A BETTER WORLD STARTS NOW

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INTRODUCTION A BETTER WORLD STARTS NOW

In the year 2000 the international community promised, amongst other things, that extreme poverty would be halved globally by 2015. Last summer, on 7th July 2007 – 07/07/07 – the fact that we are halfway to achieving the Millennium Development Goals (MDGs) was celebrated. The poverty target is one of these; yet if we do nothing, in 2015 this and other promises will remain unmet.
We live in a period in which, for the first time in the history of humanity, the possibility exists not only to halve extreme poverty but even to eradicate it. What is noteworthy about the MDGs is that they represent targets to which all countries, poor and rich, have freely and consciously committed themselves. Never before has the world community set itself such concrete, measurable goals – goals, moreover, which must be achieved by a specified date.

The globalisation taking place in our time is in itself unlikely to mean an end to extreme poverty. Indeed, it has already led to a widening of differences. Hunger and want in a globalising world, a world rich enough to prevent these things, is unacceptable. If this is to be changed, a great many things must happen. The role which the Netherlands can play in this is, logically enough, modest, but nevertheless far from negligible. In this report my party sets out how we believe our country can work towards the halving of extreme poverty in the world by 2015 and its eradication in the somewhat longer term, and how we can strive for a true form of international solidarity.

The SP has long formed part of the movement for a different globalisation. We gave our help and support to the ANC in the very first election in which they were able to participate and have for some years been represented in both the European and World Social Forums. Our views are nevertheless often described as ‘anti-globalisation’, but the reality is more accurately summed up thus: we are searching for a more genuine international solidarity.
A better world starts now!

Jan Marijnissen

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- The Netherlands should commit itself to reducing the cost of financial transfers in conformity with the Van Bommel-Ferrier resolution (proposing that steps be taken to reduce the high costs to migrant workers of sending money home via financial institutions, i.e. in the form of remittances).
- The Netherlands should commit itself to a significant enlargement and improvement of debt cancellation for the poorest countries

1. PROPOSALS FOR A BETTER INTERNATIONAL SOLIDARITY POLICY FOR THE NETHERLANDS

The Millennium Development Goals (MDGs) are not seen by the SP as sacred cows, and we believe that criticism of them is warranted. Many people find that they represent an appallingly ‘top-down’ approach which would strengthen the grip of the international financial institutions (IFIs) rather than loosening it. They fear also that improvements in public services such as health care and education will be put in jeopardy after 2015 because no further financing will then be available. The most important criticism, however, is that the MDGs are not merely overly modest, but actually totally inadequate. If we were to succeed in having halved the incidence of poverty by 2015 – which is by no means certain – this would nevertheless leave 50% of 1.2 billion people to live on the equivalent of less than a dollar a day. Or say that we were to exceed the target and no-one had any longer to live on less than a dollar a day - this would still leave two billion people surviving on between one and two dollars a day – not exactly a fantastic performance. We might, moreover, doubt the reliability of the results, given the fact that it is often extremely difficult to gather statistical data in developing countries. After all, if it is not even certain how many children actually live in a country such as – to take just one example - Congo, how will we be able, in 2015, to determine whether half of them are at school?

The MDGs have nothing to say, also, about inequality in the world, and they do not tackle this inequality. Finally, you have to ask yourself how useful goals are without a strategy to achieve them, including an analysis of what has gone wrong in the past.

Despite all of this, what is exceptional about the Millennium Development Goals is that they are based on worldwide cooperation which emphasises the responsibilities of the ‘developed’, as much as those of the developing, countries. The goals stated are not only endorsed by governments, but also by civil society, including development NGOs. For this reason, and despite the telling criticisms which can be made of them, the SP is willing to accept the MDGs as guidelines for the purposes of this memorandum.

Extreme poverty has many faces. In addition to hunger, extreme poverty leads to inadequate or non-existent access to such things as education, clean drinking water and basic health care. That is why the halving of the number of people who must manage on a dollar a day is only one of the Millennium Development Goals. Others

include, for example, the halving of the number of people suffering from hunger, elementary education for everyone, and drastic reduction of infant- and maternal mortality.
The different faces of poverty are connected. Poverty leads to poverty. Children growing up during periods of food shortage suffer an irreparable lag in the development of their brains. Because of this they fall permanently behind, even into adulthood. Malnutrition leads to a greater susceptibility to illness. A lack of clean water leads to disease. Long term illness due to inadequate access to health care leads to a loss of income. A low income leads to inadequate access to health care. Children who do not go to school are extremely likely to have to live, just as their parents have had to live, in extreme poverty, because their opportunities on the labour market are so restricted. Extreme poverty is a trap from which it is difficult to escape. The same is true for extremely poor countries, but on a larger scale – the poverty in which they find themselves mired is difficult to escape.

A great number of Asian countries have, nevertheless, in recent decades and with growing success discovered how to pull this off. It is important to note that more than half of the world's population lives in these countries, with a third living in just two, India and China, where economic growth has in recent years been persistently the world's highest. It would therefore appear that the halving of the number of people who must live on less than a dollar a day is one of the few Millennium Development Goals which may be achieved. Thanks to rapid growth in Asia, the number of people worldwide on this income level fell from 32% in 1990 to 19.2% in 2004 and will probably be below 16% by 2015.

These impressive figures also reveal, however, that since 1980 many countries in sub-Saharan Africa have remained almost as poor as ever, or even fallen further into poverty. The number of people in sub-Saharan Africa living on less than one dollar a day amounted in 2004 to as many as 41%. The aim of reaching the target of a reduction of this figure to 22% will not, by some distance, be achieved. Worse still, it is probable that in sub-Saharan Africa not a single MDG will be achieved. If twenty years ago the world's poorest countries were spread over Asia, Africa, Central- and South America, today they are principally to be found in sub-Saharan Africa. Extreme poverty in the world has, in other words, been 'Africanised'. Every year the United Nations Development Programme (UNDP) publishes its Human Development Report, which includes the so-called Human Development Index (HDI). This index measures the average performance of a country against three dimensions of human development: a long and healthy life (access to health care); knowledge (access to education); and a decent standard of living. It gives a fair overview of how well – or badly - each country is doing.

The obvious question is why Africa does not follow Asia's example. There are a large number of possible explanations for this. The most important is that Africa is simply too poor to be able to drag itself out of poverty. In Asia there had always existed relatively rich cities capable of pulling the countryside upwards. In Africa that is scarcely the case. Because agriculture is less productive than in Asia, there have been smaller food surpluses, meaning that fewer large cities could exist there. Even now, a relatively large part of the population of sub-Saharan Africa is made up of rural dwellers. In addition, Asia has had relatively strong states capable of promoting the development of industry and the export sector under government leadership. African states have been and remain comparatively weak, partly as a result of their colonial history. Frequent wars, many of them civil wars, ensure that this persists, as a kind of reverse development. Many African countries are landlocked, so that

Table 1. Human Development Report Index 2006

	Ten highest placed countries on Human Development Index	Gross National product per head of population (US$ 2004)
1.	Norway (0,965)	38.454
2.	Iceland (0,960)	33.051
3.	Australia (0,957)	30.331
4.	Irerland (0,956)	38.827
5.	Sweden (0,951)	29.541
6.	Canada (0,950)	31.263
7.	Japan (0,949)	29.251
8.	United States (0,948)	39.676
9.	Switserland (0,947)	33.040
10.	The Netherlands (0,947)	31.789

