

International Finance Facility

Background

1. The international community is committed to the Millennium Development Goals (MDGs), which were most recently endorsed by the Conference of 2002. To some extent they build on the work of the Jubilee 2000 campaign. They set targets for 2015 in the areas of basic education, infant and maternal mortality, clean water supplies and poverty reduction throughout the developing nations. However, progress is currently not fast enough to meet these targets by 2015.

2. In response to this, the Chancellor of the Exchequer has launched an initiative to create an International Finance Facility (IFF). The concept is that in addition to regular aid flows, donor governments in rich countries should guarantee additional flows of funds from the private sector to the developing world. These would allow investments by developing economies to enable them to converge more closely onto the MDGs. This private sector finance would be a liability of the rich country governments and therefore would not increase the debt burden of the poorer nations. It would eventually be repaid out of rich country aid budgets but mostly after 2015. The IFF is therefore a means of bringing forward potential investment money to enable much earlier progress towards the development goals.

3. The British Government is currently encouraging international support for the IFF. Its potential benefits increase as the number of participating rich country governments increases. The Chancellor's goal of doubling the flow of aid to \$100 billion per annum crucially depends on winning the support of countries such as the USA and Germany. The UK Government would like to be able to launch the IFF during 2005 when the UK holds the Presidency of both the EU and the G8.

4. The Chancellor has specifically asked for the support of the Churches in his international campaign, not least in using the Churches' own international networks. The IFF is not a panacea; and it needs to be seen in parallel with other campaigns for an increase in the direct aid budget and the reform of world trade rules. However it does have the potential to make a positive difference. The formal support of the Methodist Church would be helpful.

5. A parallel resolution will be put to the General Assembly of the United Reformed Church. The President of the Conference jointly chaired with the Moderator of the URC General Assembly a seminar for all the main British denominations on the IFF. Other Churches are considering their position.

RESOLUTION

??/1 The Conference notes with approval plans to create an International Finance Facility and pledges its support for ecumenical campaigns calling for its introduction.