OVERVIEW

SOCIAL WATCH

REPORT 2010

Time for a new deal

AFTER THE FALL

TO FACE THE DRAMATIC SOCIAL AND ENVIRONMENTAL IMPACTS OF THE CURRENT MULTIPLE CRISES, WE NEED A COMPREHENSIVE JUSTICE PROGRAM THAT INCLUDES: CLIMATE **JUSTICE** (RECOGNITION OF THE “CLIMATE DEBT,” INVESTMENT IN CLEAN TECHNOLOGIES AND PROMOTION OF A DECENT JOB CREATING GREEN ECONOMY). FINANCIAL, FISCAL AND ECONOMIC **JUSTICE** (THE FINANCIAL SECTOR SHOULD PAY FOR THE CRISIS IT CREATED). SOCIAL AND GENDER **JUSTICE** (ACHIEVE THE MDGS, PROMOTE GENDER EQUALITY, UNIVERSAL BASIC SOCIAL SERVICES AND “DIGNITY FOR ALL”) AND... PLAIN OLD **JUSTICE** (JUDGES AND TRIBUNALS) TO DEMAND PEOPLE’S BASIC RIGHTS.

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

The full version of the Social Watch Report 2010 includes:

Dear Leader,

We know You are a most busy person and this letter may arrive to your hands when You are preparing to go to New York to attend the United Nations summit that will review the minimum goals on social development that You and Your Colleagues promised back in 2000 to achieve by 2015.

Yet, even knowing how busy You are, dear Leader, we dare ask You to go on reading, first because it is good for compassionate rules like Yourself to stop every now and then to hear the voiced of the ruled, and second because it might help You avoid the temptation to claim a victory that is not there.

Remember when one of Your Colleagues claimed "Mission Accomplished" eight years ago? And then the war he claimed had been won went on and on and the guy who had dared to say he was wrong won the next election by a landslide? Yes, of course nobody is putting a similar "Goals Met!" sign at your back when You will address the General Assembly, but many spin doctors want you to add your voice to the "glass half full" theory and You will be tempted to argue that an extra final effort will suffice to achieve in the next five years the task of eradicating poverty that has not really started during the last ten.

This report will help You think twice. The public and the press have a good memory, Your Excellency, and to make matters even more difficult, everybody can now read on the internet the Millennium Declaration, where ten years ago 189 World Leaders like yourself committed to "spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected" and set 2015 as the target for reducing that proportion to half.

As your advisers may have warned You, in 2008 one of your ministers signed into the Accra Action Agenda stating that "1.4 billion people – most of them women and girls – still live in extreme poverty" and the World Bank, which is the source of those estimates (and of the delusionary idea that poverty can be described by income alone, when we all know it is complex and multidimensional) well that same World Bank has estimated in January this year that "64 million more people may be living in extreme poverty by the end of 2010 due to the crisis." It will defy your mathematical abilities to try to explain to the press how on earth 1.5 billion people currently living in extreme poverty can be shown as being on track to reducing "over a billion" to half.

In fact, the issue is not even whether or not the world is going to meet the targets five years from now. The MDGs were never intended as planning targets, but they are still political commitments, made by leaders like You to define priorities. They are valuable because they can be used as benchmarks in evaluating progress. And many evaluations show that progress in social indicators has actually slowed down since the year 2000 instead of speeding up!

Not that we doubt your abilities to address and convince the public, of course. Without that gift, You wouldn't have been popularly elected. (If You haven't been popularly elected, please correct us and we will apologize publicly for our mistake.) But even for a speaker as eloquent as Yourself, it will be difficult to argue that "no effort was spared" when the world military expenditures last year were 15 times larger than the total aid received by developing countries and 49% larger than in 2000 when Your Colleagues promised "to establish a just and lasting peace all over the world."

On top of preventing You from concurring in those blatant mistakes, the reading of this 15th annual Social Watch report will help You stay in tune with the concerns and the mood of your citizens. This report is, in fact, the result of a bottom-up process. It is not an opinion commissioned from consultants but the conclusions of hundreds of organizations and movements that are active year-round on social development issues. Their objective in contributing to this effort is, precisely, to draw the attention of leaders like You to the issues that concern them and to help You meet your promises and design more equitable, gender-sensitive and pro-poor policies.

Each of the national Social Watch coalitions that contributed to this report decided on their own priorities and themes and each one raised its own funds and defined its own ways to consult with the grassroots to gather evidence and validate their findings. They did not shy away from criticizing You and Your Government, the policies in place, the powerful elites in your country or the governance systems whenever they felt it was necessary. We hope You agree with us that the voicing of critical views helps strengthen democratic processes. But even when the reports find that much can (and needs to) improve under Your Leadership, we also know that other 191 leaders share the responsibility with You and thus, on average, only 0.5% of the blame corresponds to You personally.

Collectively, though, when You and Your Colleagues come together in the General Assembly of the United Nations, You will have all the responsibility for your deeds as well as for your inaction, as there is no other world governance mechanism with a higher authority. Yes, we know that some specialized agencies and organizations are in charge of finances or trade and those bodies have their own decision-making processes, but who sits in their respective assemblies if not ministers that You choose and command?

We know your attention span is short and You have multiple demands and little time to spare. You may argue that, yes, poverty is a priority for You and equal rights for women is a cause that You and Your Spouse are committed to, whatever your respective genders might be. In fact we have never found any leader taking the opposite view and defending poverty, slavery or the denial of education to girls. But there are other urgencies requiring Your Time and even if You have read this letter so far You may feel tempted not to read the entire report and perhaps some adviser might summarize its summary in a few bullet points for You. It might spare You that effort to just go on reading a few more lines. The final message emerging from this report is simple: as everybody understands that promises made need to be kept and that it is fair that You are reminded of them, citizens everywhere adhere to the "polluters pay" principle. Those that created the problem should pay for the cleanup and the damage they caused. And that is valid for oil spills, for climate change and for the financial crisis.

If basic principles of justice are applied, the resources and the political will could be found to create the "more peaceful, prosperous and just world" that all of You Leaders promised to us a decade ago. We may even be tolerant with Your Shameful Delay in that task, same as we expect You to be tolerant with some of the impatient and maybe disrespectful wordings included in this report. As You may understand, after a decade of not seeing words matched with actions, some among us expect You to "kick some ass," if You pardon the expression. Actually, that is precisely what we expect You to do. The sooner, the better. We promise to applaud loudly. ■

Yours respectfully,

Roberto Bissio
on behalf of Social Watch

PS: If You need any assistance in finding out precisely where to kick, please go on reading this report.

After the fall: a New Deal is imperative

Roberto Bissio
Social Watch International Secretariat

The good news is that the *People First* strategy works. *People First* was the title of the 2009 annual report of Social Watch and its main message. We argued, based on evidence from around the world, that the ethical imperative of investing in people living in poverty, women in particular, was also the best economic strategy to combat the global economic crisis after the collapse of Wall Street at the end of 2008.

One year after, this is exactly what happened in places as far apart as China and Brazil, two developing countries severely affected by the crisis that took fast and decisive measures to stimulate local consumption by helping its poorest people. According to the Brazilian Social Watch coalition "recovery was achieved on the strengths of domestic demand, fed by policies to raise the minimum wage; social policies, of which *Bolsa Família* (Family Grant) is the most important; credit expansion policies led by public banks; and, to a lesser extent, fiscal policies under the umbrella known as Program for Growth Acceleration. Lower income groups were also the target of policies that have been expanding the number of people receiving cash benefits (equal to a one-month minimum wage), such as (…) people with disabilities, poor people over 65 years old, and extended retirement benefits to rural workers (even in the cases where no previous contributions were made)."

Less than USD 7 billion invested in *Bolsa Família* were not only a success for the reduction of extreme poverty, but also "provided important support for domestic demand, particularly for non-durable consumption goods. Since poor families tend to consume all of their income, these grants (built) a floor under any possible reduction of consumption in the country. Expenditures based on *Bolsa Família* (…) become somebody else's income, which will also be spent, giving additional stimulus to other activities. The decentralized nature of the program allows these stimuli to be directed at local activities, magnifying the impact on employment and on additional consumption."

The bad news is that around the world most countries directed trillions of dollars to the other end of the economic chain, via tax cuts to the rich or subsidies to banks and big corporations and then those plans, which did not really help to reduce unemployment, were stopped or reduced as soon as the financial sector became profitable again.

This is the case, for example, in Canada, where the local Social Watch coalition reports that "deficit reduction is being used as a cover to further reduce social spending. While stock markets, corporate profits and GDP rebound from the massive global financial meltdown, it is expected that full recovery for the privileged will be accompanied by further backsliding in equality and development levels at home and abroad."

Even more devastating effects of the crisis are reported by some developing countries. In Indonesia, for example, the national Social Watch reports that "the global financial crisis has placed an additional burden on top of problems as a large foreign debt, corruption and a lack of consistency between macroeconomic policy on the one hand, and concrete actions to reduce poverty on the other. The severest effects of the crisis have been felt by workers, since companies lay off their employees as a first option to save their assets."

According to the estimates by the World Bank and the International Labour Organization, the number of people around the world losing their jobs or falling below the extreme poverty line is counted by the tens or even hundreds of millions. In many countries, Slovakia among them, the national Social Watch reports observe a tendency by politicians to promote "xenophobia, intolerance and discrimination against minorities" as a way to govern with double digit unemployment figures.

Unkept promises

A decade ago, at the Millennium Summit, over 100 heads of State or Government signed this pledge: "We will spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty, to which more than a billion of them are currently subjected." The eight Millennium Development Goals (MDGs), extracted out of the Millennium Declaration set time-bound targets, the first of which were to reduce by half, between 1990 and 2015, the proportion of people living in extreme poverty and who suffer from hunger. The MDGs collectively summarized the most urgent collective tasks of the international community, created benchmarks and agreed standards against which governments and international organizations can be made accountable and inspired unprecedented global mobilizations, such as the "make poverty history" campaign of 2005 with billions of people around the world watching the simultaneous "Live 8" concerts.

Speaking to the heads of State in September 2005, when the MDGs were reviewed, five years after the Millennium Summit, Leonor Briones, from Social Watch-Philippines, said on behalf of civil society organizations: "The Millennium Development Goals will not be reached by 2015, [if] the environment continues to be devastated, and global issues on trade, debt and official development assistance remain unresolved."

Goal 8 of the MDGs called explicitly for the establishment of *global partnerships* around trade, aid, debt cancellation and technology transfer in order to enable developing countries to achieve the other seven goals on poverty and hunger, health, education, gender equality and environmental sustainability.

Some progress has been made towards this goal in terms of cancelling the bilateral and multilateral external debts of some of the poorest countries, Nigeria and Iraq, but this is far from enough. On trade, there are no positive moves. A *development round* of trade negotiations started in Doha in September 2001. Its development component is insignificant and even so it is still far from being concluded. Technology transfer has been made even more expensive by the strict enforcement of intellectual property rules. Foreign aid has not increased at all. It was 0.44% of the income of the donor countries in 1992 and 0.43% in 2008.

The non-compliance of developed countries with their commitments under Goal 8 is certainly not unrelated to the lackluster progress on the other Goals. Mr. Ban Ki-moon, the Secretary-General of the United Nations acknowledges this "failure to deliver on the necessary finance, services, technical support and partnerships" and adds that it was "aggravated by the global food and economic crises as well as the failure of various development policies and programs." Thus "improvements in the lives of the poor have been unacceptably slow to achieve, while some hard won gains are being eroded."[1] The uneven distribution of resources within developing countries is another major obstacle. During the first years of the 21st century, many developing countries experienced high levels of economic growth, but poverty reduction and job creation lagged behind.

Sakiko Fukuda-Parr, former editor of the UNDP's Human Development Report argues that the MDGs "were political commitments, made by world leaders, that define priorities in a normative framework and that can be used as benchmarks in evaluating progress. In this framework the appropriate question is whether more is being done to live up to that commitment, resulting in faster progress." The research she conducted while studying the evolution of each of the indicators over time, instead of looking at the targets being met, shows that "for example, while access to safe water is touted as an MDG success, only a third of the countries improved at a faster rate after the year 2000." In summary, "in most indicators and in most countries, progress has not accelerated" in the last decade, when compared with the previous one.[2]

1 "Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015," General Assembly document A/64/665, United Nations 2010.

2 Sakiko Fukuda-Parr and Joshua Greenstein, *"How should MDG implementation be measured: Faster progress or meeting targets?"* International Policy Centre for Inclusive Growth–UNDP, Working Paper number 63, May, 2010.

The same conclusion is reached by a UNDP study of development trends in the last four decades, as reflected in the Human Development Index (HDI) since 1970: "We find that 110 of the 111 countries show progress in their HDI levels over a 35-year period. HDI growth is fastest for low-HDI and middle-HDI countries in the pre-1990 period."[3]

Not surprisingly, this is the same conclusion of Social Watch's own analysis of the Basic Capabilities Index, which combines some key MDG indicators (see the figures in this same report): While the key social indicators still show progress, its improvement decelerates after 2000.

And those findings are consistent with the reports from the grassroots. In Nigeria, for example, the local watchers observe that "civil society organizations have pointed out that practically all projects focused on achieving the Millennium Development Goals (MDGs) are lagging behind."

The official positive spin on the MDG assessments relies mainly on the World Bank figures for Goal 1. Defining and measuring poverty by income alone, the World Bank comes to the conclusion that the number of people living under extreme poverty line of USD 1.25 a day decreased from 1.9 billion in 1981 to 1.4 billion in 2005, when the last international survey was conducted.[4]

Brazil, Vietnam and particularly China account for most of that reduction. In fact, in China alone, the number of people under that line decreased from 835.1 million in 1981 to 207.7 million in 2005. A reduction of 627 million in China, while in the same period the world reduction was 500 million, means that outside China, poverty increased in that period by more than 127 million people.

In fact, according to the 2010 progress report by the Secretary-General of the United Nations, the number of people under the USD 1 a day poverty line "went up by 92 million in sub-Saharan Africa and by 8 million in West Asia during the period 1990 to 2005." Further, "the poverty situation is more serious when other dimensions of poverty, acknowledged at the 1995 World Summit for Social Development, such as deprivation, social exclusion and lack of participation, are also considered."[5] And those figures refer to 2005, when an international survey on household incomes was conducted that allowed the establishment of the PPP (Parity Purchasing Power of the different national currencies, used to adjust the poverty line).

Since 2005, according to the World Bank, the food crisis and the global financial crisis have sent at least another 100 million people under the poverty line. From a grassroots perspective, this is summarized by the Senegalese Social Watch report in a few dramatic words: "Poverty is spreading, and is also becoming feminized and is mostly rural."

More aid is needed, but is nowhere to be found

Many Social Watch national coalitions in poverty stricken countries come to the conclusion that the only way to achieve the internationally agreed goals by 2015 is through more aid from the international community.

This is the case reported by Social Watch-Benin, where the government resources are constrained by external and internal debt and foreign direct investment is not flowing in at the required volume, and pays no taxes when it does, leaving the country at the mercy of foreign donors to pay for badly needed basic social services. And similarly in Tanzania, where the local report finds that "the efforts of the Government to improve the lives of Tanzanians have been in vain, primarily due to the lack of commitment on strategies both at the national and international levels: ODA disbursement is often late and does not go with the Tanzanian national budget process."

In the Occupied Palestinian Territory (OPT) the inflow of aid has created what the national Social Watch report calls "apparent improvement" in the West Bank economy, but the overall picture remains "fragile", particularly in the Gaza Strip where the continued Israeli siege and blockade undermine prospects for development, perpetuating a deepening humanitarian crisis. Since 2007, when the blockade of Gaza was imposed, extreme poverty has tripled in Gaza, which is probably the most aid-dependent area in the world, with over 80% of the population relying on food aid.

Afghanistan, another conflict-affected country, is the second top aid recipient (after Iraq), but still the local social-watchers conclude that "more and better aid is imperative," since conditionalities associated with development assistance and the practice of tying aid to only buying from the donor country or hiring donor's nationals as consultants erodes the usefulness of the grants. Much more money is spent in the war in Afghanistan than in helping people and since "nearly all the major donors are also belligerents; there is no space to talk about humanitarianism."

Meanwhile in Somalia, also torn by warring factions, the reluctance of donors to deal with either regional armed groups or the national authorities has created a situation where "resources from piracy are almost as significant as those coming from the European Commission." In Somalia's gender-biased society, war and poverty hit women the hardest and hard working civil society organizations like those that report through Social Watch struggle against desperation to preserve community links as a basis for any future reconstructions efforts.

