

Statement by ECOSOC Minister-Counselor John Sammis
UN General Assembly High-Level Dialogue on Financing for Development
UN General Assembly Chamber
December 7, 2011

Thank you Mr. President,

As we continue our important discussions on Financing for Development (FfD), we must be certain that our deliberations reflect the dramatic shifts in the development landscape.

Official development assistance from governments and multilateral organizations is no longer the primary driver of economic growth. In the 1960's, official development assistance (ODA) accounted for 70 percent of capital flows to developing countries. But today, because of private sector growth and increased trade, domestic resources, remittances and capital flows, ODA only accounts for 13 percent of financial flows to developing countries – even as development budgets have continued to increase.

As the Secretary General's FfD report highlights, developing countries are now a critical driver of international economic growth and have themselves become a source of development finance. Developing countries now account for 30 percent of outward foreign direct investment. This is double their global share three years ago. Over the same period, developing countries' share of global trade has increased from one third to over 40 percent. And developing countries account for three of the top five trading partners for the least developed countries.

The changes we have seen in development mean that old distinctions – like “donor” and “recipient” are less relevant. At last week's High-Level Forum on Aid Effectiveness in Busan, Secretary Clinton said, “We need every provider of assistance at the table, emerging and traditional, public and private. And we need to make sure we get past the old divisions so we can deliver results for everyone.”

Official development assistance remains an important component of FfD, and when well-targeted, can play an important role in reducing extreme poverty and can serve as a catalyst for self-sustaining development. But we must also recognize that any serious discussion of ODA needs to focus on the quality of assistance – what it actually achieves – and not just on quantity. As we look to Paris, Accra and Busan, it is more important than ever for us all to embrace and implement the five fundamental principles of national ownership, alignment, harmonization, managing for results, and mutual accountability.

The fact that private sector flows, including capital flows, trade and remittances are the bulk of development financing today is a positive development. It underscores, however, the importance of continuing to shift our approach and our thinking from aid to investments – investments targeted to produce tangible results. Investors choose their investments carefully, making it essential for governments to create and maintain stable, rules-based domestic environments that support growth and that guarantee fair treatment.

Sustainable and inclusive economic growth requires governments to pursue and maintain the highest standards for accountability and transparency, and continue to fight against corruption and illicit financial flows.

We have seen from numerous positive examples around the world that governments in developing countries can accelerate investment and growth by providing their citizens with improved access to the facilities of economic opportunity. In some countries this still requires significant reforms to remove barriers to education, land ownership, and lending, and to create legal systems where people are treated equally.

Mr. President,

In sum, the dramatic changes in the global economy in recent decades, and in particular the trends that we have seen in development finance since we met in Doha in 2008, require us to take a collective fresh look at the FfD process to ensure its continued relevance. This includes the need to break down the outdated donor recipient model and broaden the FfD framework in order to recognize the growing participation of new and non-traditional players in development finance, a new focus on investment over aid, the full incorporation of the five aid effectiveness principles, and continuing efforts to help developing countries make the necessary reforms to spur inclusive, equitable economic growth and achieve the Millennium Development Goals.

Thank you.

###