The role of global institutions in tackling poverty

Scarcity in the midst of plenty - the role of effective global governance in reducing poverty

The U8 Partnership for International Development,
Magdalen Auditorium, Magdalen College, Oxford, OX1 4AU
Wed 23rd April 2008
7.00 – 9.00pm

Speaker: Vijay Mehta

www.vmpeace.org vijay@vmpeace.org

Contents

1. Introduction
2. Why the poor are with us? Obstacles to development
3. Global institutions – what they can and can’t do?
   - UN, EU, IMF, World Bank, G8 and others
4. Globalisation – can we harness it for the good of the poor?
5. Millennium Development Goals (MDGs), a blueprint for development
   - why is the completion of MDGs lagging behind?
6. Solutions
   - global institutions and global partnerships
   - business and transnational corporations
7. Working for a sustainable future
8. What actions can civil society take to make it happen
9. Conclusion
Introduction

Thanks Dominic and the U8 Partnership for International Development, for giving me the opportunity to speak on the important issue of tackling global poverty.

In the words of Nelson Mandela, “massive poverty and obscene inequality are such terrible scourges of our times that they have to rank alongside slavery and apartheid as social evils. Poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings.”

Extreme poverty remains a daily reality for more than 1 billion people who subsist on less than $1 a day, the combined population of the USA and the European Union. Hunger and malnutrition are almost equally pervasive; more than 800 million people have too little to eat to meet their daily energy needs. For young children, the lack of food can be perilous since it retards their physical and mental development and threatens their very survival. More than a quarter of children under age 5 in developing countries are malnourished.

Of the 185 million jobless people worldwide, just under half are young people aged 15-24. Young adults without jobs could create a scenario from crime, violence and social unrest. Out of 13 million deaths in large-scale conflicts from 1994 to 2003, over 12 million were in sub-Saharan Africa, Western Asia and Southern Asia. In the 25 years since it was first reported, AIDS has become the leading cause of premature deaths in sub-Saharan Africa and the fourth largest killer worldwide. Almost no country has escaped its wrath.

Owing to a lack of access to medicine, eleven million children die every year - 30,000 per day from preventable and treatable causes. More then half a million women die each year during pregnancy or childbirth. Malaria and TB kills as many each year as AIDS and represent a severe drain on national economies.

Conflicts are a major obstacle to development. In Congo, 4 million people have died in the civil war which the West barely noticed. The country once plundered for rubber is now pillaged for diamonds, copper, cobalt, zinc and gold.

How can world institutions (UN, EU, IMF, World Bank, WTO), transnational corporations and governments play an effective role in eradicating global poverty? The world spends billions and billions of dollars, year after year, in an attempt to eradicate hunger. Yet the money is not spent efficiently and it seems little is being achieved.

In today’s talk, I will explore why the poor are still with us and obstacles to development. Why it is essential to complete the Millennium Development Goals (MDGs), how far have we come and how much do we need to do. In solutions, I will examine the role of global institutions, government and businesses in reducing poverty for a sustainable development.

Why the poor are with us? Obstacles to development

So why are the poor still poor, while there is enough to go around? If poverty is man-made and we have the means, technology and know-how to eradicate it, then why are 4 billion people still poor? Poverty alongside climate change and international security are the key challenges of the 21st century. Although, there is an urgency to deal with climate change and terrorism, the development agendas remains the most dormant today as governments fail to fulfil their pledges again and again.

So how can we assist these four billion people living from $1-5 dollars a day, in a constant poverty trap and cannot climb the development ladder? I say poverty trap because these people are too poor, too hungry, too disease-burdened, too bereft of the most basic infrastructure even to get on the ladder of development.

However, this also presents an opportunity for the untapped market of 4 billion and for socially responsible businesses to intervene in the most effective way to tackle poverty if these billions of people are treated as potential customers. It can create jobs, wealth and millions of new consumers. I think business is one of the best hopes for alleviating poverty along with global institutions, governments and civil society.
The pertinent question to ask is why we have poverty in the midst of plenty? Today we have the means, the technical know-how to eradicate poverty. The MDGs is an excellent action plan, the completion of which can help to spread universal education, reduce extreme poverty and hunger, gender equality and bring peace and stability. If so, why is it so that very little progress is made in achieving the goals in the sub-Saharan region and other parts of Africa?

It is said that a rising tide can lift all boats but it is not true about Africa where development have been lopsided. Can the forces of globalisation be employed for the good of the poor?

The world military spending, another obstacle to development, exceeds $1.3 trillion on military hardware, and the wars in Iraq and Afghanistan, money which could be better spent on tackling poverty, health care and universal education. Can money be spent on fairer trade? A more effective way to help poorer countries is to drop their unserviceable debt, give better aid and trade justice. So why are the governments not listening?

