

Check against delivery

Sweden's Finance Minister Pär Nuder: UNDP/DFID-seminar,
London, 26 January 2005

Ladies and gentlemen,

First of all let me thank the UNDP and DFID for arranging this seminar on a challenging and urgent topic that concerns humankind as such.

The task of halving global poverty until 2015 is an enormous task. But as the report by the Millennium project, as well as other assessments from the World Bank and the UN show, the challenge is far from impossible. We have a moral obligation to do all that we can to fight poverty.

This responsibility is our joint and shared duty. I would therefore like to start out by reflecting on this shared responsibility.

*

Development cooperation does not exist in a vacuum. All our decisions within different areas, be it agriculture, trade or defense, affect not just ourselves but other countries as well, developed and developing alike. This is perhaps nothing more than common sense; but the fact is that the rich world spends about *one billion* US-dollars per day on agricultural subsidies alone, while the total spending on development aid is less than *200 million* US-dollars per day. We spend less than one fifth of the agricultural spending on aid.

We must make sure that all policy areas contribute to global development. My first message to you today is therefore: We cannot continue to give with one hand and take away with the other.

Acknowledging this, and putting it into policy, is shared responsibility at home. This is a joint obligation. This is also a task for my government since last year, when Sweden passed into law a new development policy that states that all policy areas must contribute to global development.

Let us start out by making progress in at least one area: Foreign trade. We know that the potential benefits to developing countries from abolished trade barriers are many times larger than our combined aid levels. We must make progress within this area, and it is urgent.

The Doha round must be successfully completed, as soon as possible. Markets access for products from developing countries must be improved. We must build a better foundation for all countries to participate in the global economy. Trade is one of the most important vehicles for allowing countries to grow and escape from aid dependence.

*

Sweden is a small country, and therefore not a member of the Group of seven.

But we are members of another club, in my eyes just as important, the Group of zero-point-seven percent. This club consists of the five few countries that match the target in providing at least 0,7 percent of annual gross national income as foreign aid.

I am delighted to see that the UK as well as several other countries have applied for membership, and I call on others that have not yet done so to set time bound targets to reach the UN-target.

Sweden welcomes not only new members to the UN-target-club, but also to an even more exclusive group, the Group of 1 percent. Next year Sweden will reach the goal of providing 1 percent of gross national income as foreign aid.

You may think Sweden is some kind of a different planet. It is not, it is a country in the northern hemisphere, far from the poor countries in the southern hemisphere.

Yes, we're rich in Sweden. But that's not the explanation why we are different in this respect. It's a question of priorities. And let me state – as Minister for Finance:

It is possible to combine high growth, low inflation and sound fiscal balances, with solidarity with other countries. Sweden and the UK are two good examples. First: The fundamental economic preconditions. Than: Adequate priorities.

*

Ladies and Gentlemen:

We all know that development assistance is important and can really make a difference in well-governed countries, but we also know, and have seen too often, that it can be misused.

We must demand the highest standards from ourselves in promoting development. But we must also demand the highest standards by the recipients of our aid. In short, we need better donors, but also better recipients.

First: Developing countries must do their part by making sure that the well being of their citizens is front and center. That resources, domestic as well as foreign, are not wasted but invested productively.

Second: Developing countries must pursue sound economic policies, since this a necessary condition for lasting growth and development. This is true for developed countries, and it may be even more so for developing countries.

Third: Developing countries must address the uneven distribution of incomes and wealth. This will help in reducing poverty and strengthen growth prospects, since an uneven distribution is a barrier to growth.

Fourth: Developing countries must combat corruption and bad governance that plague many developing countries. Robust and well-functioning institutions are crucial for long-lasting growth and development.

Fifth: Developing countries must ensure that democracy and respect for human rights is guaranteed.

To summarize and to put it frankly: Sweden, as well as all other donor-countries, need to be able to say to every single taxpayer that the developing assistance has been efficient; that every single Swedish krona has reached out and made a difference. We must be able to convince Swedish workers about this. If not, it will be difficult to continue to spend 1 percent of our national income on aid over time.

*

Ladies and Gentlemen;

By working together - and also by learning by our mistakes - we have realized that development is not an easy thing. There is no silver bullet. The challenges facing each poor country are unique, and so must the solutions be.

We can learn from experience, and from each other but the outcome must be adapted to fit the specific challenges of each and every country.

The Chancellor has talked about the importance of debt relief and I fully support him in his effort to renew focus on the debt situation in the poorest countries. We must ensure that the problem of unsustainable debt disappear in the poorest countries.

But just as the debt situation is a real and serious problem in many countries, we know that in others the main challenge lies elsewhere. There is no unique recipe that can be prescribed to all if they are to attain

sustained growth and poverty alleviation. It is by acknowledging this and by combining the strengths of all the various actors that we can make a real difference.

The world has become a better place to live during the last twenty years. The number of people living on less than one US-dollar per day has been reduced by approximately 400 million people since 1981. But still there is a long way to go. It is a shared responsibility to make sure that we get there.

The UK has put development and the fight against poverty at the top of the G7 agenda, not at least thanks to Chancellor Gordon Brown. This is a very important step. The UK as well as Sweden has highlighted the vital role of international trade. The UK has also taken the lead in proposing innovative financing mechanisms such as the IFF as a means to rapidly increase development financing.

This proposal has the full backing and support of Sweden, although it is primarily directed towards those countries that do not yet live up to the UN aid-target. As has been said by the countries that have reached the target, the IFF is not the best option in the perfect world where many more countries belong to the zero-point-seven-group. However, it is the most realistic alternative we have for rapidly increasing aid levels in the present situation. We cannot afford to wait for the perfect world.

In fact, we believe that it is so important that Sweden will do more than just lend its moral support. During this year Sweden will therefore increase its financial support to the Global Alliance on Vaccine and Immunization to about 100 million SEK, and we will continue to support GAVI in the years to come.

Today I am proud to announce that Sweden will participate financially in the IFF pilot project. I hope that this will help in convincing others to join, especially those who have not yet reached the 0,7 percent target.

However, we must also let ourselves be even more visionary.

I hope that we, in the long term, can find a common global financing for development assistance. Proposals regarding environmentally related global incomes, such as suggested by President Chirac, should be seriously considered. Especially since they can help finance repayment of IFF bonds.

If so maybe, we can come a bit closer to fulfilling our shared responsibility.

Let me end by returning to the Labour Party Conference last autumn, which I unfortunately couldn't attend. I would have liked to hear the speeches by Prime Minister Blair, by Chancellor Brown - but also by Bono.

He said:

“We are the first generation that can look extreme and stupid poverty in the eye, look across the water to Africa and elsewhere and say this and mean it:

we have the cash,

we have the drugs,

we have the science – but do we have the will?

Do we have the will to make poverty history?

Some say we can't afford to.

I say we can't afford not to."

And I, representing the planet Sweden, can only agree. 2005 is a window of opportunity in the history of humankind.

Thank you for your attention.