Table 2

	Ten lowest placed countries on Human Development Index	Gross National product per head of population (US$ 2004)
1.	Niger (0,311)	779
2.	Sierra Leone (0,335)	561
3.	Mali (0,338)	998
4.	Burkina Faso (0,342)	1.169
5.	Guinee-Bissau (0.349)	722
6.	Central African Republic (C.A.R.) (0,353)	1.094
7.	Tsjaad (0,368)	2.090
8.	Ethiopia (0,371)	756
9.	Burundi (0,384)	677
10.	Mozambique (0,390)	1.237

Source: http://hdr.undp.org/hdr2006/statistics/indicators/5.html

transport costs for their export sectors are high. Africa has in addition been extremely badly hit by Aids, having the world's highest incidence of the disease. In some countries life expectancy has fallen below forty, and death rates are high amongst the working population. Malaria occurs everywhere in the tropics, but the deadliest forms of the disease are found in sub-Saharan Africa. In recent years African countries have, largely due to higher prices for raw materials, seen relatively high rates of growth. Whether this growth is sustainable is, however, open to question. High growth rates are often found in countries which have just emerged from civil war and so what is occurring is not so much development as reconstruction.
The Netherlands' policy in relation to international solidarity should therefore be concentrated on the least developed countries – primarily, though not exclusively, in sub-Saharan Africa. The least developed countries form a category of some fifty states which in global terms suffer from the most serious lag in development. International solidarity can make a difference in such countries, helping them to escape the poverty trap. Also, even if in absolute terms most poor people are still found in South-East Asia, on the basis of rapid economic growth it can be expected that countries in this region will be able to drag themselves up out of extreme poverty. In sub-Saharan Africa, where approximately a seventh of the world's population lives, this is scarcely possible. For the time being the region's countries will be dependent on external assistance. It is precisely because of this, however, that the Netherlands' policies should be organised differently. These countries should be the focus of attention, especially as regards bilateral policy – i.e. direct support from the Dutch state to the governing authorities of a developing country – but also for the multilateral policies – i.e. support from a number of countries to a particular state - that the Netherlands pursues via institutions such as the World Bank, the IMF and the UN.

- **Attention should be exclusively focused on the least developed countries, particularly those in Africa**

Table 3 The 50 least developed countries

Afghanistan	D.R. Congo	Cape Verde	Myanmar	Sierra Leone
Angola	Djibouti	Laos	Nepal	Sudan
Bangladesh	Eq. Guinee	Lesotho	Niger	Somalia
Benin	Eritrea	Liberia	Uganda	Tanzania
Bhutan	Ethiopia	Madagascar	East Timor	Togo
Burkina Faso	Gambia	Malawi	Rwanda	Chad
Burundi	Guinee-Conakry	Maldives	Sal. Islands	Tuvalu
Cambodja	Guinee-Bissau	Mali	Samoa	Vanuatu
C.A.R.	Haïti	Mauritanië	Sao Tomé & Pr.	Yemen
Comoren	Kiribati	Mozambique	Senegal	Zambia

Source: http://www.oecd.org/dataoecd/43/51/35832713.pdf

Dropping the 'partner country' policy

In order to have a more significant impact on the poorest countries in, above all, sub-Saharan Africa, the Netherlands must abandon its present 'partner country' policy. Currently, thirty-six countries receive bilateral support from the Dutch state. Only sixteen of these are in Africa. This means that more than two-thirds of the African continent receives, as things stand, no (bilateral) support from the Netherlands. The existing partner country policy appears, moreover, somewhat arbitrary, with countries such as South Africa and Egypt being on the list of countries accorded this status, despite the fact that – though both may be in Africa – Egypt is not amongst the very poorest countries while South Africa is not even officially designated as a developing country. The average income in South Africa is more than fifty-four times greater than that of Sierra Leone, which does belong on the list of the poorest countries, while that of Egypt is seven times as great. And why should a country such as Zimbabwe be disqualified on the grounds of bad governance while at the same time Guatemala does receive bilateral support, despite the use of death-squads by its authorities to murder, with impunity, hundreds of homeless youths?

The 'partner country' policy also gives support to countries, however, which are already on the right path and which are relatively well-governed – a policy known as 'backing the winners'. The people of countries which suffer under poor governance and those from countries who fail for other reasons to qualify are let down by this policy. Why should the people of a country such as Guinea-Conakry be punished twice? The people there have for two decades suffered under dictatorial rule and for this reason now receive hardly any form of foreign aid. It would be better to see every one of these fifty least-developed countries as partners.

Having a relatively good administration is, to far too great an extent, seen as a sine qua non for development. Yet, far more often, good governance is more the result of development than its cause. Poor administration need not always, moreover, stand in the way of of development. Bangladesh, for example, a relatively corrupt country, has nevertheless had year after year of strong economic growth. And that good governance does not always lead to development is shown by a country such as Mali, with its comparatively good and uncorrupt administration which, despite these advantages, has over the last few decades sunk further into poverty. Good governance has a great deal to do, for example, with the availability of sufficient financial resources to enable the state to pay reasonable salaries to officials so that they are not only competent but able to avoid corruption. It is therefore better to select countries on the basis of ''good enough' governance', a criterion that takes more account of a country's economic and cultural context and bases itself on a minimum acceptable level of performance by the state, as well as the involvement of civil society - 'good enough' governance that does not lead to a serious reduction in economic growth, or hinder political development. Under such conditions, initiatives for the alleviation of poverty can bring about real progress.

- **The current arbitrary 'partner country' policy must be reviewed**
- **A change of emphasis from 'good governance' to ''good enough' governance'**

Other forms of aid

The above is not intended as a plea for financial support for misgovernment and corrupt administration. That would be a waste of resources. In countries with really poor governance it would be better to look to other forms of support rather than seeking to avoid the problem completely. These other forms of support could consist of (financial) support to local authorities, to NGOs, religious bodies (where involved in political activities), trade unions, and members of parliament independent of the government. Support could also be possible for the training of an independent judiciary and for small businesses, in the latter case through supplying managerial personnel for training and the exchange of experience. In countries which fulfil the criteria of 'good enough governance', budgetary support has advantages over too great an emphasis on individual bilateral aid. A situation must be avoided in which all donors are concentrated in certain countries while in others, where things are a little more precarious, no donors whatsoever are to be found.

- **Other kinds of aid which bypass the state authorities in countries with poor governance**
- **Budgetary support should be preferred in countries with 'good enough' governance**

State support, accountability and ownership

We must arrive at a situation in which every developing country has at its disposal a single national programme to combat poverty. This would put an end to the existence of a range of different poverty programmes and projects in any given country, such as those under the aegis of the United Nations, the IMF, the World Bank, the EU and so on.