Peace is a pre-condition, but it is not enough. In Lebanon, the national Social Watch report observes that "since 1992 the post-war financial architecture has combined expansionary reconstruction policies with restrictive monetarist ones, leaving narrow fiscal spaces for socio-economic development." The main conclusion is that, in order to respond to the priorities of reducing poverty and discrimination, "development should be rights-based."

The case of Guatemala shows that, in the opinion of the local watchers, if structural problems of inequality of wealth and income distribution are not addressed, it is "difficult to develop an effective fight against hunger, which continues to represent a systematic violation of human rights in the country. Thus, the impact of development aid has been slight, particularly as regards the poverty reduction strategy, the peace program and the fulfilment of the Millennium Development Goals (MDGs)."

In Cameroon the "watchers" have joined other civil society organizations in demanding for the management of international aid to become more efficient, by improving coordination, involving citizens and taking gender into account. And similarly in Morocco, while ODA is "scant," it faces major implementation problems by the lack of concerted efforts between the Government and civil society organizations, particularly in the priority area of education.

A major "acceleration" in the progress towards the MDGs, as requested by international organizations, seems very unlikely, considering that in spite of all evidence of its being badly needed, development assistance has not increased substantially in the last decade and is likely to be reduced as a consequence of the crisis. Thus, in Germany, while Chancellor Angela Merkel insists that "we are, and remain, committed to achieving the Millennium Development Goals for Africa" as a "moral responsibility," her Development Minister, Dirk Niebel, comments that "there would be no way we could achieve an ODA ratio of 0.51% in just one year" as committed by the EU. Germany's ODA contributions in 2009 were USD 2 billion less than in 2008.

Development Assistance also went down in Poland, even when it was already very low, as well as in Spain, reversing a recent trend to increase it. Due to the financial crisis, the promise of Portugal to maintain its level of aid is judged as "questionable"

3 George Gray Molina and Mark Purser, "Human Development Trends since 1970: A Social Convergence Story," Human Development Research Paper 2010/02, UNDP, , 2010.

4 Martin Ravallion, and Shaohua Chen, "The developing world is poorer than we thought but no less successful in the fight against poverty," World Bank, 2008; see also UN, Millennium Development Goals Reports, 2009, 2010.

5 *Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015*, Report of the Secretary-General, February 2010].

by the local watchers. Bulgaria is also falling short on meeting the targets or ensuring the quality of its assistance. Much worse is the situation in Italy, where in spite of its G8 presidency last year, the Government is "dismantling" its development cooperation. Some countries like Malta, which showed positive figures, are shown by the local watchers as engaged in creative accounting, by adding to the reported ODA resources spent locally to support migrants and refugees. Other countries, such as Slovenia have "neither a strategy for development cooperation nor a system to evaluate aid efficiency." And, on top of this, the commitments "will be difficult to uphold in the current situation, with national budget cuts in almost every sector."

Finland seems to be one of the few exceptions, since the new Development Policy Program has introduced a remarkable shift. Yet, the Finnish watchers still report it lacks a "focus on social development and social rights" plus the danger that keeping percentage commitments might still result in a decrease of the absolute numbers, due to the shrinking economy. The best reported results in this regard are those of Switzerland, where after much public campaigning the Government has finally presented in June 2010 a proposal to increase Swiss ODA.

South-South cooperation is the source of many hopes in this context, where emerging economies are seen as new alternative markets and also new sources of aid. Yet, Social Watch India notes that in its behavior as donor India "attaches the same conditions to its external aid that it refuses to accept as a recipient country, typically linking assistance to the purchase of Indian goods and services."

Since foreign aid can at best complement the national efforts to achieve basic dignity for all, as requested by the MDGs and the human rights obligations of all countries, where are the resources going to come from? Many developing countries want to attract Foreign Direct Investments (FDI) to help meet their development objectives.

Yet, in times of crisis FDI tends to behave, like ODA, in a pro-cyclical way. This is the case in Serbia, where the local social-watchers report that "the flow of Foreign Direct Investments has slowed as a consequence of the global financial crisis, making the economy more fragile and unstable. Anti-crisis measures are based on taking out new loans from the international financial institutions and cutting public expenditure on education, health care and pensions – all of which risk pushing even more people into poverty."

Foreign investment is a double-edged sword

The watchers in Zambia have found that FDI "has played an increasingly important role in the country's economy, rehabilitating the copper industry and boosting production and exports of non-traditional products and services. However, this investment has not been used effectively to promote development and reduce poverty. Instead, it is contributing to an erosion of people's rights, including development rights, the right to food, education, a clean environment and women's participation in political decision-making."

Similarly in Nigeria, the impact of foreign investment "is not yet being felt by the poor. Legislation favouring FDI should be accompanied by mechanisms that guarantee transparency. Despite the Government's allocation of financial and other resources to combat poverty, the sad fact is that poverty has continued to grow at a fast pace over the last 15 years."

In Bolivia, "Foreign Direct Investments does not generate better conditions (…) since this system takes more money out of (the country) than it generates in domestic economy."

In Uganda, the Government hopes to attract investor and at the same time increase citizen participation and control over public affairs by integrating Information and Communication Technologies (ICT) into their development management as well as into a variety of areas of social life. The local NGOs report through Social Watch that "if the Government wants to bring about a real improvement of living conditions, its effort should be consistent with poverty reduction strategies and investments in human development."

In many places, instead of being complementary, the same policies that should make the country attractive to foreign investors make it vulnerable to foreign shocks and destroy the social fabric. "The Government's belief that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent," conclude the watchers in Croatia, where recession in 2009 nullified several years of social improvements.

The watchers in Hungary reach a similar conclusion: "Despite the fact that it was the first country in Eastern Europe to adopt International Monetary Fund prescriptions in 1982 and that it was more highly developed than its neighbours when it embraced a market economy, Hungary is now the weakest economy in the region" and "wavers between potential social upheaval – if a change of direction is not made – and the total collapse of a very vulnerable economy. The phantom of right-wing extremism lurks in the background, fed by popular discontent."

In India, the national Social Watch coalition observes that "FDI is also adding to the 'jobless growth' phenomenon" and "even though FDI inflows have increased over the years, its ability to deliver genuine (and inclusive) financing for development remains in doubt. In order to make sure it benefits the country as a whole, including domestic businesses and local communities, the country's economic structures must facilitate the creation of the enabling environment needed to promote greater FDI spillover effects, both to domestic business and to local communities."

Mother Nature, another victim

The environment has been a victim of the crisis as much as the social sector. In Germany, according to World Wildlife Fund, only six out of the 32 stimulus measures had a positive impact on the environment, and just 13% of them can be considered sustainable. In Bahrein, the country's rapid development that will allow it to meet most of the MDG targets "has been reached at the cost of the environment" according to the local social-watchers. "Biodiversity loss is on the rise. Green palm trees, for example, have been replaced by concrete complexes" and the claiming of land for urban development "from the sea at the expense of bays, lagoons and beaches (…) has caused the destruction of natural habitats and the extinction of many marine species."

In Thailand also, the local Social Watch coalition is concerned about the high environmental cost of policies striving for industrialization at any cost. Even worse is the case of Bangladesh, "a minuscule polluter (but) an enormous victim of global warming" and of the financial crisis. Both of them originate in the richest countries and affect the most the people that live in poverty and had no blame or part in creating them.

Taxation and representation

Sometimes the strategies to deal with the crisis attempt to "export the problem" and obtain short term benefits making others pay. In the Czech Republic, the watchers' report that society is "riddled with corruption" and "deeply affected by inequality, discrimination, racism and segregation." At the same time, "exports of weapons are on the rise in contradiction of the official foreign policy goals of supporting human rights and development and assisting with humanitarian aid." In Finland, civil society groups find that official development assistance is frequently supporting Finnish investments abroad, which often have "negative impacts on human development" in the poor parts of the world.

At the receiving end of those wrong aid and financial policies, a country like Ghana is found by the local Social Watch report to be dependent "on foreign aid and international financial institutions over the last three decades or more." The result has been "mass unemployment, huge balance of payments deficits and low manufacturing and agricultural output." While the 1992 constitution "provides the legal basis and specific policies to enhance the welfare and protection of women and children, (…) the Government's minimal investment in education, health, water resources and rural development shows the low priority it places on these goals." The likelihood of achieving the MDGs by 2015 is deemed as "remote."

Based on similar experiences, including having suffered deep financial crises recently, the watchers in Argentina have concluded that "development is not possible without economic autonomy and domestically mobilized resources, such as taxes. The successive political and economic crises that have shaken the country demonstrate that when the development model prioritized the financial sector over the productive sector the result was dismal for the vast majority of the population. It is imperative for the State to regain control of the economy, make it less dependent on foreign capital, and implement a fairer tax system and finance production as well as consumption."

The issue of taxes comes up again and again in the reports from the national Social Watch coalitions. The main reason for lack of progress in Peru, in spite of marked growth in the economy "and an increased public sector budget" is that "the State has not undertaken a much-needed reform of the tax system, organized a universal social security system financed from taxes nor made budget allocations to tackle issues related to gender or the environment."

In neighbouring Chile, "the present (tax) system is clearly regressive in that it is based primarily on indirect taxes, especially the value added tax (VAT), whereby the burden is spread indiscriminately across the population as a whole. If the Government is to be able to finance a national development policy it will have to implement tax reform geared to retaining the big copper enterprises' excessive profits." However, the new Government's strategy "is to facilitate conditions for the expansion of capital and investment in natural resource exploitation," including "tax incentives for private mining enterprises in an already regressive taxation system."

Also in Kenya, the main demand from the local watchers is for the Government to implement a fiscal policy that stabilizes the economy while altering "the amount and structure of taxes and expenditures," as well as the distribution of wealth. At the same time, development financing should be tied to democratic reforms. The process should challenge the centralizing logic of power, emerging from a public discussion mediated by values of equity and dignity." The Kenyan watchers have subsequently played a major role in observing the transparency and fairness of the constitutional referendum in 2010.

On the positive side, after electing a reform-oriented government in Paraguay, the local watchers find that "thanks to increased income from taxation and plans for development assistance, there are now more resources to meet the needs of the people, invest in infrastructure and still comply with debt commitments." In those favourable circumstances, focusing on the extreme poor is not enough and "in addition to working towards the MDGs, the Government should also revise the existing development model in order to bring about a fairer distribution of wealth in the country and provide better protection for vulnerable population sectors."

To make it possible for other governments to collect their own taxes, under heavy international pressure the Swiss Government has made some compromises and the legendary bank secrecy has begun to totter. Yet the Swiss watchers report that information exchange in tax matters has hardly changed vis-à-vis developing countries. Also, while the country "champions maximum openness of borders for trade in goods and services, it insulates itself against immigration from non-European countries." Nevertheless, a positive development has been the drafting by the Federal Cabinet of "a law on freezing and repatriating stolen assets."

The high reliance on extractive industries, even when taxed or nationalized, also makes countries vulnerable. In Venezuela the national Social Watch report observes that high oil prices on the international market allowed for an improvement in the MDG indicators from 2004 to 2008. Today, the global financial crisis and increased social unrest caused by weakening social programs have put this progress at risk."

Yemen is also seen as "over-dependent on exporting petroleum" and as a consequence "the rest of its productive system is very weak and in consequence the economy is unable even to adequately feed its own people. The country will have to diversify its agricultural production, overcome its environmental problems – above all the exhaustion of its fresh water reserves – protect its products in the home market and become more competitive. At the political level it will have to implement stronger gender policies to enable women to really integrate into society", conclude the Yemeni watchers.

Crisis means opportunities

Gender equality is such an important factor in reaching social development that the watchers in several countries devote their reports entirely to this issue. In Armenia, the Government is recognized for having made plans and set up bodies to promote gender equality. However, "these have not had the expected results due to the lack of financial resources, which has led to inadequate implementation." In Iraq, the national Social Watch report introduces the concept of "gender justice", which "means far more than courtroom justice for crimes against women and girls; it encompasses equitable treatment and participation of women in the negotiation of peace agreements, the planning and implementation of peace operations, the creation and administration of the new Government (including agencies and institutions focused on the needs of women and girls), the provision of the full range of educational opportunities, participation in the revival and growth of the economy, and the fostering of a culture that enhances the talents, capabilities and well-being of women and girls."

The everyday reality in Iraq is far from that goal. "The fragile political situation and weak rule of law have transformed Iraqi society into an unsafe environment for development and stability. Iraqi women face difficult conditions (…). Every day women and girls are forced into marriages, murdered for the sake of 'honour,' coerced into committing suicide, beaten, raped, trafficked into sex work and restricted in their autonomy and mobility."

But even in such a dire situation there is room for optimism: "Crises can break down social barriers and traditional patriarchal patterns, providing windows of opportunity for the construction of a more just and equitable society where women's rights are protected and gender equality becomes the norm in institutional and social frameworks. Such opportunities must be seized not only to promote social rehabilitation but also to encourage and support new institutional structures, legislation and its enforcement for the protection of political, economic, social and cultural rights."

A change of scenario is also taking place in Nicaragua with a demographic shift in which for the first time in history the dependent child population is shrinking fast while the weight of people in working age is rapidly increasing. Watchers in the country have noted that this "demographic bonus" offers a "historic opportunity" to develop the country in the next 20 years" provided that the Government applies "suitable public policies to ensure that young people can enter the labour market and that they can do so with good levels of education, training and health." If the Government does not invest in education now it will be too late.

The watchers in Cyprus are also among those contributing optimistic visions and experiences. "The island has passed all the stages that most developing countries are currently facing: colonial rule, the struggle for independence, internal conflicts, external invasion and refugees. In this historical course, the empowerment of society through the provision of free access to public goods and services for those who suffer has been central to the path to recovery." In Cyprus the new National Strategic Plan for 2011-2015 challenges the current *status quo* in development trends. Its two primary areas of focus are education and partnerships between public institutions and civil society organizations. The local Social Watch report sees a clear opportunity to "lead the way in the shift in development trends away from market-centred policies towards social justice, human rights and equality."

Inequities are mentioned in many country reports, precisely, as a major obstacle for achieving social development goals. In Colombia, for example the watchers observe that even when "the country enjoyed considerable economic growth up to 2008" this "did not translate into any improvement in the social situation": unemployment has increased, wealth has become even more concentrated in few hands, and "the fact that international aid is administered through the central Government is an obstacle to alternative projects being undertaken."

In Uruguay, in spite of the crisis "the country's economy continued to grow and its poverty and indigence rates improved considerably thanks to social policies, which in the more prosperous years had been given priority over macroeconomic objectives." Nevertheless, the watchers find problems still to be tackled, "such as high poverty and indigence rates among people of African descent and the fact that more and more heads of households at the very poorest level are women. To remedy these situations, combating inequities of gender and/or race should be an integral part of economic policy."

In Suriname, where economic targets have been pursued without consideration to equity issues, the local watchers report "adverse development effects" of economic growth "by widening inequalities in an already vulnerable society." "With over 60% of the population living below the poverty line, the country faces many social problems including in housing, access to health, education and gender equality. Finding a balance between ethnic group interests and those of the nation at large is a pre-requisite for sustainable growth and development."

Inequalities can be based on ethnicity, gender or geography. In the case of Mexico, the watchers report that "the official line is that (the country) is solidly on track to reach the MDGs by 2015." However, "while there has been progress in health and education and a reduction in extreme poverty" in national averages, "serious inequalities across different regions" persist. While Mexico City has development indicators comparable with some countries in Europe, there are states in the south of the country with figures similar to those of the least developed parts of the world.

In addition, in Egypt the national Social Watch report insists that economic growth alone is not enough. "The country's failure to ensure that increased economic growth is reflected in the living standards of its citizens represents the main challenge that the Government will have to face in the next five years in order to realize the MDGs by 2015."

No progress without democracy

In El Salvador, which elected its first leftwing government last year, the local Social Watch coalition reports a strong commitment to achieving the MDGs. "President Funes pledged to tackle poverty and unemployment by means of a global economic recovery plan which includes measures to stabilize the economy, invest in infrastructure projects, including the expansion of electricity to rural areas, and compensate workers and their families for the loss of jobs. Among the most groundbreaking measures was the extension of the Social Security system to cover domestic workers, of which some 90% are women."

