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**HON. TREVOR A. MANUEL, SPECIAL ENVOY OF THE SECRETARY
GENERAL OF THE UNITED NATIONS ON FINANCING FOR DEVELOPMENT
AND MINISTER OF FINANCE OF THE REPUBLIC OF SOUTH AFRICA**

**Opening remarks at the Launch of informal consultations on the Follow-up
International Conference on Financing for Development to Review the
Implementation of the Monterrey Consensus**

8 September 2008, New York

President of the General Assembly Dr. Srgjan Kerim

His Excellency Mohammed Al-Rumaihi

President of ECOSOC, His Excellency Léo Mérorès,

Excellencies,

Allow me first to thank the co-facilitators, Ambassadors Johan Løvald and Maged Abdelaziz, for the excellent work they have done in putting together the draft outcome document. Theirs was a difficult job, done well.

I would like to take this opportunity to also say that we look forward to working with our Qatari friends and Assistant Minister Al Rumaihi in particular, to make Doha a success. They too have been given a difficult task, but one that we all have no doubt that they will spare no effort to ensure a successful outcome. Failure, after all, is clearly not an option.

When he appointed us, the Secretary General gave the Special Envoys the task of working to build the profile of the FfD process. It is also a heavy burden.

But, to make this job easier, we will look to you, the negotiators, to undertake the most difficult task of all: to agree on a clear and ambitious conclusion; one that we can all embrace with pride at Doha.

Excellencies,

The Millennium Summit and the Monterrey Consensus were unprecedented declarations in the modern world. At the turn of the century the community of nations agreed on a set of ambitious measurable goals which, if realised, would put us on the path to defeating poverty in our lifetimes. We rightly placed this struggle at the centre of all global debates.

We did so in the certain knowledge that development is the only certain pathway to peace and security. If any of us doubted the truth of this conclusion, the terrible events that soon followed silenced even the most sceptical.

On Thursday this week we will commemorate the anniversary of the tragic events that scarred the heart of New York City on 11 September 2001.

As the dust settled, world leaders were driven forward, determined that a new global partnership must be forged. We had seen that systemic poverty is the ultimate systemic risk; that continuous war could only be averted through development. The choice appeared stark and clear: war or peace, poverty or development.

Six months later we gathered in Monterrey and agreed on ambitious 'ways and means' to deliver on the promise of the Millennium Summit. In doing so, Monterrey made a choice in favour of peace and development.

These visionary commitments depended on a new spirit of cooperation which we all embraced. Each of us needed to take action, not because 'the other side' demanded it of us. Not because non-compliance would result in sanction or reprimand. We took action because we knew that adherence to our agreements and implementation of these actions were in our own very best interest.

It was an historic moment, made possible because the old zero-sum politics of cold war blocs had collapsed. The dead-weight of 'group think', which had held back consensus for more than a generation, finally lifted. In its place we were able to build a new partnership based on solidarity, mutual respect and collective action.

But the decisive moment at Monterrey was also born of the realisation that not to choose development, meant to choose war. To choose development we needed to put aside the many issues that divide us, and build a consensus.

Looking back, we must examine how we acted to translate these words into facts on the ground. Having done so, we should ask some tough questions. Was there real substance to the consensus we forged? Was it rooted in an analysis of the cold facts on the ground, or the product of a false sense of millenarian destiny? Was the commitment genuine or was it an attempt to buy an insurance policy with words?

Heads of state concluded their statement in 2002 with the words, "We call for a follow-up international conference *to review the implementation* of the Monterrey Consensus" (paragraph 73). Responding to this directive is the central task of our work in Doha, to ask if we have done what we said we would.

Have we succeeded in changing behaviour? Have we acted to choose peace and development? Or has development once again been demoted behind the seemingly more urgent priority to make war?

Looking at where the money goes, we might not like the answers. World military expenditure is estimated by the Stockholm Institute to have been \$1.3 trillion in 2007. Compare this to the \$104 billion spent on ODA!

Military expenditure amounted to 2.5 per cent of world GDP. As reported last week by the Secretary-General's MDG Gap Task Team, ODA from DAC members represents only 0.28 per cent of their aggregated national income.

Aid flows dropped by 4.7 per cent in 2006 and a further 8.4 per cent in 2007. The Stockholm institute reports that military expenditure increased by 3 per cent in 2006 and by 6 per cent in 2007.

These cold facts suggest that since Monterrey we have done the opposite of what we said we would do, that we have chosen war instead of peace.

Excellencies,

Since we reached consensus at Monterrey, new and unexpected developments have conspired with our own lack of action to change the world we live in.