The most 'important' programmes to combat poverty in the least developed countries (LDCs) are at present the so-called Poverty Reduction Strategy Papers (PRSPs) of the World Bank and the IMF. The least developed countries in theory write these PRSPs themselves, but in practise they are largely prescribed by the IMF and

World Bank. This is partly because the PRSPs are linked to loans, donations and debt cancellation from these institutions. The consequence of this is that the international financial institutions in fact determine their contents, although the original idea behind them was that developing countries would themselves be the ‘owners’ of these programmes, developing their own strategies to combat poverty.
Developing countries can attract donors only by making their financing, including debt cancellation, secure. This rules out any programme to combat poverty developed and carried out by all sections of the population. Yet programmes which are not carried out by the people are more susceptible to corruption. In order to win popular support for anti-poverty programmes, developing countries must themselves be in control of these programmes, and they must be responsible for their own policies, in particular economic policies. This would also take just account of the differences among developing countries, something which cannot be said of the blueprints laid down by the IMF and World Bank. The Zero Hunger Programme (‘Fome Zero’) of Brazilian President Lula is a good example of correct practice: a single nationally-developed plan, broadly carried out by all sections of the population, and directed at every aspect of the struggle against poverty. (For more information see www.presidencia.gov.br/ingles/main-programs/)

In practice this will probably mean that this will be possible only in countries where there is ‘good enough’ governance. The national programmes to combat poverty would be established by the government of a developing country for a period of four years. National authorities would design these programmes themselves, but this should be done with the approval of the country’s parliament and in close cooperation with civil society and the UN (including the World Bank and IMF). The national character of the programmes would at the same time be strengthened. Such a tripartite approach would also prevent authoritarian governments from having too much leeway. The fear that this will occur is well-founded, as has been shown by the well-known examples of African ministers of health giving priority to a CAT-scan for the hospital in the capital city over thousands of malaria-preventing mosquito nets for rural areas. But the neoliberal World Bank and IMF, who to a large extent direct their energies at rapid liberalisation and privatisation of the economy, also have skewed priorities. It is moreover of the highest importance that not only the involvement of national parliaments be increased, because these institutions are often relatively weak, but also that of civil society. In order to prevent donors from throwing good money after bad, debt cancellation must be tied to the national programmes to combat poverty. Countries which are unable to achieve the MDGs without getting themselves further into debt must now finally receive such debt relief.

The national programmes to combat poverty should provide a framework for all donors, including charitable institutions such as the Gates Foundation or the Global Fund.
In countries where democratic and efficient governance exists, direct support of the state is better than any other kind of programme. Countries receiving support on the basis of their national programmes to combat poverty should be accountable both to donors and to their own populations. The latter are of at least as much importance, as the shirking of responsibility by the national authorities must be avoided. An end should be put as quickly as possible to all double or triple responsibilities to which governments of developing countries are currently subjected. An example of this is the Tanzanian authorities’ obligation to produce 2,400 reports per quarter in order to satisfy hundreds of different donors.

On the basis of the national programmes to combat poverty, developing countries must be subject to a single, once-and-for-all assessment, while specific responsibility in relation to bilateral contributions to programmes conducted multilaterally must be abolished. Financial responsibility is important, but once-and-for-all assessment is sufficient. This would prevent countries having to spend more time on bureaucratic red tape than on combating poverty. It would also reduce the risk of developing countries turning to donors such as China, which impose considerably fewer conditions, for example in the area of human rights.

- **Work towards a single anti-poverty programme per country**
- **Increase the involvement of national parliaments and NGOs**
- **Put a stop to double and triple accountability for aid**

Bilateral, multilateral and other forms of aid

The jumble of existing programmes, projects and organisations does not do anything for the effectiveness of development policy. We must for this reason move towards a more coordinated and harmonised form of aid. This implies that ways must be sought to distribute both bilateral aid and (a portion of) multilateral aid via national programmes to combat poverty. Multilateral aid ought to be principally directed at the creation of global public provision, for example of such things as medicines to counter tropical diseases.

It is undesirable for all sorts of ‘intermediary layers’ of aid provision to exist and to continue to be created, as these bring with them a major risk of new and different demands being placed on state authorities. In addition, and still worse, these can work in a counterproductive manner: projects can be reproduced, or policies promoted which are at odds with the achievement of the MDGs. For this reason the development aid given by the European Union, for example through the European Development Fund (EDF) or the Development Cooperation Instrument (DCI) should be phased out and incorporated into the multilateral aid given by the UN, or its agencies the World Bank and IMF.

This would have the advantageous side-effect that contributions to the practical combating of poverty and the achievement of the MDGs could be increased. As things stand, too much of the money spent by the Europe Union on development goes on bureaucracy, or on the defence of the EU’s own interests. Consider, for instance, the stemming of migration from Africa, of the war against terrorism, or of trade. In 2005 the majority of aid moneys distributed by the European Commission went to the transport sector (to be spent on road-building etc), with the profits of European corporations being the biggest beneficiaries. On the two most important MDGs, those concerning education and health care, the least is spent. (For more information see The EU’s Footprint in the South: Does European Community Development Cooperation Make a Difference for the Poor?, [Caritas and Cidse, March 2007])

- **More coordination and harmonisation of aid**
- **Aid should be either bilateral or multilateral**
- **Phase out European development cooperation via the EDF and DCI**

Emergency Aid

A particular form of multilateral aid, emergency aid is primarily directed at immediate threats to human lives, threats which fall outside the scope of national programmes to combat poverty, such as the consequences of the violence of war, ethnic cleansing, natural disasters, epidemics, repression and so on. Disasters, particularly those resulting in food shortages, are often foreseeable long before the event and would have less damaging and expensive consequences if intervention is timely. An example of this was the plague of grasshoppers which ravaged the Sahel in 2005. The UN has calculated that had preventative measures been taken at the time, it would have cost the world only a million dollars a day to bring the situation in a country such as Niger under control while it in fact, once the plague was raging at its full intensity, cost eighty times that amount. Prevention thus pays, quite apart from the many unnecessary deaths which occur if preventative measures are neglected. Yet in the face of such disasters organisations are too often dependent on the goodwill of donors. This must be ended. In addition to the annual fixed percentage given over to emergency aid, an amount should be reserved to make possible the provision of such aid at an earlier stage, the aim being to prevent worse disasters from occurring.
Even in those countries where one cannot possibly speak of ‘good enough’ governance, a form of emergency aid can offer a solution to problems in some situations. The UN disaster fund established in 2005, would be ideal for this purpose, but financing for this fund must no longer be on a voluntary basis.

- **Increase the Netherlands’ contribution to the UN disaster fund**
- **The member states’ contributions to this should not be voluntary**

Change the Co-financing System and Enhance the Role of Development NGOs

International solidarity is a task for state authorities and should not be left to the market. The co-financing system, introduced by Development Minister Agnes van Ardenne, established an obligation for development NGOs to provide a proportion of their own funds if they wished to be considered for state financial support. This system should be ended, as it forces the NGOs to waste their time and energies on competing amongst themselves. Moreover, a great deal of money that would be better invested in development goes instead on advertising aimed at attracting more donors. Development NGOs can play an important role, especially if they make use of local people and avoid overlapping in their activities. The role of Dutch development organisations is to facilitate this, to cooperate and monitor, but also to report back to the Dutch state authorities.
Activities carried out by development NGOs using Dutch development money which are not directed towards the achievement of the Millennium Development Goals should be phased out. We are referring, amongst other things, to the festivals held in Europe and financed from development moneys with the aim of making young people aware of the problem of Aids in Africa, grants for students in higher education who do not come from the least developed countries, photographic exhibitions and the organisation of sporting events. For private organisations these activities would nevertheless of course remain possible.
Because the abolition of the co-financing system would mean that a reduction in the costs of fund-raising, information campaigns and marketing could be expected to fall, and because high salaries and variables bonuses (such as performance-related payments) are undesirable in the public sector, development NGOs which receive state finance should be obliged to achieve a standard in which a minimum of 90% of their total financial outlay is spent on programmes in the field, which is to say in developing countries.

