 0.29% of its GDP.
- According to the Annual International Cooperation Plan, in 2006 ODA will be increased to some 3,234.96 million euros, or 0.35% of Spain's GDP.
- In the light of these commitments and figures, civil society organizations have recognized that the budget for international cooperation is considerable. Significant progress has been made, especially when compared to previous years (in 2004 the figure was 1,985.01 million euros or 0.24% of GDP).

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



However, Spanish aid to developing countries is still subject to conditions, so it is still a battleground for civil society organizations. On several occasions the Development Aid Committee has urged Spain to sever the links between official credits granted by the Development Aid Fund (FAD in Spanish) and the acquisition of Spanish goods and services. These links mean that Spanish aid operates as an instrument to internationalise Spanish business, so it should not be considered ODA.

According to the Spanish Cooperation Directing Plan this instrument will be re-structured before 2008, but so far, as of the middle of 2006, no visible progress has been made to do so. It would seem that yet again the good intentions of the State Cooperation Secretariat have been blocked by the barrier of Spanish economic and trade interests, which are stoutly defended by the Ministries of Economy and Trade. Studies of the FAD show that, when it comes to granting these credits, Spanish business interests are still given priority over development objectives (see Intermón Oxfam, 2006 *Créditos FAD: el debate que nunca llega* y *Renovarse o morir. Por qué la reforma de los créditos FAD no puede esperar*).

This mechanism of granting credit subject to conditions operates even when Spain sends help to countries in emergency situations. After the tsunami disaster in Southern Asia in December 2004, Spain announced on the international stage that it was making nearly 71 million euros available to help alleviate the effects of the catastrophe. Of this sum, 50 million euros (more than 70%) was made up of FAD credits, which would have been tantamount to creating foreign debt. It is no surprise that most of the countries in question declined this offer of what was purported to be emergency aid.

Commitments to forgiving and exchanging debt

The way that foreign debt is managed is at an interesting stage, and a new law about this is going through Parliament. In July 2005 the Council of Ministers announced new commitments to forgive debts of heavily indebted poor countries, and the Government has begun to explore ways of exchanging debt for education as a mechanism to finance development.

According to the new bill that is currently before Parliament, Spain will try to deal with the situation of the most impoverished and indebted countries by unilaterally forgiving the maximum amount of debt permitted under prevailing legislation in this area. At the time of writing, an announcement was expected of additional commitments to effectively forgive the maximum possible amount of debt and to take concrete measures to put into practice the political will reflected in the bill.

The bill is an attempt to lay the foundations for handling the foreign debts that other countries have with Spain in a more transparent way, and make public the information that the Government will have to submit to Congress every year. It will also give various social and economic actors in the debtor countries a wider role in the design of programmes to exchange debt, and try to give support to the economic and productive fabric in those countries. The provisions of this law constitute a definite step in the right direction since, up to now, agreements between Spain and her debtors to exchange debt for development have made such exchanges conditional upon the purchase, whenever possible, of Spanish goods and services to carry out the projects in question.

Another point that civil society organizations have raised, and that the Spanish bill is designed

1 In cooperation with Alberto Casado (Ayuda en Acción) and Marina Navarro (Global Campaign for Education).

to cater to, is that debt relief strategies should be accompanied by measures to safeguard the developing countries from falling back into debt. The new law contains a commitment to reform the FAD instrument within a year. This should make it possible to put an end to the paradoxical situation of Spain forgiving or exchanging debt and at the same time contributing to the creation of new debts by continuing to channel a large part of its foreign aid credits through the FAD (as has happened in its dealings with Honduras and Nicaragua for example).

Managing foreign debt in this way should serve to resolve the contradictions between development policies and the commercial and economic practices that the government is also promoting.

At the 15th Ibero-American summit of Heads of State in November 2005, Rodríguez Zapatero announced that the General Ibero-American Secretariat would be implementing programmes to exchange debt for education. In July of that year the Government made a public commitment worth 356 million euros to finance the exchange of debt for public investment in highly indebted poor countries.

In this year commitments have been announced, or exchange treaties signed, with Bolivia for USD 62 million, Ecuador (USD 50 million), El Salvador (USD 10 million), Guatemala (USD 10 million), Honduras (USD 138 million), Nicaragua (USD 39 million), Peru (USD 22 million) and Uruguay (USD 10 million).

New multilateral funding instruments

When it comes to new commitments using funding instruments managed in the multinational sphere, Spain's performance is a mixture of good and bad.

The Fast Track Initiative

In 2005 for the first time the Government made a firm commitment to the Education for All - Fast Track Initiative (FTI). Up to 2008 Spain is to make an annual contribution of EUR 5 million to the FTI Catalytic Fund, and in 2006 the Government announced that it was supplementing this with extra disbursements to Honduras (EUR 10 million), Vietnam (EUR 2 million) and Mozambique (EUR 1 million). In the 2005-2008 period Spain will make good on her most urgent commitments to education to the tune of EUR 33 million. This is good news, but the figure involved still falls a long short of the EUR 50 million that the coalition World Campaign for Education claims the country should pay.

The Fund against AIDS

Spain is committed to contributing USD 100 million in the 2003-2006 period to the Global Fund for the Fight against AIDS, Tuberculosis and Malaria, which amounts to about 50% of the Spanish aid to fight AIDS that goes through multilateral organizations. The average donation to the Fund is USD 25 million per year during the four years. Besides this, in September 2005, when making its payments to the Fund, Spain publicly made a new commitment to donate USD 100 million between 2007 and 2009.

Although these contributions are an improvement on previous years, the amounts involved fall short of what is considered equitable in function of Spain's per capita income. It is estimated that, to arrive at a "fair figure", Spain should pay USD 75 million for 2006 and USD 90 million for 2007 (Ayuda en Acción, 2006).

Immunization

The International Finance Facility for Immunization (IFFI), which was launched in 2006, is a new funding instrument whose aim is to provide sufficient funds for vaccination programmes against measles, polio, tetanus, hepatitis B and diphtheria in developing counties over the next ten years. The IFFI will double the resources of the Global Alliance for Vaccines and Immunization, which in the last five years has vaccinated more than 78 million children all over the world.

This year Spain, along with France, Italy, the United Kingdom and Sweden, announced they were implementing a plan that would make USD 4,000 million available for investment aimed at saving the lives of 10 million children before 2015.

In the hope that this sum will in fact be paid and a timetable for the Spanish contributions set, the development NGO has expressed satisfaction at this announcement.

The new air tax

Another new instrument for financing development that was unveiled in 2006 is a tax on aeroplane tickets. The French government led the way with its decision to levy a tax of between 1 and 40 euros on every air ticket. The aim is to generate some 210 million euros per year for the purchase of medicines for people in southern countries. This measure was approved by the United Nations, but not many countries have joined the scheme.

The Spanish government's reaction was that it felt the air tax would distort markets. The tourist and hotels sector (the country's largest economic sector in terms of contribution to GDP) put pressure on the Government not to adopt this measure as it was considered to be prejudicial to business interests in the country. The tourist sector even went so far as to demand that Spain's representatives in Brussels should resist the introduction of this measure in the European Union, arguing that "any fiscal measure could have a "weakening" effect on the number of passengers and flights, and ultimately on reaching tourist income targets." (Europa Press, 31 May, 2005). Spain eventually opted to oppose the new air tax at the meeting of European Union finance and economy ministers in Manchester in June 2006.

Unfair international trade

The 6th Ministerial Conference of the World Trade Organization (WTO) was held in Hong Kong between 14 and 18 December 2005, and, for the first time, the Spanish government allowed representatives from employers' and workers' organizations and from NGOs to join Spain's official delegation. This was a step towards greater transparency, wider participation, and openness to dialogue with social agents.

However, civil organizations are in agreement that Spain's stance at the Hong Kong Conference was not consistent with the Government's commitments in the fight against poverty. This position might have been at least to some extent softened if the Secretary of State for International Cooperation had been represented in the official delegation.

In the debate about eliminating agricultural subsidies for exports, which was one of the most important points on the Conference agenda, Spain lined up with the European Union countries that were most resistant to change. She took a similar stance in the debate about opening markets to the countries of the South, a step which is essential if those countries are to develop. Although a commitment to eliminating export subsidies was finally made, this measure will be delayed for eight more years, which means that many small producers from the South will be forced out of the market. Therefore there is no way that Spain's position in the negotiations about agriculture can be seen as consistent with the Government's repeated assertions that the country is committed to the fight against poverty.

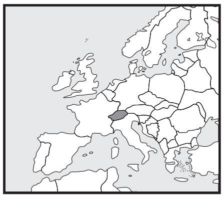
There has been one exception to the country's hard line stance. In the 2005 negotiations about reform in the sugar sector Spanish interests happened to coincide with those of sub-Saharan Africa; both were in favour of retaining a system of quotas and guaranteed high prices. Although Spain's position on this question was based on catering to the interests of the Spanish sugar beet producers, for once she supported a policy that was not damaging to countries in the South.

In Hong Kong neither Spain nor the European Union as a whole supported the developing countries' interests in the negotiations about services. This question involves the liberalization and privatization of basic social services like education, health, energy and the provision of potable water, which are all vitally important for reaching the Millennium Development Goals, which Spain has made repeated public commitments to support.

In spite of systematic and explicit opposition from the G90 group (the poorest countries in the WTO), the Services Negotiations Committee is still trying to push through a resolution that would result in multilateral negotiations in which the Southern countries would have less chance to defend their own interests.

(Continued on page 261)

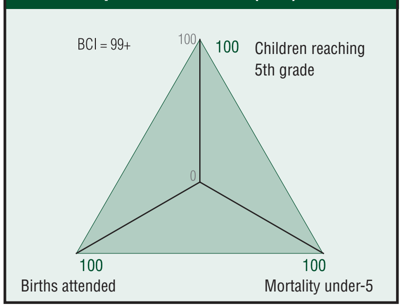
Development assistance and banking policies undermine MDGs



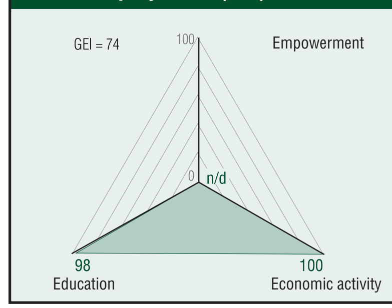
Switzerland is not fully complying with its obligations under the Monterrey Consensus. Its level of ODA is too low, and it does its utmost to shy away from innovative mechanisms to finance development. Meanwhile, it remains a safe haven for tax evaders and those seeking refuge for capital. In so doing, Switzerland undermines the efforts of numerous developing countries to fight poverty and to achieve the MDGs on their own merits.

Alliance Sud [1]
Bruno Gurtner / Pepo Hofstetter

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Switzerland adopted a very defensive stance during the discussions on financing the Millennium Development Goals (MDGs) at the United Nations Millennium+5 Summit held in September 2005 in New York. The Swiss Government is a coalition of three conservative parties and the Social Democratic Party. The right wing forms the majority, as it does in Parliament, and has championed a rigid austerity policy that provides tax relief for enterprises and the wealthy.

ODA target not met

This austerity policy has a negative impact on the official development assistance (ODA) budget. Politicians have so far not succeeded in cutting ODA, a move that would not be well received by the public and Parliament. On the other hand, the NGOs have not managed to achieve an increase in ODA. In contrast to the "old" European Union member states, Switzerland, as a non-EU member, has refused to commit itself to an increase to 0.7% of gross national income (GNI) by 2015.

Switzerland has never recognized the target set by the United Nations and Organization for Economic Cooperation and Development (OECD) for the industrialized countries to spend at least 0.7% of their GNI on development cooperation. It has set itself a target of 0.4% by 2010 and is now boasting that it already reached that objective in 2004 (0.41%). This was achieved, however, through an accounting manoeuvre; aid expenditures have not risen, and no additional resources have been channelled to the South. Switzerland previously applied quite restrictive criteria to its definition of development assistance, but since 2004, it has also included spending on asylum seekers from developing countries during their first year of stay. In 2004 this accounted for about 10% of Swiss ODA, roughly CHF 200 million (USD 160 million).

In 2005, as was the case for practically all industrialized countries, debt relief for Iraq and Nigeria was also included. However, this debt relief, consisting of export risk insurance payments totalling CHF 279 million (USD 219.4 million), had already been written off; nevertheless, it served to inflate Swiss ODA levels artificially to 0.44% of GNI. Along with the expenditures on asylum seekers and scholarships, the "virtual" aid granted by Switzerland last year accounted for 21% of its development assistance.

Swiss NGOs have criticized this contrived inflation of development assistance, and have demanded a deepened commitment from Switzerland with respect to the MDGs, including a coherent trade, economic and financial policy, as well as an increase in development assistance. In the coming year they will launch a major campaign urging the government to raise ODA to 0.7% of GNI by 2015.

Innovative mechanisms: wait and see

The Swiss Government has also adopted a very defensive position in the discussion on innovative instruments for financing development assistance. In its MDG status report the government categorically stated that Switzerland in principle rejected global taxes – referring in particular to the so-called Tobin tax on foreign exchange transactions – as well as proposals on a global International Finance Facility (IFF) to support the MDGs. If proposals on a levy on airline tickets or an International Finance Facility for Immunization (IFFIm) obtain broad support, the government would be prepared to consider participation.

Assistance to international tax evasion

Switzerland has not changed anything in the configuration of the Swiss financial centre. In its 2005 Peer Review of Swiss development policy[2] the OECD Development Assistance Committee (DAC) noted that the Swiss financial marketplace is highly attractive to flight capital from developing countries with weak financial systems and property rights, political instability, and poor monetary and fiscal policies. Switzerland therefore has a special responsibility: the Committee recommended that Switzerland should initiate an international debate on the problem of capital flight, its root causes and negative impact on developing countries.