There are riots in different parts of the world owing to soaring prices of food which is affecting the poor disproportionately, while production of questionable biofuels continues. The price of wheat has risen 100 per cent, soya 87 per cent and rice by 74 per cent. Owing to low wages in poor countries, some families have gone down to one meal a day. Things are so bad that workers have clashed with police in Haiti, Bangladesh and there are demonstrations in Egypt, Senegal among other countries. According to Food and Agricultural Organisation (FAO), there is a shortfall of $500 million for feeding around 90 million needy people this year.

We are facing the worst financial crisis since the Great Depression. Is this the end of US dollar and the rise of the Yen and Euro? How will the present financial crisis impact on tackling poverty? The IMF and the World Bank estimate the crisis would cost the global financial system nearly $1 trillion.

The poor are facing the brunt of climate change with many losing their livelihoods and homes. How can we build a global partnership for sustainable development? Hotter, average global temperatures fuelled by greenhouse gases mean that different countries are likely to suffer, spreading deserts, worsening droughts and floods, shrinking glaciers and rising seas. This environmental upheaval is bound to derail plans for tackling poverty. The fundamental reason why there is so much poverty in the world today is because poor countries exist on the margins of the political world.

A key obstacle for creating a broad based vision for eradicating poverty and providing equitable development opportunities is the resource constraints faced by many governments, particularly in Africa and Asia. Therefore it is important to particularly to involve the private sector in relevant development programmes and harness its resources and capacity in providing solutions to development challenges.

For the last fifty years, bilateral and multi lateral agencies and non governmental organizations have been trying to resolve these problems, but with limited success. As Professor Paul Collier explains, the fate of those falling behind and falling apart is a matter of international concern with no cookie cutter solutions. The poor need to be lifted out of the poverty traps, such as coups, civil wars, dependence exclusively on and fight over water, natural recourses, access to ports, bad governance, corruption, non access to technology and marginalization of the poor. Poverty is a stark reality in what Professor G.K Prahalad calls the media dark areas- a problem which is multi dimensional. Overall, global wealth has grown, but it is less and less evenly distributed within countries, within region and in the world as a whole. For example, in Africa particularly, there have been the consistent problems of drought, famine, debt, and disease.

Before we go to find the solutions, we will look at world institutions, globalisation and the MDGs, which are a blueprint for development.

Global institutions – what they can and can’t do?

Global governance system is composed of national governments, international organisations such as the United Nations, nongovernmental organisations, transnational corporations, and the international currency exchanges. The mass media have created a "global theatre" that is also inescapably a part of this system. There are also regional intergovernmental organisations like the European Union (UN), NAFTA, ASEAN, APEC, the African Union and MERCUSOR who are also part of global governance system.
Global governance is therefore extensive and multilayered; extensive because it can embrace pretty well any challenge facing the global community. People of the world are becoming interconnected and interlinked and therefore mutually concerned. This can be climate change, human rights; the environment, operation of financial markets, or the health of national economies; it is a case of “what affects one can affect all.”

Many of today’s international institutions were created at the end of World War II, more than 60 years ago. Since then they have responded in many significant ways to the challenges arising during the second half of the 20th century, including decolonisation, the end of the Cold War, global security, environmental threats, and global poverty. Even though many new global and regional organisations were added since 1945 - when the United Nations was created and the Bretton Woods organisations opened their doors - very little has been altered in the basic structure of these global institutions.

Global institutions are not working well individually and as a group. For example, the global institutions at the core of the international system, such as the United Nations, the International Monetary Fund, the World Bank and the G8 Summit are, to varying degrees fragmented, unrepresentative and ineffective. They generally suffer from an corrosive decline in their legitimacy. They are increasingly undemocratic and unable to address the global challenges of the 21st century. For example, the veto powers of the Permanent five members of the Security Council can block any decision they don’t like and the president of the World Bank is always appointed by America.

A healthy form of global governance is that its implementation must be by popular consent, and yet it must also be consented to and implemented by nation-states. We need to understand that ideas and values are now as important a tool as economic might, in the effort to guarantee our security.

**Globalisation – can we harness it for the good of the poor?**

We have entered into a knowledge based era where we can not foresee the future. We live in an age of globalisation, networking, technology, global links in commerce and finance and innovation based growth. This has ushered us into the age of global interdependence and gradual economic integration.

Managing globalisation and strengthening its rules is thus in everyone’s vital interest. Globalisation is not a zero-sum game: there are massive dividends to be gained from it, if it is harnessed properly and poorer nations are not excluded from its benefits. However that is not the case as according to a UN report, over the last 40 years, the income of the world’s richest 20 nations has tripled, whilst the income of the 20 poorest has barely changed. The growing inequity needs to be addressed in order for globalisation to work for the poor.