- **Put an end to the co-financing system**
- **Make the financing of NGOs more dependent on their contribution to realising the MDGs in the poorest countries**
- **Development organisations must achieve a standard in which a minimum of 90% of their total financial outlay is spent on programmes in the field**

International solidarity is no export subsidy

The stimulation of the private sector in developing countries is of great importance. The Dutch state authorities currently spend 8.5% of their development moneys on programmes aimed at private business, In addition, export credit assurances and investment guarantees are financed from the budget for development cooperation. If a Dutch company, following the delivery of goods to a developing country, is unable to collect the money for these goods, that company receives compensation which is paid out of the development budget. Yet the profits from the assurance go into general funds, or to the finance ministry. This must be stopped: the writing off of export credit debts should no longer be financed out of the budget for development cooperation. In addition, export credits should be more directed towards the creation of sustainable employment in developing countries, which means, amongst other things, that export credits for the arms trade must be abolished. So-called 'tied' aid, currently granted by means of business-based programmes, should also be ended. Forcing firms in developing countries to do business with Dutch firms must be stopped. This would prevent international solidarity from being reduced to a subordinate goal of the subsidising of business in the Netherlands, a phenomenon which reduces unnecessarily the effectiveness of policy.

- **Discharge of export credit debts must no longer be taken from the development cooperation budget**
- **Enhance the sustainability of export credits**
- **Put an end to tied aid**

Stop the militarisation of export credits

This same reasoning applies to the activities carried out by the defence ministry under the guise of development cooperation. Former Minister of Development Cooperation Agnes van Ardenne was, within the Organisation for Economic Cooperation and Development (OECD) – the body which determines how development aid is defined – the most important voice promoting the debate around the broadening of the definition of 'security tasks'. The training of police and the military of developing countries and the financing of peace-keeping activities falls, as a result, under the heading 'development aid'.

Peace, security and development are certainly linked, but military affairs and other matters which have nothing to do with the struggle against poverty, or at least no direct link to it, must not be allowed to fall within the definition of development. For these, no development moneys should be used and the watchword should be, 'if the military is doing it, then the defence ministry should be paying for it.'

- **No financing of military activities from the budget for development cooperation**

Effectiveness is important, independent evaluation advisable

On both the national and international level, discussion of the effectiveness of development aid is growing. Development aid is therefore a much-evaluated sector. It is important and advisable that evaluations are conducted independently, and that a rose-coloured picture of reality is not created that is at odds with the actual situation, simply because officials are concerned to keep their jobs. At the same time, misunderstandings regarding the effectiveness of development cooperation are commonplace. Research has shown that over 70% of concrete aid projects do in fact achieve their stated aims, while a third actually exceed their original concrete targets. (Sources: R.Bodelier en M.Vossen, Hulp, waarom ontwikkelingssamenwerking moet, groeit en verandert, 2007 [“Aid – why development cooperation is necessary, growing and changing”]; Robert Cassen Does Aid Work? Report to an Inter Governmental Task Force, Oxford, 1994; Paul Mosley, Overseas Aid: Its Defence and Reform, Brighton 1987)
It must also be noted that development cooperation does not always lend itself to a simple input-output measure, because it increasingly concerns matters which are difficult to assess in this way, such as state capacity-building. The measure of the effectiveness of development cooperation is, however, certainly important and independent evaluation is to be advised.

- **Effectiveness is important, independent evaluation adviestabel**

2. PROPOSALS FOR DEMOCRATISATION OF INTERNATIONAL INSTITUTIONS DEMOCRATISING THE WORLD BANK AND IMF

The IMF and World Bank must be democratised. Instead of one dollar one vote, the principle should be one person one vote. For important decisions within the two institutions, a qualified majority of 85% is currently required . The United States, where around 5% of the world's population lives, has a 17% share of the votes, as well as the right of veto. Africa, with around 15% of the world's population, has barely 4% of the votes. Democratisation of these institutions would mean that developing countries would gain far greater influence. The Council of Ministers of the IMF and the World Bank must be thoroughly reorganised in order to ensure that all members states are able to represent their interests on an equitable footing. There should, for example, be no more than ten countries to each constituency, where ministers are elected who then take the important decisions. The rotation of members of the Council amongst all countries of the constituency could also be introduced. In addition, the neoliberal tradition that the head of the IMF must by definition be a European while the head of the World Bank must be American, should be immediately abolished. Ideally people from developing countries should fill these posts, as these would have more experience and therefore more understanding of the type of problems with which the IMF and World Bank deal.

- **Strengthen the position of developing countries, including the very poorest, in the International Monetary Fund (IMF) and the World Bank**
- **Democratise the Council of Ministers by giving developing countries a bigger say**
- **Put an immediate end to the neocolonial tradition that dictates that a European heads the IMF while an American heads the World Bank**

WTO

Within the World Trade Organisation, every country has a vote. In theory this makes it more democratic than either the IMF or the World Bank. In practice, however, it turns out that behind the scenes the most important decisions are taken by the G20, a body which includes, amongst others, the US, the EU, Japan and a number of the larger developing countries such as Brazil and India. In comparison with the past, the fact that major developing countries now play an important role does represent an improvement. The blockage imposed by them in Cancunin 2003 is a clear illustration of the fact that the rich countries can no longer act independently to lay down policy.
There remains, nevertheless, a great deal of room for improvement. The Netherlands should be making much greater efforts to support the smaller developing countries at the extremely complicated WTO negotiations. In addition, the WTO's 'dispute settlement procedure' needs drastic reform. Where the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT) required agreements to be approved unanimously, the situation has now been reversed: WTO agreements can now be rejected only in the face of unanimous disapprobation. The dispute settlement procedure must be improved and made more transparent, for example by ensuring that the costs of a procedure do not represent an obstacle for the least developed countries, by increasing the representation of people from developing countries on dispute settlement panels and by taking into account the specific problems of the least developed countries.

The dispute settlement procedure forms the apex of an organisation which frustrates progressive legislation in almost every policy area. This procedure must for this reason be thoroughly revised. The revoking of panel verdicts should henceforth no longer require unanimity but instead should be possible by qualified majority. In addition, members of these panels should be required to meet more stringent selection criteria designed to ensure that they are expert in the areas on which they must pass judgement, including matters outside trade policy in the strict sense of the term.

The WTO is not a UN institution, which is illogical. It should be transformed into a specialised UN body like the IMF or the World Bank, under the supervision of the General Assembly.

- **Make the World Trade Organisation into a normal UN body**
- **More technical support at WTO negotiations for the poorest and smallest developing countries**
- **Strengthen the position of the member states in dispte settlement procedures**
- **Improve the system of dispute settlement**

The IMF

A World Financial Authority (WFA) should be established under the authority of the United Nations. Amongst other tasks, this WFA should exercise supervision over the activities of the IMF and the World Bank. The IMF should concern itself only with instabilities in the balance of payments of member states; this means that instead of, as at present, exclusively directing its attention towards countries - generally developing countries - experiencing deficits in their balance of trade and current accounts, but also towards countries – such as the

Netherlands – with major and long-lasting surpluses or deficits, instabilities which should also be reduced. In this way another phenomenon could at the same time be to some degree addressed, that of 'reverse development aid', a collective title for each and every kind of wealth and capital transfer from poor countries to rich. So, for example, the national debt of the United States currently amounts to $9 trillion, a deficit financed through poor countries' surpluses

In addition to the IMF, a new international investment fund should be established (financed, for example, with the proceeds of a Tobin tax) with the purpose of extending long-term investment credits to state and private enterprises in developing countries. Such a fund would need to ensure that the poorest countries, where the need for productive investment is many times greater than can be met by the available amount of national savings, have access to international capital. This fund should come under the supervision of the UN.