Swiss banks manage one-third of all assets invested outside their country of origin. A large proportion of these funds are not properly taxed in those countries. As a result, developing countries are particularly plagued by major shortfalls in their tax revenue. This has a negative impact on poverty reduction and the achievement of the MDGs.[3]

Swiss banking secrecy is not the main instrument that facilitates tax evasion by rich foreign nationals. It can be lifted in the event of criminal activity. Rather, the decisive factor is a unique construct in tax law, namely the legal distinction between tax fraud and tax evasion. Forgery of documents (accounting balance sheets, profit and loss and income statements, etc.) is regarded as fraud. Such activity constitutes a criminal offence and may be punishable by imprisonment, or the perpetrator may be

1 Swiss Alliance of Development Organizations: Swissaid, Catholic Lenten Fund, Bread for All, Helvetas, Caritas, Interchurch Aid.

2 OECD (2005). "Switzerland (2005), DAC Peer Review. Main Findings and Recommendations". Available from: <www.oecd.org/document/43/0,2340,en_2649_34603_35105259_1_1_1_1,00.html>.

3 Cf. the article by Mike Lewis "Global Tax Evasion" in the thematic section of this Report.

fined up to CHF 30,000 (USD 24,250). The submission of insufficient data on income and assets, by intent or negligence, is considered tax evasion. In Switzerland this is subject only to administrative proceedings, such as the imposition of fines.

This discrepancy has serious implications on cross-border information exchange: in Switzerland the principle of dual criminality applies to any international judicial assistance and cooperation among competent authorities. In other words, Switzerland provides legal cooperation in cases where an offence is also punishable under Swiss law. Since tax evasion does not constitute a criminal offence, no such cooperation is granted. This provides an effective shield that protects foreign tax evaders seeking refuge from the fiscal authorities under whose jurisdiction they operate.

The elite from developing countries benefit considerably from these tax loopholes, for example, through funds placed in fiduciary arrangements. The banks invest these funds in their own name, but at the risk of the client. The *Financial Times* of London described this type of financial transaction as a perfect way to evade taxes. At the end of 2004, fiduciary assets entrusted to Swiss banks by wealthy customers from developing countries amounted to some USD 62.5 billion.[4] An additional USD 83 billion originated from Caribbean and European offshore financial centres. It is likely that as much as half of these funds come from developing countries, the major share of which is not appropriately taxed in the countries of origin and therefore represents missing tax revenue.

It is not possible to determine just how large the sums of flight capital and missing tax revenue are, since Switzerland's financial statistics are inadequate in this regard. Alliance Sud estimates that developing countries are losing out on USD 5 billion in tax revenue through monies managed by Swiss banks. This figure corresponds to five times the total sum Switzerland spends on development cooperation.

Knowing that the adoption of unilateral measures by Switzerland was unlikely to be accepted, due to the strong competition between financial centres, the OECD recommended that Switzerland should become a strong proponent of international reform. At the bilateral level, Switzerland should extend its agreement with the EU on the taxation of interest payments to include developing countries. Through such an agreement, along the lines of the agreement negotiated with the EU, interest earned on managed capital from developing countries would be returned to the countries of origin, to be used to combat poverty in those countries. The OECD has encouraged Switzerland to strengthen international exchange of information on taxation matters and to rectify the current situation of impunity with regard to tax evasion.

Almost a year has passed since those recommendations were made, but there are no signs that they will be implemented under official Swiss policy. Switzerland likes to draw the attention of the OECD to the mechanisms it has implemented that sustainably strengthen the financial systems of developing countries and all the steps it has taken to counter money laundering, yet it categorically refuses to extend the EU agreement to all developing countries. In response to questions raised in this regard before the Swiss parliament, the Government has stated that a successful strategy to combat capital flight needs to start in the countries of origin themselves.

Further announcements have made it clear that Switzerland does not intend to deviate one iota from its current policy. In November 2005, however, Switzerland participated for the first time (albeit as an observer) in a meeting of the OECD Global Forum on Taxation. At the Global Forum, OECD member countries and offshore financial centres meet and try to establish a common framework to improve transparency and strengthen information exchange on international taxation issues. As in the case of Belgium, Luxemburg and Austria, Switzerland had previously refused to participate because it was opposed to extensive information exchange. As a result of pressure from the OECD, many offshore financial centres in the meantime have somewhat improved their legislation and banking supervision, and are negotiating bilateral agreements on the exchange of information. Not without reason, they accuse the OECD of applying a lower standard to its own member countries than is required of other offshore centres.

When it made its first appearance at the meeting, Switzerland made it clear from the outset that it did not wish to commit itself: it does not at all feel bound by the conclusions of the Forum, and maintains its position, particularly with respect to banking secrecy. For years the government ignored the work of the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters. Switzerland was represented at best by banking and industry executives. The group of experts was later upgraded to the status of a Committee following the 2002 International Conference on Financing for Development held in Monterrey. The Committee seeks to strengthen efforts to curb tax evasion and enhance processes of information exchange, for example, by aligning the provisions on exchange of information in its Model Double Taxation Convention between Developed and Developing Countries with those of a similar, but more comprehensive, OECD model law agreement. This has given Switzerland grounds enough to seek one of the 24 seats on the Committee, even though it had worked against the upgrading of the expert group behind the scenes. The representative of Switzerland, along with representatives of other interest groups, now works towards a "moderate" policy: exchange of information in taxation matters should not infringe on banking secrecy.

Alliance Sud believes that it is unacceptable for Switzerland to boast when it finally returns the millions stolen by former dictators like Sani Abacha of Nigeria and Ferdinand Marcos of the Philippines to their countries of origin. Alliance Sud calls on Switzerland to carry out much deeper structural changes within its financial centres. The current distinction between tax evasion and tax fraud must be abandoned. Switzerland must implement policies that lead to an effective international exchange of information on tax matters and apply customary international standards. This is why Alliance Sud is actively involved in the global Tax Justice Network.[5] ■

4 Swiss National Bank (SNB) (2005). *Banks in Switzerland*. Zurich, 2004 edition. Available from: <www.snb.ch>.

5 Additional information available from: <www.taxjustice.net>. Cf. also the article by Mike Lewis, *op cit.*

Ambitious poverty reduction plan faces daunting barriers

The Tanzanian government's National Strategy for Growth and Reduction of Poverty is an ambitious and laudable initiative that would contribute greatly to social development. Unfortunately, the funding required for its implementation appears to far outstrip the country's current fiscal means, largely because of the barriers to financial flows created by the wealthy developed countries.

Southern Africa Human Rights NGO-Network (SAHRiNGON) - Tanzania Chapter
Richard Shilamba

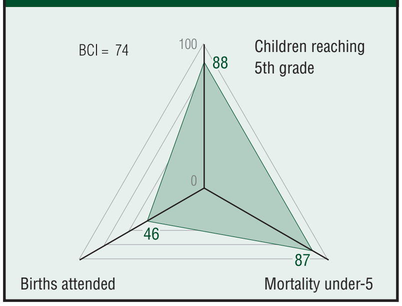
The National Strategy for Growth and Reduction of Poverty (NSGRP) was adopted by the Tanzanian government in June 2005. As the successor to the Poverty Reduction Strategy Paper of 2000, it is the second national framework for placing the goal of poverty reduction at the top of the country's development agenda. The NSGRP is based on the objectives of Tanzania's Development Vision 2025, which are high and shared growth, high quality livelihood, peace, stability and unity, good governance, high quality education and international competitiveness. The strategy also reflects Tanzania's commitment to the U.N. Millennium Development Goals (MDGs) as internationally agreed standards for reducing poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women by 2015.[1]

While the NSGRP text maintains that Tanzania experienced improved economic performance at the macro level over the six years prior to the adoption of the strategy, that same period was marked by a certain degree of instability. The GDP growth rate had risen consistently until reaching 6.2% in 2002, but subsequently dropped to 5.6% in 2003, then rose once more to 6.7% in 2004. At the same time, although inflation was kept relatively under control, it was nonetheless subject to some fluctuation: the annual inflation rate decreased from 6% in 2000 to 4.4% in 2003, but inflation increased from 4% in July 2003 to 4.6% at the end of March 2004.[2]

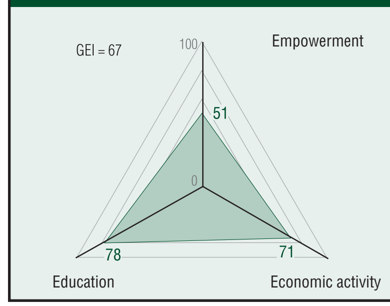
According to a study by Tanzania's Economic and Social Research Foundation (ESRF), the effective implementation of the NSGRP will require massive funding beyond the current fiscal means of the Government.[3] Moreover, the country is currently facing a severe food shortage as the result of a prolonged drought. According to the Food Security Information Team coordinated by the Prime Minister's Office and the Ministry of Agriculture, Food Security and Cooperatives, this emerging crisis is affecting nearly 85% of Tanzania's 129 districts. As of February, some 3.7 million people, or nearly 11% of the mainland population, had been identified as facing a food shortage, and it was estimated that more than 565,000 Tanzanians were in need of emergency food supplies, as they did not have the resources to purchase even heavily subsidized staple foods.[4]

This unsatisfactory economic performance and the extreme poverty in the country is largely linked with deliberate international barriers preventing more money from flowing into Tanzania. A question that remains unanswered is how the government can obtain the necessary funding to fulfil its commitments while these barriers on financial flows into the country for social development remain in place.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Barriers to financial flows for social development

Unfair trade rules imposed by developed countries

International trade represents one potential source of financing for social development. It has been estimated that if Africa's share of international trade were increased by just 1%, it would earn an additional GBP 49 billion annually.[5] If that 1% increase in the share of world trade extended to all the countries of Africa, Latin America and East and South Asia, it could help 128 million people escape poverty.[6] If the poorest countries as a whole could increase their share of world exports by 5%, it would generate GBP 248 billion or USD 350 billion in revenue, which could be used to lift many millions more out of poverty.[7]

However, while the developed countries have pressured Tanzania to open up its domestic markets through trade liberalization, they have kept their own markets closed to agricultural and textile exports from Tanzania through the application of unnecessary and highly restrictive trade rules.[8]

Among the trade restrictions that act as a barrier to financial flows into the country is the developed countries' complex rule of product origin applied to imports from Tanzania. The rule stipulates how much of a product must be made from local inputs to qualify for export and entry into their domestic markets on the basis of preferential tariffs. In reality, however, only a third of imports from developing countries eligible for preferential access are able to meet these strict rule-of-origin criteria.[9]

1 United Republic of Tanzania. Vice President's Office (2005). *National Strategy for Growth and Reduction of Poverty.* p. 1. Available from: <http://www.tanzania.go.tz/pdf/nsgrptext.pdf>.

2 NSGRP. June 2005, p. 1.

3 *Financial Times*, 31 May 2006.

4 Food Security Information Team (2005). Rapid Vulnerability Assessment (RVA) of Food Insecure Districts in Tanzania Mainland for the 2005-06 Market Year. Cited in: International Federation of Red Cross and Red Crescent Societies (2006). Tanzania: Drought – Information Bulletin No. 1/2006. Available from: <www.reliefweb.int/library/documents/2006/IFRC/ifrc-tza-3mar.pdf>.

5 Yergin, D. (2002). "Globalisation - It Pays Off". *The Sunday Times,* London, 24 April.

6 *Edinburgh Evening News* (2002). "Poor nations 'cheated out of £69bn'". 11 April. http://edinburghnews.scotsman.com/index.cfm?id=389892002

7 Bain, S. (2002)."Bringing down the barriers". *The Herald*, Glasgow, 11 April, p. 21.

8 Pollard, S., Mingardi, A., Gabb, S. and Philippe, C. (2003). *EU Trade Barriers Kill.* Brussels: Centre for the New Europe.

9 Brenton, P. and Manchin, M. (2002). *Making EU Trade Preferences Work: The Role of Rule of Origin.* Working Document No. 183. Brussels: Centre for European Policy Studies. Available from: <www.ceps.be>.

Moreover, even if Tanzanian exporters were able to comply with this rule of origin, there are further restrictive regulations related to health and safety. For example, one regulation requires that milk must be taken from cows by machines and not by hand.[10] This represents a major obstacle for the majority of the country's dairy farmers in both urban and rural areas, because such machinery is either unavailable or prohibitively expensive. Although sanitary conditions could be ensured by wearing gloves to milk cows, this would not be enough to satisfy the regulations in question.

Anti-dumping regulations, applied when an exporter sells goods below production cost, act as another barrier to potential exports and revenue.[11] Obviously, a product made in Tanzania will have an extremely low production cost when compared with the same product produced in the wealthy developed countries of Europe, which poses yet another obstacle for Tanzanian-made products to be exported and sold in Europe.

These restrictive practices have discouraged investment in agriculture in Tanzania, as reflected in Table 1.

The shortage of investment in the agriculture sector – which is the main employer in rural areas and the primary source of livelihood and income for the majority of the population – has led to limited growth and in some cases even a decline in the production of the country's most important cash crops.

It is therefore recommended that the developed countries should remove unfair trade restriction rules for products made in Tanzania and open more markets to Tanzanian agricultural products, so as to attract greater investment and promote higher productivity in the agriculture sector.

Moreover, limited agricultural sector growth does not solely affect cash crops, which are a crucial means of earning revenue for the country. There has also been a marked decline in the production of various staple food crops, which obviously has a direct impact on the lives and health of the Tanzanian population.

TABLE 1

Total number of investors in the agriculture sector

Year	2001	2002	2003	2004	2005
Number	77	93	115	145	169
Change in %	0	20.78	23.66	26.08	16.55

Source: Tanzania Investment Centre, reproduced in the Government of Tanzania Economic Status Report of June 2006, p. 133.

TABLE 2

Production of various cash crops (tonnes)

CASH CROP	2004	2005	CHANGE IN % (2004-2005)
Cotton	344,207	378,000	9.82
Tobacco	51,972	56,500	8.71
Sugar	223,889	263,317	17.61
Tea	30,259	30,000	-0.86
Coffee	51,970	34,334	-33.94
Sisal	26,800	27,794	3.71
Cashew nuts	100,000	90,385	-9.62

Source: Ministry of Agriculture, Food and Cooperatives, reproduced in the Government of Tanzania Economic Status Report of June 2006, p. 133

TABLE 3

Production of various food crops (000 tonnes)

FOOD CROP	2004	2005	CHANGE IN % (2004-2005)
Maize	4,286	3,131	-26.95
Rice	1,030	1,077	4.56
Wheat	66	44	-33.33
Millet	937	721	-23.05
Cassava	2,470	2,851	15.43
Beans	603	650	7.79
Bananas	2,576	2,007	-22.09
Sweet potatoes	1,245	1,300	4.42

Source: Ministry of Agriculture, Food and Cooperatives, reproduced in the Government of Tanzania Economic Status Report of June 2006, p. 132.