The upheaval of today’s financial markets is a stark warning that we require a strong financial system to regulate our financial markets as sound economic well-being is as important as security for the successful implementation of ethical globalisation.

Globalisation has given us great opportunities. Businesses trade more freely, people and goods travel more cheaply, millions of people have been lifted out of poverty though some have been left behind. Inequality breeds discontent. A challenge is set to make globalization a positive force for all the peoples of the world.

The benefits of globalisation - including faster growth, higher living standards, and new opportunities for countries and individuals - are obvious. Yet a backlash has begun, because these benefits are so unequally distributed, and because the global market is not yet underpinned by rules based on shared social objectives. Global companies should be guided by the concept of global - corporate citizenship -, and apply good practices wherever they operate---promoting equitable labor standards, respect for human rights and protection of the environment.

**Millennium Development Goals, a blueprint for development**

The MDGs are a set of targets agreed by the United Nations intended to improve conditions in the developing world by 2015. They include halving the number of people living on less than a dollar a day, cutting infant mortality by two thirds, cutting maternal mortality by three quarters and putting every child in school.
To wipe out poverty and to bring a completion of the MDGs, we need $70 billion per year (0.7 per cent of GNP) which the governments of the world are finding it difficult to achieve. In contrast, $1.3 trillion is the amount on military spending which is used in wars on Iraq, Afghanistan, etc. It is hard to believe how the priorities of our world are skewed as some of the most important issues like the development agenda and climate change receive less attention.

The eight MDGs were agreed at the United Nations Millennium Summit in September 2000. Nearly 190 countries have subsequently signed up to them. The eight Millennium Development Goals are:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV and AIDS, malaria and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

As part of the implementation of the Millennium Development Goals (MDGs), it was agreed to incorporate targets concerning fair globalization and decent work for all, including women and young people.

The world is on course to halve extreme poverty by 2015, but Africa will fall far short of the U.N.’s Millennium Development Goals, according to a new report from the World Bank and International Monetary Fund.

- The 2008 Global Monitoring Report by the global institutions, the World Bank and IMF, warned that urgent action was needed to tackle climate change, which threatens to exact a hefty toll on particularly poor countries and reverse progress in fighting poverty.

- The report said strong economic growth in much of the developing world had contributed to the decline in global poverty.

- It said the number of extreme poor -- those living under $1 a day -- declined by 278 million between 1990 and 2004, and by 150 million in the last five years of that period.

- Globally about 1 billion people still live in extreme poverty, the report added.

- The largest reduction in poverty rates was in regions with the strongest growth, in particular in East Asia, including emerging powerhouses China and India.

- Still, in Africa progress to cut poverty rates has been uneven, with 18 countries showing strong economic growth of about 5.5 percent over the past decade. Twenty others in Africa, however, many hit by conflict, were trapped in low growth, averaging around 2 percent annually.

- While some progress had been made in meeting eight globally agreed development goals by 2015, prospects were gravest for reducing child and maternal mortality, with serious shortfalls also likely in primary school education, nutrition and sanitation.

- The shortfalls in fighting hunger and malnutrition are serious.

- Higher global food and energy prices have focused increased attention on the issue, but more is needed, especially since higher prices are likely to last for several years. The dangers for growth in the developing world from recent financial market turbulence, which began with subprime mortgage market problems in the United States, will need a global fund to meet the demand of the hungry.
Turning to the environment, the report said poverty reduction may not be sustainable if forests are lost, fisheries depleted, water or air is polluted and soil degraded.

It said water scarcity and deforestation were already a factor in the developing world and are valuable assets and sources of income to poor countries.

"The depletion of natural resources and environmental degradation undermines the long-term growth prospects of many developing countries," the report said.

What we need is coordinated global action to avert further climate change, adding that extreme climatic events such as droughts and floods in the world's poorest countries may also exacerbate conflicts and cross-country migration.

The stakes are high. If the MDGs are implemented in time in all parts of the globe, 500 million fewer people will be living in extreme poverty and some 300 million fewer will go hungry, while 30 million fewer children will die before their fifth birthday. In addition, about 350 million more people will have access to safe drinking water and a further 650 million more to sanitation. Real economic and social opportunities will open up on an unprecedented scale.

However, in sub-Saharan Africa lie the biggest challenges where very little progress has been made. Some countries are demonstrating that rapid and large-scale progress is possible when government leadership, policies and strategies for scaling up public investments are combined with financial and technical support from the international community. Malawi has raised agricultural productivity; primary school enrolment has gone up in Ghana, Kenya, the United Republic of Tanzania and Uganda; Zambia has improved access to basic rural health services; Niger has made strides in large-scale reforestation; Senegal is on track to meet the MDG target on water and sanitation; and malaria incidence has fallen in Niger, Togo and Zambia.

