



**Address**

**by**

**Mr. Anwarul K. Chowdhury  
United Nations Under-Secretary-General  
and  
High Representative for the Least Developed Countries,  
Landlocked Developing Countries  
and Small Island Developing States**

**at**

**The Stakeholders Consultation  
on  
Ireland's First White Paper  
on  
Development Cooperation**

**Dublin, Ireland  
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Minister Lenihan,  
Chairman Chris Flood and Members of the Advisory Board,  
Distinguished Ladies and Gentlemen,

I am delighted to be here today with you at the culmination of Ireland's efforts to prepare the first ever White Paper on Development Cooperation, that will set out the future direction of the Irish Development Programme, its underlying values and the policies as well as approaches for this key area of foreign policy. It is indeed heartening to see the extraordinary efforts the government is undertaking to reach a broad based consensus on the basis of an inclusive and extensive process of public consultation. This augurs well for the future of the official development assistance, which in the recent past has grown very rapidly to over half a billion US dollars, equivalent to 0.4 per cent of Ireland's 2005 gross national income (GNI). The projected increase to 0.7 per cent by 2012 deserves our wholehearted commendation. Here I would pay tribute to the dynamic leadership of Minister Lenihan whose determined efforts have successfully brought the process to this point.

In a highly authoritative report presented at the Monterrey UN conference on financing for development in 2002, it was rightly asserted that, "Foreign aid is increasingly a catalyst for change, and is helping to create conditions in which people are able to raise their incomes and to live longer, healthier, and more productive lives." The paper went on to say, "The past 50 years have seen remarkable successes, as well as failures, in development assistance. Better policies in developing countries, together with allocation of aid since the end of the Cold War, imply that aid is more effective today at reducing poverty than ever before." Broadly, these assertions are still valid.

Ireland is exemplary in showing the way in building public awareness and ownership of the vision of its development cooperation policy. Bearing in mind the limitations on resource availability, it is imperative to assure that contributions provided by Ireland and, for that matter, by all development partners are put to the intended use in the most efficient and effective manner. I am pleased to note that the focus of Ireland's

development cooperation effort has as its absolute priority the reduction of poverty, inequality and exclusion in the neediest countries.

I am therefore particularly pleased to have been asked to address you today as this consultation culminates the long process for the White Paper. I have noted with great satisfaction that the focus of Ireland's bilateral aid programme concentrates on eight countries of which six are located in Sub-Saharan Africa. All of these are classified by the United Nations as Least Developed Countries (LDCs). In effect, half of Ireland's ODA is channeled to LDCs, which makes it one of the eight countries in the world to live up to Commitment Seven of the Brussels Programme of Action for the Least Developed Countries by contributing over 0.20 per cent of its GNI to the LDCs.

As you know, the United Nations General Assembly just concluded the 2005 World Summit, which among other things took stock of whether the international community was on its way to achieve the Millennium Development Goals that were agreed to in the UN Millennium Declaration by the world leaders five years ago. Sadly, if implementation continues on the current trajectory, the overarching goal to eradicate hunger and poverty will not be met by the 2015 deadline, and that is more so in the LDCs. These 50 countries and their nearly 750 million people – projected to increase by 200 million more by 2015 - represent the poorest and weakest segment of humanity. Their number has steadily increased from the initial 25 countries in 1972 to double that size, of which 34 are located in the Sub-Saharan Africa. They rank lowest on the Human Development Index. They are at the bottom of any development-related ranking that many institutions put together every year. I do not need to repeat all those statistics that you are familiar with.

It goes without saying that the challenges and constraints facing the LDCs are enormous and therefore need equally determined international support. Slow economic growth, poor trade performance, continuing environmental degradation, debilitating HIV/AIDS pandemic, discouraging foreign direct investment and unmet ODA commitments compounded by host of new challenges in a globalizing world make the

development tasks of these countries much more difficult. I have asserted many times that the MDGs will not be achieved globally unless we are able to support effectively these most vulnerable countries in achieving these goals.

Though each LDC has accepted the primary responsibility for its own development, its efforts need to be given concrete and substantial international support from governments and international organizations as well as the private sector and civil society in a spirit of shared responsibility through genuine partnerships. The Brussels Programme is based on a framework for partnership between LDCs and their development partners "to accelerate sustained economic growth and sustainable development in LDCs, to end marginalization by eradicating poverty, inequality and deprivation in these countries, and to enable them to integrate beneficially into the global economy". Its overarching goal is "to make substantial progress toward halving the proportion of people living in extreme poverty and suffering from hunger by 2015". The Programme that was adopted within a year of the UN Millennium Summit, as a whole contains 30 international development goals that also include the MDGs.

The World Summit of last month reaffirmed the commitment to global partnership for development and, among other things, addressed the special needs of the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States. In recognition of the dire situation in the Least Developed Countries, the Summit also called on the development partners to live up to their ODA commitments contained in the Brussels Programme and provide 0.15 to 0.20 per cent of GNI to LDCs as ODA by no later than 2010.