The continued burden of external debt

Owing to its status as a poor country heavily burdened by external debt, Tanzania has benefited from a number of debt relief initiatives. In December 2005, for instance, Tanzania was provided with 100% debt relief on all of its outstanding debt to the International Monetary Fund (IMF). This amounted to some USD 336 million, or USD 297 million excluding the debts scheduled for cancellation under the Heavily Indebted Poor Countries (HIPC) Initiative. According to the IMF, these additional resources were made available by the international community to help Tanzania make progress toward fulfilling the MDGs.[12]

Despite initiatives like these, however, Tanzania's external debt load continues to grow, representing a serious drain on the country's limited resources. Tanzania's external debt was USD 9.73 billion in December 2004, but had risen to USD 9.96 billion in December 2005. As a result, the country was compelled to increase its external debt payments from USD 77.8 million in 2004 to USD 91.1 million in 2005.[13] If it were not for this debt burden, the Tanzanian government could channel the funds currently allocated for debt servicing towards social development efforts – including the National Strategy for Growth and Reduction of Poverty. ■

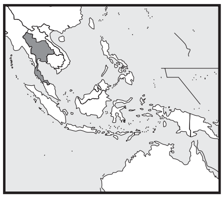
10 Pollard, S., *et al* (2003), *op cit,* p. 8.

11 *Ibid.,* p. 9.

12 International Monetary Fund (2005). *IMF to Extend 100 Percent Debt Relief to Tanzania Under the Multilateral Debt Relief Initiative.* Press Release No. 05/286 of 21 December 2005. Washington: IMF.

13 United Republic of Tanzania (2006). *Tanzania Development Status, June 2006.* p. 74.

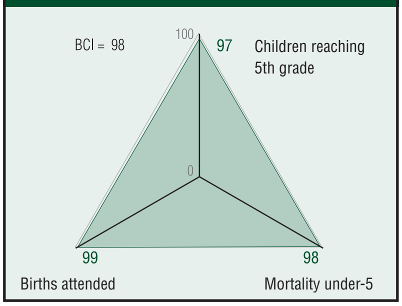
Unsound government policies, successful grassroots solutions



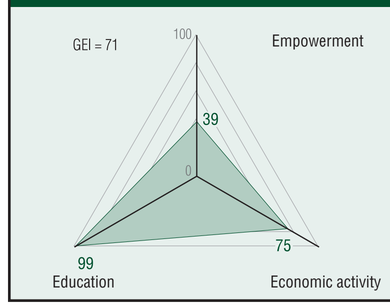
Over the past five years, the Thai government's financial policies have served to benefit a small wealthy elite while failing to promote genuine development or create a sound welfare system. They also pose the risk of another economic crisis like the one that hit the country in 1997. In the meantime, an emerging grassroots movement has helped communities to meet their own financial management and welfare needs.

The Social Agenda Working Group
Ranee Hassarungsee / Poonsap S.Tulaphan / Yuwadee Kardkarnklai

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



This report addresses the negative effects of populist "Thaksinomic" financial management to point out the importance of public participation in the management of national resources in a democratic and fair political system. It presents the case of savings groups created at the grassroots level to achieve self-sufficiency in local communities. These grassroots social financing groups have been led astray by the mainstream populism of the government. The Social Agenda Working Group believes that only strong determination can ensure the survival of these local initiatives.

Monopoly of finance and politics

The government of the Thai Rak Thai (Thais Love Thais) Party (TRT), a right-wing party formed in 2001 by telecommunications billionaire Thaksin Shinawatra, has combined populist policies with strong support for US foreign policies. Thaksin became prime minister in 2001 when the TRT was swept into power on a populist platform aimed at winning rural votes. In 2005, he became the first prime minister to lead an elected government through a full four-year term and was reelected in a landslide TRT victory in the general elections held in February of that year. However, when Thaksin's family sold its entire 49% share in the Shin Corporation telecommunications conglomerate to the Singaporean government investment house Temasek Holdings on January 2006, it prompted an angry outcry and protests from urban middle-class opponents, who viewed the deal – a tax-free windfall profit of THB 73 billion (USD 1.9 billion) – as the epitome of his sophisticated corruption and a betrayal of his proclaimed nationalism. The resulting controversy forced Thaksin to call a snap election in April, which was boycotted by opposition parties. In May 2006, a Constitutional Court ruled to invalidate the April election and ordered a new election to be held in October. In the meantime, Thaksin and his Parliament have retained their hold on power, despite rising opposition and unrest.

Many academics agree that from the beginning, Thaksin's government represented a group of powerful domestic capitalists who had survived Thailand's 1997 financial crisis. They believe that the TRT sought to "capture" state power through general elections in order to protect, promote and provide privileges for this group and their allies, who are engaged in telecommunications, entertainment, mass media and manufacturing, and control an estimated 42% of the total stock value on the Thai stock exchange.[1] Both the 1997 Constitution and the country's election laws are seen to favour big political parties, and the TRT is widely considered to represent Thailand's capitalist elite.[2] According to some critics, all of the components of democracy, including the elected government, Parliament, independent organizations, the judicial system, Constitutional Court, Election Commission, and government bodies such as the Revenue Department and Stock Exchange Commission have been transformed into "puppets" used by Thaksin to rake in further profits.[3] During the TRT's first four years in power, between 2001 and early 2005, its cabinet ministers were reshuffled 10 times. This was a viewed as a new approach adopted by Thailand's chief of the executive branch, whose party was further strengthened by the country's new Constitution.[4]

Money politics

According to some observers, the TRT administration has been marked by the emergence of an integrated policy of corruption, formed through the synchronization of economic exploitation with administrative malfeasance and political nepotism.[5] The Government gained control over ministries, state enterprises and banking and financial institutions, including the government-run Bank for Agriculture and Agricultural Co-operatives and the Government Savings Bank.

The rise of such a highly autocratic government made the government budget the current largest source of income for corrupt politicians. A second source of corruption money was foreign loans. The third was non-budgetary spending, or quasi-fiscal measures. For example, the Government Savings Bank, which had agreed to join the so-called SML Programme by providing small, medium and large community funds, was instructed to allocate these funds to various constituencies two days before the April elections took place. In addition, part of the government budget was used to increase the price of rice to an artificial high, which subsequently plunged to its actual level after the elections. Almost none of the public could understand how the price of rice had risen so high, but the farmers and parties involved were happy. The Thaksin administration has also reportedly been involved in stock exchange speculation.

The high risk of quasi-fiscal activities

The Thaksin government has used populist programmes and quasi-fiscal measures[6] to gain political popularity since 2001. According to influential social critic and academic Thirayuth Boonmee, "The government in fact set aside THB 780 billion (USD

1 Phongpaichit, Pasuk (2004), *Matichon Daily*, 17 March.

2 Sathitniramai, Aphichart and Laowakul, Duangmanee (2005). "Dual-Track Development Strategy: Successes and Failures". A commentary presented to the 2005 annual conference of the Faculty of Economics, Thammasat University.

3 Boonmee, Thirayuth, *Matichon Daily*, 5 March 2006.

4 Charoenmuang, Thanate (2005). "The Reformation of the Thai Bureaucracy". Annual conference of the Faculty of Economics, Thammasat University.

5 Piriya-rangsan, Sungsit (2005). In a conference on International Anti-Corruption Day 2005, held on 9 December 2005.

20.8 billion) for the restructuring of bad debts by the Thailand Asset Management Corporation. THB 2 trillion (USD 53.4 billion) would be required for the construction of new cities and mass transport system; another USD 2.56 billion was to be given to the Vayupak Fund to support the stock market; and USD 17.95 billion was earmarked as a fund for public utilities. All these projects amounted to about USD 91.79 billion. In the meantime, health care got USD 1.46 billion while USD 1.71 billion was given to the village fund. USD 365 million went to the farmers' debt relief project. Altogether, about USD 4 billion of the budget was allocated to support the low-income people, 20 times lower than the money set aside for big troubled business companies and financial institutions."[7] No economic cost-effectiveness evaluation of these schemes has been conducted.

Most of the budget allocated to quasi-fiscal activities every year is aimed at providing economic opportunities by giving loans to particular groups that the government wants to support, especially through the SME (Small and Medium Enterprise) Programme run by government financial institutions. The budget funds used for this purpose totalled USD 12.5 billion in 2004, an amount 137.9% higher than in 2003. This was a greater increase than in any other budgetary allocation that year.

The use of quasi-fiscal measures could cause potential negative impacts, such as operational risks for state-owned financial institutions, particularly the Krung Thai Bank, Government Savings Bank and Bank of Agriculture and Agricultural Co-operatives, which have been indirectly compelled to provide loans to individuals and groups of people that the government wants to help. Even more troubling are the risks posed by these practices to the country's fiscal and macroeconomic stability. As the money used in these activities was non-budgetary spending, the Parliament had no power to examine these measures. The Parliament was also prohibited from cutting the government's spending.

No welfare system

Over the past five years, the Government has done nothing to effectively promote any viable social welfare system, and has focused on adopting policies to stimulate domestic consumption. A survey by the National Statistical Office found that in 2002, Thailand's nationwide household debt was USD 1,918.3, which rose to USD 2,681.3 in 2004.[8]

TABLE 1

Quasi-fiscal activities in relation to GDP and the annual budget (in million THB)

	2002	2003	2004
Funding provided through quasi-fiscal activities	103,669.0	295,993.0	569,597.9
Percentage of GDP	1.9%	5.0%	8.7%
Percentage of annual budget	10.1%	29.6%	49.0%
Gross domestic product	5,446,043.0	5,930,362.0	6,576,023.0
Annual budget	1,023,000.0	999,000.0	1,163,500.0

Sources: Fiscal Risk Management Group, Fiscal Policy Office, Ministry of Finance; Budget Bureau; National Economic and Social Development Office; calculations by the research team of Aphichart Sathitniramai.

A range of populist programmes have been implemented as a means of increasing the governing party's popularity. However, they have typically not involved adequate cost-effectiveness evaluations or included appropriate means to reach their stated target groups. Their main goal has been to gain votes and financial power for the TRT and its allies, not to achieve any overall economic benefit for the country. Such populist policy implementation could lead to an inefficient and socially unfair use of national resources. It could also overshadow other programmes with greater socio-economic impact, such as educational reform, which could be a key factor for increasing the productivity of Thailand's labour force and is still a weak point of the Thai economy. Better educated workers would help increase the country's competitiveness in the long term. But a reform of the educational system was difficult and would take too long a time to achieve. To quickly gain electoral votes, populist programmes and quasi-fiscal activities, which fundamentally waived fiscal discipline, were an easier option.

The Village Fund, through which BHT 1 million was given to each village to be borrowed by the community members, has now become a tool for local politicians. Community members have become divided and forced to compete with each other for these funds. In the area of health, civil society had initially advocated the government's 30-baht-per-visit health scheme before the TRT adopted it as a policy platform during its election campaign in 2000. Once elected, the TRT immediately put this scheme into practice to obtain popular support. But because the government did not provide the required budget to support it, hospitals have had to shift their other non-budgetary income to cover its costs.

A community approach to financial management

Many communities have adopted the concept of "community capital" and organized a variety of "community financing" organizations, such as savings groups for production, integrity savings groups, credit union co-operatives, and village banks. The main objective of such community financing groups is for people to "help each other" within their communities. Their ultimate aim is to promote disciplined and regular savings and make use of the money involved so that it benefits the groups' members in times of trouble and saves them from having to take out informal loans.

In addition to serving as a grassroots-based source of credit for community residents, programmes like these also help to promote greater discipline in spending, develop community financial management skills, and generate employment. In addition, any profits made can be directed towards welfare benefits for the groups' members.

This first fund of this kind was started up 20 years ago by teacher Chob Yodkaew in the southern province of Songkhla.[9] The first step was the organization of a Contractual One Baht Per Day Savings Group, to which the group's members were committed to contribute regularly. Subsequently, 50% of the interest earned on the savings deposited were used to create a welfare fund. The concept behind the Savings Group was to encourage people to reduce their expenses while using the money thus saved to provide for community welfare. These funds could be used to improve the quality of life of community residents and promote a sense of sharing. Efforts are now being made to promote the implementation of this bottom-up initiative throughout the province of Songkhla and its adoption as an official public policy within the provincial strategic development plan.[10]

Conclusion

The Thaksin administration has been criticized for its corruption, rapid self-expansion, and crafty self-protection. It has been accused of passing laws favourable to certain business groups, such as the Special Economic Zone Act. The TRT administration has also signed numerous corrupt business deals with private companies, which could be entitled to sue the State and receive compensation or to demand arbitration that would rule on the side of the companies if their operations did not succeed.

The Thaksin administration's financial management has been so cunning and complicated that the country's principal accountability mechanism, the Parliament, has been powerless to intercede, while the public has had no way of participating in the budget allocation process.

(Continued on page 261)

6 Quasi-fiscal measures are activities that may be operated by the government or agencies not directly controlled by the government such as state enterprises and the country's central bank. Even non-budgetary funds can be administered in quasi-fiscal activities. The implementation of quasi-fiscal activities varies and includes implicit uncollected taxes, subsidies, or public enterprise expenditure through either financial or non-financial institutions. Such institutions will serve as government representatives to provide particular support for those economic sectors that the government wants to help.

7 Boonmee, Thirayuth (2004). *Analyzing the Thai Rak Thai's Politics.* Midnight University.

8 <www.iseas.edu.sg/viewpoint/sm24aug05.pdf>.

9 Yodkaew, Chob (2005). *Project the Public Policy Practices for a Good Quality of Life: the Case of the Contractual One-baht Per Day Savings Fund for Public Welfare. First Phase Progress Report* (16 September 2005). Under the Plan on Development of Public Policy for Good Quality of Life.

