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THE CHANGING LANDSCAPE AND DYNAMICS OF INTERNATIONAL DEVELOPMENT COOPERATION

Address by South African Finance Minister and Special Envoy of the UN Secretary General for the Doha Review Conference Trevor A Manuel, MP to the ECOSOC Development Cooperation Forum

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At the turn of the century, the world community set itself clear and measurable targets for development: the Millennium Development Goals (MDGs). From the outset, it was recognised that realising these ambitious goals would depend on a renewed and deepened partnership that included the need for wide ranging institutional reform at national and global levels and significant increases in the resources for financing for development.

But as Louis Michel reminded us yesterday, that vision – bold as it was – was not underpinned by a clear set of commitments and plans that each of us, as responsible members of the family of nations, would be held accountable to.

In Monterrey in 2002 the UN Member States came together in a partnership to solve this problem. Together, we identified areas requiring catalytic actions by both developed and developing countries.

The Monterrey Conference and its Consensus provided us with a compelling vision for common action. It generated innovative ideas and inspired us to make concrete progress in financing development. It brought together all the international institutions tasked with economic governance in a common framework providing focus for a collective global response to the critical challenges of poverty and human development.

The Monterrey Consensus was a global partnership built on two critical pillars. First was the acceptance that each country has a primary responsibility for its own economic and social development. Certainly the structure of the world economy might remain a constraint on development. But the inequities of the past, no matter how much they are reproduced in the present, are no basis for rejecting the logic that sustainable development must rest on sound policies and good governance. The second element of our partnership was the acceptance that the delivery of these policies would call forth greater quantities of financing for development.

There would be symmetry of effort in building the conditions for development on the one hand, and ensuring that financial flows supported this process on the other. This is the essence of Monterrey and the partnership proposed in the consensus. But what was particularly important about Monterrey is that we all made very specific, quantifiable commitments.

These targets were given even greater force when the G8 met in 2005 and put in place bold plans backed by clear resource commitments on ODA, on debt relief, on climate change and on meeting the Millennium Development Goals, especially in Africa.

Monterrey is for development what Rio is for climate change. It is the benchmark; the framework against which all of our efforts will be measured. It was an agreement whose arrival was already overdue. Its promise cannot be lightly brushed aside. The commitments we made are unlikely to be forgotten. As new challenges arise, the correctness of Monterrey's remedies is likely to be reaffirmed. Its message will not be diminished through lack of progress on implementation, or on outcomes. Instead, its clarity of vision is likely to be reinforced.

Your Excellencies, it is with great honour that Minister Heidemarie Wieczorek-Zeul, and I have accepted the Secretary General's invitation to work as his Special Envoys for the Doha Conference. We are pleased to do so, because we believe that in the context of old and new challenges that the world faces today, the global partnership agreed to in Monterrey needs to be reaffirmed and strengthened. I want to take the liberty to say, on behalf of Minister Wieczorek-Zeul and myself, that we will not expect anything less than the best possible outcomes for Doha.

We have two basic tasks to undertake at Doha. The first is to review the progress we have made towards meeting the commitments we made together in 2002. In this regard we must be unequivocal in holding countries to account. This will prove to be extremely difficult – firstly governments do not wish to be reminded of past commitments made; secondly, most governments tend to part reluctantly with financial resources, even to meet the needs of their own citizens, and the spirit of Monterrey is about partnership and parting with financial resources; thirdly, notwithstanding commitments made, we are likely to be reminded by various governments of the change in circumstance – increases in the costs of food, fuel and finance. These three factors will be in sharp relief in the landscape of development co-operation over the period between the present and the Doha conference.

The second and related task is to jointly define a series of measures to put us back on track to meet the goals our leaders had set at the Millennium Summit, confirmed at Monterrey in 2002, and underscored at Gleneagles in 2005. I say this because, as is reflected in the documents before this forum, we are clearly not on track.

Just as in the approach to Monterrey in 2002, there are many factors which should serve to focus our minds. The landscape of financing for development has been shifted by new dangers in an ever more interdependent world.

Central to these are the interconnected set of crises that we could summarise in three (English) “F words”: Finance, Food and Fuel.

