

Intervention by Narayan Dhakal, Under Secretary, Ministry of Finance, Government of Nepal, at the Preparatory Process for the Third International Conference on Financing for Development (FfD), Second Round of

Substantive Informal Sessions

12 December 2014, United Nations, New York.

Session 1: Learning from partnership

- One of the critical elements for effective and sustainable development financing strategy at country level is a fast move towards relatively self-reliant development financing. Evidently, absolute self-reliance is not possible in the globalized world. However, persistent and long dependence on aid is obstacle to self-reliance because such situation creates vicious cycle of capacity deficiency. Financing for development forum can work on striking balance between self-reliance and global inter-dependence by ways of promoting trade, investment, domestic revenue mobilization through innovative capacity development model, which could be indigenous and organic capacity development method.
- Another element could be reducing information asymmetry. Level of knowledge must be equal on both sides of the game. Otherwise, efforts of discussion, negotiations, consultation will prove only rhetoric as level of interventions and lobbying becomes lopsided. In any traditional aid agreement, costs and benefits from aid transaction are always hidden and only one side benefits are presented in from of mercy towards poor in the developing world. Aid help supply global public goods, aid boomerangs, aid crates commercial, economic and other type of benefits to providers. Therefore, FfD can encourage developing such a framework where both party can openly put costs and benefits for both sides.
- Third element could be strict implementation of the commitments made in aid effectiveness and global partnership high level forums from Paris to Mexico. These commitments are around use of country system as the first resort. Do not care about "perceived" fiduciary risks, care only about the results. Be ready to extend trust and take risk . Such trust extended by providers will help develop capacity through learning by doing approach. This should be made an indicator to rate the providers.
- PPP is also crucial element for sustainable development. Nepal is serious to encourage public private partnership in development. Private sector led "Nepal Economic

Summit" held in 2013 in Kathmandu in collaboration with government and implementation of the outcomes through budget and program is the burning example to substantiate Nepal's commitment to partner with private sector for development.

Session 2: Follow-up process

- Implementation of the outcome of Financing for Development conference can be followed up through joint monitoring and evaluation at various levels. United Nations can take lead to follow up with FfD.
- Such evaluation and monitoring process should engage developing countries as much as possible.

Thank you.