10 Songkhla province's directive No. 223/2548.

Social protection: a guaranteed right in theory, but not in practice

Although social protection is a right guaranteed to all Ugandans on paper, only a limited portion of the population is actually covered by existing social protection schemes. Those who are not covered include the poor, and given that almost four out of every ten Ugandans live below the poverty line, extending this right to all of the country's citizens is a challenge that urgently needs to be met.

Uganda Social Watch Coalition

The 1995 Ugandan constitution provides for the protection and promotion of fundamental human rights, including the right to social protection. However, guaranteeing this right to the entire population remains a major challenge. Existing social protection policies cover only a part of the population: workers employed in the civil service, and those employed by the limited number of private enterprises that offer social security and pension schemes. The majority of poor people have no social protection coverage whatsoever, and even for those who are covered, problems persist with regard to timely access to and adequacy of services. In order to extend social protection to all Ugandans, it will be necessary to identify the poor (UBOS *et al*, 2003), design a variety of schemes for different categories of the poor, establish an effective strategy for social protection management, and allocate and utilize substantial resources in order to respond to social protection needs adequately and sustainably.

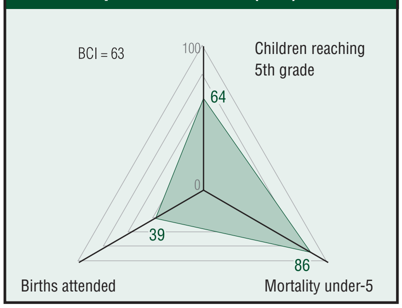
Political, economic and social situation

The elections of February and March 2006 in Uganda marked a return to multiparty politics. Previously, a one-party system had been in effect since 1985. There are now 319 members of parliament, and 69 cabinet ministers, of whom 56 (81%) are men and 13 (19%) are women. The ruling party is the National Resistance Movement Organization, and the opposition parties are the Forum for Democratic Change, the Uganda People's Congress, and the Democratic Party. A few members of parliament are independent candidates. This development is considered useful for enhancing democracy and governance in Uganda.[1]

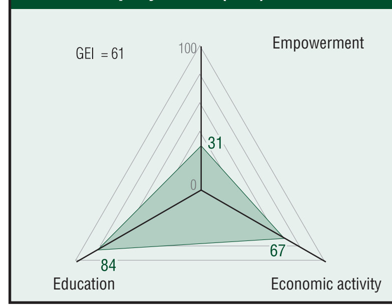
In terms of the economy, performance at the macro level has been good. The country's gross domestic product (GDP) is projected to total around UGX 15 billion (USD 8.2 billion) for the 2005-2006 fiscal year, up from UGX 13 billion (USD 7.1 billion) in 2004-2005, representing a nominal increase of about 11%. Meanwhile, inflation has been stable at around 5% annually for close to five years, reflecting sound economic management.

1 *The New Vision*, 2 June 2006.

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



For Uganda, like most developing countries, cooperation aid is a crucial source of financing for social development, which in turn is essential for enhancing social protection. The gap between the rich and poor countries is widening: today, roughly 80% of global GDP benefits one billion people, while 20% is shared in varying proportions by five billion people (UN, 2005). Nevertheless, the response from the wealthy nations of the Organization for Economic Cooperation and Development (OECD) has been extraordinarily slow. The share of combined gross national income (GNI) provided as aid by the 22 members of the OECD Development Assistance Committee (DAC) decreased from 0.36% in 1987 to 0.22% in 2001, then gradually rose to 0.25% in 2004 (DAC, 2006). This is far below the 0.7% of GDP that the OECD donor countries have pledged to allocate to development assistance. Consequently, the developing countries, including Uganda, continue to receive less aid to improve their capacity for providing social protection to their citizens, among other needs.

Despite the cooperation assistance that it does receive, and the debt cancellation carried out under the Highly Indebted Poor Countries (HIPC) programme, Uganda's external debts appear increasingly unsustainable. The Government's explanation is that the anticipated growth in exports has been slower than projected (Ministry of Finance, Planning and Economic Development, 2006). Table 1 presents key indicators of Uganda's external debt.

Social conditions are significantly influenced by population growth, poverty, armed conflict, corruption and poor delivery of service. Uganda's population is roughly 26.7 million and the population growth rate is 3% annually, while the proportion of the population living below the poverty line is around 38% (UBOS, 2003), of which 20% face chronic poverty (CPRC, 2005, p. 9). The ongoing armed conflict sparked by the rebel group known as the Lord's Resistance Army has forced over two million people to flee their homes, and many have been living in internally displaced persons (IDP) camps in northern Uganda for nearly 20 years. In more recent years, western Uganda has been hit by civil strife at the hands of another rebel group, the Allied Democratic Forces, although this conflict appears to have been largely defused. In addition, the ranks of the poor in Uganda are further swelled by refugees from other African nations, whose numbers were estimated at 206,924 in late 2005 (OCHA, 2005, p. 5).

In Transparency International's Corruption Perceptions Index for 2005, Uganda scored just 2.5 on a scale ranging from 10 (highly clean) to 0 (highly corrupt).[2] Corruption has led to a substantial loss of resources through practices like influence peddling, diversion, and favouritism in the awarding of contracts. Perpetrators of corruption include the political and administrative leadership, private sector, police and judiciary (Centre for Basic Research, 2005). The resulting losses contribute to the non-existent or inadequate delivery of services necessary for social protection. The government has begun efforts to combat corruption through the Inspector General's office.

The effect of poverty on the population is significant. A study by the Uganda Bureau of Statistics (UBOS) showed that the proportion of people living

2 Transparency International (2005). Available at: <ww1.transparency.org/cpi/2005/cpi2005.sources.en.html>.

below the poverty line grew from 34% in 2000 to 38% in 2003. There has also been a marked increase in inequality. The Gini coefficient, which measures inequality, rose from 0.35 in 1997 to 0.43 in 2003. The reasons identified by UBOS included a slowdown in agricultural growth, declines in agricultural commodities prices, insecurity, and HIV/AIDS. Nevertheless, it is clear that more effective governance is needed to improve the delivery of services, reduce corruption, and adopt more effective mechanisms for the distribution of benefits arising from Uganda's good macro economic performance to ensure the social protection of the entire population, including the poor.

Current social protection policy framework and financing arrangements

According to the International Labour Organization, social security is the protection which society provides for its members through a series of public measures to offset the absence or substantial reduction of income. This definition encompasses benefits provided under three different forms of social security, namely social insurance, social assistance and social allowance.

In Uganda, social insurance is managed under the state social security fund. A new Social Health Insurance Scheme has been approved by cabinet, and is scheduled to enter into effect in July 2007.[3] In the meantime, a Social Development Sector Strategic Plan drafted by the Ministry of Gender, Labour and Social Development was approved by Cabinet in October 2004, and joined the Poverty Eradication Action Plan that has been underway since the 2004-2005 fiscal year and will run until 2007-2008. Both plans are aimed at raising production competitiveness and incomes, and promoting security, conflict resolution, disaster management, good governance, and human development (MFPED, 2004). Significant resources allocation and effective management of these resources for social development and poverty reduction would contribute to enhancing social protection.

The primary social protection scheme in force, the social security fund, is backed by the National Social Security Fund (NSSF) Act. Its mandate is to provide social security to employees by protecting them against "uncertainties of social and economic life" (NSSF, 2003, p. 3). The NSSF is a contributory scheme and benefits are paid when a contributor reaches the age of 55, or upon invalidity or death. The poor and the unemployed are fully excluded from this scheme.

The pension scheme is another social protection arrangement, which serves those employed in the army, police, prisons, civil service, and public education system. It is financed by the Government, and also excludes the poor. Basically, the only universal social protection which poor Ugandans could also benefit from is social assistance, which is currently non-existent. Social assistance would help those who do not contribute to, and therefore do not benefit from, the existing schemes, including the large proportion of Ugandans who live below the poverty line, as seen above.

3 *The New Vision*, 8 June 2006, p. 4.

TABLE 1

Key indicators of Uganda's external debt

YEARS	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Debt stock / GDP	63.2%	64.8%	68.5%	63.2%	56.2%
Debt service / Export of goods & services	24.3%	19.1%	22.4%	18.3%	17.9%
Debt service / Domestic revenue	26.8%	18.7%	22.6%	20.8%	17.5%
Debt service after HIPC / Export of goods & services	13.3%	7.6%	10.3%	9.9%	9.0%
Debt service after HIPC / Domestic revenue	14.7%	7.4%	10.4%	11.2%	8.8%
Memorandum items: (in USD millions)					
Total Debt Service	164.7	133.6	172.0	179.7	192.1
Total Debt Service Excluding IMF	95.9	91.7	127.2	103.7	137.3
Total Debt Service after HIPC	90.3	53.2	78.8	97.0	96.6
Debt stock	3,574.8	3,785.8	4,284.2	4,510.0	4,874.9
Export of Goods & Services	677.3	699.0	766.3	979.7	1,071.0
HIPC Relief	74.4	80.4	93.2	82.7	95.5

Source: Uganda Ministry of Finance, Planning & Economic Development. May 2005.

Another category of the poor in urgent need of social protection are the socially excluded living in the communities and in IDP and refugee camps. These sectors of the population receive practically no social protection. Programmes to help families meet obligations such as raising children or assistance during unemployment are not available.

The quest for universal social protection

In the quest to promote social protection, Uganda has made some advances, although it still lags behind in other areas. With regard to health care, reports from the Ugandan Ministry of Health, UNICEF, the Joint United Nations Programme on HIV/AIDS (UNAIDS) and World Health Organization (WHO) concur that the HIV/AIDS infection rate has dropped to 4.1% from 6.1%. Immunization coverage has also improved significantly for Ugandan children; in 2004, 87% had been vaccinated against DPT by the age of one, 86% against polio, and 91% against measles (UNICEF, 2006). At the same time, however, access to sanitation and improved water sources remains poor, at 41% and 56%, respectively (UNICEF & WHO, 2005).

The elderly in Uganda have no social protection. They wholly depend on the extended family system, which, as Schwarz (2003) observes, "is not a perfect safety net, especially when the children are also poor." In addition, the elderly are increasingly burdened because they are becoming caregivers to orphans who have lost their parents to HIV/AIDS and other diseases.

Gender equity in terms of economic activity and earned income appears promising, as the earned income ratio (women/men) is at 0.67 (1991-2003). In the political sphere, women's empowerment is taking shape, now that women are challenging men in direct elections to parliament and currently hold seats in both sides of the house.

Uganda has also made some progress in education. There are plans to implement a Universal Secondary Education programme, to follow up the successful Universal Primary Education initiative. Primary school enrolment was 98.4% in 2004 (UNESCO, 2006). Advances have also been made in closing the literacy gender gap: the gender ratio (women/men) was 0.76 in 1990 and 0.86 in 2004. However, gender equity in the school system is still an unmet goal, particularly at the higher educational levels. In 2004, the net enrolment gender ratio gap was 1.02 at the primary level, but 0.87 at the secondary level. Gender disparity was even more marked at the tertiary level, with a gross enrolment ratio gap of 0.62, although this reflected significant improvement over 1991, when it was 0.38. Rural schools still offer poor quality education, which entrenches the widening of the social, economic and political gaps.

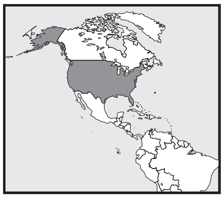
As regards to food security and nutrition, there has been slight improvement, save for the internally displaced population. The proportion of the population suffering from undernourishment fell from 24% in 1990-1992 to 19% in 2000-2002. Nevertheless, the prevalence of underweight children under five years of age remained constant at 23% between 1990 and 2004 (FAO, 2005).

Proposals for improvement of social protection

The existing Uganda Decentralization Policy (GRU, 1997) is well placed to play a critical role with regard to budgeting and managing resources for social protection of the poor. The budgeting framework empowers districts to consult with the private sector and civil society from all levels – including the grassroots, where the poor form the majority – to make proposals for the national budget. However, coordination with the frameworks and social protection resources in other ministries is weak, hence the poor are not well defined, targeted and catered for.

(Continued on page 262)

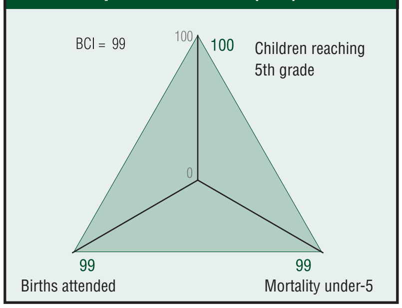
Narrow agenda undermines domestic and global development



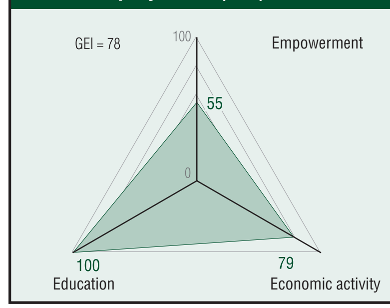
The US sends the lowest amount of aid as a proportion of government spending among the countries on the OECD Assistance Committee, and much of this "foreign aid" actually serves its own economic and political interests. At home, social policies and programs are severely and increasingly underfunded, leading to growing poverty and inequality.

Institute for Agriculture and Trade Policy
Alexandra Spieldoch / Patricia Jurewicz / Steve Suppan
Center of Concern
Aldo Caliari
Action Aid International USA
Karen Hansen Kuhn

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



Reviewing Financing for Development (FFD) from a US perspective is as much about how the United States of America operates as the world's superpower as it is about how the Government carries out a development agenda. Some of the failures associated with the United Nations FFD process are due to US obstruction, as the Bush Administration has sought to reduce its commitment to addressing the systemic causes of poverty. The Bush Administration has also shown itself consistently hostile to attempts to reinvigorate global governance, instead indulging in posturing and actions that undermine the UN's credibility and authority. The authors join the many critics with Social Watch who recognize that the United States defines development too narrowly by over-emphasizing the market's ability to reduce poverty in isolation from other social and economic tools. This narrow agenda has led to the United States making too small a contribution to development globally and to neglect the poor at home.

Undermining FFD

The FFD process was considered by governments, institutions and non-governmental groups to be one of the most important opportunities for the global community to engage in a new multilateral consensus around global economic structures since the launching of the Bretton Woods institutions in 1944. However, Financing for Development hopes have turned to disappointment. Sadly, while the United States could have provided leadership for systemic change, it chose to undermine the FFD process, and to block the emergence of new governance structures proposed for the international trade and finance system.