Solutions

Global institutions and global partnerships

The development in poor countries in general, and Africa in particular, requires trade justice, debt cancellation and more and better aid from the world’s richest countries. The success and failure of the international community depends heavily on the willingness and ability of African governments and other countries to govern effectively, tackle corruption and bring far reaching reforms. People living abroad have an obligation to invest back into their own country for its development, regeneration and invigorating its economy and society. To change the shape of things to come, from poverty to wealth creation, in the end it will be the people themselves who will lift their own countries out of the mine of poverty, corruption and poor governance.

What could a global union of democracies bring the poor countries out of isolation? It would bring poor countries into the political system (giving them an equal voice) and it would create a legal framework within which rich and poor countries would be able to enter into binding agreements to the benefit of both. Three particular agreements would appear to be of merit: that rich countries adopt the principles of fair trade as official policy, that the exchange rates of currencies are stabilised and that a global fund is set up to finance social and economic development. These would all operate within a legal and political framework.

How can the international community help? A good place to start would be by closing the gap between rhetoric and results. One example is the G8 pledge in 2005 to double aid for Africa by 2010, which, in practice has declined. More than promises, however generous, beneficiaries need to plan for aid on a continuous and predictable basis. Establishing multi-year schedules of aid flows to recipient countries would be a major step in that direction. And while lip service continues to be paid to the goal of trading out of poverty, the Doha round of trade negotiations continues to be stalled, preventing poor countries from taking full advantage of the opportunities offered by globalised markets. Early action on moving the talks towards a successful conclusion is therefore essential.

Some of the world institutions are the UN, EU, IMF, World Bank, G8, OECD, G20, and L20, who together work on some projects for alleviating poverty.

6
One example is the European Union. Over the last 60 years, European integration has been the successful answer to “regional interdependence”. Today, the EU is a truly global actor. It unites half a billion people. It is the world's largest economic block, with a quarter of global GDP. 56% of worldwide financial aid comes from Europe. 60,000 European peacekeepers serve from Congo to Kosovo, from Afghanistan to Indonesia.

Another example is the G8 (France, United Kingdom, Germany, USA, Japan, Italy Canada and Russia), a small self selected body that has become like one institution. Initially concentrating on economic matters, and playing a powerful role in guiding the response to international challenges. It has been recognised that just as the Security Council does not represent the entire population of the world or its geographical distribution, the G8 is also not representative of the world population or its geographical distribution.

The OECD is a regional entity which brings together the governments of countries committed to democracy and market economy from around the world to support sustainable economic growth and maintain financial stability. It provides development assistance to more than 100 countries and economies from Brazil to Russia and the least developed countries of Africa. OECD maintains one of the world’s largest and most reliable socio-economic data. It also provides a forum for governments to compare policy experience, discuss common problems, identify good practices and coordinate both domestic and international policies. OECD has a current membership of 30 countries.

The IMF and the World Bank works closely with G20. Established in 1999, the G20 is an informal forum that promotes open and constructive discussion between industrial and emerging market countries on key issues related to global economic stability and helps support growth and development across the globe. Its members are the ministers of finance and Central Bank Governors of 19 countries plus IMF and the World Bank.

G20 is more representative of the world economic and political power most other groups. Certainly, it is much more representative than the UN Security Council.

Established in 2003 by the Centre for Global Studies (CFGS) and the Centre for International Governance Innovation (CIGI), the L20 project explores the concept of a forum for leaders to reach pragmatic solutions to critical global problems in an informal setting. The L20 project explores the potential for the discussion of pragmatic ideas and strategies in reaching consensus on otherwise insolvable issues. The group of 20 leaders in global governance would be similar in country composition to the existing Finance Ministers G20, therefore small enough to be effective yet large enough to represent the world's diversity.

The UN’s accomplishments in the international development field is the implementation of the UN Millennium Development Goals, the United Nations Development Programmes’ (UNDP) pioneering Human Development Reports. Some of the development work done by the UN is:

- The U.N. played a vital role in fashioning treaties to protect the global environment and a blueprint to promote sustainable development.
- The U.N. has supported programs and projects to improve the quality of life for women in over 100 countries.
- The U.N. has worked to make safe drinking water available to 1.3 billion people in rural areas.
- Through the WHO, smallpox was eradicated from the planet in 1980 and polio wiped out from the Western hemisphere; and with UNICEF, child immunization has increased from 5 to 8 percent over twenty years, saving the lives of more than 3 million children a year.
- The U.N. helped decrease births per women in developing countries, from 6 to 3.5 through family planning services which now reach more than 5 times as many families as in 1960.
- Through the work of U.N. agencies, child mortality rates in developing countries have been halved since 1960, increasing life expectancy from 37 to 67 years.

