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**SECRETARY-GENERAL, AT SAO PAULO MEETING, CALLS FOR CREATIVE
THINKING ON MILLENNIUM GOALS TO ATTACK POVERTY**

(Reissued as received.)

This is the text of remarks today by Secretary-General Kofi Annan to the high-level panel on Innovative Sources of Financing for Development, during the current ministerial conference of the United Nations Conference on Trade and Development (UNCTAD) in São Paulo, Brazil:

If the world is to achieve long-term and equitable development, we will need significant changes in policies and a major effort by all of us to mobilize new and additional financial resources.

Of course, the international community has tried to make aid more effective through the harmonization and coordination of donor policies. We have urged the importance of disconnecting aid from the business or geopolitical interests of donors. We have tried to ensure that aid is channelled both where it is needed most and where it can be most effective. Above all, we have urged donors to increase the volume of aid, and particularly to adopt clear timetables for reaching the agreed level of 0.7 per cent of gross national product.

But two years after the landmark Monterrey Conference, the decisions taken there are not being implemented fast enough. The lack of coherence among policies -- for instance, those affecting aid, market access, debt relief, and the volatility of capital flows -- is as much a problem now as it was then. The democracy deficit in international economic and financial decision-making remains a serious problem. And even the beginning of a recovery in levels of official development assistance (ODA) in recent years, encouraging though it is, does not offer any realistic prospect of the doubling which most estimates suggest is needed if we are to achieve the Millennium Development Goals by 2015.

So we must think creatively. We must consider what both the public and private sectors can do. And we must come up with ideas that not only are technically feasible but also have a chance of attracting broad political support. Some ideas, such as various forms of taxation, have been on the table for a long time now. Others are of more recent vintage. Brazil, Chile and France have suggested the establishment of a special fund to fight hunger and poverty.

(more)

One of the most innovative ideas now being discussed is the International Finance Facility proposed by the United Kingdom, which would "frontload" aid to meet the Millennium Development Goals. It is encouraging to see that this initiative is being supported by a number of developed and developing countries, especially since the facility could be put in place quickly once agreement in principle is reached. But since the facility is focused on the short term, it would have to be accompanied by mechanisms that guarantee adequate aid levels to meet development needs beyond 2015.

The General Assembly has called for rigorous scrutiny of these and other proposals, both public and private. A joint study by the Department of Economic and Social Affairs and the United Nations University will report to the Assembly at its next session.

There is, of course, a need to clearly understand the potential impact of major new arrangements. But analysis should not become an excuse for paralysis. We need action. There is an urgent need for a critical mass of new resources to deal with a wide spectrum of human hardship.

Indeed, even if we achieve the Millennium Development Goals, there will still be many millions of people living in extreme poverty, and we will need to keep working for its complete eradication. We will need to mobilize resources for infrastructure such as roads, ports and telecommunications. "Global public goods", such as a clean environment and action against disease, will continue to cry out for attention. I say this not to overwhelm you, but to be sure we all understand the need to act with greater urgency, and then to sustain that effort over the long term.

The new resources we need should not be thought of as charity, as an imposition on already strained budgets, or as a handout. Rather, they are a hand up that will enable countries to stand on their own feet. They are, ultimately, an investment in the future well-being and security of the world as a whole.

Thank you for your commitment to finding solutions to these problems. I very much look forward to hearing your views.

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