While the Farabundo Marti National Liberation Front coming to power in El Salvador raises so many hopes, in Eritrea, the country has been led for almost 20 years by a Government that evolved from a liberation movement but whose right to rule has not been confirmed in free and fair elections. As a result, according to the report from watchers in exile, "political repression has never been as glaring as during the first decade of the new millennium. The Government is continuously frustrating the economic and developmental aspirations of the people" and "in the face of new sanctions imposed by the UN Security Council in December 2009, economic recovery and social development will continue to be unreachable goals."

Democratic and accountable institutions are also seen as a necessary precondition by the watchers in Burma. "The 2008 Constitution and the general elections scheduled for 2010 will only perpetuate military rule and stagnation. Transparent, fair and accountable institutions are necessary for development, which cannot coexist with rampant human rights abuses, corruption and political oppression." Before any attempt at tackling poverty is even possible, they argue, "the United Nations Security Council should establish a Commission of Inquiry to investigate crimes in the country" and strong legal and judicial institutions have to be put in place.

Such a process has started in the Central African Republic, where "thanks to political pacification", "a process to reactivate the economy and improve health services, security and governance is under way." This has been very slow, according to the local Social Watch report, "and the fact that the starting point is so critically low means it will be impossible to achieve the Millennium Development Goals (MDGs) within the stipulated time frames." Yet the very fact that there is movement and political space for civil society to critically monitor and report on the process is in itself a source of hope.

The ability to monitor and report is seen as indispensable by the watchers in Malaysia. "The Malaysian Plan reports paint a rosy picture, highlighting achievements but not acknowledging failures, there continues to be concerns as to the accuracy of Government statistics and assessments." Given the minimal monitoring and accountability over allocation, both from the Federal and state coffers "it remains to be seen whether the Government's development agenda, particularly for vulnerable groups, will be carried out as planned."

Writing from a country going through a tumultuous social and political transition, the Social Watch national platform in Nepal summarizes the common view of the whole network when it states that "the responsibility for overall development" lies primarily "in the hands of the citizenry" and there is no way in which the multiple problems, ranging from climate change to the impact of the crisis, from gender inequities to corruption, migration and peace building can be handled one by one in isolation. A "new development program" is needed at all levels.

A program of justice

"If the poor were a bank, they would have been rescued," is the sarcastic comment that many people make when the additional money needed to achieve the MDGs (estimated at around USD 100 billion a year) is compared with the trillions of dollars disbursed in the last two years in the richest countries to rescue failed banks and try to reverse the effects of the financial crisis.

In practice, though, the less privileged in rich and poor countries alike not only suffer the direct consequences of the crisis in the form of loss of jobs, savings and even their households, but are also required to pay for the rescue and stimulus packages through higher taxes and reduced salaries and social benefits.

In this context, to call for "more of the same" is not the answer. More aid money and better trade terms for developing countries are an ethical imperative now even more than before. But, to face the dramatic social and environmental impacts of the current multiple crises, we need to move beyond a "business as usual" approach and start working towards a comprehensive justice program:

- Climate justice (recognition of the "climate debt", investment in clean technologies and promotion of a decent job creating green economy).
- Financial, fiscal and economic justice (the financial sector should pay for the crisis they created, through a financial transaction tax or similar mechanism, speculation needs to be regulated, tax heavens and the "race to the bottom" in tax policies ended or reverted, developing countries allowed defensive control of capital flows and policy space).
- Social and gender justice (achieving the MDGs, promoting gender equality, universal basic social services and "dignity for all") and…
- Plain old justice (judges and tribunals) to demand the basic social rights.

In times of unprecedented crisis, courage to be bold and innovative is required from leaders.

The notion that the polluter should pay for the cleanup of the mess created by his or her irresponsible behavior is not just based on justice and common sense but is also a political demand that the leaders cannot ignore. Similarly, the citizens from around the world support the notion that the costs of the financial crisis should be paid by the financial agents that were "too big to fail" but did so anyhow. It is unfair and politically unviable to expect citizens to carry alone the burden of this failure, in form of higher taxes and lower salaries and the deterioration of social security, education and health services.

Over the last 20 years, a tiny amount of people (only 10 million) who represent less than half of 1% of humanity, have taken at least USD 1 million each from their respective governments, and placed it in the offshore shadow economy. This amount of over USD 10 trillion of undeclared and untaxed money is not a buried treasure hidden in some cove, but is actively flowing through the electronic networks, speculating against national currencies, creating instability in legitimate global trade and inflating financial "bubbles" that in turn create, for example, price distortions in agricultural commodities that lead to the food crisis.

Reclaiming control over those wild financial forces of enormous destructive potential over all economies is a subject of international collaboration. The United Nations is the legitimate body to negotiate and make decisions around international tax collaboration; the establishment of a Financial Transaction Tax and earmarking of a substantial proportion of the resources it generates to development; effectively curbing illicit financial flows, including those derived from tax evading "transfer pricing"; and last but not least, the establishment of fair debt workout mechanisms for sovereign debts and an affirmation of the legitimacy of debt standstills and moratoria for developing countries burdened by a crisis they did not create.

Ten years ago the Millennium Declaration promised "a more peaceful, prosperous and just world." Social Watch is committed to helping citizens around the world to hold their governments accountable to that promise and we expect the leaders of the world to formulate the action plan to make it happen. ■

NATIONAL REPORT

CROATIA

An uncertain scenario

A lack of up-to-date and reliable data makes it difficult to determine the extent to which poverty in Croatia is deepening as a consequence of the economic crisis, but indicators suggest that the 2009 recession reversed recent improvements in the social sphere, making it hard to rein in the country's growing pauperization. Circumstances are thus more and more unfavourable for the realization of Millennium Development Goal 1 on poverty eradication. The Government's belief that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent.

Croatian Law Centre
Inge Perko-Šeparović, PhD
Kristina Babić

The years 2001–2009, the period considered for this report, cover almost two thirds of the time allotted for the realization of the Millennium Development Goals (MDGs). Data on Croatia's gross domestic product (GDP) during these years show an annual increase of about 4.4% until 2008, when this decreased for the first time to 2.4%. It then dropped dramatically by 5.8% in 2009.[1] Foreign debt as the main source of additional funds needed for public spending increased on average by 12.5% annually over the same period,[2] while the growth in public expenditure was 6.7% in 2008 and 2.3% in 2009. This has only contributed to the deepening of the crisis.

Increasing poverty

Although GDP per capita rose from HRK 25.538 (USD 4.474) in 2001 to HRK 45.379 (USD 7.951) in 2009,[3] this had almost no influence on the poverty rate during the same period. As the economic and financial crisis began to unfold, 2008 already showed signs of regression in the poverty indicators. The Gini coefficient – the measure of income inequality developed by the World Bank – went up from 0.28 in 2007 to 0.29 in 2008 and the quintile ratio, which compares the total equivalent income of the upper and lower quintile (20% of the richest and 20% of the poorest), from 4.3 in 2007 to 4.6 in 2008.

Due to lack of available data at the time of writing, the poverty rate for 2009 can only been presented based on simulations done by the World Bank; the exact data for this variable are due to be published by the Central Bureau of Statistics (CBS) in October 2010. The simulations of short-term changes in poverty between 2008 and 2009 show an increase in relation to spending of 3.5 percentage points. The share of households living below the accepted poverty line of USD 380 per adult increased from 10% in 2008 to 13.5% in 2009.[4] The largest increase in vulnerability, from 5.3% to 15.8%, occurred in households with two or more children.[5] Thus in a single year the 2009 recession nullified recent social improvements.

Between 2005 and 2008 economic development and the new jobs linked to it led to the opening of new workplaces and the reduction of unemployment. In that period poverty was primarily linked to long-term unemployment and inactivity, mostly concentrated among low-qualified workers. The rate of poverty risk in 2008 was highest for the unemployed at 32.6%. However the job loss caused by the economic crisis meant the number of registered unemployed in January 2010 was 20% more than the previous year. The reduction in employment, the decrease in real income (in relation to the index of consumer prices) and the pay freeze in the public sector have pushed many people into poverty. The "new" poor person differs from the "old" one in that he/she is better-educated, younger, economically active, more often male, works in manufacturing and lives in the economically more developed regions.[6]

Social transfers

Social transfers can be defined in both a broad or narrow sense. Narrowly defined, in accordance with the Eurostat definition, they encompass income related to unemployment, maternity leave, care benefits for newborns, child allowances, benefits for sick leave lasting longer than 42 days, benefits for bodily injuries and care of others, social benefits, benefits for rehabilitation and employment of people with disabilities, disability pensions, schooling stipends and housing benefits. Social transfers in a narrow sense are related to benefits awarded to individuals in cash as opposed to services (e.g., free health care) or material goods.

Social transfers should be effective and efficient in addressing the risk of poverty so that they have a significant redistribution effect and thus reduce the poverty rate. In this regard, public expenditures directed to social benefits have produced the greatest reductions.

Gender Equity Index (GEI) 2009

The CBS has not yet adopted the Eurostat methodology for the collection of data on expenditures for social protection and social transfers. For instance, the category "other liquid receipts" in the questionnaire on household spending is most similar to the Eurostat's category of social transfers, although it also contains the variable "family pension".

Spending on social transfers and economic growth stabilized the poverty rate in the first part of the period under review, although its effect on reducing social inequality was insignificant. The lack of complete and reliable data for 2009 and the uncertainty regarding the situation in which Croatia will be at the end of 2010 make it impossible to present a total picture of the impact of the crisis. Still there are many indicators that it will be substantial and that circumstances will be more and more unfavourable for the effective realization of the goal of poverty eradication. The growing pauperization will be difficult to control.

All the factors in play – the drop in GDP combined with the growth of debt and public expenditure – make it clear that dramatic budget cuts are required. The rebalancing of the budget for 2010 has been delayed and the question is where the cuts will be made. They should certainly not be in the area of social transfers, which are needed to help alleviate the increasingly difficult situation of beneficiaries.

The budget line for unemployment benefits in 2009 was amended three times: on 9 April when the planned amount of USD 150 million was increased by some USD 20 million; on 18 July when USD 42 million were added; and on 3 August when the amount was reduced by around USD 22 million (due to a reduction in unemployment as a result of seasonal employment). The budget line for cash benefits to citizens and households was amended accord-

1 Croatian National Bank, "Real GDP growth rate – Croatia." Available from: <www.hnb.hr/publikac/epublikac.htm>.

2 *Ibid.*

3 Croatian National Bank, "General information on Croatia – economic indicators." Available from: <www.hnb.hr/statistika/e-ekonomski_indikatori.htm>.

4 The World Bank, *Croatia: Social Impact of the Crisis and Building Resilience*, 10 June 2010, 38–39. Available from: <go.worldbank.org/SPXPLMBLM0>.

5 *Ibid.*

6 *Ibid.*

CHART 1: Employment and unemployment, 2007-2010 (Thousand)

	Employment				Unemployment (registered)			
	2007	2008	2009	2010	2007	2008	2009	2010
January	1,457	1,506	1,525	1,430	299	261	254	310
February	1,455	1,504	1,516	1,417	299	260	263	318
March	1,461	1,511	1,512	1,412	292	255	267	319
April	1,470	1,521	1,513	1,416	278	245	264	309
May	1,485	1,535	1,518		263	233	256	
June	1,499	1,549	1,524		250	222	247	
July	1,511	1,559	1,526		246	220	249	
August	1,511	1,558	1,518		243	219	251	
September	1,503	1,548	1,501		246	222	259	
October	1,495	1,538	1,485		250	229	273	
November	1,491	1,530	1,472		253	234	283	
December	1,481	1,519	1,457		254	240	292	

Source: The World Bank, *Croatia: Social Impact of the Crisis and Building Resilience.*

ingly: the planned amount of USD 68.6 million was increased by 10% with the first amendment, then increased again by USD 3 million and finally reduced by USD 228.500. These examples show that the Government did a poor job of preparing for the crisis and did not devise proper measures to tackle it. The lack of foresight found the country poorly equipped to respond and reacting on an ad hoc basis.

Conclusion

Croatia has entered a long tunnel and recovery will be neither quick nor simple. Knowledge, skills and courage are all needed to choose the right policies and the instruments and measures to efficiently implement, monitor and evaluate them. Whether social problems can be effectively solved with ad hoc measures is doubtful. The optimum use of available means in conditions of ever increasing constraints is vital to successfully overcome the crisis and simultaneously reduce poverty.

The answer to the question of whether Croatia will be able to succeed without renouncing the dominant neoliberal paradigm has to be in the negative. To believe that it is possible to reduce poverty and inequality while at the same time embracing the neoliberal agenda is both unrealistic and foolish. ■

MILLENNIUM DEVELOPMENT GOALS

The eight Millennium Development Goals (MDGs) – 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. They have galvanized unprecedented efforts to meet the needs of the world's poorest.

GOAL 1: ERADICATE EXTREME POVERTY & HUNGER

Target 1.A Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Target 1.B Achieve full and productive employment and decent work for all, including women and young people

Target 1.C Halve, between 1990 and 2015, the proportion of people who suffer from hunger

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

GOAL 4: REDUCE CHILD MORTALITY

Target 4.A Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

GOAL 5: IMPROVE MATERNAL HEALTH

Target 5.A Reduce by three quarters the maternal mortality ratio

Target 5.B Achieve universal access to reproductive health

GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 6.A Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 6.B Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

Target 6.C Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target 7.B Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss

Target 7.C Halve, by 2015, the proportion of the population without sustainable access to safe drinking water and basic sanitation

Target 7.D By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.A Address the special needs of least developed countries, landlocked countries and small island developing states

Target 8.B Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target 8.C Deal comprehensively with developing countries' debt

Target 8.D In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Target 8.E In cooperation with the private sector, make available benefits of new technologies, especially information and communications

Source: <www.un.org/spanish/milleniumgoals/>

TEN YEARS AFTER THE MILLENNIUM DECLARATION

Progress on the social indicators has slowed down

The 2010 Basic Capabilities Index (BCI) developed by Social Watch shows that in the last 20 years poverty reduction has slowed down. The evolution of this index since 2000, when the Millennium Development Goals (MDGs) were set, indicates that progress is decelerating instead of accelerating, and the international community's efforts have not translated into a more rapid improvement in social indicators. Social progress does not automatically follows economic growth and better (non-monetary) indicators are needed to more accurately monitor the evolution of poverty in the world.

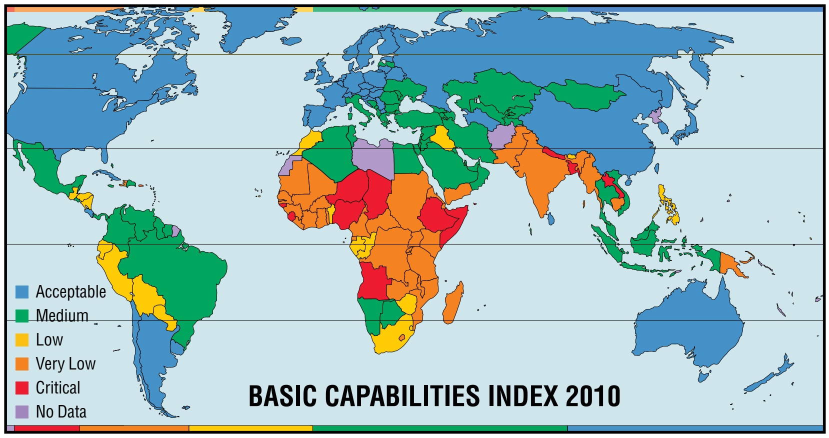
In his *Keeping the Promise* report of February 2010, UN Secretary General Ban Ki-Moon said that the MDGs "are the world's quantified, time-bound targets for addressing extreme poverty, hunger and disease, and for promoting gender equality, education and environmental sustainability. They are also an expression of basic human rights: the rights of everyone to good health, education and shelter."