The IMF should also confine its activities to the extension of short-term credit to countries experiencing balance of payments problems. Demands for long-term loans for 'structural adjustment' must be abolished.

The conditions under which the World Bank gives out loans should also either be done away with or made more flexible. This applies first and foremost to demands concerning liberalisation, privatisation and the rapid reduction of state deficits. Often, these demands of the IMF and the World Bank work against the achievement of the MDGs. There is, for example, in several African countries a serious shortage of doctors and nurses because the IMF has imposed a ceiling for spending on health care personnel in order to force down deficits. Yet in order to achieve the MDGs, Africa needs a threefold increase in medical personnel levels. A country such as Zambia was in 2006 allowed to recruit only 800 nurses, despite needing at least 10,000 in order to reach the WHO recommended minimum. Chronic underinvestment leads moreover to a brain drain of medical staff from developing countries to Europe and the Middle East. According to an enquiry under the 'joint learning initiative' in cooperation with the WHO and the World Bank, the brain drain of medical auxiliaries to western countries has serious consequences for the spread of HIV, tuberculosis and malaria. The IMF and the World Bank should be taking the MDGs as their starting point. Debt cancellation should also be tailored to this and state spending as far as possible adjusted accordingly.

- **Establish a World Financial Authority (WFA) with responsibility for supervision of the IMF and World Bank**
- **The IMF should concentrate on extending short term support to countries experiencing shortfalls in their balance of payments and no longer involve itself in long terms loans for 'structural adjustment'**
- **The IMF should also direct its attention towards countries with major balance of payments surpluses, such as the Netherlands**
- **An international investment fund under the supervision of the WFA should henceforth extend long term loans to countries experiencing shortages of capital**
- **In relation to poor countries the IMF must take as its starting point the achievement of the MDGs, even if this could lead to higher inflation**

The World Bank

Large-scale infrastructure projectsof the kind which are at the present time in favour with the World Bank can make sense because of the economies of scale offered by the World Bank in relation to just this sort of plan. Because of the fact that the World Bank has at its disposal extensive resources and specialised knowledge, to a much greater degree than is the case for separate bilateral donors, it is better equipped to, for example, build a major road. It is not unusual, however, for such projects to have negative social and environmental effects, especially when it comes to the extraction of natural resources, and energy-related projects, as is shown by the World Bank's own so-called "extractive industries review report." This report includes an independent evaluation of the role of the World Bank in financing the oil and gas extraction sector and mining industries. It shows that a clear differentiation must be drawn between different types of infrastructure. The so-called "resource course" – the phenomenon of countries rich in natural resources which often have to deal with low economic growth, corruption and war – must to as large an extent as is possible be avoided. The World Bank should involve itself exclusively with sustainable energy projects, or energy projects which do not contribute to climate change. The World Bank and the IMF must cease promoting liberalisation and privatisation, especially when these affect public services. Via projects such as the Public Private Infrastructure Advisory Facility (PPIAF), the World Bank promotes the privatisation of water in developing countries. In a country such as Ghana this has led to a situation in which thousands of poor people are excluded from the water supply and forced to use water which is unsafe. And this same Ghana is also, because of an eradication of import duties enforced by the IMF, flooded with frozen chicken parts from Europe, resulting in the complete destruction of the local poultry sector. Such policies stand squarely in the way of any chance of achieving the goal of halving poverty.

Where the World Bank ought to be directing its attentions is towards the creation of global public provisions. Research into and production of medicines and vaccines against tropical illnesses plays a special role in this. Around a third of the world's citizens had, at the end of the 20th century, no access to essential medicines. There are simply no medicines available where they live, or those which are available are unaffordable to the mass of the population. In addition, according to the WHO, fewer than one in ten research projects concern diseases affecting more than 90% of the world's population.

Instead of spending money on the alleged improvement of the operation of the market economy in medicines and the buttering up of a few pharmaceutical multinationals by means of the Advanced Market Commitment (AMC), the World Bank should take this task on to itself, preferably in cooperation with enterprises in developing countries, so that the money which it donates would do some good and the economies of these countries would be stimulated. The expectation of lower structural costs in developing countries would mean, moreover, that more people could be helped. Extra finance for medicines in developing countries could, furthermore, be released by demanding a contribution from the pharmaceutical industry, for example of a certain percentage of the revenues produced by new medicines for the market in rich countries. This could then be invested in development of medicines for developing countries.

- **Large-scale infrastructure projects can make sense. The World Bank would be better withdrawing from the extractive industries**
- **World Bank and IMF must stop promoting and demanding privatisation and liberalisation. The Netherlands should withdraw from the PPIAF**

- **The World Bank should concentrate on global public provision of such things as vaccination and medicines to counter tropical diseases**
- **No subsidies for the western pharmaceutical industry (AMCs) but as far as possible public development under the leadership of the World bank. From the pharmaceutical industry a contribution could be required, for example of a certain percentage of the profit from new medicines aimed at wealthy markets to be used for the development of medicines for developing countries**

Help the United Nations to Progress

The world is changing and this means that the United Nations must also change. It cannot continue on the basis of the relations which prevailed in 1945. The UN works as both a pacifying element and a buffer, but the effectiveness of this is far from sufficient and, as a result of this, support for the organisation is collapsing. In order to increase confidence in the UN steps should be taken to enhance the influence of the General Assembly. The Security Council must be subject to far-reaching reform. A better world can only be achieved through a fairer distribution of power. We want to see the Netherlands standing up for the democratisation of the Security Council and the restriction of the right of veto, by which means the omnipotence of the great powers would be reduced. This would in turn mean that the mass of the world's population would know that they were represented within the UN and that policies could be put in place which would enjoy far greater support internationally. We want to see the Netherlands striving to ensure that the UN gives greater priority to combating poverty and disease and that it has more resources for these purposes. Currently, however, the Dutch government stands on the opposite side of these debates. They are reluctant to accept the decisions of the Security Council, referring to this as 'relevant multilateralism'. If multilateralism doesn't suit them, they pursue a unilateral course. In practice this means following American adventures, the war in Iraq providing a catastrophic example of this. This is not the way to strengthen the UN as a whole, but to undermine it.

In order to enhance the UN's effectiveness, particularly in relation to combating poverty, the excessive number of sometimes overlapping mandates must be greatly reduced. The UN should identify a few core themes and assign these to its agencies. This would at the same time reduce competition of the kind which currently prevails between the various UN institutions. The way in which the UN operates in many developing countries is also due for fundamental revision. There should be one single office in each country and fewer prestige symbols, such as land cruisers. An independent evaluation of the performance of the various UN agencies is also needed in order to discern whether each of them could not be made more effective and more efficient. There is little turnover of staff in these agencies, largely due to the disproportionately high levels of salaries paid. This also attracts highly trained personnel, to the detriment of national institutions in developing countries. This 'brain drain' must be addressed.

