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STATEMENT BY

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at the High-Level Event on MGDs

Round Table: Poverty and Hunger

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Mr. Chairman, ladies and gentlemen,

I would like to start by congratulating the Secretary General for his excellent report for this MDG Summit.

We must be effective in our development policy in order to reach the Millenium Goals. But **what kind of development aid and policy is effective?**

The EU and the other Northern donors are channelling most of their funding through the public sector to direct poverty reduction. They have neglected infrastructure and the productive private sector, including agriculture, although they have excellent resources for them.

The emerging Southern countries concentrate on infrastructure and the productive sectors, especially on the utilisation of the natural resources. They have been less active in education, health and social sectors even if they have invaluable experience in creating social development in a developing country.

Both approaches are needed. Poverty must be tackled directly, but we have to take care of the economic sustainability of our policies, as well. Experience shows that poverty reduction has been most effective in countries which have had strong growth in their private sector.

In my opinion, we need **convergence** in our development policy. The Northern donors should use more resources for infrastructure and the private sector. In the South-South co-operation more attention should be paid to social development. Triangular co-operation is important in promoting aid effectiveness.

All development and development policy must be **ecologically, economically and socially sustainable**.

Sustainability is not included in the Millenium Development Goals. Still, it is an important goal as such, but it is also a necessary precondition for achieving all the other goals.

Environmental sustainability is there, as MDG 7, but it has been largely neglected. In the era of the climate change and other serious environmental problems all our action must be ecologically sustainable.

I mentioned already the role of **economic sustainability** in effective poverty reduction. But we have to recognise the limits of ODA in creating economic growth.

The most important key is trade - not only North-South trade but also South-South trade. The EU for example has given generous trade preferences to the poorest developing countries. The emerging Southern nations should do the same.

Another key is rural development based on sustainable utilisation of the renewable natural resources in agriculture, forestry and energy production. Priority must be in feeding the own population and improving its standard of living.

Social sustainability is necessary for economic progress.

The Millenium Goals deal almost exclusively with the social sector, but they do not include the foundation of social sustainability - rule of law, good governance, democracy and basic human rights. This foundation is crucial for the well-being of people, but it is necessary also for both immediate sustainable alleviation of poverty and for effective indirect reduction of poverty through sustainable economic growth.

Mr. Chairman

Poverty reduction can be effective - it can bring fast and lasting results - only if our policies are sustainable both ecologically, economically and socially. If any of these pillars of sustainability is missing, we are going to fail.

Let's not let that happen.