



**Speech by Deputy Minister of Finance, Nhlanhla Nene
United Nations Development Cooperation Forum
New York, 5 July 2012**

Mr. President,
Mr. Secretary-General,
Ministers and Heads of Delegation,
Your Excellencies, Ladies and Gentlemen,

I would like to extend my gratitude for your invitation to speak at this auspicious event. It is indeed a pleasure and an honour to be at the third High Level development cooperation forum (DCF), which it must be noted, is taking place during challenging economic times.

In my life and experience as a student activist, a shop steward, Member of Parliament, Chair of a Committee of Parliament and as Deputy Minister; I have learnt that the right question is all that stands between knowing and not knowing, or rather not knowing and finding out. Rudyard Kipling's classic short story "The Elephant's Child" narrates a tale about a little elephant with an insatiable curiosity,

his family and a crocodile in the Limpopo River. At the end of the tale, Kipling includes a poem, opening with these few words:

"I Keep six honest serving-men/ (They taught me all I knew) /
Their names are What and Where and When / And How and Why and Who"

In my attempt to describe the future of development cooperation; I believe that I too should find out what these 6 men can tell us.

Why is there a future for development cooperation?

- Because as long as institutions such as the UN and others exist, we will never cease our fight - to ensure that 'poverty becomes history' as stated by the 2005, G-20 declaration of the Africa Commission report.
- Because as modern men we are re-understanding that the "world is flat" as the once ancients claimed. The so-called global public good, global peace and security all confirm our inter-relatedness and inter-connectedness.
- Because our joint and separate histories hold hard-learned lessons which tell us that to forget that "all men, are equal" is to lose the very essence of our humanity.
- Because global inequality has a price and it is paid by the **21,000 (twenty one thousand)** children killed per day... By the bane of poverty and its contingent conditions.

As I speak to you today the, GDP of the 41 Heavily Indebted Poor Countries (with around 567 million people) is less than the wealth of the world's 7 richest people combined.

Ladies and gentlemen, I want to state this unequivocally: Development cooperation does not have a future because poverty has a future. Development cooperation has a future because such gross poverty and inequality cannot be allowed to continue in the decades to come, *we* will not stand for it.

Who is the future of development cooperation?

Responsive, representative legitimate governments (both in the North and South) still have a large role to play in development.

The DAC Donors; who, while going through the worst economic times in recent memory, still have GDPs which significantly dwarf the rest of the world.

Furthermore, we are cognisant of the commitments made in Monterrey, Gleneagles and other agenda-setting dialogues and fora.

I would be remiss not to mention the significant developmental role that private philanthropic organisations have played in the past, and continue to play today. According to the Centre of Global Poverty's 2009 analysis of the US data, these individuals groups and institutions provided \$39 billion in development support which is comparable to the US government's \$30 billion towards the same purpose.

The South is not without its own actors in development. The Government of South Africa, in response to its relative advantage and recognition that our prosperity is linked to the region's, is an active partner in demand-driven cooperation in solidarity with our partners. As you are aware, we are not the only partners of South-South Development Cooperation (SSDC) present here today; China, Brazil, India are increasingly engaging other nations of the South. It is important to note that SSDC, estimated at around 10% of total development cooperation in the world, will only remain effective as long as the North remains a strong partner in traditional development cooperation.

It almost goes without saying that development of the "for-profit" private sector is key to sustainable inclusive growth. It is recognised that the establishment and support of a strong, uncompromised, socially responsible private sector remains one of the main focuses of a developmental state.

Current estimates place around 10% of the global poor in stable low income countries, 40% in fragile and conflicted countries and 50% live in middle income countries. To quote Charles Dickens: "It was the best of times; it was the worst of times..." and how true those words remain today. As emerging markets experience unprecedented levels of economic growth... so too the divide between rich and poor grows.

Ladies and gentlemen, **when** and **where** is future of development cooperation going to be necessary?

As long as the goal is “making poverty history”, development cooperation must target global poverty, with clarity and focus. Especially as traditional definitions prove inaccurate; and the lens through which we see the world is re-adjusted. The main goal of development cooperation should be to seek out the world’s poor and assist them to free themselves from the scourge of poverty; in every population centre, territory and region!

How will development cooperation be conducted in the future?

The five principles of the Paris Declaration - Ownership, Alignment, Harmonisation, Management for Results and Mutual Accountability remain the gold standard.

