



UN MILLENNIUM CAMPAIGN RESPONSE TO THE G-20 COMMUNIQUE

The United Nations Millennium Campaign welcomes the recognition by the world's most powerful countries that the financial crisis has affected the entire world and welcomes the fact that the G-20 is taking steps to restore global growth while ensuring fiscal sustainability.

The Campaign also welcomes the recognition by the G20 that this financial crisis is having a profound impact on the world's poorest who have played no part in creating this situation. We support the communiqué's clear commitment to meeting the Millennium Development Goals (MDGs) and the needs of the world's poorest.

Whilst the Campaign supports the setting up of the World Bank Vulnerability Framework, and the Infrastructure Crisis Facility and Rapid Response Fund, we expect the international financial institutions (IFIs) to use this staggering \$850 billion for the achievement of the Millennium Development Goals.

The Millennium Campaign pledges to intensify its efforts to support citizens as they monitor the implementation of these agreements and hold G20 leaders accountable for their delivery.

The massive amount of resources pledged to developing countries, including commitments to previous aid commitments as well as the decision to provide \$50 billion for social protection to the poorest countries over the next 2-3 years are steps in the right direction. So too is the agreed \$250 billion SDR which will provide \$100 billion in liquidity to poor and emerging economies, of which an estimated \$19 billion is set aside for poor countries. However, these aid pledges must be provided in line with the Accra and Paris Declarations and should not create a new debt crisis and come with harmful conditions attached.

The Millennium Campaign supports additional resources to assist developing countries hit hard by the crisis, but emphasizes that the current aid architecture is ill-equipped to respond to the demands of the crisis. There will be significant resource inflows to the IMF and Regional Development Banks which is good, but the need for restructuring the

financing mechanisms of IFIs - including favorable conditions and timely disbursements – should be addressed to enable poor countries to have easy access to these funds.

The profound recognition of the deeply interlinked nature of the problems and destinies of all countries—not just through markets but equally through climate change, poverty, migration and the rapid spread of diseases—and the explicit support for inclusive and effective multilateralism is a step in the right direction. It is also encouraging that the structural causes of poverty, inequality and climate injustice are also likely to be addressed, through the charter for sustainable economic activity and by reviewing the debt sustainability framework.

We agree that reforms of the international financial bodies, including building strong supervisory and regulatory frameworks, regulating hedge funds, and taking action on tax havens, must happen immediately and we support efforts to better manage and regulate them. Such new financial rules will allow for much needed capital flows to developing countries, which are in desperate need of fiscal stimuli. However, it is not clear how strong the regulation of global governance institutions will be, hence the need for wider consultation and consensus-building. Otherwise, a new elite club will be created that may not enjoy much legitimacy.

We are concerned that the increased flows will be almost immediate, whereas proposed greater voice and votes for developing countries will happen over a much longer period of time. The huge sums of money being infused into the IMF must run concurrently with its governance reform.

We support the re-commitment from G-20 leaders regarding the needs of the poorest countries and people, as well as the proposal for the UN to create and administer a mechanism to monitor the effects of the financial and economic crisis on the world's poorest and most vulnerable people. However, monitoring the effects of the crisis needs to be extended and linked to monitoring disbursement and utilization of resources for the achievement of the MDGs.

The G-20 recognizes the human dimensions of the crisis and commits to creating employment opportunities and income support measures. However, in order to address the human dimensions of the crisis, development issues relating to all the MDGs will need to be addressed

Regarding trade, we are encouraged by the commitment to promote global trade and investment and reject protectionism as well as to provide additional resources for trade financing. However, we emphasize that in addition to regular monitoring and reporting publicly by the WTO, sanctions for countries that violate the agreements should be defined and mechanisms to enforce them need to be identified. Also, we would like to emphasize that the Doha trade round revival will only be valid if the MDGs are at the front and center and we express our genuine concerns that the round might

actually be negative for poor countries. As a down payment, rich countries could significantly cut back their agricultural subsidies. In addition, the G-20 needs to ensure that the drive against protectionism is not used as an instrument for enforcing unfair trade regimes such as the Economic Partnership Agreements (EPAs) on poor countries. Rhetoric on anti-trade protectionism has to be closely monitored—we know that 17 out of 20 countries have not kept their commitments from the last G-20 summit.

We welcome the re-affirmation of the commitment of the G-20 on Aid for Trade, debt relief, and the Gleneagles commitments, especially to Sub-Saharan Africa. However, these commitments have been re-affirmed time and again by the G-7, but never implemented by some members. Many donors have failed to live up to their pledges to increase aid, despite their repeated commitments to spend at least half to benefit Sub-Saharan Africa. Less than a fifth of net ODA actually goes where it is most needed. What the poorest countries need is ODA grant money and not loans that can create a new debt crisis and policy space to achieve the MDGs in consultation with their citizens.

Finally, governments of poor countries now have an even greater responsibility to keep their side of the bargain, with the additional resources that could be available, and systematically focus on delivering the MDGs particularly to their poorest citizens.