



UN Financing for Development Follow-up Process

An Agenda for Public-Private Cooperation



COMMITTED TO IMPROVING THE STATE OF THE WORLD

An important contribution of the UN Financing for Development process (FfD) is the forum it provides for taking a systemic look at impediments to the mobilization of substantially increased resources for international development and poverty alleviation. Its scope encompasses the full range of trade, aid, and international and domestic finance and governance issues, cutting across the mandates of different international organizations and national ministries, and involving topics where much of the relevant expertise is in the private sector.

The UN Department of Economic and Social Affairs and the World Economic Forum are partnering to stimulate progress on some of these interdisciplinary and public-private problems through a new, informal process that will gather public-private actors to develop policy alternatives and issue recommendations.

Many of the biggest opportunities for progress lay at the intersection of trade and aid, aid and financial governance, international financial institutions and private investment, etc. The FfD follow-up process presents a special opportunity to improve the coherence — and thus effectiveness — of the world's response to a number of the challenges identified at the 2002 Monterrey conference requiring an interdisciplinary and joint public-private response.

In a series of structured workshops over the next year, experts from the official and private sectors as well as academia and civil society will commission research and deliberate together to supplement the ongoing work of official institutions. Building on the World Economic Forum's independence and informality, the workshops will provide a conducive environment for leaders from varying backgrounds to stimulate thought and progress in the system as a whole through their freedom to look at problems and their solutions in an integrated fashion. By adding substantive focus to the follow-up to the Monterrey conference, these informal, public-private efforts will help the UN to realize the potential of FfD to stimulate new thinking and greater interdepartmental coherence — i.e., to generate an enhanced, systemic response to the inadequacies of development finance.



The collective output of these expert groups will be reported to the 2005 UN High-level Dialogue on Financing for Development for dissemination to interested governments, international organizations and the public. This multistakeholder process will explore the following topics:

1. Understanding how public-private partnerships can improve the reach and effectiveness of development assistance

Private sector appreciation of the need for engagement in broader social, environmental and other international governance problems is growing. The Johannesburg World Summit on Sustainable Development crystallized appreciation by all stakeholders of the importance of informal networks and public-private partnerships in the quest for progress on global problems. This new consensus on the indispensability of partnerships is not yet matched by a capacity in the international system to develop and successfully manage them. In part, this is because there has been little analytical work done to assess the types of partnerships that work best in different circumstances. The UN/Forum multistakeholder expert process will systematically examine the experience to date in the various topical areas of development (e.g., health, basic education, water) and build on the experience and research of a number of public, private sector and civil society actors.



"In the increasingly globalizing interdependent world economy, a holistic approach to the interconnected national, international and systemic challenges of financing for development...in all parts of the globe is essential. Such an approach must open up opportunities for all and help to ensure that resources are created and used effectively and that strong, accountable institutions are established at all levels. To that end, collective and coherent action is needed in each interrelated area of our agenda, involving all stakeholders in active partnership".

Monterrey Consensus

“Some of the impediments to financing for development are not being adequately addressed due in part to their interdisciplinary and interagency nature. The private sector has yet to be fully integrated into the search for solutions to problems that inherently require a public-private response.”

Richard Samans, Managing Director, Global Institute for Partnership and Governance, World Economic Forum



2. Improving the climate for private investment

(a) Leveraging multilateral development banks and aid agencies to catalyse private investment

In all of the discussion in recent years about reform of international financial institutions, relatively little attention has been focused on the adequacy and efficacy of their programmes to co-finance, guarantee, provide trade financing or otherwise stimulate private investment by mitigating risk at the margin. A review of available options and new opportunities in cooperation with knowledgeable company and financial institution representatives, academic experts, and Multilateral Development Bank and bilateral aid agency officials would add an important, practical dimension to these discussions. The FfD private sector coordinating committee has set the stage for such a process by advancing a number of concrete new ideas. Other experts have offered additional proposals. A public-private process to examine how best to leverage existing public institutions (or indeed to create new ones) could make an important contribution to both FfD and the ongoing debate about the reform of the Bretton Woods institutions.

(b) Bringing financial governance capacity building to scale

In many developing countries, improvement in the investment climate for domestic and foreign investors depends heavily on strengthening the public and private institutions of financial governance. Priority needs to be attached to building capacity in the areas of accounting, auditing, financial analysis, contract dispute adjudication, corporate governance, etc. Since the private sector has much of the expertise in these areas, it should be brought into deeper partnership with development assistance agencies and multilateral institutions with respect to both the strategy and delivery of such assistance. The FfD follow-up process provides a good opportunity to bring relevant public and private sector actors together for a sustained look at how programmes of cooperation could be developed to greatly increase institution building in developing countries in these areas, drawing on the comparative strengths and capabilities of development agencies, multilateral development banks, private financial institutions and academia.

How can I participate in the initiative?

- Request an invitation to a particular workshop
- Bring to our attention a public-private partnership that merits examination or replication
- Make a suggestion regarding how private investment and financial governance in developing countries could be improved by greater public-private collaboration or more effective use of multilateral development banks

For comments or information, please contact:
globalinstitute@weforum.org

David Aikman, Associate Director, Global Institute for Partnership and Governance, World Economic Forum
Tel.: +41 (0)22 869 1245