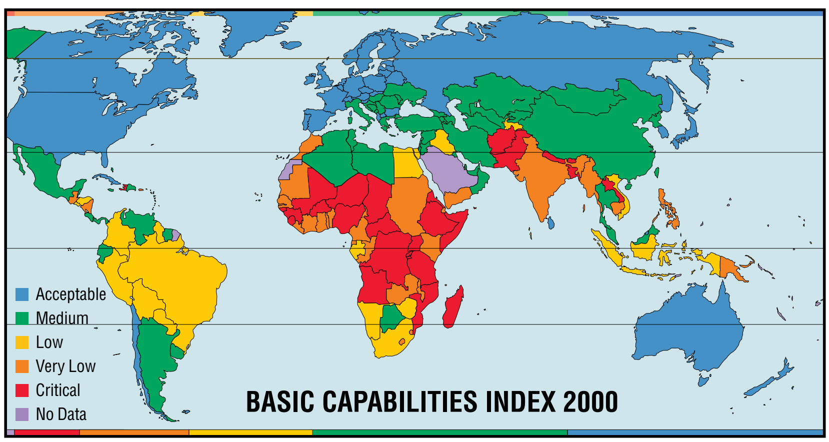
Yet, even when the goals are "quantifiable", they are not easy to measure. A set of 38 indicators on each of the specific targets under each goal has been developed by the United Nations, but data are missing for most of the countries. On the most important target of reducing the proportion of the population living with less than one dollar per day, data from 2005 or after are only available for 67 countries.

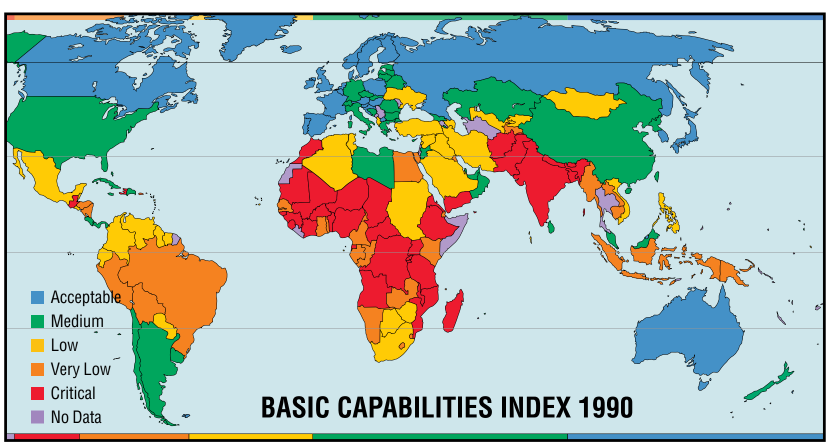
The current picture as shown by the BCI

The BCI was designed by Social Watch as an alternative way to monitor the situation of poverty in the world. Most of the available poverty-measurement are based on the premise that poverty is a monetary phenomenon and they measure, for example, how many persons live with an income of under one dollar a day. The BCI, like other alternative (non-monetary) ways of measuring poverty, is based instead on a person's capability of accessing a series of services that are indispensable for survival and human dignity. The indicators that make up the BCI are among the most basic of those used to measure the MDGs.

The BCI is the average of three indicators: 1) mortality among children under five, 2) reproductive or maternal-child health, and 3) education (measured with a combination of enrolment in primary education and the proportion of children reaching fifth grade). All the indicators are expressed in percentages and they range from 0 to 100. Under five mortality, which is usually expressed in number of deaths per thousand children born alive, is expressed as 100 minus that value. So that, for example, a value of 20 deaths per thousand becomes 2% and, when deducted from 100, yields a basic indicator value of 98. Thus, the theoretical maximum value in infant mortality is 100, which would mean that all children born alive survive until they are five years old. Reproductive health takes the maximum value 100 when all women giving birth are attended by skilled health personnel. Similarly, the education indicator registers 100 when all school age children are enrolled in education and they all attain five years of schooling. These three indicators are then aver-







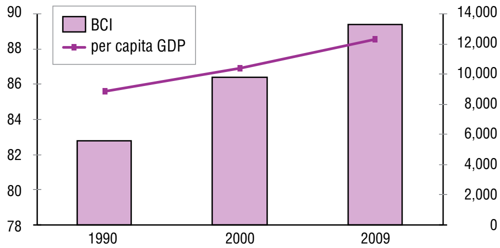
BCI EVOLUTION BY COUNTRY

Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010	Country	BCI 2000	BCI Evolution	BCI 2010
Afghanistan	*45*			Gabon	*84*			Netherlands	99+	II	**99**
Albania	*99*	←	***97***	Gambia, The	76	⟵	**72**	New Zealand	98	→	**99+**
Algeria	94	→	**96**	Georgia	94	→	**97**	Nicaragua	76	→	**81**
Angola	*57*	→	***60***	Germany	99+	II	**99**	Niger	48	⟶	**59**
Argentina	97	→	**98**	Ghana	66	⟶	**77**	Nigeria	64	⟵	**61**
Armenia	95	II	**94**	Greece	*94*	→	***99***	Norway	99	II	**99**
Australia	99	II	**99**	Guatemala	*69*	⟶	***88***	Oman	94	II	**94**
Austria	99	II	**99**	Guinea	54	⟶	**67**	Pakistan	55	⟶	**65**
Azerbaijan	*90*	→	***94***	Guinea Bissau	55	→	**60**	Panama	94	II	**94**
Bahamas, The	94	→	**97**	Guyana	*85*	→	***91***	Paraguay	81	→	**89**
Bahrain	*95*	II	***95***	Haiti	63	→	**67**	Peru	82	→	**88**
Bangladesh	61	II	**61**	Honduras	80	→	**84**	Philippines	79	→	**81**
Belarus	98	II	**99**	Hungary	97	II	**98**	Poland	99	II	**99**
Belgium	99+	←	**99**	Iceland	99+	II	**99**	Portugal	98	→	**99**
Belize	*91*	→	***96***	India	67	→	**73**	Qatar	*96*	←	***94***
Benin	*78*	→	***85***	Indonesia	85	→	**90**	Romania	97	II	**97**
Bhutan	63	⟶	**85**	Iran, Islamic Rep.	*93*	→	***95***	Russian Federation	99	II	**98**
Bolivia	82	II	**83**	Iraq	*81*	→	***88***	Rwanda	57	⟶	**79**
Bosnia and Herzegovina	97	II	**97**	Ireland	98	II	**99**	Saudi Arabia			***92***
Botswana	*91*	II	***90***	Israel	*96*	II	***96***	Senegal	70	→	**71**
Brazil	*88*	⟶	***96***	Italy	*95*	II	***99***	Serbia	97	→	**98**
Bulgaria	98	II	**98**	Jamaica	*94*	←	***93***	Sierra Leone	*55*	→	***61***
Burkina Faso	55	⟶	**69**	Japan	99+	II	**99+**	Singapore	*98*	II	***98***
Burma	*67*	⟶	***77***	Jordan	97	II	**97**	Slovak Republic	98	II	**98**
Burundi	*53*	⟶	***66***	Kazakhstan	95	→	**97**	Slovenia	99	II	**98**
Cambodia	*65*	→	***70***	Kenya	65	→	**71**	Somalia	58	II	**57**
Cameroon	75	II	**75**	Kiribati	88	⟵	**82**	South Africa	*85*	II	***86***
Canada	99	II	**99+**	Korea, Dem. Rep.	92			Spain	99	II	**99**
Cape Verde	93	⟵	**87**	Korea, Rep.	99+	II	**99**	Sri Lanka	98	II	**99**
Central African Republic	63	→	**65**	Kuwait	*94*	II	***94***	Sudan	79	←	**77**
Chad	*50*	→	***54***	Kyrgyzstan	95	II	**95**	Suriname	*91*	II	***91***
Chile	98	II	**98**	Lao PDR	*59*	→	***63***	Swaziland	77	→	**81**
China	97	→	**99**	Latvia	99	←	**97**	Sweden	99	II	**99**
Colombia	87	→	**94**	Lebanon	*94*	←	***92***	Switzerland	98	II	**98**
Comoros	*74*			Lesotho	*74*	→	***78***	Syrian Arab Republic	*92*	→	***96***
Congo, Dem. Rep.	*58*	⟶	***78***	Liberia	70	⟵	**67**	Tajikistan	*86*	→	***93***
Congo, Rep.	*73*	→	***80***	Libya	96			Tanzania	63	⟶	**75**
Costa Rica	*96*	→	***97***	Lithuania	99	II	**98**	Thailand	96	II	**96**
Cote d'Ivoire	73	→	**74**	Luxembourg	99	II	**99**	Togo	*71*	→	***74***
Cuba	98	II	**99**	Madagascar	*61*	⟶	***76***	Trinidad and Tobago	96	II	**96**
Cyprus	*95*	II	***96***	Malawi	72	←	**70**	Tunisia	94	→	**97**
Czech Republic	99	II	**98**	Malaysia	96	→	**97**	Turkey	90	→	**95**
Denmark	99	II	**99**	Maldives	*88*	→	***92***	Turkmenistan	91	→	**98**
Djibouti	*72*	→	***76***	Mali	*62*	→	***69***	Ukraine	*97*	II	***97***
Dominica	*96*	⟵	***92***	Malta	*95*	→	***97***	United Arab Emirates	*92*	→	***95***
Dominican Republic	90	II	**90**	Mauritania	69	→	**71**	United Kingdom	99	II	**99**
Ecuador	*95*	⟵	***88***	Mauritius	98	II	**98**	United States	*97*	II	***97***
Egypt, Arab Rep.	83	→	**91**	Mexico	92	→	**96**	Uruguay	*97*	→	***98***
El Salvador	*88*	→	***91***	Moldova	*91*	→	***96***	Uzbekistan	*96*	→	***97***
Equatorial Guinea	*66*	→	***68***	Mongolia	*94*	→	***96***	Venezuela, RB	*94*	⟵	***91***
Eritrea	*56*	⟶	***76***	Montenegro	97	II	**97**	Vietnam	*86*	→	***93***
Estonia	99	II	**99**	Morocco	*78*	⟶	***88***	Zambia	68	→	**75**
Ethiopia	*48*	→	***53***	Mozambique	*62*	⟶	***71***	Zimbabwe	82	→	**87**
Finland	99+	II	**99**	Namibia	86	→	**90**				
France	99	II	**99**	Nepal	54	→	**58**				

References: ⟵ Major regression ← Regression II Stagnant → Slight progress ⟶ Significant progress

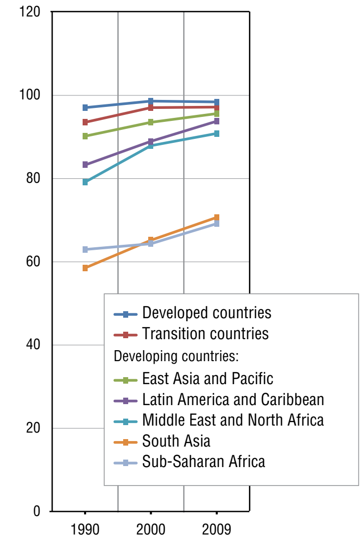
Note: values in italics are estimates.

CHART 1. BCI and per capita GDP in the world (1990-2009)



	1990	2000	2009
BCI	82.8	86.4	89.4
per capita GDP	8,884	10,390	12,324

CHART 2. Evolution of BCI by regions (1990-2009)



aged, so the total value of the index will vary between 0% and 100% (see BCI Evolution by Country table in previous page).

The figures show that overall, since 1990, the world has made progress in its efforts to reduce poverty. In the last 20 years the BCI has grown worldwide and so has per capita income. Chart 1 shows the average total value of the BCI and of capita income in CPP (constant purchasing power) dollars for three points in time (1990, 2000 and 2009).

Per capita income growth accelerated from 17% in 1990-2000 to 19% between 2000 and 2009, but BCI growth slowed from 4% in the 1990s to 3% in the first decade of this century. This indicates that the Millennium Declaration and the international community's efforts to reach the goals it set have not translated into more rapid progress in social indicators, even when resources were available. On the contrary, the data in Chart 1 confirm the findings of recent research, which show that since 2000 progress in these indicators has become slower.[1]

An analysis of the behaviour of aggregated BCI levels shows big variations between different regions of the world. These units of aggregation make sense for at least two reasons. First, there are patterns of geographic diffusion in the design and implementation of public policies geared to reducing poverty and satisfying basic needs, as captured by the BCI and other ways of measuring absolute poverty. Second, the countries that make up each region show clear patterns of inter-dependence so they tend to behave in similar ways as regards the evolution of some of the socioeconomic indicators.

For the purposes of Chart 2, the average BCI for each region was calculated by weighting each country BCI according to its population. The graph shows that all the regions have increased their BCI values, but some of them did it only marginally. The developed countries have a very small increase because their values are nearing 100% and cannot get any better. These countries have the highest levels of human development and equity and the lowest poverty levels, and they also have the highest basic capability levels as measured by the BCI.

Second, the countries in transition, Latin America, the Middle East and Northern Africa show progress in the 1990-2009 period. However, the biggest advances were registered between 1990 and 2000 and their evolution between 2000 and 2009 is relatively slower. Again, the data show that BCI growth has been decelerating since 2000, when the MDGs were set, instead of accelerating.

Third, the BCI for South Asia maintained its pre-2000 growth rate in the subsequent decade, and Sub-Saharan Africa is the only region that has progressed more rapidly since 2000 than in the previous decade, when it hardly made any progress at all. Both these regions started from very low levels, and they need to accelerate even more if they are to reach average acceptable levels in the next decade. South Asia is progressing faster than Sub-Saharan Africa. This region consists of a small group of countries and its average is highly influenced by India, which grew five points in the index between 1990 and 2000 and another five points since. The enormous and heterogeneous Sub-Saharan Africa group was thus left with the lowest BCI values in 2010.

Average progress on the BCI among the developing countries in East Asia and the Pacific is very slow because of the great weight that China has in this region. China has relatively high BCI values but they are progressing very sluggishly, which stands in stark contrast to the country's behaviour as regards per capita income or the percentage of the population living on less than one dollar a day. In the last 20 years China has made tremendous progress on these two indicators, but its big progress in basic social indicators took place before the 1990s.

Table 1 shows an alternative way of looking at recent evolution, based on the levels determined by the BCI values (Critical, Very Low, Low, Medium and Acceptable). Over the last 20 years the group of countries with medium and acceptable values on the one hand, and the group of countries with low, very low and critical values on the other, inverted their positions in the sense that the former increased from 40% to 61% of all countries for which the BCI can be calculated, and the latter fell from 60% to 39% of all countries considered. In both groups the big fall in the number of countries in the worst situation and the increase in the number of countries with relatively better levels came about before 2000, and in the new millennium change has been slower.

Some cases of recent evolution

As well as big changes among the regions, there have been some notable changes among countries within regions. Europe and North America are relatively homogenous; the levels of variation among the countries making up these two geographical areas are low. Moreover, these regions have not shown substantial progress as they are made up of countries that already have satisfactory levels on the index. On the other hand, other regions have higher levels of variation in their evolution over the last 20 years (see Chart 2). All the levels on the general map in Evolution table contain countries that have progressed and others that have regressed.

In the group with the "acceptable" BCI levels, Albania made the most progress in the 1990s but then regressed the most in the subsequent decade. This regression was relatively slight, but it indicates a lack of continuity in efforts to improve performance on the BCI indicators. As to the group with intermediate values, it is illustrative to focus on the best and

TABLE 1. Evolution of BCI by levels (in number of countries).

	1990	2000	2010
Critical	42	35	22
Very Low	18	17	22
Low	34	19	19
Medium	29	43	40
Acceptable	33	50	58
Total	156	164	161

1 Fukuda-Parr and Greenstein, "How should MDG implementation be measured: faster progress or meeting targets?" Working paper 63. International Policy Centre for Inclusive Growth, May 2010.

worst performers. At the top end of the scale it is no surprise that Brazil has done well; it has very high rates of economic growth and a sustained political commitment that has led to substantial poverty reduction in the last 20 years. At the bottom end of the scale, as can be clearly seen from the situation of many countries in Sub-Saharan Africa that have high incomes from oil and other extractive industries, the benefits of natural resources do not automatically translate into improved social well-being, even in countries that have healthy economic indicators. It is evident that it is not enough to simply supply funds and provide services geared to poverty reduction, there also has to be collective action on the part of the agents that lead the political system. Without this commitment there cannot be social progress.

Lastly, but by no means the least important, we should look at several other countries in other BCI levels. In the low level, Guatemala and Bhutan have made enormous strides. In the very low level, countries emerging out of conflict, such as Rwanda improved considerably in 2000-2009, whereas Sudan's BCI values continued their systematic decline over the 20 years period. In the critical BCI level some countries such as Burkina Faso, Burundi and Guinea have done comparatively well but others like Nigeria, have not.

