

FST introductory speech for Parallel Session “New Challenges for ODA”

I am very pleased to be here today to take part in this Session on “New Challenges for ODA”.

In the last few weeks, in the wake of the catastrophe in Asia, the importance of aid has become ever more clear. I was in the Far East as the catastrophe unfolded. We saw first, a huge demonstration of the power of nature and a great need for assistance. But this was followed by, not only an unprecedented demonstration of sympathy, but also an unprecedented demonstration of generosity.

And, as the Chancellor of the Exchequer Gordon Brown, who is returning today from a week in Africa, has set out, we should not have to be in a situation to choose between emergency disaster relief and addressing the underlying causes of poverty and injustice. And it is for this reason, among others, that this debate on the new challenges of ODA is so deeply relevant.

Five years ago the international community – developed and developing countries – made a compact to agree to achieve real progress; embodied in the eight Millennium Development Goals. By 2015:

- every child would go to primary school
- avoidable infant deaths would be prevented
- poverty would be halved.

At best, on present progress, in sub Saharan Africa:

- primary education for all - will be delivered not in 2015 but 2130 – 115 years late;
- the halving of poverty - will be met not by 2015 but by 2150 – 135 years late;
and

- the elimination of avoidable infant deaths - will not be achieved by 2015 but by 2165 - 150 years late.

It is for these reasons that the UK has made clear that these challenges of human development and social justice will be a priority through the UK Presidencies this year of the European Union and the G8.

We believe that this year presents a unique opportunity to deliver for our times on these challenges, and so we are calling on all countries to work together in agreeing three essential elements:

- first, the final historic step in delivering full debt relief for the debt burdened countries;
- second, that we deliver a world trade round that benefits the poorest countries and ensures they have the capacity to benefit from new trade; and
- third – alongside timetables on increasing development aid to 0.7 per cent of national income – that we implement a new international finance facility to offer immediate, predictable, long term aid for investment and development --- building on commitments by individual governments, leveraging in additional funds from the international capital markets, raising an additional \$50 billion a year each year for the next ten years, effectively doubling aid in order to halve poverty.

At the UN Monterrey Financing for Development Conference, donor countries pledged an additional \$16 billion a year from 2006. For the UK's part, our level of Official Development Assistance will increase to £6.4 billion - 0.47 per cent of our national income – by 2008. Beyond that we wish to maintain those rates of growth which, on this timetable, would lift the ODA ratio beyond 0.5 per cent after 2008 and to 0.7 per cent by 2013 – and over the next year we plan to ask other countries to join us and nine others in becoming countries which have either already reached 0.7 or have set a timetable towards it.

But we know that even if one or two of the G7 could overcome fiscal constraints and go to 0.7 per cent tomorrow, we would still not reach the scale of the resources needed to achieve the Millennium Development Goals - at least \$50 billion more a year - not in 2015 but now. It is crucial that we move faster and provide the additional money now, when it is most urgently needed if we are to keep our side of the promise made at the Millennium Summit.

And the truth is that the scale of the resources needed immediately to tackle disease, illiteracy and global poverty is far beyond what traditional funding can offer today.

It is for this reason that the UK, France and Italy are supporting the proposal for stable, predictable, long-term funds frontloaded to tackle today's problems of poverty, disease and illiteracy through an International Finance Facility.

The IFF is founded upon long-term, binding donor commitments from the richest countries, and builds upon the additional \$16 billion already pledged at Monterrey. On the basis of these commitments it leverages in additional money from the international capital markets to raise the amount of development aid for the years to 2015.

However, at this point, I would like to hand over to Rob Ward, the co-ordinator of the International Finance Facility in the UK Treasury, to describe in more detail how the Facility will work and progress towards launching it.

