

## Financing for Development: UN meeting on Sept 8-9 and 10<sup>1</sup>

**H.E. Mr. Abdelaziz, H.E. Mr. Lovald, distinguished delegates, ladies and gentlemen,**

**We live in a moment of growing economic uncertainty.** The current financial turmoil, high energy and food prices, increasing inflation, and prospects of slower growth in many countries are all interconnected signs of growing distress in the world economy. These elements combined might put at risk the progress in poverty reduction we have witnessed during the last decade and the continuity of the longest period of sustained economic growth experienced by many developing economies in the post-World War II era.

**Strong leadership and multilateral cooperation is necessary to address these short term challenges coherently,** keeping the world away from classic “prisoner’s dilemma” outcomes, where unilateral actions are followed suit by others, aggravating problems, generating self-reinforcing spirals and leading to worse outcomes for all. **Strong leadership and multilateral cooperation is also necessary to avoid losing sight over our longer-term objectives** of securing the internationally agreed development goals, including the Millennium Development Goals (MDGs).

**Developing countries, in particular, have much to gain from multilateral cooperation, and disproportionately suffer from its absence.** Those people who are the least responsible for the current distress in the world economy are also the most vulnerable and least able to adapt. The current food crisis exemplifies this to the extent that low income countries, particularly the poorest segments of these societies, are the most affected.

**The Financing for Development conference in Doha provides an opportunity to reaffirm and strengthen the mutual accountability framework anchored to a strong country-based development model.** In the aftermath of Monterrey, there was hope that international development efforts to support the MDGs would gain momentum. The implementation of major debt relief initiatives (e.g. the MDRI), the recovery of Official Development Assistance flows (vis-à-vis the trends in the 1990s), the Gleneagles

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<sup>1</sup> Statement delivered by Carlos A. Primo Braga, Director, Economic Policy and Debt Department, Poverty Reduction and Economic Management Network, The World Bank.

Commitments toward scaling up aid (particularly to Sub Saharan Africa), as well as the Paris Declaration on Aid Effectiveness and innovations in resource mobilization for development (e.g., the International Financing Facility for Immunization) sustained that hope. Yet the international community faces an increasingly demanding agenda in pursuing the MDGs as 2015 draws nearer. The magnitude of the MDG challenge remains daunting and the environment in which poverty reduction efforts are undertaken is arguably getting more difficult as countries now cope also with new challenges, including high food and fuel prices, donor “fatigue” and delays in the conclusion of the negotiations around the Doha Development Agenda.

**We believe, however, that adapting and extending the mutual accountability compact - laid down in Monterrey - to reflect the changing global environment continues to provide a solid foundation on which to build a more comprehensive framework to address global issues. More specifically:**

- 1. Developing countries (particularly those well endowed with natural resources) could reaffirm their commitment to strengthen the mobilization and deployment of domestic resources to promote more inclusive and sustainable growth. The ratification of the UN Convention Against Corruption (UNCAC) and other measures to deter asset theft and facilitate their recovery (e.g., the StAR initiative), countering illicit financial flows as well as helping countries manage their natural resources (EITI++) could be important pillars of this framework.*
- 2. With growing global imbalances, surplus countries could commit to provide more aid and financing to support the increased needs of developing countries in line with the Paris Principles of Aid Effectiveness and the concept of debt sustainability. Special attention should be given to the potential role that sovereign wealth funds (SWFs) could play in promoting investments in developing economies.*
- 3. Traditional donors could match these efforts by mobilizing additional resources from a range of sources – public and private – expanding innovative mechanisms for financing development needs and improving upon the predictability of ODA flows.*

4. *Attention to the climate change agenda needs to be better integrated with core development work. But low-income countries also need assurance that resources allocated to mitigation and adaptation to climate change will not detract from other development needs. Aid provided to developing countries on this front should be additional to existing levels of assistance. In addition, acceleration of technology development and transfer could also play an important part in forging a globally acceptable and actionable outcome.*
5. *Finally, the expanded compact should reaffirm the critical role international organizations must play as public good providers to address market failures and to assist developing countries with technical and financial support. The World Bank stands ready to play its part, as witnessed by our engagement – working closely with other UN agencies - in the current food crisis under the leadership of President Zoellick's 10-point-plan for a "New Deal for a Global Food Policy" to combat world hunger and malnutrition.*

**Let me conclude by pointing out that even though the international economic environment is becoming more challenging, significant progress in advancing the Financing for Development agenda has already been achieved.** The agreement reached last December by IDA donors on a record IDA 15 replenishment of US\$41.6 billion, continued progress in debt relief initiatives (with the overall assistance committed to the 33 post-decision HIPC's amounting by now to US\$117 billion in nominal terms) and the recent successful Accra HLF, and the adoption of the Accra Agenda for Action, illustrate the scope for multilateral cooperation.

**We hope the international community will build upon these successes and that the Doha conference will help us explore innovative ways to finance development needs.** In this context, we will continue to support the Doha process with a view to achieve an outcome that would further advance the concept of mutual accountability and a strong country-based development model for the pursuit of the MDGs, building upon the Monterrey compact. Thank you for your attention.