Looking to the future

In the light of the recent evolution in BCI values it is clear that extreme poverty, measured in terms of access to a pool of services that are basic to human survival, will continue to decrease over time, but the speed of poverty reduction is not automatically determined by the economy. Even at moderately low economic growth rates BCI indicators tend to fall. This has been also the case with other non-monetary poverty measurements like Unsatisfied Basic Needs, which were evaluated in a good part of Latin America in the 1980s. If the long term trend in BCI ratings is for progressively fewer countries to find themselves in the critical level and for more and more countries to attain values that are consistently above 90%, monitoring social progress will have to move from using average national indicators to other measurements that provide more levels of variation and disaggregation, particularly in countries with higher BCI values.

To make such a monitoring possible, a commitment from the international community is needed to generate better and more accurate statistics, with appropriate gender, regional and ethnical discrimination. In fact, these kinds of indicators are available for many developed countries, but very little statistical information is available about the rest of the world in this respect. Many countries will jump up to the groups with medium or acceptable BCI values in the coming years and there will be progressively more countries with stagnant values because the BCI cannot exceed 100%. The worldwide pattern of sustained BCI growth, albeit with slower growth rates since 2000, indicates that more and more countries should be monitored using more sophisticated indicators that more accurately capture the evolution of non-monetary poverty in the world.

Yet, the linear projections in Chart 4, based on the data from the 1990-2000 and 2000-2009 periods, also show that if current trends in the evolution of the BCI are maintained, big regions of the world will still be far from reaching acceptable levels in 2015. ■

CHART 4. BCI evolution by regions to 2015

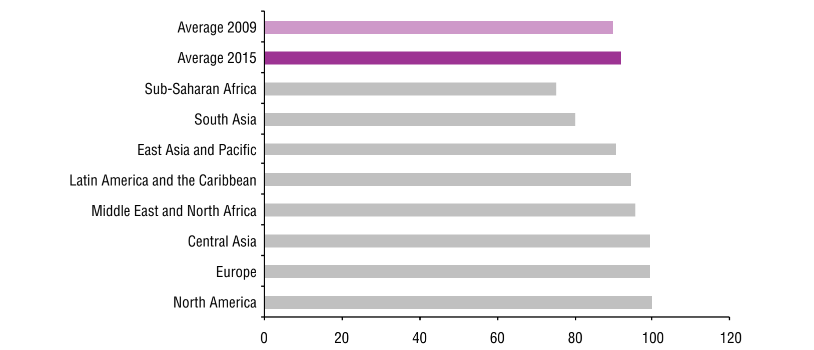
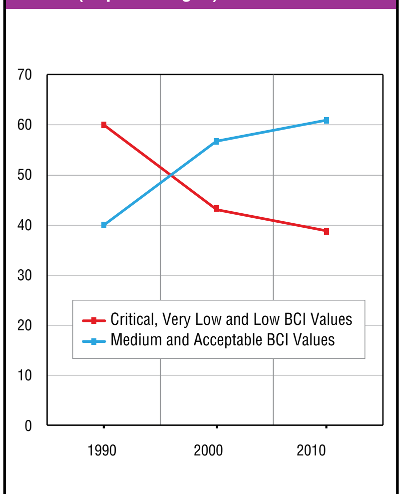


CHART 3. Evolution by broad groups of levels (in percentages)



TECHNICAL NOTES:

I. The BCI indicators:

1. Education: a) The percentage of children that reach the fifth grade in primary education; b) Net enrolment rate in primary education. The Education indicator is made up of the average of these two values (a and b)
2. Mortality among children under five. The value of this indicator is represented as I1=(100-M), as the rate of survival until the age of five, where M is the death rate in the first five years of life per 1,000 births.
3. The percentage of births attended by skilled health personnel.

II. The BCI has been calculated for three points in time, with different sources of free access information (for the complete list of sources, see <www.socialwatch.org>). So as to complete the data for 1990, 2000 and 2009, the Social Watch research team constructed a system of approximate measures (or proxies) that maximize the information available. For 1990 this involved considering all the data available in a range of 5 years, taking 1990 as a base and assuming +/- 2 years. In cases where no information before 1990 was available, the five-year range was still taken but up to 1995 inclusive. For 2000, we took a five-year range with 2000 as the base year and a criterion of +/- 2 years. Lastly, for 2009, we applied the criterion of the latest data available since 2005.[1]

III. There is a high level of correlation among the values of the three indicators, and the values of each indicator are correlated with its values at different points in time, so for countries for which we did not have information about the percentage of births attended by skilled medical personnel, we imputed values based on the other two indicators in the index (education and infant mortality).

IV. So as to be able to categorize countries' evolution, the Social Watch team applied the following cut-off points: less than one negative standard deviation from the average of evolution (Severe Regression); between one negative standard deviation from the average and -1% of the variation in the rate (Regression); between -1% and 1% of variation in the rate (Stagnation); between 1% of variation in the rate and a standard deviation over the average variation (Slight Progress); and more than one standard deviation over the variation average (Significant Progress). ■

1 The BCI values shown in the "diamonds" that appear in the national reports correspond to the BCI 2010 values.

The economic crisis: time for a new social deal

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The dynamism and aggregate wealth that the capitalist system has been able to produce in the last 200 years have come at a steep price. With remarkable resilience, this system has weathered many internal and external challenges, but there have been significant costs both for human stakeholders and increasingly for the natural environment.

As its historic fortunes decline, both capitalism's victims and beneficiaries face the elusive prospect of addressing the decline in productivity, lack of equity, widespread poverty and worsening of its distributive inefficiency. As more and more people recognize, the global financial crisis today is merely a symptom of a more systemic problem. There is a crisis of the "real economy" – a crisis of capitalism that is suffering not just from ephemeral ailments but from a terminal illness.[1]

Neo-liberal policies pursued by corporate sector-driven interests have caused this crisis. However, it is not completely accurate to argue that neo-liberalism means a deregulation of markets; it is rather closet regulation of the market in the interests of the owners of capital, as the issue of patents makes transparent. From time immemorial, "intellectual property" was unregulated; the men and women who invented the wheel and agriculture made no money out of these inventions, despite the fact that all subsequent generations have made use of them. It is only under capitalism that corporations rush to patent not only their own but also other people's inventions and discoveries so that, for example, pharmaceutical companies can make obscene profits by selling life-saving drugs at prices that condemn most patients who need them to death.

Thus when regulation or lack of it is being discussed, it is important to be conscious of the fact that either way will work in favour of the hegemonic interests in a given political economy. What may pass as under-regulation will, on closer examination, constitute regulation on the sly and in the interest of the ruling section of society.

The system rests on the unplanned interaction of thousands of multinational corporations and of major governments of the global North. It is more or less like a traffic system without lane markings, road signs, traffic lights, speed restrictions or even a clear code stating that everyone has to drive on the same side of the road. No doubt this will make it very difficult to prevent the crash in the financial sector from generalizing into something much more serious in the next few months or years. The sooner we acknowledge the fact that only a minority benefits from capitalism, the sooner we can create a democratic solution for the majority. If the cause of this unending misery is systemic, the solution must be systemic as well.

Social protection challenges

Many sections of society have been affected by the current crisis, albeit in different ways and depending on their geographic location, socio-economic position and primary source of securing a livelihood. Countries with strong social movements and with a notable tradition of processing social demands on behalf of the vulnerable (such as Indonesia, the Philippines and a handful in Latin America) have built on ongoing reform dynamics with remarkable successes.

There is no doubt that one of the most severe problems caused by the economic crisis is the protracted unemployment that seems to be here to stay. The pace of economic recovery usually lags far behind Gross Domestic Product (GDP) growth. However, there is a promising intervention that can combine job creation with enhancing livelihood options. If designed with the needs of the most vulnerable in mind, such a social protection policy should be both pro-development and pro-gender. This will require putting in place a social security policy framework and instruments that will promote equitable social development if there is to be any possibility of achieving the Millennium Development Goals (MDGs).

Social protection can play an integral role in mitigating the debilitating impact of poverty, particularly in a crisis such as the current one. To that extent it is an important counter-cyclical policy. However, the social protection responses to the ongoing neoliberal capitalist crisis have been not only minimal but also chaotic, to say the least. Admittedly different countries have opted for a wide range of social protection measures and some have made good their determination to meet their pre-crisis commitments. Kenya and Uganda fall into this category among developing countries. Others, such as Ghana, have gone out of their way to exceed their pre-crisis coverage range even at the risk of widening an already almost unsustainable fiscal deficit. However, a large number of countries have put social protection measures on hold and chosen instead to focus on addressing macroeconomic stabilization challenges. Nigeria, for instance, has opted for fiscal stimulus regimes while, at the same time, regulating an ever widening-deficit. This could only be possible through a judicious reduction in social sector spending that would otherwise trigger off micro-economic tremors.

Human needs on top

Eventually the peoples of the world will come to realize that it is capitalism itself, not this or that rotten or corrupt individual or party that is the cause of so much instability in the economy and misery among the majority of the members of our societies. Nonetheless, illusions about the effectiveness of the various forms of stimulus packages aimed at saving capitalism from its self-destructive logic remain unrealistically high for many. How could it be otherwise, in a sense, given the unfavourable balance of social forces contending for a democratic redefinition of the future of mankind? Whereas the pressure for change from popular forces is mounting, they are not yet strong enough to bring it about.

The system, by its very nature, is based on the exploitation of the many by the few, of ownership and control over the vast majority of the wealth of society by a tiny handful of the population. It cannot be merely reformed or tinkered with through ephemeral social security measures that leave the core of its societal logic intact. Only a complete transformation of society around a new logic can lead to a world in which meeting human needs, not corporate profits, is the priority. ■

1 For more on this issue see F William Engdahl, "Financial Tsunami: The End of the World as We Knew It," Global Research, 30 September 2008; Henryk Grossmann, *The Law of Accumulation and Breakdown of the Capitalist System*, tr. Jairus Banaji (London: Pluto Press, 1992); Rudolph Hilferding, *Finance Capital – A Study of the Latest Phase of Capitalist Development*, tr. Morris Watnick and Sam Gordon (London: Routledge and Kegan Paul, 1981).

Gender in times of crisis: new development paradigm needed

Social Watch Gender Working Group[1]

In 1979, many of the governments of the world made legal commitments to women's rights by signing the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). Sixteen years later, in 1995, the 4th World Conference on Women adopted a comprehensive plan of action towards gender equality, the Beijing Platform for Action. In September 2010, the world's leaders will meet in New York at the MDGs Summit to assess progress towards the MDGs, including reducing poverty and inequality and discuss how best accelerate such progress in the face of multiple and overlapping crises on climate, food, energy, finances and the economy.

In spite of some progress, the commitments made in Beijing and the CEDAW are far from fully implemented, nor is gender equality always a component of sustainable economic and social development programs. By any measure, including Social Watch's Gender Equity Index (GEI), there is urgent need for progress in this area, since governments are quick to sign on to international instruments but slow to ensure their implementation.

Growing poverty and uneven progress towards the MDGs – all of which have gender dimensions— are due not only to external shocks and crises but also to underlying structural imbalances. In times of crisis, it is women who bear the brunt of decreased financing for development, having to find ways to feed and support their children and other dependants as household income falls, and taking on more unpaid work as social services are cut. The poor – and women are the poorest among the poor – have no cushions and reserves to cope with crises. Yet, the same countries that cannot find money to fund development mobilized trillions of dollars to rescue banks and corporations.

Crises such as the food, fuel and financial crises are not gender-neutral. They exacerbate already existing inequalities and highlight the negative effects on women and women-dependent economies. Yet, few measures that countries have taken to respond to the crisis have prioritized women's employment and livelihoods. Without carefully targeted measures, poor women are bound to fall through the cracks, obliged to seek more precarious jobs with lower productivity, meagre incomes and lack of social protection. Many become more vulnerable to trafficking and dangerous or illegal forms of work.

Measures to protect women from the worst impacts of the crises are essential. Also badly needed, however, are long-term social development policies that solidly embrace gender as a key step towards equality and increased human well-being. Social indicators take twice as long to recover from crises – as seen in previous crises in Asia and Latin America – and these must be carefully monitored along with economic growth. Economic growth is no longer a valid measurement of human and social well-being. A paradigm shift is needed which must be reflected in practice. It is not a question of aiming for growth and formulating some policies for women, or for poor families, but of designing and implementing a new development paradigm with equal rights and equal opportunities for everyone.

Global challenges: a quick overview

In Asia, Africa, Europe, Latin America and the Middle East, women's movements have acknowledged the positive effect of international agreements on the lives of women and girls. However, some regions are also registering increases in religious extremism and/or right-wing conservatism that is linked to the perpetuation and propagation of discriminatory laws against women. Many States and political parties are manipulating the right of people to cultural and religious diversity as a pretext for violating human rights, including the rights of women, girls, people living with HIV/AIDS and persons with different sexual orientations.[2] The political oppression of women and their rights is also compounded by armed conflict and an excessive focus on militarization rather than human well-being as a means of security.

Variations of this phenomenon are visible in Africa and other developing regions the crises have reached through various channels of transmission. It has also become necessary to use a gender perspective to decode situations within households, since people who share the same space have asymmetric power relationships.[3] Moreover, despite current changes in social roles, the division of labour by sex within households is still very rigid. The limitations placed on women by this division of labour, as well as the social hierarchies based on it, determine an unequal situation within three closely-linked systems: the labour market, the welfare or social protection system and the household.

This global recession is a perfect time to create a new model of development in which gender equality and social inclusion must be a key priority. It is necessary to rethink macroeconomic models based on keeping inflation low and deficits in check and recognize that a growing economy demands liveable wages and the contribution of all people to economic productively. This also requires the recognition that a productive economy depends on an extensive care economy in which the main workforce is female. The time has come for a new development paradigm with equal rights and equal opportunities for everyone. ■

1 This article is the result of the work of the Social Watch Gender Working Group, based on findings from the *Social Watch Occasional Paper 06, Putting gender economics at the forefront* (March 2010). The writing was done by Enrique Buchichio and Amir Hamed, from the Social Watch Secretariat.

2 See for example Social Watch, *Putting gender economics at the forefront – 15 years after the IV World Conference on Women*, March 2010. Available from: <www.socialwatch.org/node/11571>.

3 Social Watch Research Team, *Gender and poverty: a case of entwined inequalities*, 2005. Available from: <www.socialwatch.org/sites/default/files/pdf/en/genderpoverty2005_eng.pdf>.

UN Women born: can it meet the policy gap challenge?

Genoveva Tisheva and Barbara Adams

Women's organizations and groups worldwide celebrated the UN General Assembly resolution, adopted on 2 July 2010, to establish the UN Entity for Gender Equality and the Empowerment of Women, or UN Women. This new entity will be headed by an Under-Secretary General and will consolidate and combine into one the four existing gender-specific entities, increase operational capacity at the country level and have greater authority and resources to advance women's empowerment and advancement.

Particularly notable in the resolution are the paragraphs regarding the importance of civil society participation in the new entity. The new organization will expand its operational presence at the country level including engagement with women's groups and other civil society organizations invested in gender equality and the empowerment of women.

This resolution would not have happened without the strong advocacy and determined commitment of women's movements and other civil society organizations over the last four years, beginning with the adoption of the 2006 System-Wide Coherence Panel report on UN Reform, which included a recommendation to establish a new entity to increase the authority, resources and capacity of UN work on gender equality. Recognizing the need for a strong civil society effort to influence the shape of the new entity, many of these groups united in the Gender Equality Architecture Reform or GEAR Campaign. Charlotte Bunch, former Executive Director of the Center for Women's Global Leadership, a founding member of the GEAR Campaign stated: "We have high expectations for this new agency –the women's groups and other social justice, human rights and development organizations that played a pivotal role in this effort must now work to ensure that the new body has the human and financial resources necessary to succeed."

The first major challenge facing UN Women, therefore is whether it will adopt the traditional model of multilateralism where the decisions are made only by governments and the political process tends to water policy recommendations. This has failed to promote sustainable development to all countries or address the "policy gap" between macroeconomic policies and gender justice approaches. Gender equality advocates in CSOs, governments and UN agencies must start closing this gap, and the test for UN Women is whether it will provide the necessary vision and leadership. ■

Global climate: the Copenhagen collapse

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The 15th Conference of the Parties (CoP15) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Copenhagen in December 2009, did not result in the legally binding agreement required to achieve the goal of keeping the global average temperature rise below 2 degrees Celsius. The Parties' different interests divided the UNFCCC into two groups: Annex I (which includes 40 industrialized countries and transitional economies) and non-Annex I countries. The 26 so-called "representative group of leaders" – the majority of them from Annex I countries – only managed to develop an Accord through an un-transparent, top-down and very restrictive process.

