

Background Note

MR. WU HONGBO UNDER-SECRETARY-GENERAL FOR ECONOMIC AND SOCIAL AFFAIRS, SECRETARY-GENERAL FOR THE INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT

**IMF and World Bank Spring Meetings – ‘Financing for Development:
The Way Forward’**

Excellencies, Distinguished Colleagues, Ladies and Gentlemen,

It is a great honor to participate in this seminar on Financing for Development. Allow me first to thank the International Monetary Fund for the very kind invitation. I am very pleased that this year's Spring Meetings put Financing for Development at the heart of deliberations.

The Third International Conference on Financing for Development in Addis Ababa in July will be the first of three major milestones that are likely to shape international cooperation for years to come. 2015 is indeed a watershed for the global community and a unique opportunity to chart a new era of sustainable development. It is my strong belief that with an ambitious outcome in Addis Ababa, we can lay the groundwork for a successful Summit on sustainable development at the United Nations in New York in September and contribute to a meaningful agreement on climate at COP21 in Paris in December. In these efforts, the strong engagement of both the Bank and the Fund, and of the community of finance ministers and central bankers, will be indispensable.

Excellencies,

The main tenets of the post-2015 development agenda have become clear. Poverty eradication will remain at the core of our global efforts. We must build on the progress we have achieved over the last 15 years and finish the unfinished business of the MDGs. But in a globalized world, faced with truly global challenges, we have to go further. The post-2015 agenda will be universal, aiming for economic progress, social inclusion and environmental sustainability for all people in all countries.

To deliver this agenda, the global community has to be equally ambitious on financing. The financing landscape has changed significantly since the adoption of the Monterrey Consensus in 2002, and all types of financing have increased. But they do not necessarily flow where they are needed most. Indeed, unmet financing needs for sustainable development are enormous and current investment patterns do not deliver sustainable development. The global economic and financial crisis also revealed risks in the international financial system. The Addis Conference is a unique opportunity to change this trajectory and to put us on a more sustainable path.

This is, in my view, the major contribution that Addis Ababa can make. We have to formulate a comprehensive financing framework for sustainable development. As noted in the zero draft of the Addis Ababa Accord, this framework should seek to ‘strengthen official finance, unlock the transformative potential of the private sector, ensure that investment patterns are sustainable, and strengthen national and international policy environments’.

Recognizing the primary responsibility of countries for their own economic and social development, the proposed framework puts cohesive national sustainable development strategies and integrated national financing frameworks at the heart of implementation efforts.

This is a call addressed to finance ministries, which will ultimately be expected to implement policies at the country level. That is why the engagement of this community is so critical in the run up to Addis, at the Conference itself and beyond. The contribution of the IMF, with its unparalleled experience in technical assistance on tax matters, as well as its work on systemic issues, will also be indispensable.

Official development assistance and non-concessional lending by multilaterals will remain critical to finance the post-2015 agenda in developing countries. Reaffirming existing commitments on ODA and taking concrete steps towards meeting them in full will send a strong signal to the international community that we are serious about meeting the SDGs.

Another key gap area is infrastructure. To scale up investments in sustainable and resilient infrastructure, the draft outcome calls for a global initiative on sustainable infrastructure, building on the work of the Group of 20 and involving all stakeholders, in particular the multilateral development banks. This initiative could serve to identify

gaps and constrains, particularly in countries and sectors that are currently under-served, and enhance capacity building and mutual learning.

Development banks have a particularly important role to play in this agenda, particularly in terms of increasing financing and leveraging private sector investment in infrastructure, agriculture, SMEs and other areas crucial to sustainable development. The draft welcomes the MDB efforts to fully utilize their balance sheets, consistent with maintaining their financial integrity, to help support the ambitions embodied in the SDGs.

At the same time, the draft recognizes that national efforts will need to be supported by an international enabling environment, including a fair trading regime and a stable international financial system. The draft also emphasizes the importance of greater policy coherence at the international level, to ensure that all countries have the policy space to pursue trade, investment and financial policies in line with their national sustainable development strategies. Additional action, national and international, is also required to enhance debt sustainability. These are issues high on the agenda of the Bretton Woods institutions, and any progress in them will rely on your constructive engagement.

If we are to retain the momentum and support implementation of the SDGs through 2030, then this engagement must also continue after the Addis Conference and the September Summit. Only with a strengthened follow-up process will the Addis Ababa Accord remain alive beyond 2015.

The Financing for Development process has traditionally been the place of engagement at the United Nations for Ministers of Finance, for Central Banks, and for the IMF and the World Bank. I believe we have to strengthen this dialogue in the years ahead, to ensure that all the relevant actors are brought together and their voices heard. In this way, we can bring both the expertise and the right level of representation to bear on the monitoring and review of commitments in the follow-up to Addis.

Excellencies,

As the Secretary-General of the Conference, I will continue to do my utmost to ensure a successful Conference. I ask you to support me in this task and to ensure your governments' participation in Addis at the

highest possible level. With a joint effort, I am convinced that Addis can live up to expectations.

Thank you.