A central element of this effort is the MDG Africa Steering Group, which the Secretary-General launched in September 2007, together with the leaders of the UN system and other major multilateral and intergovernmental organizations working for development in Africa, namely the African Development Bank, the African Union Commission, the European Commission, the International Monetary Fund, the Islamic
Development Bank, the Organization for Economic Co-operation and Development, and the World Bank. The Steering Group has resolved to work on three main fronts:

- Reviewing and strengthening international mechanisms to support African countries in five key areas: health, education, agriculture, infrastructure and statistical systems.
- Making aid more predictable, so that African Governments can plan for greater investments in the MDGs.
- Collaborating more closely and effectively at the country level to support African Governments in reaching the MDGs.

UNDP’s work on poverty reduction is governed by several internationally agreed frameworks such as the Millennium Declaration, the MDGs, and the International Development Goals. Its core services focus on three main areas: Strategies and Policies for Poverty Reduction, Inclusive Globalisation, and Support for MDG-Aligned National Development Strategies.

In addition, UNDP's work is reinforced by the International Poverty Centre, a joint project between UNDP and the Brazilian Government that promotes South-South Cooperation on applied poverty research, and by its network of over 166 country offices.

UNDP provides MDG support services to address country demands for technical assistance throughout the development planning cycle: diagnosing development challenges and needs, formulating policies and strategies and implementing them. Activities are formed around three “pillars”: Diagnostics, Policy Options, and Capacity Development.

- **Diagnostics** – Assessing the technical, financial and institutional resources needed to sustainably achieve the MDGs. Costing, needs and capacity assessments serve as entry points.
- **Policy Options** – Considering the breadth of national, sectoral and local policies to accelerate equitable growth and human development, such as through pro-poor reforms and policies. More on policies for poverty reduction.
- **Capacity Development** – Building and strengthening state and stakeholder capacities for effective service delivery at the national and local level in different country contexts. Capacity development activities through UNDP span from strengthening institutions and procurement to private sector development.

The current stalemate in the World Trade Organisation’s (WTO) Doha Round of agricultural trade negotiations has raised concerns among developing-country policy makers who deal with the welfare of their farmers. Undesirable consequences are expected to follow if the trade talks are suspended or collapse permanently. The concerns include the following:

1. There will be an increasing number of bilateral free trade negotiations and agreements between developing and developed nations but the former will not be in a better bargaining position for benefits to their agriculture sector and farmers.
2. With a bilateral FTA, other trade and non-trade issues such as labour and environmental standards or intellectual property are often included. These are seen as disguised trade barriers since most developing countries can not yet make such commitments.
3. More importantly, without the Doha multilateral trade agreement on agriculture, presumably similar (or even greater) levels of agricultural protectionism (export subsidies, domestic supports and barriers to imports) practiced by some developed countries will likely continue. Trade wars between developed and developing countries are likely to increase since each group wants to protect its interests. This would likely limit opportunities to increase market access of developing countries’ agricultural exports in the developed economies.
4. The most important consequence may be that, in the longer-run, continuing trade protectionism would result in production and trade distortions and lead finally to a decline of agricultural export prices- and prices received by farmers- in developing countries. The failure of the Doha Round will also jeopardise attempts to achieve the UN Millennium Development Goals (MDGs) on poverty reduction by the year 2015.
Revival of the Doha talks and the ultimate implementation of a Doha agriculture agreement would be a crucial driver for other agricultural export nations' future economic development and success in poverty eradication.

So what does the Doha Round consist of? The Doha talks began in 2001 and represent for the first time a round of trade talks that aim to put developing country concerns at the heart of negotiations. Although developed countries also stand to benefit, a successful round has the potential to deliver huge welfare gains to developing countries. Developing countries will be the biggest losers if the multilateral trading system is weakened and they are left to negotiate bilateral and regional agreements.

There are different strands to the negotiation; the main ones are: agriculture, industrial goods and services. Across all of these we want to see increased market access for developing countries’ products through significant cuts in tariffs and subsidies. We also want to see market opening in services in sectors of interest to developing countries. Some decisions were made at the last full Ministerial meeting of the WTO in Hong Kong (December 2005) but as the WTO operates on the basis of a ‘single undertaking policy’ (nothing is agreed until everything is agreed), these decisions are contingent on a final deal across all dossiers.

The governments of rich countries should expand market access and promote imports from poor countries by reducing tariffs and subsidies, especially in the clothing, footwear and sugar industries. The governments should assist in harnessing the power and potential of technology and information which will provide great opportunities for enriching the lives of people everywhere.