The "bottom-up pledge and review" mechanism[2] of emission reduction under the Accord will not fulfill the reduction targets that the Intergovernmental Panel on Climate Change advises – 25-40% below the 1990 level. The pledges made so far under the Accord do not reflect the delegates' call for "ambitious" and "robust" mitigation commitments or actions. In fact, the adoption of a "non-binding" Accord is a diplomatic gain for developed and advanced developing countries.

Since the Bali Action Plan was adopted at the 13th Conference of the Parties in December 2007, thousands of delegates have worked on the Ad Hoc Working Group on Long-term Cooperative Action (AWG-LCA) and the Ad Hoc Working Group on Further Commitments for Annex I Parties Under the Kyoto Protocol (AWG-KP). Even in Copenhagen, despite having many differences, delegates worked hard to close as many gaps as possible and then put forward the most up-to-date documents arising from the two working groups to the final plenary.

Against this backdrop, there was a parallel attempt by the Danish presidency to impose a proposal from the "representative group of leaders." When the Danish Prime Minister, Lars Løkke Rasmussen, placed the Copenhagen Accord before the CoP and asked for its adoption, he was severely criticized for a top-down decision-making process that violated the UN charter and challenged the organization's traditional and historic customs of decision-making.

While the climate talks had so far been among the most transparent international negotiations, Copenhagen was very restrictive to civil society participants, even though they had valid accreditation and a mandate for participation throughout the process. In the final days civil society representation was reduced to only a few hundred. Although a few developing countries and least developed countries (LDCs) supported the Accord's adoption, many developing countries strongly condemned the process as "un-transparent" and "undemocratic" and were opposed to endorsing the Accord as a CoP decision.

Finally, during an informal negotiation facilitated by UN Secretary-General Ban Ki-Moon, the Parties agreed to adopt a CoP decision by which the CoP "takes note" of the Accord, which means that the meeting did not approve or pass it. The Accord can therefore not be termed a "collective effort" for combating climate crisis. Building a collective effort requires effective, transparent and responsible participation of all stakeholders – governments, civil society organizations and financial institutions – in an integrated manner, ensuring that all work fairly in the service of global prosperity, welfare and sustainability.

More than 120 countries – contributing more than four fifths of global GHG emissions – have opted to endorse the Accord, and many have submitted a

1 This paper does not express the position of any country, party or group.

2 This mechanism calls for a dynamic form of international cooperation, where countries should be enabled to make renewed pledges for emission reduction on a continuous basis.

notification of their voluntary emission reduction via the "pledge and review" process. However, although pledges are subject to international scrutiny, there is no mechanism in place to make ensure that actions are taken to achieve the target. Furthermore, even if the current pledges are honoured in full, the global mean temperature may increase by 3 degrees or more by the end of the century. [3]

The attempt by developed countries to strengthen and expand the "pledge and review" model under the guise of the Copenhagen Accord would have allowed them to evade their responsibility and the carbon debt that they owe to developing countries for their historic and excessive use of the Earth's atmospheric space. This over-consumption has resulted in an adaptation debt, as developing countries have suffered – and continue to suffer – the worst impacts of climate change, and also an emissions debt. Therefore, developed countries must undertake ambitious domestic emission reductions in order to allow developing countries to increase their own to meet their sustainable development needs.

3 Wolfgang Sterk et. al., "Something Was Rotten in the State of Denmark – Cop-Out in Copenhagen," Wuppertal Institute for Climate, Environment and Energy, April 2010. Available from: <www.wupperinst.org/uploads/tx_wibeitrag/COP15-report.pdf>.

Killing Kyoto

Following the frustrating outcome of the Copenhagen Conference, new polarization on climate diplomacy has emerged. The Accord also does not bring much clarity on how the negotiation process will move forward.

Almost all the developed countries raised their united voices to dismantle the Kyoto Protocol, collapsing the two tracks into one and producing one single legal outcome through ensuring inclusion of the advanced developing countries. The US, for example, neither intends to ratify the Protocol nor accepts a legally binding agreement; it prefers instead a bottom-up kind of "implementing agreement." Through a set of clear decisions under the UNFCCC, this would formalize and strengthen the existing provisions of the Climate Change Convention for voluntary, non-binding and economy-wide emission commitments to reduce GHG and report on emissions. This "pledge and review" approach is in plain contradiction of the Kyoto Protocol and leaves countries with leeway on what kind of targets to adopt and how to meet them.

The Kyoto Protocol, which created a global coalition between politicians, experts, bureaucrats, civil society organizations and people across the world, outlined an integrated approach to face the challenges of climate change. Now, the approach of "cherry picking" the preferable options by developed countries is reminiscent of the words of the Bush administration that "Kyoto is dead."[4] At the time, this statement was widely denounced in countries around the world; now these countries need to work to keep the Kyoto Protocol functioning towards its next phase.

The emerging multi-polarity in the global climate diplomacy translates into a number of key actors able to block substantial progress in the future negotiation leading to the 16th CoP to be held in November 2010 in Cancun (Mexico). Without a complementary policy position among the advanced developing and developed countries, including the US, positive outcomes and breakthroughs in climate policy are unlikely. ■

4 Dick Thompson, "Why U.S. Environmentalists Pin Hopes on Europe," *Time*, 26 March 2001. Available from: <www.time.com/time/world/article/0,8599,103985,00.html>.

Climate Funding and the MDGs

Ian Percy

The USD 30 billion in "new and additional" funding championed in the Copenhagen Accord is far from assured. The amount may reflect UN priorities and a commitment to climate change mitigation and adaptation, but the historical trend is not encouraging. Developed country donors are not on track to meet the target of 0.7% of Gross National Income (GNI) to be provided by 2015 for ODA; already there are reports from Finnish civil society, for example, that climate funding is being drawn from its development budget.[1] The situation is similar in most countries that have made the pledge. In addition Better Aid reports the projection that aid receipts are to lose over USD 2 billion once climate funds to middle-income countries begin to erode the aid budget.[2]

The Millennium Development Goals (MDGs) will not be met, and development is lagging behind other stated goals in many areas of the world. A lack of development funding is often cited as a reason for slow progress on meeting targets. Based on current trends it is easy to imagine a severe drop in ODA reserved for non-climate activities. Political leaders, especially in the Organization for Economic Co-operation and Development (OECD), are under increasing pressure to show results for the aid they provide. There is a real danger that less quantitative development goals could be forgotten in favour of verifiable climate change mitigation and adaptation strategies.

In order to ensure that donors and developing countries do not lose sight of development commitments, baselines for climate funding must be established at the 16th Conference of the Parties in Cancun. Without verifiable and succinct qualifications for "new and additional" funds, there is a danger that education and other development priorities could end up playing second fiddle to wind farms and biomass projects. ■

1 Better Aid. Available from: <www.betteraid.org/index.php?option=com_content&view=section&id=110&Itemid=60&lang=en>.

2 *Ibid.*

Critical shareholding: how to use a financial leverage to promote human rights and the environment

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A new idea of ethical finance emerged in the late 1960s in the US, when civil rights and later anti-war protests began to explode. In 1968, students at Cornell University demanded that the board divest in shares of companies involved in trade with South Africa. The "Pax World Fund" was created a few years later, excluding companies involved in the Vietnam war.

The rationale for excluding some investments was therefore broadened, and started to include social considerations. More importantly, beginning in the late 1960s, not only some specific sectors, such as armaments or gambling, were excluded, but so too were individual companies and banks involved in such activities. Later, some new criteria started to be taken into account, namely, the companies' human rights and environmental records. This turned out to be a powerful way to boycott companies doing business with racist regimes (e.g., South Africa under Apartheid) or dictatorships (e.g., Chile under Pinochet).

Historically, these first cases were extremely important in highlighting the role that shareholders can play in influencing the behaviour of a company. Several cases of disinvestment in and of boycotting specific companies, countries or sectors achieved impressive results.

However, divesting in company shares means cutting all relations with the company, together with the chance to try to influence its behaviour. By contrast, being a shareholder means owning a part, however small, of the company, thus maintaining a relationship and actively participating in the life of the company to try and shift its overall social record.

The principles of critical shareholding

In several countries, civil society organizations and networks have started a new form of advocacy, and a new campaigning tool: "critical shareholding." The idea is quite simple: buy a few shares of companies accused of having negative social and environmental impacts, particularly with regard to their investments in the global South, in order to actively participate in the life of the firm. In general, companies are targeted for their negative environmental, social and human rights records, their questionable impact on local and national development processes, their lack of transparency, weak democratic governance, and for their overall lack of accountability.

The goal of critical shareholding is at least threefold:

First, it provides an opportunity to bring the voice of Southern communities and international civil society organizations directly to the company boards and shareholders.

Secondly, with regard to the general financial culture, critical shareholding is an instrument of "economic democracy," increasing the knowledge and the participation of small shareholders and of the general public in financial matters.

Finally, from the investors' point of view, critical shareholding increases the representation of the small shareholders in the life of the company. A 2009 OECD report points out that one of the main reasons for the crisis was the poor corporate governance schemes of many companies.[1] The same OECD report pledges to increase the participation of the small shareholders in the life and the decisions of the companies. Critical shareholding goes precisely in this direction and may contribute to increase democratization and accountability of private sector operations.

International networks and initial results

In several European countries, as well as in the US, active shareholder engagement has become a widespread practice. The interventions and proposals of small active shareholders helped in many cases to improve companies´ environmental and social responsibility, governance and accountability, and long term sustainability. This strategy has already been used in campaigns targeting Northern corporation responsibility in solidarity with affected communities in the global South in order to promote their right to development.

In some cases, shareholder engagement is associated with traditional campaigning strategies. In March 2010, a coalition of UK trade unions, NGOs and investors attempted to get thousands of pension scheme members to join an e-mail bombing campaign aiming at forcing oil giants BP and Royal Dutch Shell to reconsider investments in environmentally controversial oil sands developments in the Alberta province of Canada. The coalition included UNISON, the UK and Europe's biggest public sector union with more than 1.3 million members and the Public and Commercial Services Union (PCS), the fifth largest trade union in the UK. In what they said was an "unprecedented public mobilization," the coalition has asked savers to e-mail their own pension fund manager to push them to support shareholder resolutions against oil sands projects that were due to be voted on at the BP and Shell AGMs in May. Other coalition members included Greenpeace, World Wildlife Foundation and the Co-operative banking group. Over 140 pension schemes, fund managers and private investors joined forces with FairPensions, a London-based lobby group, to file a shareholder resolution at Shell's AGM on May 18.

In Italy, the Fondazione Culturale Responsabilità Etica (FCRE), controlled by ethical-ecological bank Banca Etica, has also decided to combine traditional NGO campaigning tools with a new form of engagement through investment in big companies.[2] Back in 2008, FCRE bought some shares of Italian oil and utility companies (Eni and Enel, respectively), in order to take part in their Annual General Meetings, giving voice to environmental and social NGOs, such as Greenpeace Italy and CRBM, based in Italy and developing countries. In the last three years, the Foundation has challenged the social and environmental record of both companies, backed by a number of associations in Nigeria, Chile, Congo-Brazaville, Kazakhstan and other countries where Eni and Enel are involved, along with their subsidiary operations in countries listed as tax havens.

Critical shareholding as a campaigning tool

While several results have been achieved through the active participation of small shareholders, some critical aspects shall not be underestimated. Firstly, it must not be acknowledged that the dialogue with a company has to pass only through the ownership of shares. This assumption would precisely reinforce the idea that shareholders are gaining more and more weight with respect to the other stakeholders. Being an investor may grant some rights, but in no way should substitute the other channels of dialogue and of putting pressure on a company. This is all the more true if the dialogue or the confrontation with the company deals with something as fundamental as human rights.

Quite the opposite, critical shareholding must be considered as one tool among a range of different instruments that have to be put in place in a campaign, and it should come together and reinforce other campaigning tools.

Through critical shareholding, the financial culture of the small investors may be increased. It is not just a matter of improving the behaviour of a company. A new financial culture is needed. ■

1 Kirkpatrick, Grant, *The corporate governance lessons from the financial crisis*. OECD, 2009. Available from: <www.oecd.org/dataoecd/32/1/42229620.pdf>.

2 See: <www.fcre.it>.

Privatizing European development finance: the role of the European Investment Bank

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European development finance is at a crossroads. The impact of the financial and economic crises on public finance in most EU member states is reversing the trend seen in the last decade of increased Official Development Assistance (ODA). Although European governments remain major donors, providing more than half of global ODA, it is increasingly clear that the EU as a whole will not reach its 2015 targets.

In this negative context, a new and opportunistic narrative has been emerging in official circles in Brussels and in other European capitals that a more "holistic" approach to international development cooperation and development finance is needed.

The involvement of the private sector

Financing to the private sector by multilateral development banks (MDBs) has increased ten-fold since 1990, from less than USD 4 billion to more than USD 40 billion per year. Private sector finance is now a major part of the overall portfolio of many multilaterals and constitutes nearly half of global ODA.

International civil society has recently highlighted that MDBs' approach to the private sector and development has not always sufficiently focused on promoting sustainable development or reducing poverty. MDB project selection and monitoring and evaluation procedures have tended to prioritize commercial rather than social and environmental returns. The rapid growth of "arms-length" financial sector investments through intermediaries such as private banks or private equity firms is a particular cause for concern. As shown by new research several MDB-backed intermediaries operate via offshore financial centres and could contribute to capital flight from the global South to the North.

The European Investment Bank: a case study

The task of the EIB is to contribute towards the integration, balanced development and economic and social cohesion of EU member states. Outside the EU, it operates under various mandates. In December 2006, the European Council approved a new EIB External Lending Mandate (ELM) for 2007-2013.

Civil society organizations monitoring EIB lending have raised several concerns in the last decade about the fundamental ambiguity around the status of this public bank, which is clearly not a regional development bank as it finances supposedly development-friendly investment operations without statutorily abiding by European development policies and goals.

The review process has also included two external evaluations, the most important of which was carried out by an *ad hoc* steering committee of "wise persons" established by the Bank and the EC and chaired by Michel Camdessus, former head of the IMF. Among the recommendations in the final report, several concerns were raised including that the "[EIB's] translation of EU policies into EIB lending strategies and the economic and sector analysis of country needs are very limited; the EIB efforts to monitor project implementation, ensure local presence and follow up on environmental and social aspects appear still insufficient; [and] the EIB ability to satisfy the mandate requirements on development aspects is only indirect."

Corporate welfare and development deceptions

The EIB was founded as an investment bank. It is hard to transform the institution into a development one given the difficulty of changing its culture, as the example of the IMF in the last ten years has clearly shown.

Even though foreign direct investment (FDI) might contribute to endogenous development processes, this is only the case to a limited extent and under some very specific conditions, as documented in detail by the United Nations Conference on Trade and Development (UNCTAD). Counter-cyclical financial interventions in the context of the crisis require a much more ambitious approach than a mere leveraging of EIB financing in the South.

Forcing a transformation of some EIB lending into proper development finance instruments by establishing operational links with the EU aid system – European Development Fund, funding instrument for development cooperation (DCI) and EuropeAid – may be too risky if done in a rush and without the appropriate guarantees that the EIB will live up to the standards of EU aid. The intrinsically different nature of these institutions and mechanisms would jeopardize hard won and still limited progress slowly achieved within Europe as concerns the implementation of key aid effectiveness priorities (among which are recipient country ownership, alignment to recipient country strategies and transparency).

The future of EU development finance

There is a need to rethink the EU development finance architecture in light of significant changes that have taken place due to the crisis, the possible failure of the Millennium Development Goals' agenda and new challenges posed by international cooperation and the promotion of global public goods.

From this perspective tackling an EIB transformation is central for pushing wider EU development finance in the right direction. In the short term the EIB should remain just an investment vehicle, even though its scope of action outside of the EU should be restricted (both geographically and sectorally). The EIB's external action should also be strictly aligned with overall EU development and human rights objectives. Moreover, development effectiveness principles go beyond aid and should also be applied to public-backed investment banking in developing countries, including those promoted by EDFIs.