The United States has consistently questioned the authority of FFD to propose reforms to the public institutions that drive the international economic system, especially the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO). The US has instead argued that the international financial institutions and the private sector should be given more influence in the FFD process. The United States claims that policies such as increased trade liberalization, rather than foreign aid, will lead to growth and development for countries, and has sought to place the burden on developing countries to reform their domestic policies to support a neo-liberal development model. The United States also pushes this development agenda through its bilateral relationships.

US foreign policy

Much of US funding for foreign economic development is conditioned on new or planned free-trade agreements with the United States. The Bush Administration is clear that it will strive to encourage free markets and free trade bilaterally, regionally and multilaterally in order to secure "freedom and security."[1] The United States is advocating "aid for trade" initiatives, also referred to as "trade-capacity building assistance". Critics are concerned that while aid for sustainable development is desperately needed across the globe, "tied aid" for increased liberalization undermines national development strategies and efforts to make governments more accountable to their citizens. Current liberalization trends encourage corporate control of public resources and services, including water, infrastructure, energy, and health care. Poverty eradication depends on paying attention to the distributive effects of economic change and ensuring that employment increases.

Development packages increasingly reflect national economic and security concerns. For example, while the aid budget has been increasing gradually over the last few years to a projected USD 23.7 billion for 2007, the increases have been directed mainly to the high-profile Global AIDS Program, the Millennium Challenge Account and the rebuilding in Iraq and Afghanistan. Funding for international narcotics control and the Andean counter-drug initiative (USD 1.5 billion) and foreign military financing and training (USD 4.6 billion) is also included within the aid budget.[2] In contrast, funding for lower-profile development programs, including Child Survival, Development Assistance, International Disasters and Famine Assistance, have continued to decrease over the last few years.

In Latin America, military funding has surged to levels nearly matching development aid, in large part because of US support for Plan Colombia. As has been true for decades, the top five recipients of foreign assistance dollars under the Bush Administration's 2007 budget reflect countries influential in US security concerns: Israel, the top recipient, is followed by Egypt, Afghanistan, Iraq and Pakistan, in that order.

While many Americans are proud that their country ranks as the largest aid donor, unfortunately, they do not realize that the United States, equal with Japan, sends the lowest amount of aid as a proportion of government spending among the 22 countries on the Organization for Economic Co-operation and Development (OECD) Assistance Committee (UNDP, 2005, p. 58). Foreign assistance is less

1 "U.S. National Security Strategy," Section Four: "Ignite a New Era of Global Economic Growth through Free Markets and Free Trade." <www.state.gov/r/pa/ei/wh/c7889.htm>.

2 Data from InterAction - Global Partnership for Effective Assistance, FY07 Budget Request Cuts Core Programs to Fund Initiatives, 2006 and US State Department Budget Tables.

than 1% of the total government budget. Out of a total budget of USD 2.5 trillion in 2006, just 0.84% was directed to foreign aid.[3] Worse, some 86% of this spending is what ActionAid International (2005) calls "phantom aid." Phantom aid includes aid that is not targeted to poverty reduction, aid double counted as debt relief, aid for overpriced and ineffective technical assistance, aid tied to purchases of US goods and services, and aid that is poorly coordinated, leading to high transaction and administrative costs. This practice is not limited to the United States – ActionAid estimates that at least 61% of donor assistance from the G-7 countries is phantom aid – but the problem is particularly pronounced in the United States.

Private financial transfers, led by remittances from immigrants working in the United States, far exceed official aid flows. A study by the Hudson Institute reports that USD 71 billion in private flows went to developing countries in 2004. While the Hudson report, and a press release from the US State Department, cited these figures as evidence of US private-sector generosity, nearly two-thirds of that money, USD 47 billion, was actually remittances sent by individual immigrants to their home countries.[4] An increasing number of immigrants are sending a portion of their wages back to their country of origin to support their families living in precarious positions. According to the United Nations, in 2005, there were about 191 million migrants worldwide, with one in five migrating to the United States (Deen, 2006).

Trade liberalization is a major factor that has contributed to this trend. For example, whereas in 1978, agricultural exports accounted for 81% of El Salvadoran foreign exchange, after 26 years of trade liberalization, they accounted for only 5%, while remittances accounted for 70%. Better known is the example of Mexico, where more than ten years after the North American Free Trade Agreement (NAFTA), inflation-adjusted wages are lower than before NAFTA. There are 19 million more Mexicans living below the official poverty line than before NAFTA (Sirota, 2006). Post-NAFTA, over 1.3 million Mexicans have lost their jobs in the rural sector, with many migrating to the US to find work and sending remittances back home to support their families (Audley *et al*, 2003). In 2005, remittances from the United States to Mexico amounted to USD 20 billion, the second largest source of foreign exchange after oil revenues (De la Torre, 2006).

Financing for development in the US

People living in the United States are also experiencing the negative impacts of the current Administration policies. Support for the 'war on terror' and regressive taxation policies have had a negative impact on domestic budgetary spending and government finances. Levels of personal debt have increased, taxation on corporations and the very wealthy have decreased, and the cost of the war in Iraq, estimated by Nobel prize-winning economist Joseph Stiglitz at about USD 1.3 trillion, has damaged long-term US financial stability (Bilmes and Stiglitz, 2006). Although on a different scale, it is clear that there are similarities in the struggles confronting people in the Global South and in the United States. Unfair economic, political and social policies are worsening income inequality, draining public funds and leaving social priorities under-funded.

Under-financing for development: a hurricane exposes reality

In 2005, people around the world were shocked by what they saw on television after Hurricane Katrina devastated New Orleans and the surrounding area. Viewers could not believe they were seeing images from the United States. Those stranded by the floods were mostly African American, old or undernourished. Survivors were left without electricity, running water or food for days, surrounded by sewage and dead bodies.

None of what occurred should have come as a surprise – exactly what happened and who was affected had been predicted a year earlier. Despite studies showing the sinking of the levees and the Army Corps of Engineers pleas for additional funds for crucial flood-control projects, federal dollars for infrastructure support had been continually cut since 2003. Numerous newspaper articles specifically cite the cost of Iraq as a reason New Orleans was deprived of federal dollars for hurricane and flood protection (Bunch, 2005). Of the 354,000 people who lived in New Orleans neighborhoods where the hurricane damage was moderate to severe, 75% were African American, 29% lived below the US poverty line, more than 10% were unemployed, at least half rented their homes, and approximately 60% did not own cars (Dao, 2006; Wellner, 2005).

In the aftermath of Katrina, President Bush promised USD 200 billion in aid for storm and flood-damaged areas in the region. To date, far less than this has been spent, has been spent unwisely or has not been spent on rebuilding New Orleans so the lower income habitants can return. Further, what has been spent is being taken from other federal discretionary spending budgets (such as food stamps and child care). Recommendations to suspend the new stringent personal bankruptcy law and expand Medicaid for hurricane victims were also rejected. What happened in Louisiana and other Gulf Coast states was a tragedy, but it reflected a larger policy of indifference to the needs of the lower income populations in the country. The government response to the crisis was and remains insufficient and slow, underlining the years of neglect of the infrastructure that led to the destruction of the city in the first place.

Social indicators

The United States scores quite high on the Social Watch Indicators, especially when it comes to access to clean water, immunizations, doctors attending births and the percentage of girls enrolled in school. However, when looking at indicators broken down by race, the picture is quite different. The Fordham Institute for Innovation in Social Policy has tracked 16 social well-being indicators[5] since 1970. By 2003, their indicators showed that "social health" (a measure based on the 16 indicators) was down 20% while economic health, measured by the Gross Domestic Product (GDP), had grown 174%.[6]

The United States continues to be the only rich country in the world with no public provision for universal health care. As a result, over a third of families who live below the US poverty line lack health insurance and therefore have no or limited access to health care. Hispanic Americans are more than twice as likely as White Americans to be uninsured and 21% of African Americans have no health insurance (UNDP, 2005).

In the area of education, according to a report by the Harvard Civil Rights Project and the Urban Institute, only 50% of African American students, 51% of Native American students, and 53% of Hispanic students graduated from high school in 2001 (Children's Defense Fund, 2004). These numbers are particularly alarming because studies show that youth who drop out of school are more likely to be jobless, join a gang, use illegal drugs and spend time in prison. For example, in 2004, 72% of African American men who had dropped out of school were jobless, while six in 10 African American male school dropouts had spent time in prison (Eckholm, 2006).

The US Department of Commerce's Bureau of the Census 2005 shows poverty has grown substantially. Between 2000 and 2004, more than five million people joined the ranks of the poor (US Census Bureau, 2004). According to the Institute for Women's Policy and Research, over 40% of those who are poor are living in dire poverty, earning 50% or less of the federal poverty threshold, set at USD 20,000 annually for a family of four with two children. From a gender perspective, low health insurance rates, inadequate childcare programs, and a persistent wage gap are among the factors that make it especially hard for women to move out of poverty (IWPR, 2005). Over 20% of US children are considered to live in poverty (UNDP, 2005).

(Continued on page 262)

3 *Ibid*.

4 US Department of State, Press Release, 10 April 2006.

5 Infant mortality, child abuse, child poverty, teenage suicide, teenage drug abuse, high school dropouts, unemployment, average weekly wages, health insurance coverage, poverty among those aged 65 and over, out-of-pocket health costs among those aged 65 and over, homicides, alcohol-related traffic fatalities, food stamp coverage, access to affordable housing, and income inequality.

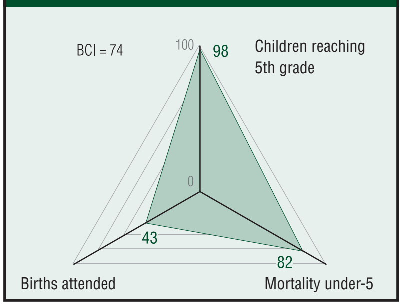
6 Data provided by the Fordham Institute for Innovation in Social Policy.

2006 budget: some gains, but not enough for the poor to benefit

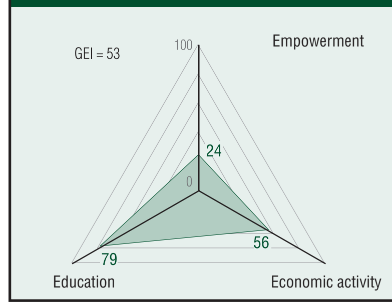
After years of cuts in public spending to meet its debt relief obligations to the IMF and World Bank, the Zambian government's 2006 budget has allocated considerably higher funding for the social sectors. Nevertheless, these expenditures will still fall far short of what is needed to truly address the dire situation of the large majority of Zambians who live under the poverty line.

Women for Change
Lucy Muyoyeta

Basic Capabilities Index (BCI)



Gender Equity Index (GEI)



The budget of any country is an important tool in the implementation of public policy and an indicator of priorities. An analysis of the 2006 budget will therefore reflect the Zambian government's commitment to financing social services for the poor and other redistribution mechanisms, as well the extent to which gender issues are taken into consideration.

Gender sensitivity is important in budgeting. It entails fairness to the needs of both women and men. It recognizes the fact women and men are different in their physiological make-up, that they play different roles in society and have a structural relationship of inequality. Women generally face more disadvantages than men. Therefore, gender-sensitive budgeting should include affirmative action for women and girls, and a gender-sensitive budget should establish how much in real terms has been allocated for the education of boys and girls.

Poverty remains the greatest challenge facing Zambia. An estimated 68% of the total population lives below the poverty line, with the majority living in extreme poverty. The situation is worsened by the impact of HIV and AIDS. Although the HIV prevalence rate declined from 20% in 1999 to 16% in 2002, the number of households experiencing chronic illness and death has continued to rise. Women have a higher prevalence rate than men, and young women between the ages of 15 and 19 are five times more likely to be infected as compared to males in the same age group. The impact of HIV/AIDS is leading more and more households to fall into destitution. Yet the social protection measures in existence are fragmented, under-funded and largely dependent on the good will of volunteers in the community, most of whom are women.

Social service provision for the poor also remains a major challenge. Poor progress and high levels of school dropout, especially among girls, characterize education at all levels. The provision of health services has been adversely affected by the budget cuts of previous years. As a result, few health indicators have improved in Zambia over the last decades, and some have worsened significantly. Average life expectancy dropped from 52 years in the 1990s to 37 years in 2002. The maternal mortality rate (MMR) increased from 649 deaths per 100,000 live births in 1999 to 729 per 100,000 live births in 2002. Malaria is endemic and is the leading cause of illness and the second highest cause of death among pregnant women and children under the age of five.

Analysis of the 2006 budget

Job creation

For the last six years, Zambia's economy has consistently registered positive growth, averaging 4.6%. In the meantime, inflation has decreased, dipping from 15.9% at the end of 2005 to below 9% in May 2006. Nevertheless, as the figures in Table 1 and elsewhere show, positive Gross Domestic Product growth rates and stable inflation are in themselves insufficient for the eradication of poverty. There is clearly an urgent need for a substantial redistribution of expenditures in favour of poverty-reduction programmes and activities.

Formal sector employment has markedly declined as the main source of jobs. While the formal sector accounted for 75% of the total labour force in 1975, that share had dropped to 10.3% in 1999. Today, 90% of the labour force is employed in the informal sector, which is typified by poor quality low-paying jobs and underemployment. Women have been the most affected by the erosion of formal sector employment opportunities. The male labour force participation rate is 67% while that of females is 45%. In this situation, job creation is essential.

To what extent does the 2006 national budget place priority on employment? The strategy for employment creation is not well developed in the budget. Employment creation needs to be included as one of the key macroeconomic objectives in national budgets. To curb unemployment and ensure that new entrants are absorbed into the labour force, Zambia must generate more than 600,000 new jobs annually. Yet the crucial issue of employment has been relegated to the margins of economic policy.

The government should adopt a more direct and integrated approach to employment creation in order for more people to share in the benefits of economic growth. This could include special employment programmes through paid community involvement in rural road building programmes, transforming home-based care for people living with HIV/AIDS from voluntary to paid work, supporting micro and small enterprises, providing greater support to agriculture and rural development, and promoting decent work, among other initiatives. Employment creation activities should pay particular attention to the needs of women, who currently predominate in the low-paying, low-productivity informal sector jobs in urban areas and in small-scale farming in rural areas.