Governments should look at tax reforms whereby they should work on a specific physical mechanism whereby the Super Rich and giant corporations can work together to divert huge flows of funding to the international development arena. According to Forbes Magazine, there are 950 US dollar billionaires and 50 million millionaires. Their spending power dwarfs the spending power of some developing countries. Why is such potential power of philanthropy not being harnessed by government and businesses for the eradication of poverty, diseases and development?

Some examples of global partnership are below:

**The MDG Monitor**
The MDG Monitor comprises of a web application that tracks real-time progress toward the Millennium Development Goals in countries around the world. It has been developed by UNDP and Google.org in collaboration with various UN agencies. The new online resource will serve as an educational and advocacy platform to realizing the MDGs. Created as a tool for development practitioners, policymakers, journalists, students and others, the MDG Monitor website can be used to track progress, to learn and to support the MDGs around the world.

**Growing Sustainable Business**
The Growing Sustainable Business initiative (GSB) facilitates business-led enterprise solutions to poverty reduction. Precisely, this means brokering multi-stakeholder partnerships in developing countries to foster pro-poor investment that: 1) Develops new business models to reach the poor; 2) Extends value chains to reach small entrepreneurs. The program was uniquely designed to accelerate achievement of the MDGs by increasing access of needed goods and services for the poor while strengthening and creating small and medium enterprises (SMEs) by linking them with larger company value chains and external markets.

**The Rollback Malaria Partnership**
The Rollback Malaria Partnership is an inter-agency initiative led by WHO, UNICEF, UNDP and The World Bank to halve the world’s malaria burden by 2010. The initiative is growing rapidly, bringing together the private sector, foundations, academic institutions, civil society and governments to contribute their expertise and funding toward achievement of this common goal.

**Business and Transnational corporations (TNC)**
Developing countries need to develop their own capacity to manufacture pharmaceuticals and other technology products for public health and development. However, the poorest will need help in investments in global technology for reducing poverty like high yielding drought and pest resistant variety of food crops.
such as Cassava and lentils. Provide clean energy for rural people who now use wood and dung. Also provide vaccines and treatment for diseases.

Through technology and talent, businesses and TNCs can address the real need of alleviating poverty. Moreover, through competition, big business can bring accountability for performance, at which they are good against the results of national governments or international development agencies.

Businesses are quick to take decisions and implement them. They are profit-seeking organisations who can bring accountability for performance through competition, and are better at adapting to market conditions than government and international development agencies.

The key concept is that business should work in the interest of economic growth and for the welfare of society by aligning goals of poverty reduction and economic growth. Thereby, improving the quality of life while creating more jobs and being socially responsible.

Business need to get involved in poverty reduction because it is morally right to give opportunities to the millions of poor people and also it will open up new markets for their growth. It will also stabilise the society as the marginalised people can become terrorist and a breeding ground for extremism and conflicts.

Businesses should create opportunities and open markets, form partnerships with governments and civil society organisations and invest in global technology for reducing poverty. Governments of the richer world should also reduce tariffs on imports from poor countries and eliminate subsidies and open up their markets for the exports of poorer countries. This should make a remarkable difference at a remarkable speed. Business should invest in charity and community buildings and move from value protection to value creation.

The wrong assumption about the poor is that they have low income and little to spend on goods and services. But that is not the case multinationals already successfully do business in developing countries. It is also incorrect to assume that the poor are too concerned with fulfilling their basic needs to “waste” money on non-essentials. In fact, the poor often do buy ‘luxury’ items. In the Mumbai shantytown of Dharavi, 85 per cent of households own a television, 75 per cent own a pressure cooker and 21 per cent have a telephone.

Businesses should engage in economic development through core-business practices, public-private partnership, philanthropy and social investment and public policy dialogue. Some of the examples are as follows:

In Nigeria, Tetra Pak is working with state and federal government and local entrepreneurs to expand cassava, maize and sorghum production and NutriSip drinks. The project plans to reach 450,000 children.

In India, Hindustan Lever’s Shakti initiative trains underprivileged rural women to become distributors and salespersons for low-cost personal care and hygiene products, which provides villagers with information on health, agriculture, and education.

Since World War II, Nestlé’s milk has by and large been produced by thousands of small farmers in developing countries. And their supply chain efforts have gone way beyond just sourcing. Nestlé has provided the technology, training, and supply-chain investments to make it possible for the small farmer to produce good-quality milk, transport it, and sell it to the company. This makes sense for the company because it needs fresh, locally produced milk, and for the small farmer, an assured steady source of income.

In India, the World Economic Forum’s Rajasthan Education Initiative has engaged a group of IT companies (including Microsoft, Cisco, AMD, Infosys, Wipro and Intel) and the state government to provide improved curricula, teacher training and schools meals in 100 girls’ schools.
The way forward is to increase the scale of pro-poor enterprise and make it an integral part of poverty reduction. Businesses can gain three important advantages by serving the poor – a new source of revenue, greater efficiency, and access to innovation.