- **Strengthen the United Nations General Assembly**
- **Limit the veto right of the United Nations Security Council**
- **Cut back overlapping mandates among UN institutions**
- **A single UN office per country**
- **Tackle the brain drain, which is caused by disproportionately high salaris**

3. PROPOSALS FOR BETTER AND FAIRER TRADE FAIR TRADE NOT FREE TRADE

Fair trade is not free trade. The west, but also many different countries in Asia, developed through protecting their markets, albeit for a limited time, while this is increasingly denied to the poorest countries, primarily those in Africa. This is despite recent studies which have demonstrated that a too rapid liberalisation of trade has cost the countries of sub-Saharan Africa some €209 billion ($307bn/£150bn).(Source: Christian Aid, The economics of failure: the real cost of 'free' trade for poor countries [2005]) State support to, for example, the agricultural sector, is also denied to these countries, while the EU and the United States have been providing such support for decades and continue to do so to an ever-increasing extent. The food supply in developing countries is at issue here, and this should be the priority. An end should be put to the dumping of agricultural products in these countries. Otherwise, we are applying one rule to the rich and another to the poor, as well as giving with one hand – development aid - what we take back with the other – trade. For these reasons separate rules should be applied to poor countries within the WTO, protecting them from free trade. In this way these countries could take advantage of the opportunity to protect their markets (temporarily) in order to develop at their own pace. In the WTO the Netherlands should aim to develop solidarity between Europe and developing countries – including the G90, made up of the smaller of these countries – and in this way shift the emphasis so that more attention is paid to the social consequences of free trade.

The WTO should limit itself to trade in goods and not interfere with investment, culture, or services provided by the state. Market fundamentalism, under which the neoliberal model is the only one permitted to developing countries, must end. So, for example, under the WTO agreement on investments, the Trade Related Investment Measures (TRIMs), developing countries are forbidden to impose rules on foreign investors such as those obliging them to buy a certain percentage of their requisites from local producers. Governments of developing countries must have the right to regulate foreign investors themselves. This is of particular importance now that China is investing more and more in Africa, due to the Chinese practise of bringing in their own personnel, so that their investments create little employment in Africa itself.
In addition the WTO should adopt a declaration to the effect that in the event of serious health crises in a coun-

try, WTO rules must not be allowed to create obstacles to the issuing of compulsory licences. A compulsory licence allows domestic producers to manufacture pharmaceuticals relatively cheaply and without the permission of the patent-holder. It must also be possible for medicines to be imported which have been produced in other countries under such a licence. This would prevent the room for manoeuvre afforded by the TRIPs (Trade-Related Aspects of Intellectual Property Rights) treaty from being thwarted by pharmaceutical corporations. Priority to patients, not patents! The aim of patent protection, to stimulate innovation, must be considered relative to other rights such as access to health care. Such access can be afforded, for example, by means of guarantees in the form of compulsory licences which, in keeping with recommendations from the World Health Organisation (WHO), should be built into national legislation. Yet although this was once again confirmed politically in the Doha Declaration of 2001, the international pharmaceutical industry regularly takes up the cudgels against national protective legislation. It would be best, then, to scrap the obligation for developing countries to apply the TRIPs treaty.

- **The Netherlands should commit itself within the WTO to fair trade by which, as a priority, the poorest countries would be given the space to protect their own markets**
- **The WTO should not interfere with culture, investments, or public procurement**
- **A clear declaration is needed giving developing countries the space to produce medicines cheaply, or to import them, for example in relation to the fight against Aids and Malaria**
- **Scrap the obligatory application of the TRIPS treaty for developing countries**

Abolish export and agricultural subsidies

The World Trade Organisation (WTO) calculates the cost to developing countries of our European agricultural policy to be three times the total level of development aid. The EU is responsible for 90 percent of agricultural subsidies in the world (Source: Jacob Krol, Trouw, [daily newspaper] 05/09/07). In any case, the United States also gives its agricultural sector a great deal of support, but there it is done in the form of credits. This subsidised dumping of agricultural surpluses, whether as exports or as food aid, in developing countries must be ended. To this end western countries' export- and agricultural subsidies should be abolished as soon as is possible. Currently, 15% of agricultural corporations in France, all of them amongst the biggest such firms, receive between them fully 60% of total European agricultural subsidies, the result of a lopsided growth which must be reversed. Income support must be shifted so that it provides a reward for the services which farmers currently provide unpaid to the community, such as management of the landscape, the natural environment and inland waters. Income support for multinationals such as DSM and Heineken should be terminated.

- **European export subsidies should be ended as soon as possible**
- **Other forms of income support should be decoupled from production, for example via support for farmers for landscape management.**
- **Support for multinationals and other large-scale farmers must be halted**

Good access for developing countries:

Free access to western markets for the poorest countries must be extended to include products such as bananas and sugar. The most important export sectors of the African, Caribbean and Pacific (ACP) countries, such as horticulture, fisheries and wood must be given guarantees of tariff-free access, while the escalation of tariffs on other products of these countries must be reversed. Tariffs for raw materials are currently lower than those on processed and finished products. In order to stimulate the industrial development of the economies of the poorest countries, the import of finished products should be encouraged by the lowering of import tariffs in Europe.

- **Better access to the European market for the poorest countries**

Bilateral, regional and multilateral trade agreements

In total there are currently more than 250 regional and bilateral trade agreements covering more than 30% of world trade. The growing number of bilateral and regional trade agreements between the North and the South must be countered, especially in cases where free trade agreements impose demands more exacting than those permitted on the multilateral level of the WTO. An example of this is the Economic Partnership Agreements (EPAs)which the European Union is trying to conclude with its member states' former colonies in Africa, the Caribbean region and the Pacific. These regional free trade agreements, intended to come into effect on 1st January 2008, demand from the ACP countries a market opening of at least 80 percent. This would mean that these countries, should they bring their agricultural sectors below the 20% market protection level, would be trapped before they began inside a traditional division of labour. They would have little possibility to protect their own industries in order to be able to build then up in the way that the Asian countries have done. In addition, they would miss out on considerable state revenues were import tariffs to disappear. As for their industrial sectors, bringing these under the 20% threshold for market protection would mean that these countries would be flooded with agricultural products, many of them subsidised, dumped from inside the EU. In addition to this 80% market opening, according to the European Commission EPAs covering such matters as investments, competition policy, the putting out to tender of state contracts, the provision of public services, trade facilitation, and information protection must be made 'negotiable'. This goes a great deal further than what is required of developing countries by the WTO.

Trade agreements, whether multilateral, regional or bilateral, must acknowledge that developing countries need special treatment allowing them to offer protection to their markets and workers from, amongst other things, the west's subsidised products and dumping practices. In bilateral and regional trade agreements essential services such as education and health care must in addition be excluded from obligatory liberalisation and governments in developing countries must be accorded the right, themselves, to regulate foreign investors. Lastly, sufficient time should be taken during negotiations on new trade agreements to allow developing countries and local civil society the chance to be fully informed.