Health

The health sector received 10.7% of the total 2006 budget, which nonetheless falls short of the levels needed to deal with the current and accumulated problems in the sector. It is also below internationally accepted norms. For instance, the Abuja Declaration, to which the government is a signatory, stipulates an allocation of not less than 15% of the total budget to the health sector.

Much more needs to be done to confront the huge human resource deficit of over 20,000 people in the health sector. The 2006 budget provides for the recruitment of only 800 medical personnel. Drug shortages in health centres remain an endemic problem. According to official government policy, the provision of anti-retroviral therapy (ART) is free for all those infected with HIV/AIDS, yet access to ART is still a major concern, particularly in rural areas, since very few hospitals around the country can conduct CD4 tests which are essential for the provision of ART. It is also extremely worrying that the provincial budget allocations for most programmes related to HIV/AIDS, sexually transmitted infections (STIs), malaria and tuberculosis have dropped in real terms. Health facilities are still inadequate, with many people having to walk long distances (over five kilometres) to the nearest health centre. Particular attention should also be paid to activities to reduce the unacceptably high maternal mortality ratio.

Education

The national budget allocation for the education sector rose from 24% in 2005 to 26.9% in 2006. A number of commendable proposals were also made, such as increasing the funds earmarked for free primary education and the secondary education programme. However, unlike 2005, no provision was made for rural housing for teachers, even though schools in rural areas face a major shortage of teachers, largely due to insufficient or poor housing.

It is essential to ensure that the allocations reaching schools are adequate, as most schools still receive insufficient funds to meet their needs and resort to asking parents and guardians to meet the shortfall. This has worked against the free primary education policy, as those not able to pay are still forced to drop out of school. In the meantime, girls are dropping out of school at a higher rate than boys, which means that special measures need to be implemented to arrest this situation.

The government's priorities should include expanding free education up to grade 12 and improving the quality of education. This would entail dealing urgently with the massive loss of professionals in the sector and bringing down student-teacher ratios to under 40. The national student-teacher ratio at the primary education level has deteriorated significantly, from 52.2 students per teacher to the current ratio of 60.7.

Social protection

Given Zambia's extremely high rates of poverty and extreme poverty, social protection is of the utmost importance. The allocation of less than 1% of the total budget to social protection is therefore inadequate, and needs to be raised to at least 2% to provide vulnerable groups such as the elderly, orphans and the disabled with access to social services.

Agriculture

Over 50% of Zambia's population earns its basic income from agriculture, while 67% of the labour force is employed in the agriculture sector. Non-traditional exports (defined largely as agricultural rather than mining-related) increased their share of total exports from 21% to 41% in 2004. Agriculture could therefore be a key tool for poverty eradication, but the agriculture sector received only 5.7% of the total budget. This falls far short of the Maputo Commitment to allocate not less than 10% of the total budget to the agriculture sector. The Fertiliser Support Programme takes up around 30% of the entire agriculture budgetary allocation, yet there is little to show in terms of its impact on reducing food shortages, increasing household income and reducing poverty.

Zambia often suffers from long dry spells leading to drought and adversely affecting its agricultural production. At the same, however, Zambia has vast freshwater resources that are not utilized for farming purposes. There has been a great deal of talk and promises regarding the need to invest in irrigation, but there was no provision for it in the 2006 budget. Irrigation requires a massive injection of capital and cannot be left to the farmers alone.

Most people depend on agriculture for their food but hunger remains pervasive. An estimated 80% of the population suffers from hunger, while 47% of children suffer from stunting, 5% percent from wasting, and more than 28% of children below the age of five are underweight. More needs to be done to orient agriculture towards meeting the needs of small-scale farmers, so that they can produce enough to eat while earning an adequate income.

TABLE 1

Selected development indicators 1980-2004

	1980-1985	1990-1995	2003	2004
Poverty incidence (%)	*	68	73	67
Per capita income (in 2002 USD)	630	370	320	320
Adult illiteracy rate (%)	37	32	21	21
Infant mortality rate (per 1,000 live births)	103	109	115	115

Source: World Bank (2004).[1] *Official statistics unavailable.

The tax regime

Two important tax measures in the budget are of concern with respect to poverty reduction.

- **The income tax exemption threshold.** The budget proposes to increase the current income tax-exempt threshold from the equivalent of roughly USD 80 per month to USD 92, representing a 15% increase. But the proposed increase is insufficient to provide meaningful relief. First of all, it does not account for the erosion of earnings due to inflation, which stood at 15.9% at the end of 2005. Secondly, the new threshold does not correspond to the income required to afford even a minimum food basket and falls below the government's own poverty line as defined by the Central Statistics Office. The exemption threshold should genuinely relate to the poverty situation and therefore effectively exempt income levels below the poverty line.
- **Pay As You Earn (PAYE).** The new tax structure for 2006 does not offer significant tax relief, particularly for those who earn lower incomes. It is a regressive rather than progressive tax structure, since those in the highest tax bracket (earning more than USD 1630 per month) will have their taxes cut by USD 126 per annum, while those earning USD 914 per month will see a reduction of only USD 41 per annum. It is also troubling that PAYE continues to comprise the largest portion of tax revenues, accounting for 70% of direct taxes and 30% of total revenues from all taxes.

Conclusion

The theme for the 2006 budget was "From Sacrifice to Equitable Wealth Creation", in recognition of the sacrifices made by Zambians, especially the poor, to reach the "completion point" of the Heavily Indebted Poor Countries (HIPC) Initiative. In order to qualify for the debt relief offered under this IMF/World Bank initiative, poor countries like Zambia were obliged to implement neoliberal economic reforms, including austerity measures and cuts in government spending that took a heavy toll on social services and poverty reduction efforts.

Some gains have been made by the poor through this new budget, but given that 68% of the population is currently living below the poverty line, a great deal more is needed if the country is to make any progress towards the Millennium Development Goals. And even more needs to be done to achieve a gender-sensitive budget. Expenditures on the priority areas of health, education, water and sanitation, social protection and agriculture should be protected, and the funds allocated to these sectors must be disbursed in a timely fashion. ■

References

Catholic Centre for Justice, Development and Peace (2006a). *The Zambian Budget 2006: Will It Work for the Poor?* Zambia Episcopal Conference.

Catholic Centre for Justice, Development and Peace (2006b). *Growing Poverty: The Impact of Out-Grower Schemes on Poverty in Zambia*. Zambia Episcopal Conference.

(Continued on page 262)

1 Cited in: Civil Society for Poverty Reduction (2006). *CSPR Statement on the 2006 National Budget*. p. 2.

BULGARIA

(continued from page 189)

Promoting women's participation

Women's equal participation in the labour market and in education and training is a key element for meeting the goals of the Lisbon Agenda. There is a persistent trend of women representing an oversized share of the unemployed in Bulgaria. The ratio between unemployed women and unemployed men in the third quarter of 2004 was 54.7:45.3. A study of the first gender budgeting initiative in Bulgaria in 2005 showed that the programmes and measures included under the "Gender Equality" guideline represent a fraction of all programmes and measures to promote employment (0.61%), and the corresponding funding is 0.63% of the total amount. All of the funding comes from the state budget, and most of it is allocated to projects and jobs related to women's traditional gender roles, such as "Family Centres for Children" and "Stimulating Women's Independent Economic Activity for Child Care Services".

Women are very active in training and retraining programmes. The highest rate of female participation was seen in a national programme called "Computer Training for Young People": over 80% of the funds allocated for this programme for 2005 were used for the training of young women. There is also a relatively high percentage of women participating in the National Programme for Literacy, Qualifications and Employment (over 60% for the third quarter of 2004). Nevertheless, it is estimated that overall, the percentage of funds used by women is less than 20% of all programme budgets. This amount is far too low, given the fact that 60% of all long-term unemployed persons are women (Gender Project 2006 report). One promising sign for the future is the inclusion of the gender budgeting approach in the Draft Law on Equal Opportunities for Women and Men. ■

References

Buhne, N. (2006).UN Resident Coordinator in Bulgaria. "Oxford Analytics on the Risks in the Bulgarian Economy".

Centre for Economic Development (CED). <www.ced.bg>.

Gender Project (2006). "Active Labour Market Policies of the Ministry of Labour and Social Policy: Gender Analyses of the Budgets of the Programs and Measures for Unemployment Reduction". Bulgaria Foundation and Bulgarian Gender Budgeting Group (BGBG).

Institute for Social and Trade Union Studies. Confederation of the Independent Trade Unions in Bulgaria.

Joekes, S. (1999). "Gender-analytical perspective on trade and sustainable development" in UNCTAD, *Trade, Sustainable Development and Gende*r, p. 33-59.

World Bank (2005) "Bulgaria. The Road to Successful EU Integration. The Policy Agenda". Country Economic Memorandum (CEM), Report No. 34233-BG, November 2005. Available from: <http://siteresources.worldbank.org/INTBULGARIA/Resources/Bulgaria_CEM.pdf>.

World Bank (2006a). "Bulgaria Country Brief 2006". Available from: <www.worldbank.bg>.

World Bank (2006b). "Bulgaria. Public Finance Policy Review. Leveraging EU Funds for Productivity and Growth". Report No. 33992-BG, February 2006. Available from: <www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2006/03/09/000090341_20060309101438/Rendered/PDF/339920BG.pdf>.

CANADA

(continued from page 191)

Women's lives are disproportionately affected by cuts to public policies that support housing, education and training, care for children or the elderly, or access to the justice system.

Cuts occurred precisely in these areas a decade ago. The federal government slashed budgets for social housing, long-term care, home care, rehabilitation and mental illness, children's aid, legal aid, training and upgrading, immigrant settlement services, ports (air and marine) and terminals, maintenance and infrastructure budgets for publicly supplied services, as well as roads and bridges, public laboratories, safety inspections, colleges and universities. Unemployment insurance benefits and welfare benefits (provincially provided, contingent on federal support) were also slashed across the country.

These are the state-funded supports that can make or break lives, build or deplete communities.

Our top military officials in Afghanistan, Brigadier-General David Fraser and General Rick Hillier, concur with this view, making the case that the central issues to be permanently resolved in that theatre of war are things like access to clean water, schools, and the assured safety of women. They have said this process is about securing the future of the next generation, and may take a long time to achieve.[8]

What is happening within Canada runs counter to these goals. The cuts made a decade ago have still not been reversed.

Instead, our two senior levels of government have delivered over CAD 250 billion in tax cuts over the past decade. To put this in perspective, health care – Canadians' first political priority – saw only CAD 108 billion in renewed funding in this same time period (Yalnizyan, 2004, p. 8-9).

Now Canada seems to be on the verge of a new mindset that says it's time for spending again. But the latest federal budget makes it clear that the money won't be there for vital areas of social security. Rapid growth in spending is only good when it goes to the military.

Conclusion

Canadians should be concerned. The surplus is being squandered with no long-term benefits accruing to Canadian society. The military is being expanded without explanation or debate around this significant redirection of collective purpose. Millions of Canadians (and vulnerable populations around the world) have been abandoned by a Government that – despite huge fiscal capacity to intervene – views policies that target poverty reduction and gender equality as immaterial to the betterment of society and the economy.

A federal government seeking Canadian support to wage war will find it most readily if it is a war on poverty and underdevelopment, at home and abroad. ■

References

Big City Mayors' Caucus (2006). "Our Cities, Our Future: Addressing the fiscal imbalance in Canada's cities today". June, p. 41. Available from: <www.toronto.ca/mayor_miller/pdf/fiscal_imbalance_eng.pdf>.

Department of Finance Canada (DoFC) (2005). "The Budget Plan 2005".

Department of Finance Canada (DoFC) (2006a). "The Budget Plan 2006: Focusing on Priorities". Available from: <www.fin.gc.ca/budget06/pdf/bp2006e.pdf>.

Department of Finance Canada (DoFC) (2006b). "The Budget Speech 2006: Focusing on Priorities". Available from: <www.fin.gc.ca/budget06/pdf/speeche.pdf>.

Goff, K. (2006). "Critic Slams 'Sneaky' Child-Care Clawback", *Ottawa Citizen*, 21 July.

Kenny, C. (2006). "New Military Money only a Start", *Montreal Gazette*, 6 July, p. A19.

Laghi, B. (2006). "Support for Afghan Mission Falls Sharply". *The Globe and Mail*, 20 July.

Reality of Aid (RoA) (2006). *The Reality of Aid 2006: Focus on Conflict, Security and Development* Quezon City and London: IBON and Zed. Available from: <www.realityofaid.org>.

Robertson, B. and Horsman, K. (2005). *Getting Real with Infrastructure*, Benefits Canada, February, <www.benefitscanada.com>; and De Bever, L. (2003). *Infrastructure and Pension Capital.* Ontario Teachers' Pension Plan presentation to the Moneco-Econtro Conference in Kingston, Ontario, 27 August.

Senate Committee on National Security and Defence (2006). *Canada's No. 1 Job: Securing the Military Options It Needs to Protect Canadians.* Ottawa, June.

Yalnizyan, A. (2004). *Can We Afford to Sustain Medicare?* Ottawa: Canadian Federation of Nurses Unions. Available from: <www.policyalternatives.ca/documents/National_Office_Pubs/Sustainability_Report.pdf>.

Yalnizyan, A. (2005). *Canada's Commitment to Equality: A Gender Analysis of the Last Ten Federal Budgets (1995-2004).* Ottawa: Feminist Alliance for International Action.

GHANA

(continued from page 205)

In the case of Ghana, various studies have shown that the poor tend to bear a greater portion of the tax burden, both directly and indirectly. With respect to direct income taxes, most of the self-employed poor, especially women and petty traders in general, are often assessed flat taxes by the tax authorities at rates that do not always bear a proportionate relationship to their earnings. Thus, while salaried workers would only pay taxes on what they earn, most poor people pay taxes on incomes that they have yet to earn or may not earn at all. For example, a poor woman who is assessed GHC 10,000 (USD 4) daily tax by the Government – at a tax rate of 10% and based on the assumption that she will earn GHC 100,000 (USD 39) daily – may actually earn, say, GHC 90,000 (USD 35) instead. This would raise the effective tax rate to about 11% (GHC 10,000 divided by GHC 90,000, instead of the GHC 100,000 assumed by the tax authorities).