It's clear that prosperity can come to the poorest regions only through the direct and sustained involvement of businesses. It is equally clear that business intervention can enhance their own prosperity in the process of helping the poor.

One of the best examples of social business is microfinance. Muhammad Yunus has for more than 30 years challenged business leaders to find radical ways of creating new markets in poor countries. The Nobel Peace Prize winner’s latest book, “Creating a World Without Poverty: Social Business and the Future of Capitalism”, is no less ambitious. It explores how big companies can invest in external partners to develop products and services that will benefit the poor.

Yunus outlines the concept of a "social business", which he defines as a "no loss, no dividend" company with social objectives. Social business ventures are set up by a "social entrepreneur", such as Yunus, who combines the risk-taking of enterprise with an explicit mission to address urgent problems, such as access to healthcare, sanitation, education and so on. The new products and services that these inventive individuals devise are examples of "social innovation".

Unlike charities, social businesses do not need to keep applying to governments or foundations for grants. They support themselves by selling goods and services at cost, or at a small profit - all of which is reinvested to fund their expansion. But to do this, social entrepreneurs must find investors willing to help take a new idea to scale.

**Working for a sustainable future**

It will be futile if we put all the systems in place for reducing global poverty if it cannot sustain itself. Sustainable development is living within the finite resources of this earth. The concept is that of intergenerational equity: our development is sustainable only if it meets the needs of the present and future generations. Any development which takes place in an ecologically and environmentally sound social milieu and a sustainable community ought to internalise its costs of closing resource and waste loops rather than accepting the notion that a burden can go somewhere else. Hence, sustainable development becomes a means for achieving a level-playing field.

However, sustainable development requires more than just clean technology and political will. It calls for a change in individual, community, corporate thinking, and the right policies of the government to make changes. It requires a commitment on a personal level to act with long-term benefits in mind. The government has a critical role to play and it should work along with society’s natural impulses.

The international community need to link the agenda of development, environment and disarmament together by building partnerships at a national and global level. We can not have security amidst starvation and we cannot build peace without alleviating poverty and we cannot have either without a better environment. Only a peaceful society can work its way up to creating the institutions ripe for sustainable development.

If we are to protect the environment and safeguard nature as we develop, we must focus more on sustainable energy sources, cleaner production processes, sustainable consumption patterns, efficient technologies and agricultural processes. We must ensure investment in improved and eco-friendly infrastructure, including better roads and ports, power and rural electrification, irrigation, renewable energy sources, water supply and sanitation and better health services.

**What actions can civil society take to make it happen?**

Young people are full of energy, optimism, and idealism. They have been the driving force of many revolutions. You are our future leaders. You can make a quick and forceful impact by taking actions which can change the course of history and leave an indelible mark on the future of the world.
Last year, more than 23 million people in 100 countries did just this – standing up and taking action to remind world leaders of their promise to achieve the MDGs by 2015. It was the largest single coordinated mobilisation in the history of the Guinness World Records. In 2008, we are past the halfway mark for completing the MDGs – but the world is falling behind. This year, you can join this growing movement of people calling on our leaders to take action by doing the following:

- Write to the Prime Minister and your local MP and ask them what actions they are taking to solve global poverty and why are they not fulfilling their commitment of 0.7 per cent aid for the completion of the MDGs.
- Campaign for tax reforms so the poor can get more financial aid and encourage a culture of giving as the rate of giving in the UK by rich people is much lower than in the America – we are lagging far behind.
- Ask your MP to sign the parliamentary motions.
- Write letters to world leaders and the editor of newspapers.
- Educate the public and organise a forum.
- Hold a meeting or run a workshop.
- Call a radio talk show.
- Contact your local interfaith group to discuss the issue.
- Attend a “Dialogue with decision-makers” training workshop.
- The STAND UP SPEAK OUT mobilisation moment, scheduled for 17 October 2008, that will increase awareness on the Goals and mobilise citizens against poverty worldwide.
- Get involved in your local development group (Oxfam, World Development Movement, Action Aid, UN Millennium Campaign, Jubilee Debt Campaign, and Make Poverty History) and lobby for debt relief, fair trade, doubling of aid, and the transfer of technology to poorer countries.
- Take action to prepare an awareness programme to manage the earth in a sustainable way. The responsibility for managing this earth should be shared by every citizen of the world, including governments and other agencies.

STUDY….EDUCATE….ADVOCATE….ORGANISE!

Conclusion

The world, in the last century, had made remarkable progress in science and technology bringing many positive attributes for human development. These saw the significant improvement of living conditions in so many ways, great advances in health care and education, the expansion of industry, widening of opportunity for travel, and overall brought more comforts to a larger number of people.