- **The Netherlands should strive at EU level for to promote workable alternatives to the EPA and other regional free trade agreements**
- **The EU and the Netherlands should be extremely cautious in their approach to ratification of regional and bilateral free trade agreements**
- **In bilateral and regional negotiations matters such as investments, competition policy, state spending and trade facilitation should be dropped**

4. PROPOSALS FOR BETTER FINANCING OF INTERNATIONAL SOLIDARITY STOP THE CONTAMINATION OF THE DEVELOPMENT BUDGET

Despite repeated fine-sounding promises to increase aid to combat poverty, we have seen in recent years, and world-wide, a tendency for the development budget to fall. In 2005 in Gleneagles in Scotland the G8 promised to double development aid to Africa, raising it to 47 billion dollars by 2010. The hard reality is, however, that development aid to Africa from this same group of major industrialised countries has since declined by two percent. According to the former Secretary General of the United Nations the G8 countries had, two years after these commitments were made, redeemed just ten percent of their promises.
Countries which do hold to their commitments and meet the UN's agreed target level for development aid of 0.7% of GNP, turn out in nearly all cases to be contaminating their development budgets, classing as such matters which do not warrant the label "development cooperation" or which concern 'old' moneys distributed in reality in the past, so that they on balance still do not, or barely, each the 0.7%. The EU member states, for example, certainly do not achieve this commitment level; in 2005 more than €12.5 billion, almost a third of the total EU development budget (which in 2005 was €41bn), did not involve any new resources for developing countries. €10.8 billion took the form of debt relief, of which €10 billion went to just two countries, Iraq and Nigeria. € 840 million was spent on relief for first year asylum seekers. A scant billion was spent on overseas students in EU countries. And then you still have to take into account military spending peddled as development cooperation! In short, almost a third of the European development budget did not go on combating poverty in developing countries and therefore made no contribution to meeting the target of halving poverty by 2015. This phenomenon is also known as "aid inflation". The Netherlands' aid inflation amounted in 2005 to €583 million, not including the military spending classed as development cooperation. Of course an end must be put to this. In addition, as well as these 'old' forms of aid we should be looking for new, innovative forms of financing which are less capricious and voluntaristic and more predictable.

- **Put an end to aid inflation in the Netherlands by ending absolution for export credit debts and no longer including military spending as development aid**

Tobin Tax

The free movement of capital – above all of speculative capital – undermine not only policy autonomy, but the whole of the democratic process. There is therefore a great need to limit cross-border mobility of capital. Mobility of finance capital could be restricted by the introduction of the so-called Tobin Tax, a small levy on (speculative) international financial transactions the goals of which would be (a) to limit speculation on international financial markets, thereby reducing exchange rate instability, and (b) to weaken the grip of these international financial markets on nation states. The Netherlands should therefore, following Belgium's example, introduce a law stating that it will introduce a law establishing such a Tobin Tax as soon as this is done by all other European Union countries. The World Financial Authority would be the body responsible for the introduction and application of a Tobin Tax on all financial transactions.

- **The Netherlands should introduce a law obliging the country to adopt a Tobin Tax automatically as soon as such a measure is introduced by the other countries of the eurozone.**

Tackle tax havens

Tax haven Netherlands has, by means of a number of fiscal regulations and a hundred or so taxation treaties acquired a pivotal function in corporate tax avoidance on an international level. Developing countries lose, according to estimates, hundreds of millions of euros annually as a result.
At the national level, the Netherlands should introduce a withholding tax on interest and royalty payments to tax havens. Tax competition between the Netherlands and a number of other European Union member states must cease. The Netherlands must not put into effect the so-called 'group profits box', which allows income from profits from loans to subsidiaries abroad to be deducted and corporations to pay only 5% on the sum of the profits with which the various subsidiary undertakings credit each other. Instead, the Netherlands could use its extensive knowledge of tax affairs to offer more assistance to developing countries to build the capacity of their tax authorities, for example in the framework of the International Tax Dialogue (ITD) programme of the OECD. In addition the Netherlands could help developing countries by supplying them with information regarding potentially damaging tax structures in the Netherlands itself and assisting them in putting these right or in preventing them from occurring.
The Netherlands should, moreover, support the development of an obligatory accountancy standards containing information on corporate tax payments between different countries. The already existing proposal in the form of the International Financial Reporting Standard could to this end be adopted.
Finally, there should be more transparency in relation to the amount of tax paid by corporations in the Netherlands, including an annual report, as already occurs, for example, in the United Kingdom.

- **At the national level, the Netherlands should introduce a withholding tax on interest and royalty payments to tax havens.**
- **The Netherlands must help developing countries by supplying them with information on potentially damaging tax structures in the Netherlands and assisting them in righting these or prevent their occurrence.**

- **The Netherlands should help developing countries by further developing the capacities of their tax authorities**
- **The Netherlands should support the development of a compulsory bookkeeping standard which includes information on tax payments between countries**
- **The Netherlands should limit tax avoidance via the Netherlands by tackling tax havens and obliging companies to be more transparent**

Tax on armaments

Worldwide military spending currently amounts to $1000 billion per annum. This is more than seventeen times as great as the budget for development aid ($58 bn.) A quarter of this military spending goes on the purchase of weapons. Heads of government in France, Spain, Chile and Brazil have proposed that a levy be charged on all transactions involving new and used heavy armaments, including both purchases and donations, whether national or international, the money thus raised to be used in the fight against poverty. The Netherlands must endorse this initiative.

- **The Netherlands should accede to the group of countries seeking to impose an international levy on trade in heavy conventional armaments**

International Finance Facility

In 2005, then British prime minister Tony Blair proposed the establishment of an International Finance Facility (IFF). This would provide a way of financing development aid via loans which would later be rapid with increased support from the wealthy countries. The advantage of the IFF is that it would not require universal participation and could therefore be implemented in a short period. There are, however, a number of drawbacks to Blair's proposed IFF. He would, for example, combine it with liberalisation and privatisation in developing countries. Recent history has shown, moreover, that wealthy countries often fail to fulfil their promises, which will represent an enormous burden on future generations in developing countries. The International Finance Facility could, therefore, be a means to increase and improve aid in the short term, but is an instrument which needs more careful elaboration.

- **The Netherlands should commit itself to the elaboration and improvement of the IFF**

Global and 'local' money for the financing of the fight against poverty

'Special Drawing Rights' (SDRs) consist of rights, distributed by the IMF, to draw on convertible currency, in fact a sort of global money in embryonic form. Embryonic, because the number of Special Drawing Rights is, for the time being, extremely limited. The value of the SDRs is linked to the value of a so-called 'basket' of the world's principal currencies. In view of the fact that developing countries are often faced with long-term instability in relation to their export earnings and the flow of private capital, the systematic apportioning of SDRs could help address and relieve such sensitivity and thus provide an instrument for combating poverty. The spending of new, unconditional drawing rights in order to finance anti-poverty programmes would at the same time carry the

advantage that it would stabilise the financial markets.
In addition to global money for the financing of the fight against poverty there exists the recently well-publicised micro-finance, which can also be put to this purpose. Microfinance consists of, amongst other things, small loans (microcredit) and insurance and savings products aimed at the poor. These can ensure that poverty is combated by enabling poor people, for example, to establish their own small businesses, or to secure health insurance where previously no money was available for this. That there must be sufficient money to finance such programmes is therefore self-evident. At the same time it must be recognised that microfinance is no panacea. Because interest rates are often extremely high, the money is primarily used for consumption rather than productively and fails to reach the very poorest, or enough of the very poorest, people.