Indirectly, the poor incur a greater tax burden through the Value Added Tax (VAT) because they are forced to pay the same rates as consumers in higher income brackets. Recent figures from a district assembly in the Greater Accra Region, which is typical of the situation across the country, illustrates the inequity of the poor paying more taxes and not receiving a corresponding provision of social services by the Government.[8] The largest share of the district's tax revenue, 47.5%, comes from a combination of petty trading and tolls at the open-air market, both of which are dominated by women. Despite contributing the largest share, traders, both itinerant and fixed-location ones, are seldom the beneficiaries of essential services. Garbage collection and disposal, for example, is undertaken by the traders themselves, not the district assembly. The lack of sanitary facilities like public toilets and a potable water supply also means that the incidence of sanitation-related diseases at the market may be higher than would otherwise be the case. With women dominating market activities, they would be the disproportionate victims of such diseases. In turn, this means that they spend a disproportionate share of their earnings on health services. Indeed, it is interesting to note that pharmacies account for less than one percent of the district's revenue, despite the fact that there are many pharmacies in and around the market that cater to the widespread practice of self-medication among the traders at the market.

While there is no disaggregated data on the gender of taxpayers, given the disproportionately high percentage of women involved in economic activities, especially in the informal sector, and the high incidence of poverty in this sector due to the generally low earnings, it is important that policy makers take appropriate action in the course of revenue mobilization to insulate poor women in particular against the adverse effects of unfair tax incidence. ■

8 Under Ghana's decentralization system, district assemblies constitute the structures through which policies and programmes are formulated and implemented at the local level. Women represent less than 10% of elected members and are therefore largely absent from critical decision-making processes.

MALTA

(continued from page 223)

The Maltese Government has paid too much attention to the need for consumption-led economic growth and too little attention to issues of equity and the fulfilment of basic human rights. A clear example is the consumption of beauty products. In 2003, the Maltese people spent MTL 5,379,541 (USD 12,427,160) on perfumes and beauty products (NSO, 2005a) while Malta's ODA was MTL 2,167,853 (USD 5,007,740), as reported by the government (Malta Foreign Office, 2006). A key role of government is not simply to reflect public preferences, but to offer leadership in shaping public priorities on important issues such as development aid to poor countries. Malta and Cyprus are now the only EU countries that do not have a development policy, despite the commitment to do so entailed by becoming members of the bloc. The Maltese Government must live up to the promises it made by signing the *acquis communautaire* and the UN Millennium Declaration. ■

References

Calleja, C. (2006). "Blessed are the poor…" *Times of Malta*, 16 April.

CONCORD (2006). "EU aid: Genuine leadership or misleading figures?".

European Commission (2006). *Financing for development and aid effectiveness: The challenges of scaling EU aid 2006-2010.*

European Commission. Directorate-General of Employment, Social Affairs and Equal Opportunities (2005). *Draft Commission report on equality between women and men*, COM (2005) 44/1. 14 February.

European Parliament and the Council of the European Union (2002). *EU Directive 2002/73/EC amending Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions.*

Eurostat (2004). *An Overview of the Economies of the New Member States.* Economy and Finance, Theme 2 - 17/2004.

Eurostat (2006). *Statistics in focus: Population and social conditions* - 6/2006.

Malta Foreign Office (2006). *Report by Malta Foreign Office.* February.

National Statistics Office (NSO) (2005a). *Malta Trade Statistics 2003*.

National Statistics Office (NSO) (2005b). *Registered Unemployment: April 2005.* News release No. 111/2005, 25 May.

National Statistics Office (NSO) (2005c). *World Refugee Day.* News release No. 133/2005, 20 June.

National Statistics Office (NSO) (2006a). *Census of Population and Housing Preliminary Report-2005.*

National Statistics Office (NSO) (2006b). *Government Finance.* News release No. 92/2006, 28 April.

National Statistics Office (NSO) (2006c). *International Day of Families.* News release No. 99/2006, 12 May.

United Nations Development Programme (UNDP) (2005). *Human Development Report 2005.*

United Nations Economic and Social Council (ECOSOC) (2004). *Concluding Observations of the Committee on Economic, Social and Cultural Rights: Malta.* E/C.12/1/Add.101. 14 December.

MEXICO

(continued from page 225)

Espacio DESC (2006). Informe sobre los acontecimientos y las violaciones a los derechos humanos relacionados con el Proyecto Hidroeléctrico La Parota. Mexico, mimeo.

Informe de organizaciones de la sociedad civil sobre la situación de los Derechos Económicos, Sociales, Culturales y Ambientales en México (1997-2006). Informe Alternativo al IV Informe Periódico del Estado Mexicano sobre la Aplicación del PIDESC (2006) (DESCA Alternative Report). Chapters: "La política económica en México y su impacto en los derechos humanos"; and "Derecho a la libre determinación", written by the Programa Diplomacia Ciudadana of DECA Equipo Pueblo, A.C. p. 9-20 and 32-43. Mexico, April 2006 Available from: www.ohchr.org/english/bodies/cescr/docs/info-ngos/mexico-coalition_Sp.pdf).

McDonald, D. A. and Ruiters, G. (2006). "Teorizando la privatización. Contribución al desarrollo de una perspectiva de investigación crítica". *Anuario de servicios públicos 2005/6*, p. 9 and 10. Available from: <www.tni.org/books/yearb05theory-s.pdf>.

Office of the UN High Commissioner for Human Rights (2003). *Diagnóstico sobre la Situación de los Derechos Humanos en México*. Mexico: Mundi-Prensa, p. VIII, 62-64, 67, 73-74.

United Nations Committee on Economic, Social and Cultural Rights (1999). Concluding observations on Mexico: E/C.12/1/Add.41, par. 35. Available from: <www.ohchr.org>.

United Nations Committee on Economic, Social and Cultural Rights (2002). "Substantive issues arising in the implementation of the International Covenant on Economic, Social and Cultural Rights. General Comment No. 15. The right to water". E/C.12/2002/11. Available from: <www.unhchr.ch>.

United Nations Committee on Economic, Social and Cultural Rights (2006). Concluding observations on Mexico: E/C.12/CO/MEX/4, par 28. Available from: <www.ohchr.org>.

United Nations. Preparatory Committee for the High-level International Intergovernmental Event on Financing for Development (2000). "Report of the Secretary-General to the Preparatory Committee for the High-level International Intergovernmental Event on Financing for Development". A/AC.257/12.

United Nations. Sub-commission on the Promotion and Protection of Human Rights (2000). "The Realization of Economic, Social and Cultural Rights: Globalization and its impact on the full enjoyment of human rights." E/CN.4/Sub.2/2000/13.

NEPAL

(continued from page 231)

The trend to increasingly allocate the country's scarce resources to security and debt services has stalled the progress made in achieving the Millennium Development Goals by 2015 and made the goals seem practically impossible to attain. It seems ironic that the rationale for acquiring debt is to address development needs in order to alleviate poverty. On the contrary, however, as millions of dollars are being spent to pay off the foreign debt, the fight against poverty has made little headway. Over the years, "the poor in whose name foreign aid has been provided became poorer and those who ruled became richer." (GCAP Nepal, 2005, p. ix)

In essence, foreign aid has failed to alleviate the country's poverty. This is largely due to the following factors: the lack of good governance and political will of the governments; the pursuance of donors' own strategic interests rather than bringing about meaningful social and economic development; political interference in bureaucratic functioning causing frequent changes in project management; and ineffective monitoring and feedback systems (SAAPE, 2003, p. 128). The non-sustainability of foreign aid projects has also been a problem. In order to ensure effectiveness, sustainability and prioritization of key areas for foreign assistance, it is recommended that foreign aid development programmes be initiated, formulated and implemented with local participation (Acharya *et al*, 2003).

Solutions proposed by civil society

According to the Asian Human Rights Charter, development means the realization of the full potential of the human person and rights of people, including the right to participate in the affairs of the State and the community (Taiwan Association for Human Rights, 2006). The State has an obligation to ensure that its development aid approaches are reflective of these rights. In fact, the Nepali Constitution states that the government will "pursue a policy which will help promote the interests of the economically and socially excluded groups and communities by making special provisions with regard to their education, health and employment." (Article 26, HMG/N Ministry of Law, Justice and Parliamentary Affairs, 2004) The current intra- and inter-state policies do not yet strive to meet this goal.

Civil society organization (CSO) coalitions have been outspoken over such violations of the rights of the marginalized and poor. Civil society is actively engaged in campaigns that advocate total unconditional cancellation of Southern debts.

Many CSOs have also taken up the fight over the disproportionate expenditures allocated to the military and police, and the collapse of state interventions in the education, health and infrastructure sectors. Their specific solutions reinforce the political line advocated by the political parties and the Maoists, to realign spending and policy priorities to meet the peoples' needs. A more decentralized and pro-poor framework – one that effectively addresses the problems of exclusion, discrimination and disempowerment – is envisioned to replace the current centralized, elite-driven state apparatus.

Civil society should increase lobbying efforts to ensure that such a debate does not get pushed off the table. Lobbying efforts would advocate to ensure that the voices and presence of the country's women, disadvantaged and poor be allowed to prevail in national policy formulation debates. Furthermore, such efforts could call for a more pro-poor framework to be integrated into the market system, with more built-in incentives helping to expand small and medium enterprises.

The championing of good governance through administrative reforms, reduction in discretionary authority and a sound economic system based on competition and rule of law, could also help the country's trade and economic growth. Policy-making processes must undergo capacity building enhancement in order to be more responsive to the people's needs and include an institutional structure facilitating power-sharing for women and the marginalised and poor sectors, as well as a better feedback system from the grassroots level. Glaring corruption must be checked alongside the progressive opening of the economy to international capital (Acharya *et al*, 2003).

With the return to multi-party rule in April 2006, and the start of peace talks between the Government and Maoists, there is hope that there will be a renewed focus on pro-poor and participatory development processes. Civil society can be instrumental in this effort by being pro-active in engaging in national debate and focusing discussions on the needs and rights of the marginalized, women and poor sectors of society. ■

References

Acharya, M., Khatiwada, Y. and Aryal, S. (2003) *Structural adjustment policies and poverty eradication*. Kathmandu: IIDS.

Global Call to Action Against Poverty Nepal (GCAP) (2005). *Whose Goals? Civil Society Perspectives on MDGs.* Kathmandu: GCAP National Secretariat.

HMG/N Ministry of Law, Justice and Parliamentary Affairs (2004). *The Constitution of the Kingdom of Nepal.* Kathmandu: Laws Book Management Board. Fifth edition.

HMG/N Office of the Prime Minister and Council of Ministers (2006). *Report on International Covenant on Economic, Social and Cultural Rights.* Kathmandu: HMG/N.

Khanal, Prem. "Development spending bears the brunt of insurgency." *The Kathmandu Post,* 22 June 2006, p. 7.

Mainstreaming Gender Equity Programme (MPEG) (2003). *Gender Assessment Studies and Gender Budget Audit of Ministry of Women, Children and Social Welfare.* UNDP/ MWCSW Kathmandu: MPEG.

South Asia Alliance for Poverty Eradication (SAAPE) (2003). "Official development assistance, debt and debt servicing." *Poverty in South Asia 2003: Civil Society Perspectives.* Kathmandu: SAAPE. p. 128

Taiwan Association for Human Rights (2006). *Asian Human Rights Charter: Right to Development and Social Justice.* Available from: <www.tahr.org.tw/site/data/ahrc/dev.html>.

United Nations Development Programme (2004). *Nepal Human Development Report 2004: Empowerment and Poverty Reduction.* Kathmandu: UNDP.

PARAGUAY

(continued from page 237)

- Development of human capacity and the reduction of poverty are not achieved by merely raising the level of resources available. Efforts must be oriented toward eliminating inequalities.
- Poverty requires structural actions, economic and social reform and actions focused on inclusion and capacity development in the most vulnerable sectors.
- The development of information systems and mechanisms that assure transparency in public administration is fundamental.
- Social investment impacts growth. Poverty limits national possibilities of growth and development. Reducing inequalities is as necessary as economic growth.
- The problem is not merely coverage but equity. Access to government and public services is one of the principal causes of social exclusion. ■

References

Cristaldo, N. (2005). *System of Monitoring and Evaluation of Projects with Foreign Financing.* Asunción. Final Report.

General Directorate of Statistics, Surveys and Censuses (Dirección General de Estadísticas, Encuestas y Censos) (2005b). Technical Secretary for Planning (Secretaría Técnica de Planificación). "Principal Results of the Permanent Housing Survey 2005 – Employment and Poverty". Fernando de la Mora.

General Directorate of Statistics, Surveys and Censuses (Dirección General de Estadísticas, Encuestas y Censos) (2003). "Principal Results of the 2002 Census, Population and Housing". Fernando de la Mora.

General Directorate of Statistics, Surveys and Censuses (Dirección General de Estadísticas, Encuestas y Censos) (2005a). "Recent statistics on poverty". Available at: <www.dgeec.gov.py/MECOVI/index.htm >.

Ministry of Finances (2004). *Plan of Economic Growth with Equity.* Forum Paraguay 2011. Asunción.

Secretary of Social Action (Secretaría de Acción Social) (2002). *National Strategy to Reduce Poverty and Inequality*. Asunción.

United Nations Development Programme (2003). *National Report on Human Development Paraguay 2003.* Asunción. Available at: <www.undp.org.py/indh/www/ indh.html>.

World Bank (2005a). Department of Human Development. Health Care Coverage in Paraguay. "An evaluation of the quality of care and the politics of human resources and user fees". Report for discussion. Washington. Available at: <siteresources.worldbank.org/intparaguayinspanish/ Resources/ PrestaciondeServiciosdeSaludenParaguay.pdf>.

World Bank (2005b). Sub-regional Directorate for Argentina, Chile, Paraguay and Uruguay. Paraguay. "Analysis of Public Spending-Principal Report".