Given the extremely debilitated resource situation of the LDCs, ODA is a most crucial ingredient for their development. The stark question we are confronted with is whether "aid and development now" or "war and conflict and humanitarian aid later". It is no coincidence that the Brussels Programme calls for an increased level of development assistance for the LDCs. ECOSOC in its 2004 High-level review of resources mobilization and enabling environment for poverty eradication in the Least

Developed Countries reaffirmed that “that official development assistance has a critical role to play in support of the implementation of the Programme of Action.”

In effect, LDCs are caught in a "poverty trap" where slow growth and low income limit domestic savings, and that in turn, limits investments and consequently economic growth for poverty eradication. Their ability to attract Foreign Direct Investment, another source of financing, also is only marginal. LDCs are also compelled to use a substantial portion of their available ODA and export earnings to service their external debt, leaving precious little to address their development priorities. The Millennium report launched earlier this year by Jeffrey Sachs states the problem succinctly: “The LDCs require special assistance because they cannot meet their basic needs from domestic resources regardless of their own policies or quality of governance. Support for them should be consistent with the UN Brussels Programme of Action, which outlines key areas to help break the LDCs poverty trap, including human resource development, investments in supply-side constraints, environmental protection and investments for food security.”

Let me also underline here that the ODA debate is not just about the necessity of sufficient flows of development assistance or compliance with the committed targets. The quality of aid provided is equally important, as it has a major impact on its effectiveness. In this regard, fairly good progress has been made in the aid harmonization agenda as reflected in the Paris Declaration on Aid Effectiveness drawn-up earlier this year. The alignment of donor assistance and the simplification and harmonization of donor requirements will go a long way in contributing to the reduction of the transaction cost of development assistance and enhancing aid effectiveness. Conditionality attached to aid often conflicts with commitments to increase the responsibility of developing countries for their domestic development strategies. Only when aid is fully aligned with national development strategies, can it be nationally owned and truly effective.

Thirty-two of the fifty LDCs have completed their Poverty Reduction Strategy Papers (PRSPs). The remaining are expected to complete theirs by 2006. As budget

support has emerged as a new way of effective resource transfer, especially if it increases the poor's purchasing power and thus alleviates hunger and malnutrition, the accomplishments of LDCs in defining their national strategies should encourage donors to channel their aid increasingly through budget support. At present, according to estimates of OECD/DAC, only about one fourth of registered ODA is allocated in this manner. Additionally, untied aid and aid provided on a predictable basis are needed to improve aid modality, so that medium to long-term ODA commitment flows to LDCs reduce the uncertainty and unpredictability of whether national development goals can be implemented as planned. I am sure OECD/DAC Chairman Richard Manning, who speaks after me, will address this issue more effectively.

While saying that let me also emphasize that ODA should not be seen as a panacea for solving the root constraints to economic and social development in the LDCs. This is true about other developing countries too. As the Sachs Report puts it: "Increased aid and debt relief must be accompanied by further opening of trade, accelerated transfer of technology and improved employment opportunities for the growing ranks of young people in the developing world."

Here let me commend the development partners of LDCs for providing extensive preferential market access, the most remarkable of that being the European Union's "Everything but Arms" initiative launched in 2001. But we should recognize that most LDCs are not in a position to take full advantage of the market access basically due to their own supply-side constraints. For that, they would need additional support to build up their trade capacity. That is why these days there is so much emphasis on "aid for trade".

In closing, let me reiterate that the development assistance and its allocation is meaningful and productive when it is pro-poor, invests in human development, ensures equity and empowers the poorest, particularly women. We are encouraged that that the Development Cooperation Ireland is leading the way to responsible and effective partnership, especially in respect of the LDCs. Let us hope that other donors will follow

this exemplary approach and make good on their commitments. As we prepare for the five-year review of the Brussels Programme next year by UN General Assembly, I would like to urge the Irish Government and other stakeholders present here to assist in pressing for decisions by the European Union for the benefit of the LDCs in the following areas:

- major part of increases in development assistance should be allocated to the Least Developed Countries. This would ensure that the Brussels Programme of Action goals will be met in a timely fashion;
- debt to all HIPC-eligible Least Developed Countries should be cancelled;
- agricultural subsidies should be withdrawn making the LDCs agricultural products competitive in world markets.
- meaningful relaxation of the rules of origin for the products of the LDCs

Hopefully such measures will go a long way in helping these poorest countries to come out of poverty and hunger and have a dignified existence within the comity of nations. In line with the focus of the Irish Development Programme, Ireland can champion the inclusion of a chapter on addressing the special needs of LDCs on a priority basis by the EU in the forthcoming proposal for a Joint Declaration by the Council, the European Parliament and the Commission on the European Union Development Policy. Maybe one can go even further to think of a caucus for the Least Developed Countries in the European Parliament to reflect truly the commitment by the European Community to the needs of the LDCs and ensure continued support to them in facing their challenges.

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