Furthermore, the EIB must ensure that all its investments have clear development outcomes, in particular in sectors where it is most active such as infrastructure, energy and extractives. As a public institution it also needs to ensure that the companies and investments it supports comply with the highest financing standards with the aim of ending tax evasion and capital flight to the EU and help restore stolen assets to the countries of origin. ■

The Treaty of Lisbon and the new perspectives for EU development policy

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The Treaty of Lisbon contains provisions designed to tackle poverty and social exclusion within the EU, something particularly significant at a time when 2010 has been declared the European Year for Combating Poverty and Social Exclusion, and when currently 16% of its population are poor. European resources for development cooperation have continued to increase in recent years. However, contributions to social sectors in developing countries, particularly in Sub-Saharan Africa, have been significantly reduced. The drastic decrease in the European Commission contribution to education and health in developing countries is unacceptable and must be redressed.

The Treaty of Lisbon, which entered into force on 1 December 2009, was hoped to provide the European Union (EU) with "modern institutions and optimized working methods" to tackle the challenges of today's world both efficiently and effectively.[1] Following the ratification of the Treaty of Lisbon, all policy efforts should be geared towards "the reduction, and, in the long term, the eradication of poverty" (Article 208).

The Treaty also identifies the four Cs – coherence, consistency, complementarity and coordination – as key elements. The "coherence" principle is of primary importance for achieving development cooperation policy goals, as it states that "the Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries*"*. The Court of Justice of the European Union (CJEU) issued a judgment in November 2008 whereby European Investment Bank (EIB) operations in developing countries must prioritize development over any economic or political objective.

The EC position paper on "Policy Coherence for Development: accelerating progress towards attaining the Millennium Development Goals," stressed the fact that aid alone is not sufficient to achieve the MDGs.[2] It covers 12 main areas: trade, environment, climate change, security, agriculture, bilateral fisheries agreements, social policies (employment), migration, research/ innovation, information technologies, transport and energy.

Following the EC communication, in May 2010 the European Parliament adopted a resolution on Policy Coherence for Development (PCD) which carried more than 70 recommendations. The resolution noted that:

- the so-called "Singapore issues,"[3] such as liberalization of services, investment and government procurement, new rules of competition and stronger enforcement of intellectual property rights, do not assist in achieving the eight MDGs.
- EU export subsidies for European agricultural products have a disastrous effect on food security and the development of a viable agricultural sector in developing countries.
- As a major arms exporter, the EU exports or facilitates the shipment of arms to the same countries where millions are spent on development assistance; the EU-15 spends approximately EUR 70 billion per year on development aid, while the value of the EU arms exports amounts to approximately EUR 360 billion annually.
- "Global Europe: competing in the world*,"* which outlines EU trade strategy, shows that bilateral and regional free trade policy strategies foster EU access to developing countries' raw materials markets, including agricultural commodities, by opening them to large EU companies at the expense of small-scale farmers and start-up industries.
- Financial liberalization, including speculative and volatile financial flows, over which developing countries have little control, has generated significant instability at international level with disastrous impacts on developing countries' economies.[4]

While the EU Treaty sets a clear legal framework for the eradication of poverty inside and outside the European Union, Eurostat statistics assert that the effects of the crisis on the European labour market are far from over. In fact, in 2009 unemployment increased by over 5 million people to around 21.4 million in the EU, much of it due to job losses in the past 12 months.[5] According to the EU, about 80 million or 16% of the population are currently living in poverty.[6]

The subprime mortgage crisis, with its major adverse consequences for banks, financial markets and the real economy around the globe, sheds light on the inefficiencies of EU regulation and capacity to take appropriate actions to protect from speculation against the Euro. Following the early crisis effect in Europe and the financial collapse in Greece, the EU has strengthened its common approach to bring European national budgets under tighter control.

Repercussions outside the EU

European resources for development cooperation have continued to increase from USD 11.2 billion in 2005 to USD 15.4 billion in 2009.[7] However, social sectors in developing countries, particularly in Sub-Saharan Africa have been significantly reduced.

The European Court of Auditors in its 2009 report concluded that in "Sub-Saharan Africa, the health MDGs were most off track".[8] According to a recent article, "the Development Assistance for *Health* (DAH) to government had a negative and significant effect on domestic government spending on health such that for every USD 1 of DAH to government, government health expenditures from domestic resources were reduced by USD 0.43 to USD 1.14".[9] It appears that social sector support through General Budget Support does not automatically increase expenditure in those sectors.

On an overview of European commitments, basic health and education allocations have consistently decreased since 2005; as stated by Alliance 2015, "this has resulted in a total of only 5.7% of all aid managed by the European Commission being allocated to basic health and education in 2008, which is a decrease from 11% in 2005."[10] Allocations to basic health and education in Sub-Saharan Africa have dropped from 8% of total aid allocation in 2005 to 1.5% in 2008.[11] Figures show that the percentage of allocations to food decreased from 4% of total funding in 2005 to 1.5% in 2008, basic health from 4.7% (2005) to 1.3% (2008) and basic education from 2.7% (2005) to 1.1% (2008).[12] For achieving the MDGs in time, "the EC would have to increase funding from EUR 605 million to EUR 971 million annually for education and from EUR 460 million to EUR 1.5 billion for health to help close the financing gaps," according to Alliance 2015.[13]

The European Commission and the EEAS should lead by example, especially as they will be increasingly representing the whole of the EU abroad. The drastic decrease of the European Commission contribution to education and health in developing countries is unacceptable and must be redressed. ■

1 Full text available from: <www.europa.eu/lisbon_treaty/full_text/index_en.htm>.

2 Available from: <www.eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2005:0134:FIN:EN:PDF>.

3 This refers to four working groups set up during the 1996 World Trade Organization Ministerial Conference in Singapore.

4 Parliamentary Committee on Development, *Report on the EU Policy Coherence for Development and the 'Official Development Assistance plus' concept:* explanatory statement, 2009, 17. Available from: <www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2010-0140&language=EN#title2>.

5 Remko HIJMAN, « Population and social conditions, » *Eurostat Statistics in Focus*, 79/2009, 1. Available from: <www.epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-10-013/EN/KS-SF-10-013-EN.PDF>.

6 Committee of the Regions, *Local and regional responses to poverty and social exclusion*, June 2010.

7 Mirjam Van Reisen, ed., *The EU's Contribution to the Millennium Development Goals: Keeping the goals alive* (Prague: Alliance 2015, 2010).

8 European Public Health Alliance, "European Court of Auditors slams EC development health financing," Available from: <www.epha.org/a/3373>.

9 Lu, C. et al., "Public financing of health in developing countries: A cross-national systemic analysis," *The Lancet,* 9 April 2010.

10 Alliance 2015, *op cit.*, 21, table 2.1.

11 *Ibid.*, table 2.2.

12 "Alliance 2015 calls on the EU to agree to binding aid targets to reach MDGs," 2 June 2010. Available from: <www.alliance2015.org/index.php?id=25&no_cache=1&tx_ttnews[tt_news]=69&tx_ttnews[backPid]=9>.

13 *Ibid.*

The Arab States and the MDGs: no progress without social justice

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In 2000, 22 Arab leaders adopted the Millennium Declaration and pledged to achieve the Millennium Development Goals (MDGs) by 2015. During the last decade, many political, economic and social developments have affected the reform processes in Arab countries. The "War on Terror" launched with the 2001 invasion and occupation of Afghanistan, the invasion and occupation of Iraq in 2003, the Israeli war on Lebanon in 2006, the continuous deterioration in the living conditions of the Palestinian people, especially after the siege of the Gaza Strip in 2007, as well as the internal conflicts erupting in countries such as Algeria, Lebanon, Somalia, Sudan and Yemen, have been among the main destabilizing events in the region. The situation is worsened by the devastating effects of the food crisis, climate change and the fluctuation in oil prices, negatively affecting domestic efforts to achieve development goals.

The year 2010 is very important for the MDGs process because it marks 10 years since the adoption of the Millennium Declaration and five years before the end of the proposed implementation period.

This is therefore an opportune time to objectively evaluate efforts to reach the goals, assess the processes, and come up with concrete recommendations aimed at redirecting efforts as necessary and including different stakeholders towards effective achievements. This is particularly true now that almost all the country-based analyses, even the most optimistic among them, affirm that the goals are unlikely to be met by 2015, at least with the current rate of progress and given the implications of the global economic crisis.

MDGs challenges in the Arab region

The *Arab Human Development Report 2009*, through a focus on the concept of human security, reveals that human development indicators in the region lag far behind the promises made.[2] It underlines the economic challenges, highlighting that Arab countries' dependency on oil production has made their economies vulnerable to global changes in oil prices. An additional major economic challenge is their reliance on foreign investment, which greatly increases their vulnerability to global economic depressions such as the one experienced during the past few years. Furthermore, Arab economies are service-oriented, which means they have increasingly weakened their productive sectors.

Unemployment remains a major challenge. The Arab Labor Organization indicates that, in 2008, unemployment had risen to 14.4%, more than double the global rate of 6.3%. Although the rate varies from one Arab country to another, unemployment among young people is very high, exceeding 50% of the unemployed population. The average unemployment among youth in the region is 25.5%,[3] which is the highest in the world. Moreover, persistent gender discrimination in the labour market has led to greater unemployment rates among women.

Equally pressing, aggregated poverty in the region now exceeds 39%, which means that almost 140 million Arab citizens are living below the upper poverty line and not enjoying their right to an adequate standard of living.[4] Estimations in 2004 showed that 25.5 million people faced famine and malnutrition, a significant increase compared to 1994.[5] The report prepared by UNDP and the Arab League on development challenges in the region shows that, despite progress in Syria and Sudan on self-sufficiency in seeds, there has been no tangible progress in food security since 1990.[6]

ANND: the MDGs assessment

Despite these challenges, however, achieving the development goals is also the responsibility of existing national systems and institutions and, more specifically, the regimes and authorities currently in power. The ANND MDGs assessment therefore examined financing and development goals, gender issues and mainstreaming of the goals in national policies.

As far as financing and mobilizing resources for development and the MDGs is concerned, most Arab countries have failed to marshal local or regional resources as a result of ineffective policies oriented towards attracting foreign investments, aid and loans.[7] Yet, Official Development Assistance (ODA) was not allocated according to basic human needs and was quantitatively not sufficient to support governments in making the necessary progress to meet the goals.

In regards to mainstreaming the MDGs in national policy-making, particularly the inclusion of various stakeholders and civil society organizations, slight progress has been achieved. However, the processes still lack adequate mechanisms for effective participation. Governments in the Arab region have not integrated MDGs targets into their national development plans.

Regarding the mainstreaming of a gender dimension into the MDG process, women in the Arab region remain generally excluded from political and economic life. At the root of this exclusion is the patriarchal structure of Arab societies and the influence of traditional and religious norms and values. One clear example is the number of significant reservations by all Arab States that have ratified the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), weakening its implementation.

Observations at the national level

The economic models followed by Arab countries and the inadequate national strategies they put in place for social development are two major reasons behind the lack of progress on the MDGs front.

Additionally, the region shows a significant contrast between its economic and development indicators. Most oil-producing Arab countries have gone through a period of relatively positive economic growth due to the rise in oil prices. However, this has not been reflected in progress on the development front, as most countries continue to show very low human development results.

Despite such problematic contexts, many official MDGs reports have attempted to reflect a more positive situation. Consequently they have failed to formulate concrete and measurable indicators of governmental strategies, and often remain limited to abstract and normative recommendations for the future.

In order to meet the MDGs by 2015, considerable additional efforts and political will are needed to enhance the adoption and implementation of developmental policies. Towards this end, concrete and measurable targets can serve as a tool to evaluate progress.

A sincere political commitment, reflected in concrete public policies and development implementation plans, should be based on integrity and transparency. Indeed, citizen participation through civil society organizations and other interest groups is an important factor to reach successful results. This calls for a reform of the administrative system in order to overcome the systemic character of corruption that weakens it. In this regard, the adoption and implementation of the UN Anti-Corruption Convention would contribute to reforming the system of public policy-making.

There are three prerequisites for the above-mentioned recommendations: democracy for securing proper participation, accountability, and responsibility; good governance for securing appropriate resource mobilization and investment; and social justice for securing comprehensive and inclusive policies. Unfortunately, as these prerequisites are still missing, the region's inability to reach the MDGs by 2015 becomes only too apparent. ■

1 The author is grateful to Marc Van de Weil for his valuable assistance.

2 UNDP Regional Bureau for Arab States, *Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries,* New York, 2009.

3 Arab Labor Organization, 2003. See: <www.alolabor.org>.

4 UNDP Regional Bureau for Arab States and League of Arab States, *Development Challenges in the Arab States: A Human Development Approach,* New York, May 2009.

5 UNDP Regional Bureau for Arab States, *op. cit.*

6 UNDP Regional Bureau for Arab States and League of Arab States, *op. cit.*

7 See Ayah Mahgoub, 2009. Available from: <blogs.cgdev.org/global_prosperity_wonkcast/2010/03/09/cash-on-delivery-aid-ayah-mahgoub-on-cod-in-education>.

Social Watch: promoting accountability

Social Watch, a network that today has members in over 60 countries around the world, was created in 1995 as a "meeting place for non-governmental organizations concerned with social development and gender discrimination." This network was created to respond to the need to promote the political will required for making the United Nations promises come true. Social Watch, which is continually growing both qualitatively and quantitatively, has published 15 yearly reports on progress and setbacks in the struggle against poverty and for gender equality. These reports have been used as tools for advocacy on a local, regional, and international level.

From its number 0, published in 1996, to this present issue, the 15th, the *Social Watch Report* has brought to light more than 650 reports from civil society organizations, all of them sharing the aim of reminding governments of their commitments and tracking their implementation, both country by country and at the international level.

The present issue, featuring contributions from 64 national Social Watch coalitions, sustains the flame that brought the network into existence in 1995: the need to generate tools and strategies to rectify the lack of accountability mechanisms and ensure compliance with international commitments related to social policies and development goals.

In the decade Social Watch was created, a series of high-level United Nations conferences, starting with the 'Children's Summit' in 1990 and ending with the Millennium Summit in 2000, redefined the global social agenda. In 1995, the Social Summit (Copenhagen) and the Women's Conference (Beijing) defined, for the first time, the eradication of poverty and gender equality as common universal objectives, setting concrete targets and timelines to achieve the goal vaguely formulated in 1946 in the UN Charter as "dignity for all". To promote the political will needed for those promises to become a reality, the Social Watch network was created as a "meeting place for non-governmental organizations concerned with social development and gender discrimination" (*Social Watch No. 0*, 1996), by a group of civil society organizations.

Thus, the *Social Watch Report* was formulated as a powerful tool for the presentation of internationally available statistical information and for reporting on qualitative aspects of the issues addressed through analyses by social organizations working at a national level. A yearly publication, the Report is devoted to progress and setbacks in the struggle against poverty and for gender equality, two largely overlapping objectives, since the absolute majority of the persons living in poverty are women.

The Social Watch yearly reports, while adding an international dimension to local efforts and campaigns, became the first sustained monitoring initiative on social development and gender equity at a national level, and the first to combine both in one international overview.

The report Nº0, published in 1996, featured contributions from 13 organizations; since then, the network has been steadily rising. Currently, Social Watch has members ("watchers") in over 60 countries around the world, and membership grows each year.

The local, the global and the Report

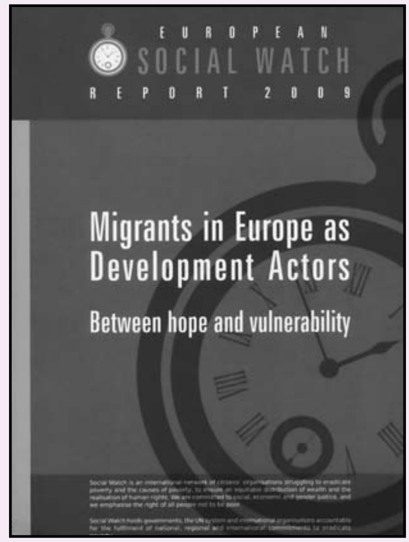
Every year Social Watch chooses to analyze a different subject in depth through its Report, usually focusing on topics under discussion on the international agenda that can be addressed from a local perspective. Experts from diverse origins and disciplines contribute alternative views on the issues through thematic articles. This international perspective is complemented with national and regional reports through which member organizations contribute a local perspective, reporting on the state of affairs in their countries in relation to each year's specific theme.

