



Follow-up International Conference on Financing for Development

Opening Plenary Meeting

**Speech by Angel Gurría,
Secretary-General
OECD**

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Excellencies,

Today in Doha, we all have a sense of a turning point.

This conference is much more than a review of Monterrey. It is an emergency meeting on how to promote, preserve and protect the vital resources identified in Monterrey so that the current economic and financial crisis doesn't turn into a development catastrophe with consequences lasting for decades, long after the crisis is over.

The dramatic failure of the regulatory, supervisory, corporate governance, and risk management frameworks of the financial markets is now impacting the real economy. Countries and families around the world are already feeling the pain. Many developing countries will become even more vulnerable, with lower growth, volatile exchange rates and stock markets, higher unemployment and poverty levels, more fragility, weaker health systems and even more difficulties in meeting the MDGs.

At the same time, we must remember that, as an OECD Delegate said recently, "a crisis is a terrible thing to waste."

Indeed, the collective response to the crisis and the emergence of the "L20" reflect the acknowledgement of a new reality of power and responsibilities in the global economic governance of the 21st century.

We at the OECD are developing a strategic response to the crisis with two main strands. First, we are focusing on a set of policies, rules and incentives for designing a robust, reliable and flexible financial system. Our second focus is on restoring growth, along a low carbon path, while protecting the most vulnerable among the population.

This crisis has generated major public interventions in financial markets and beyond. At the OECD, we are also beginning to look at an exit strategy for the unwinding of such interventions when conditions allow.

Why focus on OECD economies in Doha? Simply because the crisis started in developed countries and the best contribution they can make to developing and emerging economies is to overcome the recession and get on a path of vigorous growth as soon as possible.

In terms of the immediate situation, the OECD Members and some non-Members have agreed on three important actions:

First, the aid pledge. The members of the Development Assistance Committee of the OECD have reaffirmed their aid commitments and agreed to maintain aid flows at levels consistent with these commitments. This aid pledge should avert the situation of the 1990s, when aid budgets were slashed in the wake of recession.

Second, OECD Members have issued a trade pledge, where countries agreed to conclude the Doha Development round with an ambitious and balanced outcome and refrain from policies inconsistent with such an endeavor.

Third, a pledge to maintain official support for trade credits, which have been freezing up at an alarming rate and threatening to shut down normal trade flows.

The Monterrey consensus must remain a beacon even at this time of repair and reconstruction of the global economic and financial system. And as developing countries become increasingly vulnerable to the crisis, we need to push for sufficient, predictable and effective flows of aid through the implementation of the Paris Declaration and the Accra Agenda for Action. Together they constitute a significant aid reform agenda which needs strong political support.

The regional multilateral development banks (the IDB, the AfDB, the ADB, etc.) must be provided by their shareholders with either, more capital, more liquidity or greater flexibility on their gearing ratio so that they can face the increasing demands for credit from emerging and developing economies, given the reluctance of financial markets to extend loans to them.

The World Bank, the IMF, the WTO, the ILO, the UNDP and the OECD, all are dealing with different aspects of the global economic agenda. Thus, the capacity to cooperate and speak with one voice about such issues can be a great contribution to addressing them effectively. We will be working towards that end.

We also need to assure that the crisis does not distract us from focusing on issues such as the food crisis or on climate change, the most important long term challenge of mankind. After all, the duration of the recession will be counted in months, while our climate change policy decisions of today will define the shape of the world for decades.

We at the OECD are working so that Monterrey, Accra, Washington, Doha, Poznan, London, La Madalena, Copenhagen become an articulated, coherent, mutually reinforcing chain of events and decisions leading to a single, simple and clear objective: making the world a better place to live.