To make any progress on the reduction of poverty, we urgently need to complete the Millennium Development Goals, stop the unrestrained tide of globalisation and promote aid, debt relief, transfer of technology, and fair trade to bridge the gap between the rich-poor divide. Education is key to opening new opportunities, making improvements in infrastructure leading to the growth of the economy.

For completion of the MDGs, countries who fall short of the UN’s target 0.7 per cent of Gross National Product (GNP) for overseas development aid, should establish a timetable for reaching it.

We have covered a lot of ground today. For promoting development, the cooperation of global institutions (UN, EU, IMF, and the World Bank), with the assistance of government and businesses can show strategic guidance, vision and leadership for creating an effective global governance system for ending poverty.

In conclusion, let me say that in the past there are successful solutions of global problems - the abolition of slavery, the ending of apartheid, and the formation of the International Criminal Court, to name a few.

So let me share a dream with you. Wouldn’t that be great, to make poverty history? Do you think it’s possible? Really possible? Imagine if global poverty was consigned to museums and something that children learnt about in history lessons. That would be the greatest achievement, you, me and humankind can make. You can be the generation that can make it happen - so let’s go for it.

Thank you very much for listening.
Quotes

“There is a sufficiency in the world for man's need but not for man's greed.”

“Recall in the face of the poorest and most helpless person whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him, will he gain anything by it? Will it restore him to control over his life and destiny? In other words, will it lead to swaraj, self-rule, for the hungry and also spiritually starved of our countrymen? Then you will find your doubts and yourself melting away.”

M. K. Gandhi

“Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the actions of human beings.”

Nelson Mandela

“In our interconnected world a future built on the foundations of mass poverty in the midst of plenty is economically inefficient, politically unsustainable and morally indefensible.”

Vijay Mehta

“Never doubt that a small group of thoughtful committed citizens can change the world, indeed it is the only thing that ever has.”

Margaret Mead

“If you think you are too small to change the world, try sleeping with a mosquito.”

Dalai Lama

For those skeptics who still think Africa is lost cause, take heed of following statement.

They told William Wilberforce slavery would never end.

But slavery is history.

They told Nelson Mandela Apartheid would never be overturned.

But Apartheid is history.

They told Vaclav Haval the Berlin Wall would never fall.

But the Berlin wall is history.

With dreams and determination, anything can be achieved.

Millions of people around the world dream of an end to poverty.

Do the leaders of the world have the determination to make that dream come true?

To them, we say this.

Make history.

Make Poverty History.
Notes
The following publications were consulted during the writing of this article:

ENN, ‘Social innovation: Good for you, good for me,’ 11 April 2008
http://www.enn.com/top_stories/spotlight/34526


Guardian (UK), ‘Blair calls upon young to help UN meet millennium goals,’ 3 April 2008,
http://www.guardian.co.uk/politics/2008/apr/03/tonyblair.development


Reuters, Global poverty to halve by 2015, Africa lags, 9 April 2008,


UN, ‘UN Chronicle’, December 2007

UN, Global Monitoring Report 2008

The United Nations Office for Partnerships

V Mehta, Revitalising global governance and democracy. Athens, Greece
www.vmpeace.org

V. Mehta, Development in Africa, Gleneagles, 2006

V. Mehta, ‘Is business intervention the most effective solution to poverty?’ 2007


The full version of this speech can be downloaded from:

- VM Centre for Peace
  www.vmpeace.org

- Action for UN Renewal
  www.action-for-un-renewal.org.uk

Vijay Mehta is an author and global activist for peace, development, human rights and the environment. Some of his notable books are The Fortune Forum Summit: For a Sustainable Future, Arms No More, and The United Nations and Its Future in the 21st Century. He is president of VM Centre for Peace (www.vmpeace.org), co-founder of Fortune Forum Charity, Chair of Action for UN Renewal, and co-Chair of World Disarmament Campaign.

He along with his daughter Renu Mehta founder of Fortune Forum (www.fortuneforum.org) held two summits in London in 2006 and 2007. The summits attracted a worldwide audience of 1.3 billion people (one fifth of humanity) including print and media coverage. The keynote speakers for the first and second summit were Bill Clinton, former US President and Al Gore, former US vice-President, and recipient of the Nobel Peace Prize 2007.

Vijay Mehta has appeared in various TV programmes including BBC World, Ajtak-24 hour Indian news channel, Iranian national TV, and Think Peace documentary, Canada, among others. The Independent, Observer and Guardian newspapers, among other journals have written about him. His life is devoted to the service of peace, humanity and our planet.

He is at present writing a book on climate change jointly with, Renu Mehta.