My hope is that in our immediate future these and other commitments will cease to be great creeds printed on laminated paper, and become real guides to our daily interactions. We must recognise that while progress has been made we have fallen short of the goals that we set ourselves for 2010¹.

Andris Piebalgs, European Commissioner for Development in his keynote address in 2010 stated “We need to focus on Real Aid; aid that will have a high impact on improving the lives of the World's poorest.”

Ladies and gentlemen

Real aid is the future of development cooperation. ActionAid defines real aid as follows “The kind of aid that helps support dramatic decreases in aid dependence ... aid which empowers poor women and men to realise their rights, and reduces inequality.” I noted with great interest the remarkable reductions in aid dependency contained in their report Real Aid 3. The reductions were due to the simple application of the five aid effectiveness principles which yielded the following results: in Ghana aid dependency fell from 47% to 27%, in Mozambique from 74% to 58% and in Vietnam from 22% to 13%.

¹ PROGRESS TOWARDS MORE EFFECTIVE AID: WHAT DOES THE EVIDENCE SHOW? Talaat Abdel-Malek and Bert Koenders, Co-Chairs, Working Party on Aid Effectiveness, 2011

And the African Consensus and Position on Development Effectiveness reiterates that:

*“ Capacity Development is critical for achieving Africa’s renewal based on clear vision, strategic planning, effective and accountable leadership and capable institutions at all levels. It constitutes the ‘how’ for the Continent to exit from Aid dependency towards self-sufficiency and sustainable development. ..development therefore hinges on enhancing available human and institutional assets in adding value to the abundant natural resources and building of sustainable economies. Thus, capable public and private sectors will drive the turnaround of Africa’s economy”*²

The MDGs serve as a great baseline for the most basic of humane conditions and standards. If for no other reason than to ensure sustainable development, one can’t help but feel that to truly eradicate poverty, future Internationally Agreed Development Goals (IADGs) and indeed future development cooperation must include human and institutional strengthening and capacity development at the centre of their dogma.

The introduction of new actors in the development cooperation space has brought with it new and innovative modalities for cooperation, new voices and approaches to development and a new balance of power.

An appropriate mix and weighting for all actors will lead the Global Partnership overseeing the future of development cooperation. Past inequality and lopsided negotiation platforms will themselves be eradicated as we the South and North establish a “new, inclusive and representative Global Partnership for Effective Development Co-operation.”³

The future of development cooperation is inextricably linked to its past and present. Looking back a few decades, in my own country’s history, many of the development partners represented here today supported the South African people’s revolution against a racist regime, which marginalised the majority of our people, under an unjust, undemocratic, inhumane system of apartheid.

² FINAL DRAFT AFRICAN CONSENSUS AND POSITION ON DEVELOPMENT EFFECTIVENESS 2011, pg 3 par 21(b)

³ BUSAN PARTNERSHIP FOR EFFECTIVE DEVELOPMENT CO-OPERATION 2011, pg 12 par 36 (a)

After 1994 we continued to receive support towards the reconstruction and development of our country. And now more than at any other time, since the introduction of our ODA doctrine in 2003, we accept and utilise development cooperation for the purposes of leveraging our own fiscal resources, for innovation, risk taking, institutional capacity building, for catalysing investment, increasing the value for money proposition and pushing the envelope in the way the South African government does business.

What is the future of development cooperation? - What is its past?

The European Recovery Programme or Marshall Plan as it is commonly known today is a remarkable lesson in the strength and effectiveness of development cooperation; when all parties have a common understanding of both the end and approach for which it is to be used. It was most successful in rebuilding a post-war Europe, and re-invigorating the region's economy.

Is it not instructive, that development cooperation has had no greater impact than when it was first conceived?

Is it not time for Marshall Plan-like interventions for the challenges we face today?

What is the future of development cooperation?

A combination of traditional and non-traditional partners and partnerships, applying new and innovative modalities and approaches; guided by the five principles of aid effectiveness, working to strengthen human and institutional capacities for sustainable development and finally resulting in the eradication of poverty.

The script is ours to rewrite from aid dependency to intra-dependency, to win-win over the traditional win lose.

Speaking to a representative of the World Bank, Deng Xiaoping, once stated, "We can do it with or without the Bank, but with (the Bank) we can do it faster". Xiaoping's sentiments are further echoed by an old African proverb which says "If you want to go quickly, go alone, if you want to go far, go together".

In closing, we have to go far, and we need to get there quickly.

Thank you for your time and attention.