



UN Millennium Campaign Calls For \$300 Billion Bailout of World's Poor at G-20

Compiled by the UN Millennium Campaign and partners

As a result of the global financial crisis, the IMF adjusted growth forecasts downwards, predicting that poorer countries will see big losses in GDP over the next two years. Independent assessments estimate that developing countries' losses between now and 2010 will be in excess of \$300 billion. While the full impact of the financial crisis on poor countries and poor people is still unclear, there is no doubt that increased job and livelihood losses from contraction in trade and remittance incomes, on top of the food and oil price increases, will plunge millions of people further below the poverty line. The Millennium Development Goals (MDGs) risk stagnation or reversal.

The MDG commitments, reaffirmed by world leaders as recently as September 25, 2008 at the UN High Level Event, cannot be put on hold. The current financial crisis cannot be used as an excuse for donor countries to backslide on the commitments they made at the G-8 summit in Gleneagles and in subsequent EU meetings. Action is needed now to avoid a deepening poverty crisis:

1. While the World Bank pledged a \$100 billion package in recognition of the impact the financial crisis is having on developing countries, much more is needed. At the meeting of G-20 nations in Washington this Saturday, donor countries must commit to **honoring all existing aid commitments**, which in order to meet the agreed 0.7% of Gross National Income, amounts to about \$140 billion in additional aid per year.
2. In addition, leading civil society organizations are today calling upon world leaders to deliver a "bailout" package for the world's poor. A **special bailout package of \$300 billion in additional financing** for developing nations should be provided by the G-8 leaders from now through 2010, to counteract the loss in GDP and help them cope with the external shock. This is absolutely essential for poor countries to get back on track to achieving the MDGs. The package could be a combination of additional aid from the G-8, debt relief, and, if required, IMF gold sales.
3. **Recipient governments must in turn ensure that these funds are allocated for a significant scaling-up of social expenditures** on education, health, water, sanitation, employment and social protection programs. These programs must particularly target the poor and excluded members of society -- especially women and children.
4. Apart from new credit lines to poor countries, G-20 leaders meeting this weekend have to find a **breakthrough on the deadlocked trade talks**. Global trade might contract for the first time in decades, devastating the livelihoods of poor people. Now is the time for rich countries to implement the longstanding commitment to provide genuine unrestricted market access to the poorest and most vulnerable economies, which make up less than 1% of the global market but are home to hundreds of millions of the world's poor.
5. This is the time, while rich countries (particularly the U.S. and Europe) review the effectiveness of their own public expenditures, to **reform agricultural policies** to ensure that they do not destroy markets that poor countries and people depend upon. The existing trade rules that continue to impoverish the poor are not just bad ethics, but bad economics as well.
6. Finally, it is obvious that the world requires a **more equitable financial architecture** based on a new and inclusive form of multilateralism. Any new agreement and system must be formulated through a participatory process involving both rich and poor countries, governments and people's organizations - a system that will be accountable to the world's poorest people and be focused on upholding their rights and achieving the MDGs.