The crisis of Finance in part reflects the failure to heed the lessons of 1998. Although the epicentre of the financial disruption is very different now, many of the underlying factors that were responsible for 1998 are similarly present: global imbalances, weak financial governance at various levels, asset price bubbles and the failure to take seriously the words of the Monterrey Consensus that say (at paragraph 52) “In order to complement national development efforts, we recognize the urgent need to enhance coherence, governance and consistency of the international monetary, financial and trading system”.

The global food crisis partly reflects a series of supply side factors. But its impact, particularly on the poorest, is a measure of our failure to change the world of financing for development. Had we consistently and resolutely implemented what we said in 2002, the dangers that the food price spike poses for political stability and social cohesion may have been less severe. And perhaps we would have been better able to respond to the direct threat that these developments pose to the realisation of the Millennium Summit’s vision. World Bank President, Mr Bob Zoellick suggests that the renewed hunger and the concomitant resource diversion in poor countries could put the attainment of our goals back by 5-7 years.

Many gains have been made in creating conditions for the domestic mobilisation of resources. Many of these are threatened by the high price of fuel, especially in the oil importing countries. At the same time, fuel prices threaten to exacerbate the challenges in finance and in food. In respect of oil, we must also take a consistent long-term view of the problem – pumping more oil will increase emissions and, at anywhere close to current prices, will merely further distort the global imbalances.

All of this goes to show that procrastination will not make our problems go away. Monterrey sought to respond to a particular set of challenges, in a particular time frame, in part occasioned by a compelling set of development imperatives. The more we postpone the implementation of the response we designed the more these challenges will press upon us. They will not go away.

This is why countries must be held accountable for the commitments they have made. Accountability means merely following through on the decisions taken and respect for multilateral approaches.

I want to emphasise once again the intolerable example of Tanzania that Commissioner Louis Michel mentioned yesterday: 600 projects, each worth less than one million dollars, in one sector, in one country. It would be interesting to multiply these figures across the developing world.

Over the longer term, the problems of food and fuel – which rest on fundamental shifts in underlying economic conditions – require major transformations. Lord Stern put it nicely yesterday in the high level segment – resolving the food crisis requires an expansion of food supply, whilst the fuel crisis requires a reduction in oil demand.

But these shifts in supply and demand cannot be achieved overnight. In the short to medium term they will make the challenges we sought to address at Monterrey even more pointed.

Recently, the OECD Director General, Mr Angel Gurria, tried to press home the fact that “poverty is the ultimate systemic risk. It is the breeding ground for the proliferation of terrorism, armed conflict, environmental degradation, cross border diseases and organized crime”. He went on to say “Development co-operation is an important part of the solution to this global challenge, and it starts with development assistance”.

But the truth is that we are a long way from meeting our commitments. That is what the OECD has reported.

If we do not meet our commitments a number of adverse consequences will result. The global community will begin to lose faith in the credibility of commitments that global leaders make at so many summits. Unlike the UNFCCC, the Monterrey proposed no legally enforceable mechanism, backed by clear consequences, for the failure of countries to meet their commitments.

Second, if we fail to meet our commitments in terms of ODA made at Monterrey, what hope will the world have in our ability to confront the looming challenge of climate change?

The EU has proposed one way in which we can ensure our commitments are met. This is the adoption of rolling, multi-annual indicative timetables that illustrate how donors aim to reach their ODA targets. Perhaps one element of the package that could inspire recommitment to the Monterrey consensus in Doha is the acceptance of this commitment across all DAC donors.

Perhaps the shifts in the global economy that have taken place over the last five years have created new opportunities to address the challenges posed by Monterrey. For instance, the World Bank has recently proposed that 1% of equity held by Sovereign Wealth Funds be made available for African development.

However we approach these matters, we must be unequivocal in our resolve in bringing countries to account on their prior commitments. Procrastination will never make our problems go away.

Between now and November there are a number of critical milestones along the path: the HLF on Aid Effectiveness to be convened in Accra; the International Policy Dialogue on FfD and the MDG's in Berlin; New York in September for both the negotiations on the Doha document and the High Level meetings on Africa's development needs, and on the MDGs; the Annual Meetings of the World Bank and IMF and then the Doha conference itself.

Perhaps what we should ask ourselves from this inaugural Development Cooperation Forum forward, is what the key elements that we expect from ourselves are. We have to return the world's leaders to an understanding of interdependence – it was there at Monterrey, it must now be reinstated. Failure is not an option. It is the effort in this regard that will define the landscape and dynamics of international development cooperation over the next five months to Doha and beyond.

Thank you.