In addition, Social Watch produces indexes and tables with comparable international information, presenting a macro-perspective of the situation related to certain dimensions of development while also providing national level readings. Social Watch has developed alternative indicators to measure progress or setbacks in gender equity and the meeting of basic human capacities, which are now used as reference

MEMORANDUM OF UNDERSTANDING BETWEEN NATIONAL GROUPS AND THE SOCIAL WATCH NETWORK

1. Coalitions must be based in the country and be active in social development issues in that country (not exclusively as academics or consultants).
2. Their basic commitment to the international network is to provide a national report, with their own conclusions and determination of priorities, to be included in the annual publication.
3. They are expected to use their national report and the global report in lobbying activities at a national level.
4. They must be open to the incorporation of other organizations, work actively to broaden awareness of Social Watch and encourage the participation of other organizations.
5. They are responsible for raising funds for their activities. National coalitions are not dependent for funds on, or financially accountable to, the Secretariat or any other international Social Watch entity.
6. Each coalition determines its own organizational structure.
7. Social Watch membership and the exercise of governmental functions are absolutely incompatible.
8. Cooperation with other national platforms should be encouraged at sub-regional, regional and global levels.
9. In cases of conflicts between members/participating organizations of a coalition on issues related to Social Watch (e.g. nomination of the focal point, contribution to the Social Watch Report, nomination of delegates to the Social Watch Assembly) all parties involved have to demonstrate their willingness to solve the problems at national level. If, in exceptional cases, an agreement cannot be reached, the Coordinating Committee can take the necessary decisions.
10. In order to demonstrate their affiliation to the network all coalitions are encouraged to use the Social Watch logo for national activities directly related to goals and objectives of Social Watch. They are requested to inform the International Secretariat about these activities. In other cases they have to seek permission from the International Secretariat or the Coordinating Committee in advance for other uses of the Social Watch name and logo.

The Memorandum of Understanding was adopted during the 1st General Assembly, Rome, 2000, and it was last updated in October 2009.



Keynote Address by the Hon’ble Vice President of India Shri M. Hamid Ansari at the inauguration of the “Evaluating Committees and Committee System: Changing Contours of Governance and Policy” seminar, organized by the National Social Watch Coalition India in November 2009.

points for both civil society and international institutions. These are: the Gender Equity Index (GEI) and the Basic Capabilities Index (BCI).

Although members use the document for advocacy work in diverse situations, report launches, as well as indexes launches, are key opportunities for dissemination of its contents, taking place both in relevant spaces of international and national debate and decision-making. The report is published by the Secretariat in several languages: Spanish, English, French, Arabic. Some national coalitions also publish their own versions of the report: Spain, Italy, Czech Republic, Germany, Poland, Europe, India and Brazil. Other coalitions publish an array of materials. The Czech and Italian Social Watch coalition, for instance, publish the Gender Equity Index, while Ghana’s Social Watch has published a compilation of its national reports and the Beninese Social Watch coalition issues a quarterly, *Social Watch Bénin*. Also, in December 2009 the first *European Social Watch report* was launched: *Migrants in Europe as Development Actors: Between hope and vulnerability*.

Also, Occasional Papers are published, mainly to help build the capacity of member coalitions, regional training workshops have been organized, and position papers have been produced. For example, in 2010 Social Watch published *Beijing and Beyond – Putting Gender Economics at the Forefront – 15 years after the IV World Conference on Women.*[1] This publication was launched on 9 March 2010 at the UN headquarters in New York, during the review of the Committee on the Status of Women marking the 15th anniversary of the adoption of the Beijing Declaration and Platform for Action.

Through its website, blog, and presence in social networking platforms, Social Watch is also utilizing new multimedia and tools to disseminate information on gender, development and human rights issues, generate discussions among fellow civil society practitioners, and conduct outreach to policymakers and journalists. Advocacy, communications and campaigning strategies will complement each other to achieve its goals. At the same time, Social Watch will make efforts to publish the report in additional languages and formats that allow reaching wider audiences.

Additionally, on several occasions, Social Watch spokespersons have addressed the UN General Assembly and other intergovernmental bodies on behalf of the network or wider civil society constituencies. In August 2009, Social Watch established an office in New York to enable a continuous presence at the United Nations and to coordinate advocacy efforts with country missions at the UN, international agencies and other NGO networks. It has been assisting the participation of members in global decision making processes and informing regularly about them to the national coalitions.

A flexible network

As the “meeting place” has grown, several aspects of it have evolved, but the founding ideas and objectives remain. In preparing for their participation in the Copenhagen Social Summit, civil society organizations adopted flexible and ad hoc ways of organizing as a network. No formal governing structure or steering committee was created and no stable coordinating group was established. Non-governmental organizations (NGOs) preferred to inform each other and

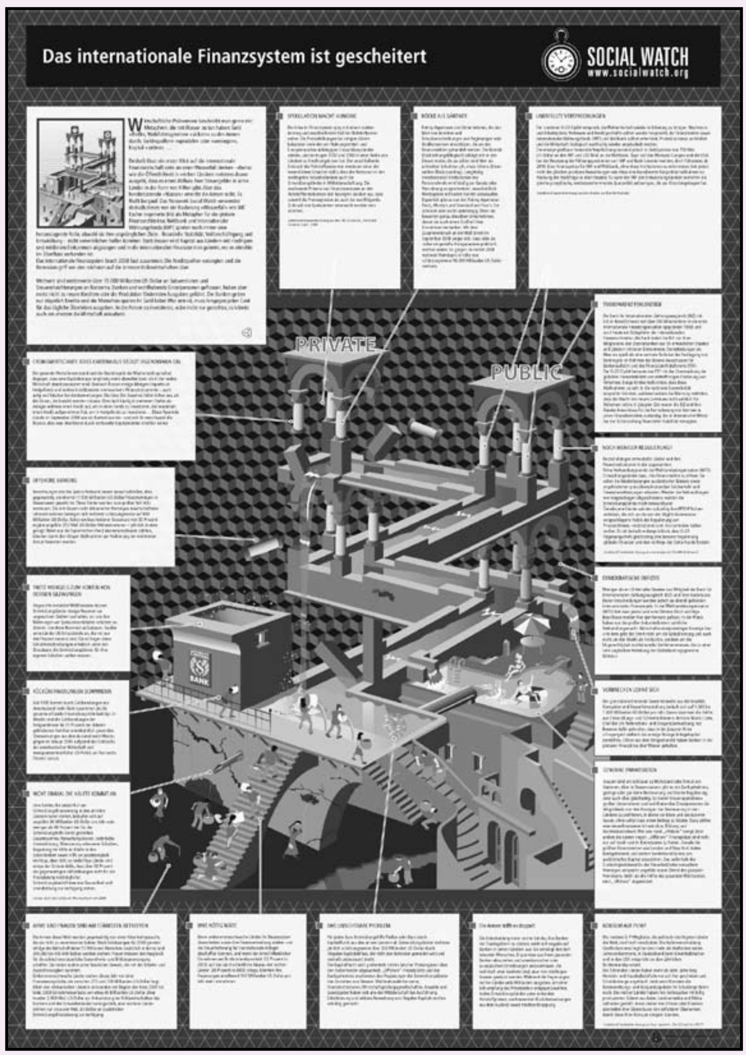
1 Available from: <www.socialwatch.org/node/11571>. The first Occasional Paper by Mirjam Van Reisen, *The Lion’s Teeth*, examines the political context in which Social Watch was created. The second, by Ana María Arteaga, *Control Ciudadano desde la base*, analyzes the democratization of international human rights instruments experience in Chile in 1997. The third, a compilation by Patricia Garcé and Roberto Bissio, introduces the experience of monitoring Copenhagen goals through the concrete example of Social Watch. Papers 4 and 5, coordinated by the Social Watch Social Sciences Research Team, address poverty and inequality in Latin America and the links between poverty and human rights. Occasional Papers available from: <www.socialwatch.org/taxonomy/term/459>.

coordinate activities in horizontal open spaces, an approach that some analysts regard as a forerunner of the organizational format later adopted by the World Social Forum. Many of the NGOs that took part in the Social Summit later formed the backbone of Social Watch. As a result, the structure and functioning of the network preserves much of original flexibility and openness.

In addition to national coalitions, the network is structured around three bodies: the General Assembly, the Coordinating Committee and the International Secretariat. In recent years, some regional and sub-regional coordination structures were established as a space for articulation–not as a necessary intermediate body to link the national with the global.

The Social Watch network is not an incorporated entity and it did not start by drafting its governing bylaws. Instead, a short Memorandum of Understanding between national groups and the network (see box) became the basic framework establishing mutual expectations, respecting both the autonomy of national coalitions and democratic horizontal decision-making. A key principle that distinguishes Social Watch from other international civil society networks is that no central body provides funds for its members. These operational principles help avoid the tensions associated with donor/recipient relationships within the network – since there aren't any – and also the loss of energy that could result from lengthy discussions about money, budgeting and reporting, as well as procedural matters. It has also resulted in members' strong sense of tenure over the network.

National coalitions organize the way they want – or can – according to the conditions in each country. The membership of Social Watch coalitions is very diverse, including research institutes or centres, NGOs, grassroots organizations, trade unions, women's groups, rural organizations and others.



General Assembly

The General Assembly is the Social Watch network's highest directive body. Policy discussion and medium- to long-term strategic planning happens in its realm, which serves as a decision-making forum. However, it is also a space for reinforcing the sense of belonging and strengthening the network's identity and unity. It takes place every three years and up to now has been held four times: in Rome 2000, Beirut 2003, Sofia 2006, and Accra 2009.[2] The 2011 Assembly will be held in the Philippines. In addition to setting medium- and long-term priorities and identifying potential alliances in advocacy strategy, the Assembly elects members of the Coordinating Committee to whom coordination and political leadership between assemblies are delegated.

Coordinating Committee

The Coordinating Committee (CC) is the key political body for the 'daily' work of the network, with an organizational structure which requires fluid communications, facilitated principally through an email list, plus biannual face-to-face meetings and regular telephone conferences to discuss specific issues.

As the CC's task is to "ensure the political visibility and participation of the network in relevant spaces and processes,"[3] its composition endeavours to represent a geographical and gender balance, as well as considering the contribution, in terms of experience and capabilities, that members can provide to the whole network. In general, the CC's decisions are adopted by consensus, and every single decision (and discussion) is communicated to the watchers in a timely manner. The constant participation of two Secretariat members as ad hoc members of the CC ensures coordination between the two bodies, the function of the Secretariat being to support and implement the strategic decisions made.

International Secretariat

The Secretariat is the main executive body of Social Watch. The first external evaluation of the network (1995-2000) noted that, "Of the various roles in the Social Watch network, that of the Secretariat has changed the most" (Hessini and Nayar, 2000). Originally the Secretariat's function was limited to responsibility for the production of the Report, but due to the network's growth it has subsequently incorporated a series of new functions, including research, capacity building, campaigning, promotion of the network and its representation in international forums.

Promoting accountability

The Accra Assembly, held in October 2009, endorsed the concept of "mutual accountability" among members and among the different bodies of the network (secretariat, CC, members). Social Watch believes that the key action to achieve poverty eradication, gender equality and social justice happen primarily at local and national level and, therefore, its international activities and structures should be accountable and at the service of national and local constituencies, and not the other way around.

Social Watch will achieve its objectives through a comprehensive strategy of advocacy, awareness-building, monitoring, organizational development and networking. Social Watch promotes people-centred sustainable development. Peace is a precondition for the realization of human and women's rights and the eradication of poverty. But also poverty and lack of respect for human rights are at the root of many armed conflicts. Therefore the devastating impact of conflict and post-conflict situations on people is of particular concern for Social Watch.

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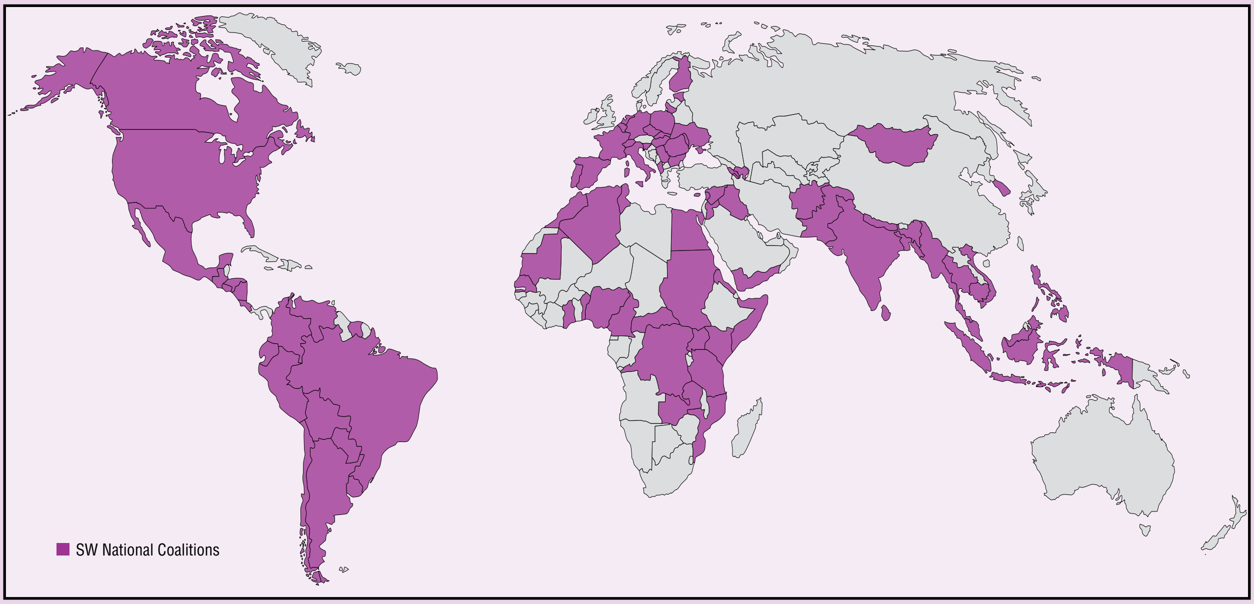
2 Final reports, working papers and other materials from these four Assemblies available from: <www.socialwatch.org>.

3 The document describing the nature and mandate of the Coordinating Committee was agreed at the 2nd General Assembly, Beirut 2003. Available from: <www.socialwatch.org/node/9388>.

Social Watch around the world



SOCIAL WATCH

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SOCIAL WATCH REPORT 2010

IRAQ: Arising opportunities must be seized not only to promote the social rehabilitation of the country but also to encourage and support new institutional structures, legislation and its enforcement for the protection of women's rights.

UNITED STATES: . . . the worst economic crisis since 1929 has accelerated the decades-long erosion of hard-won gains in human rights, economic opportunity and social justice.

BOLIVIA: The extractive model (. . .) takes more money out of the country than it generates in domestic economy.

SOMALIA: Resources from piracy are almost as significant as those coming from the European Commission.

ITALY: Financing for development has also suffered a drastic reduction, and Italy is not meeting its international commitments.

SLOVENIA: . . . if the country is to survive in the new international environment it has to experience social, political and economic paradigm shifts.

AFGHANISTAN: . . . resources should be used not for political and military gain but to establish a humanitarian space for development (. . .).

MEXICO: . . . there are states in the south with indicators more like those of the poorest parts of the world.

NEW SOCIAL DEAL: Only a complete transformation of society organized around a new logic can lead to a world in which meeting human needs, not corporate profits, is the priority.

TANZANIA: Official Development Assistance (ODA) disbursement is often late and does not go with the national budget process.

BANGLADESH: While the country is a minuscule polluter, it is an enormous victim of global warming.

GLOBAL CLIMATE: . . . combating climate crisis (. . .) requires the effective, transparent and responsible participation of all stakeholders – governments, civil society organizations and financial institutions – in an integrated manner.

NEPAL: . . . workers have been trafficked across borders, abused or even enslaved. In 2009 alone, at least 600 Nepalese died in the Gulf States and Malaysia.

CROATIA: . . . to reduce poverty and inequality while at the same time embracing the neoliberal agenda has proven not only unrealistic but also imprudent.

CRITICAL SHAREHOLDING: If the financial actors and managers still want to invest in unsustainable companies (. . .) let's make clear that we don't want to be their accomplices (. . .).

GENDER: The time has come for a new development paradigm with equal rights and opportunities for all.

Social Watch is an international network of citizens' organizations in the struggle to eradicate poverty and the causes of poverty, to end all forms of discrimination and racism, to ensure an equitable distribution of wealth and the realization of human rights. We are committed to peace, social, economic, environment and gender justice, and we emphasize the right of all people not to be poor.

Social Watch holds governments, the UN system and international organizations accountable for the fulfilment of national, regional and international commitments to eradicate poverty.

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