PERU

(continued from page 239)

But the road ahead is still long and difficult. There has been some progress and there is a climate of rejection for the economic and political system, but the movements for concerted action that have sprung up are lightweight compared to the whole framework of economic, coercive and symbolic power that perpetuates a system that is unjust and intolerable for the majority of Peruvians. ■

References

Campodónico, H. (2005). "Las remesas del capital y las remesas del trabajo" (with data from the Peruvian Central Reserve Bank). *La República*, 28 November.

Herrera, J. (2004). *Macroeconomic figures and living conditions in households*. Institute de Recherche pour le Development (IRD/DIAL).

Instituto Nacional de Estadística e Informática (INEI) (2006). *Condiciones de vida en el Perú: Evolución 1997-2004*. Lima.

Ministry of Economy and Finance (MEF) (2006). *Proyección del los recursos del Presupuesto del Sector Público 2006.*

Multilateral Investment Fund (Fomin) (2005). "Encuesta de opinión pública de receptores de remesas en el Perú". Bendixen and Asociados. *La República*, 6 December.

Superintendencia Nacional de Administración Tributaria (SUNAT) (2002). *Estimación del efecto de los convenios de estabilidad jurídica sobre la recaudación.*

PHILIPPINES

(continued from page 241)

Additional sources of financing

Social Watch Philippines does not limit itself to exposing problems in financing for social development. It has analyzed the budget rigorously and has identified specific expenditure items which can be utilized for social development, such as the special purpose funds of the President, the unprogrammed funds in the budget, and the pork barrel allocations to legislators. It has also proposed revenue sources other than regressive taxes, as well as measures to improve revenue administration. At present, it is working closely with selected legislators towards a more people-oriented budget. It continues to monitor the country's debt and works with the UNDP on feasible solutions.

The Philippines' financial problems are formidable. Social Watch Philippines continues to campaign for the interests of poor Filipinos through mass actions, information campaigns, rigorous research and the formulation of viable alternatives. ■

ROMANIA

(continued from page 243)

Since 2005, NGOs have been involved in the process of developing a Romanian platform of non-governmental development organizations (NGDOs), within the framework of TRIALOG, a project of the European NGDO platform CONCORD (the European NGO Confederation for Relief and Development). Throughout 2005 and 2006, NGOs were involved in the elaboration of the National Strategy for Development Cooperation drafted by the Ministry of Foreign Affairs (MFA).

The priorities for NGOs in this respect are to ensure that the Government meets its commitments with regard to ODA expenditure levels, and that ODA spending is based on genuine partnership with communities in the beneficiary countries, addressing their specific needs and respecting their concerns. Another focus is on building capacity for civil society to become more aware and to engage more actively in the field of international development and humanitarian aid. Due to the lack of previous interest in this area, a considerable amount of effort has to be dedicated to increasing public awareness through development education campaigns. ■

References

Marginean, I. (2005). *Necesitatea reorientarii politicilor sociale in Romania*, in Calitatea Vietii XVI, No. 1-2.

Chivu, L. (n.d.). *New strategy promoted for social services*, at European Industrial Relations Observatory on-line. Available from: <www.eiro.eurofound.eu.int/2006/01/feature/ro0601103f.html>.

Balasa, A. (2004). "Contributia sectorului neguvernamental la realizarea unor obiective ale politicilor sociale si la ameliorarea calitatii vietii populatiei". *Calitate Vietii*, XV, No. 1-2.

Civil Society Development Foundation (CSDF) within CIVICUS Civil Society Index process. (2005). *Dialogue for Civil Society. Report on the State of Civil Society in Romania – 2005*. Available from: <www.fdsc.ro/PDF/Romania%20Country%20Report.pdf>.

Grünberg, L., Borza, I. and Vacarescu, T. (2006). *The Black Book of Equal Opportunities between Women and Men in Romania.* Bucharest: AnA Society for Feminist Analyses. Available from: <www.anasaf.ro/en/index.html>.

SPAIN

(continued from page 245)

It is clear that Spanish trade policy is still operating exclusively to promote the interests of Spanish enterprises and strategic sectors, and this leaves little room for manoeuvre when it comes to adopting policies to support the Southern countries in line with agreed plans for international cooperation. Probably the biggest challenge facing the Spanish government in this sphere is how to change this trade policy, but it has to be changed because this is the only way Spain can progress from cooperating in development to actively fostering development.

Conclusions

The Spanish government has made an economic contribution to international cooperation for development, and it is increasingly showing signs that it will back up its declared political intention to help the countries of the South. This is certainly an improvement on the policies of previous governments and it is a good sign, but not enough is being done.

What is needed is a courageous and far-reaching reform in foreign policy so that the extremely urgent needs of developing countries will no longer be subordinated to Spanish economic interests, and this involves a lot more than mere political posturing or a percentage increase in the development cooperation budget.

The present government has raised high hopes not only among civil organizations in Spain but also on the international stage. Now it is time to move on from gestures and take real effective action. If development is to be fostered, there is still a lot to be done in spheres like agricultural, investment, trade and development policies. And this applies not only inside the country but also in the international ambit, where Spain has the opportunity to follow through on her commitments and pull her European partners in the same direction. This is the least we might expect from one of the members of the Quintet Against Hunger and Poverty.[2] ■

2 A joint initiative on the part of Brazil, Chile, Spain, France and the United Nations aimed at cutting poverty indicators by half before 2015.

THAILAND

(continued from page 251)

Civil society's proposals

There should be public participation in the budget process at all levels. People must be provided with more information and increasingly take part in national financial management. At the same time, horizontal networks of financial management for public welfare must be expanded in earnest.

Every effort should be made to promote a widespread and effective social welfare system, as well as the passage of the National Health Security Act to ensure that all Thai people will be equally entitled to health services. ■

UGANDA

(continued from page 253)

This highlights the need for improved data management for all categories of the poor, which would facilitate extension and monitoring of assistance based on needs. Adequate allocation of resources should begin with their inclusion into local and district budgets, and a strategy should be established for effective management of all these resources. As is frequently the case in developing countries, the various existing policies and resource allocations are often improperly managed, especially for the poorest of the poor. In addition, in order to ensure adequate legal protection, existing laws need to be amended and strengthened.

Finally, there is an urgent need for further work by all stakeholders at all levels on the issue of social protection. For its part, civil society in particular should be more vigilant in engaging the various stakeholders about these issues. It should also study the experiences of other countries and the prospects for their adaptability to Uganda. ■

References

Centre for Basic Research (2005). *The Impact of Political Corruption on Resource Allocation and Service Delivery in Local Governments in Uganda,* a report submitted to Transparency International Uganda.

Chronic Poverty Research Centre (CPRC) (2005). *Chronic Poverty in Uganda: The Policy Challenges*. Kampala.

Development Assistance Committee (DAC). International Development Statistics (IDS) online: <www.oecd.org/dataoecd/0/41/35842562.pdf> (Accessed 8 June 2006).

FAO (2005). *The State of Food Insecurity in the World 2005*. <ftp.fao.org/docrep/fao/008/a0200e/a0200e03.pdf>.

Government of the Republic of Uganda (1997). *Decentralization Policy in Uganda*. Kampala.

Ministry of Finance, Planning and Economic Development (MFPED) (2004). *Poverty Eradication Action Plan 2004/5-2007/8*.

Ministry of Finance, Planning and Economic Development. *Background to Budget, 2005-2006*. Kampala.

Ministry of Gender, Labour and Social Development (2005). *Ministerial Policy Statement Presented to Parliament for the Debate of the Estimates of Revenue and Expenditure for Financial Year 2005/6*.

UNITED STATES OF AMERICA

(continued from page 255)

The growing federal deficit

According to the Center on Budget and Policy Priorities, the federal government ran a deficit of USD 318 billion in 2005. From 2002 to 2011, the government is projected to amass a deficit of USD 3.4 trillion. Much of the projected deficit can be attributed to tax cuts, increases in defense spending, particularly for the illegitimate war on Iraq, and spending on “homeland security” to fight the “war on terror.” The long-term outlook for deficit reduction is bleak. Making the Bush tax cuts permanent would add another USD 9.6 trillion (in 2005 dollars) to the deficit over the next 20 years, including the added interest payments on the national debt, which would be substantial. In an attempt to reduce the deficit, Congress has begun to cut USD 39 billion from the budget over the next five years – including cuts in Medicaid, various children’s programs, and student loans. The cuts are expected to weaken health care for many low-income families, cutting billions of dollars for low-income programs from the federal budget and placing increased responsibility on state budgets. Many states will not be able to make up the costs and further reductions in these programs are the likely result (CBPP, 2006).

The end of the American Dream

The Government shows little commitment to any kind of government-funded safety nets. However, there was a time when significant investments were made in programs to help make the American Dream possible. For example, public education, primary through tertiary, was of good quality and inexpensive. Progressive taxation ensured that the extremely wealthy would provide their fair share to support the public good, in line with most European governments in the 1970s and 1980s. With high levels of employment, health care that depended on employer-paid insurance schemes covered much of the population. Today, these cornerstones of social policy have been reduced to rubble. Many working Americans do not have access to health insurance (and consequently to health care), because the gap between stagnant wages and sky rocketing insurance rates prohibit the purchase of health insurance. Public schools have been allowed to deteriorate, and fee-based schools are being funded in their place with public tax dollars. Congress has approved a federal budget that allows power politics to define its foreign assistance while at the same time cutting crucial social programs at home. These overall trends reflect an indifference to emerging crises, and bode ill for domestic efforts to eradicate poverty and reduce social exclusion. ■

References

ActionAid International (2005). “Real Aid, An Agenda for Making Aid Work”.

Audley J., Papademetriou, D.G., Polaski, S. and Vaughan, S. (2003). “NAFTA’s Promise and Reality: Lessons from Mexico for the Hemisphere.” Carnegie Endowment for International Peace.

Bilmes, L. and Stiglitz, J. (2006). “The Economic Costs of the Iraq War”. Working Paper 12054, National Bureau of Economic Research, February, Figure 1, p. 6. Available from: <http://222.nber.org/papers/w12054>.

Bunch, W. (2005). “Did New Orleans Catastrophe Have to Happen?”, *Editor & Publisher.* 31 August.

Center on Budget and Policy Priorities (CBPP) (2006). “Background on the Federal Budget and the Return of Budget Deficits”. Available from: <www.cbpp.org/budget-slideshow.htm>.

Children’s Defense Fund (2004). “The Road to Dropping Out” [online]. Available from: <www.childrensdefense.org/education/dropping_out.pdf>.

Dao, J. (2006). “Study says 80 percent of New Orleans Blacks May Not Return”. *The New York Times,* 27 January. Wellner, A.S. (2005). “No Exit”. *MotherJones*. 13 September.

De la Torre, U. (2006). “Workers abroad transform life at home”. SUNS email edition, No. 6049, June 19.

Deen, T. (2006). “South-South flows on the rise, says UN”. SUNS email edition, No. 6042, June 8.

Eckholm, E. (2006). “Plight Deepens for Black Men, Studies Warn” *The New York Times*. March 20.

Institute for Women’s Policy Research (IWPR) (2005). “Persistent Inequalities: Poverty, Lack of Health Coverage and Wage Gaps Plague Economic Recovery”.

Sirota, D. (2006). “Supply and demand solutions”. *The San Francisco Chronicle*, April 9.

U.S. Census Bureau (2004). “Income, Poverty and Health Insurance Coverage in the United States”.

UNDP (2005). *Human Development Report 2005: International Cooperation at a Crossroads. Aid, Trade and Security in an Unequal World*. New York: the United Nations Development Programme.

ZAMBIA

(continued from page 257)

Civil Society for Poverty Reduction (CSPR) (2005a). *Fifth National Development Plan for Zambia, 2006-2011: A Civil Society Perspective.* CSPR Zambia.

Civil Society for Poverty Reduction (CSPR) (2005b). *Evaluation of the 2002-2004 Poverty Reduction Strategy Paper (PRSP).* CSPR Zambia.

Civil Society for Poverty Reduction (CSPR) (2006). *CSPR Statement on the 2006 National Budget.* CSPR Zambia. Available from: <www.sarpn.org.za/documents/d0001987/CSPR_Nat-Budget_Feb2006.pdf>.

Mali, E. (2006). *The Budget in the Election Year: Priorities and Not Promises.* Economic Justice Programme, Catholic Centre for Justice, Development and Peace.

Wonani, C. (2006). *Draft Gender Analysis of the 2006 National Budget.* Non-Governmental Organisations Coordinating Council.

SOCIAL WATCH REPORT 2006

0.7 per cent of rich countries' gross national income should be devoted to assist the poorest countries, according to the formal promise made in 1970.

0.33 per cent of gross national income was what rich countries actually spent on official development assistance in 2005, according to statistics of the Organization for Economic Cooperation and Development.

120.7 billion dollars more in aid would have reached the poor countries in 2005 if the promise had been kept.

121 billion dollars more should have been spent on social services in 2006 by poor countries in order to be on track to meet by 2015 the minimum social development goals agreed by the international community, according to the UN Millennium Project report headed by Columbia University economist Jeffrey Sachs.

120 billion dollars is the estimated expenditure for 2006 of the US administration on the wars in Afghanistan and Iraq.

333 billion dollars were spent in 2004 by the governments of Africa, Asia, Latin America and the former Soviet Union in servicing their foreign debt.

225 billion dollars in uncollected income and property taxes were lost by governments worldwide due to capital flight to tax havens. Of this total, roughly 20 per cent – approximately 50 billion dollars – most likely correspond to countries in the South.

140 additional billion dollars could be raised by low-income countries if they were to revise their taxes, strengthen their financial administrations and abolish tax exemptions for transnational investors so that their proportion of public revenues reached the average level of rich countries.

2015 is the year when the Millennium Development Goals should be met. One of these goals is universal access to safe water and sanitation.

2159 is the year when safe water and sanitation would become available for all in sub-Saharan Africa at the current rate of progress.

GRAPHIC DESIGN: MONOCROMO

ISSN: 0797-9231

Social Watch is an international network informed by national citizens' groups aiming at following up the fulfilment of internationally agreed commitments on poverty eradication and gender equality. These national groups report on the progress - or regression - towards these commitments and goals and advocate policies to achieve them.

SOCIAL WATCH REPORT 2006