- **The Netherlands should commit itself to the broadening of SDRs for the financing of the Millennium Development Goals**

Reduce the cost of remittances for migrants

Internationally, migrants send enormous amounts of money back to their home countries. Via official channels – banks – this amounts to around €204 billion, while via informal channel, such as friends and family members, an additional sum of perhaps €150 billion is transferred. Research has shown that as a result of this transfer of moneys the number of people living below the poverty line is reduced by more than 20 percent. The problem is that these monetary transfers, made via transaction offices such as Western Union, are extremely expensive, with charges varying from 15% to 20%. A great deal of the money this remains in the hands of big banks. The costs of monetary transfer must therefore be brought down, which could be achieved in a number of ways, including by developing shared networks with the countries involved. The Netherlands must make greater efforts in this direction. This was recognised by parliament in 2005 when it adopted a motion to that effect, the Van Bommel-Ferrier resolution. This has as yet not been put into effect by the government, however.

- **The Netherlands should commit itself to reducing the cost of financial transfers in conformity with the Van Bommel-Ferrier resolution (proposing that steps be taken to reduce the high costs to migrant workers of sending money home via financial institutions.)**

Debt cancellation

Debt cancellationcan also release money for the financing of the drive to halve poverty. In practice this is what seems to be happening, so that thanks to the cancellation of Tanzania's debts millions of children are able to go to school, while in Mozambique all children receive free inoculations against dangerous diseases. Research has shown that as a result of debt cancellation spending on combating poverty in the indebted countries rose between 1999 and 2005 from 6% to 9% of national income.
The problem, however, is that debt cancellationoften turns out to be in effect self-financing, that it is tied to neoliberal conditions and that it applies to far too few countries.
To ensure that debt cancellationdoes not become simply a fig leaf and at the same time that it does not drive debt-ridden African leaders into the hands of China, it needs to satisfy the following conditions:

- **All countries which are unable to achieve a halving of poverty without increasing their debts should be eligible for debt cancellation**
- **All debts, whether multilateral or bilateral, must be cancelled 100%**
- **Debt cancellation should not be subject to economic preconditions**
- **Debt cancellation should be additional to the development budget**
- **All illegitimate debts, i.e. those run up in the past by corrupt leaders with the help and foreknowledge of the west and the World Bank must be cancelled**
- **The Netherlands should commit itself to a significant enlargement and improvement of debt cancellationfor the poorest countrie**

LIST OF ABBREVIATIONS

AMC: Advanced Market Commitment. A financial purchase guarantee mechanism for pharmaceutical corporations to encourage research into vaccines for poverty-related diseases.

DCI: Development Cooperation Instrument. This European development fund is aimed primarily at developing countries in Asia and Latin America and has a number of important themes such as education, health care, the environment and food security. Almost €17 billion is earmarked for the DCI for the period 2007-2013.

EDF: European Development Fund. This is a fund for the so-called ACP countries (Africa, Caribbean, Pacific) with which the EU has a special historical relationship. The EDF budget is fixed for a five year period, and for 2008-2013 it stands at almost €13 billion.

EPAs: Economic Partnership Agreements. Regional free trade agreements between the European Union and its member states' former colonies in Africa, the Caribbean and the Pacific. In these free trade agreements, developing countries are asked to open 80% of their markets.

GATT: See WTO

G20: The group of the world's 19 biggest economies, together with the European Union. A number of large developing countries, such as India and Brazil, are included in this group.

G90: The G90 (The Group of 90) is an alliance of the poorest and smallest developing countries participating in the WTO.

HDI: Human Development Index. This index, developed in 1990 by the United Nations, is primarily a measure of poverty, illiteracy, education and life expectancy in a particular land or region.

IFF: International Finance Facility. This is a way of financing development aid by means of loans and of repaying these at a later date with increased support from the wealthy countries.

IMF: International Monetary Fund. The International Monetary Fund (IMF) is an organisation which, just as the World Bank, was established immediately after the Second World War (27 Dec 1945) in the framework of the Marshall Plan. It is an international organisation which offers loans, gifts and technical support in order to assist developing countries in carrying out their anti-poverty programmes. Financial support from the World bank can be used for a wide range of purposes, from structural reform of a country's health and education sectors, to environmental and infrastructural projects such as dams, roads and national parks.

MDGs: The Millennium Development Goals. In the year 2000 189 countries signed the Millennium Declaration in which it was stated that these countries would work strive actively to combat world-wide poverty. Eight concrete, quantifiable goals were formulated – the Millennium Development Goals or MDGs – which must be achieved by 2015. These include the halving of poverty, education for all children, both boys and girls, reduction of maternal and infant mortality and an end to the spread of communicable diseases such as Aids, tuberculosis and malaria.

MFS: Co-financing system. Under this system development organisations in the Netherlands which are supporting partner organisations in developing countries receive money from the Dutch government provided they provide a quarter of their own income themselves. In the annual Development Cooperation Budget between 11% and 14% is reserved for co-financing.

Least Developed Countries: A group of fifty countries which, according to the United Nations show the lowest indicators for socio-economic development together with the lowest Human Development Index figure of all the world's countries. Officially a country must fulfil three criteria in order to qualify as a Least Developed Country:

1. A national income per head of the population averaged over three years of less than $750 to qualify and of $900 in order to disqualify itself.
2. Poor conditions in relation to food, health, education and literacy.
3. Economically vulnerable, for example unstable agricultural production or unstable export of goods and services.

In addition, the population must not exceed 75 million.

NGO: Non-governmental organisation. Organisations independent of the state authorities and which in one way or another are concerned with the general interest. In the main they are organisations working on environmental protection, health, development cooperation or human rights.

PPIAF: Public Private Infrastructure Advisory Facility. A body established in 1999 as part of the World Bank which pays consultants to promote the privatisation in poor countries of important economic sectors (water supply, energy supply, telecommunications).

PRSP: Poverty Reduction Strategy Paper. National plan to combat poverty, established by developing countries under the authority of the IMF and the World Bank.

SDR: Special Drawing Rights. Distributed by the IMF, SDRs give countries the right to draw on exchangeable currencies. The value of the SDR is linked to the value of the so-called basket of the world's most important currencies.

Tobin Tax: a small levy on (speculative) international financial transactions the goals of which would be (a) to limit speculation on international financial markets, thereby reducing exchange rate instability, and (b) to weaken the grip of these international financial markets on nation states.

TRIMs: Agreement on Trade-Related Investment Measures. This agreement regulates international investments in trade in goods. It forbids developing countries from imposing rules on foreign investors, such as requiring them to purchase a certain percentage of their requisites from local producers.

TRIPs: Agreement on Trade-Related Aspects of Intellectual Property Rights. A WTO agreement signed in 1994 concerning authors' rights and industrial property rights.

UN: The United Nations (UN) is an international organisation established in 1945 which, amongst other things, is supposed to supervise the activities of the IMF and the World Bank and the yet to be established international investment funds designed to extend long-term loans to countries suffering from a shortage of capital.

World Bank: See IMF

WFA: World Financial Authority. A yet to be established section of the UN which, amongst other things, would exercise supervision over the activities of the IMF and the World Bank and the also yet to be established international investment funds designed to extend long-term loans to countries suffering from a shortage of capital.

WHO: World Health Organisation. The ruling and coordinating authority of the United nations in the area of health. Its activities include the direction of research and giving technical assistance to countries.

WTO: World Trade Organisation. The WTO is an intergovernmental organisation with supernational aspects. It was established in 1995 as a successor to the General Agreement on Tariffs and Trade (GATT) signed in 1947 in Geneva, now the home of the WTO, by just twenty-three countries. The WTO's tasks are the promotion of international trade, the settlement of trade conflicts and the removal of barriers to trade.