The road ahead appears far less hospitable than the one in our rear-view mirror. We will walk the second half of the journey to 2014 in the shadow of three intertwined crises of Food, Fuel and Finance.

- Economic growth lifted so many out of poverty since the turn of the century and placed the attainment of MDG 1 within our reach. This may falter in the period ahead.
- The three F's will cut directly into the incomes of the poorest and put pressure on the resources available for social security, education and health care.
- This in turn will threaten to undermine the coherence and consistency of the international monetary, financial and trading systems in support of development.
- Mobilising resources will become that much more difficult, whilst the spectre unsustainable debt will once again haunt low income countries.
- Perhaps most perilously, the crisis could provide grist to the mill of inward - looking forces that seek to cast global partnership in the role of an enemy of the national interest.
- Citizens in donor communities may unfortunately increasingly pose the question: "why should we give more, when our own problems appear even more pressing as each day passes"

Each and every pillar of the Monterrey Consensus relates directly to these challenges. This is partly because the path to realising our goals is threatened by the crisis. But it is also because the surfacing of these threats, at this time, is a consequence of our own inaction since Monterrey.

It is a crisis borne of our collective failure to balance the world economy. Its consequences expose the daily human cost of insufficient action on development cooperation. Our apparent inability to build a common global response highlights the continuing challenge of creating a more democratic system of global economic governance.

Therefore, had decisive action been the consequence of the visionary words we pronounced in 2000 at the Millennium Summit, in 2002 at the Monterrey Summit or at the World Summit of 2005, the extent and depth of the crises would have been less, while the collective resources at hand to respond would have been greater.

To this extent, the food and fuel shocks and global financial turmoil are a bellwether of the consequences of broken promises. They are a signal of our failure, but also a timely call to action; a message from providence urging us to respond with the necessary haste and foresight. We must translate the dangers into a spur towards a renewed sense of urgency and global partnership.

Unfortunately, thus far we have not succeeded in rising to the challenge.

In June, we gathered in Rome to respond to the food crisis. Unfortunately, we were unable to find each other in the fullest measure required. Some nations even made concluding statements objecting to the declaration, reflecting a broader absence of unity and cohesion in the family of nations. Our inability to find consensus on such a basic human need as food security is a tragic reminder of the dangers we face.

The following month we gathered in Geneva in the hope of moving forward with the Doha Development Agenda on trade. We were so close, yet apparently so far apart from each other. Consequently, a key pillar of the Monterrey Consensus is held hostage.

But I believe there is still cause for hope.

In a few weeks, world leaders will meet again in New York for two critical meetings, on Africa's special development needs and on the Millennium Development Goals. As we did in 2002, our task at Doha will be to transform the commitments made into ways and means.

We believe that the Doha outcome can and should seek to revive the flagging spirit of global solidarity. It must give the peoples of the world confidence that clear and decisive action will be taken, and that it will be backed by concrete allocation of resources.

We all know that, in an inter-connected world economy, financing development is a complex challenge. A great number and diversity of actions are required, whilst each task is inextricably linked to a host of others. Implementation needs coordinated work amongst a multitude of actors.

The draft outcome document reflects the complexity and broad scope of this agenda. But, in the coming months we must cut through this dizzying complexity and focus only on the most important and most urgent challenges.

Building on the example of Monterrey, we must once again express the urgency and ambition of our intentions.

The document we emerge with should firmly establish the fact that, when we made commitments at Monterrey, we agreed that we would be held to account for our actions. At Doha we should have the confidence to be able to acknowledge our successes and shortcomings to each other in the spirit of honesty and fairness.

Only on the basis of a fair assessment of progress to date will we be able agree on the way forward. Only on the basis of answers to the difficult questions I

posed earlier, can we hope to generate the change in actual behaviour that is required.

At Doha we would like to have consensus, but we also need to signal that it is time to change. We want both consensus and change, and we also want consensus that change is required. But the most important thing is not that we reach consensus. The most important thing is that we see change.

Already the Secretary-General's MDG Gap Task Force has provided an indication of the kind of commitments that would need to be considered as part of the outcome of the Monterrey review.

It proposes for instance an increase in aid flows to support core development programmes by \$18 billion a year until 2010. It also recommends that \$6.4 billion additional aid be allocated to Africa and that aid flows to LDC's should increase by an average of \$8.8 billion.

Clearly the quantity of aid cannot be separated from the question of its quality. And so the report also recommends that we consider how to accelerate progress towards the alignment of aid, harmonisation, management for results and mutual accountability.

Last week, I attended the Accra High Level Forum on aid effectiveness which emerged with an important contribution. I want to stress that this is a vital issue for developing countries, especially those that continue to rely on aid for a significant part of their financing. Large numbers of donor missions, each refusing to collaborate with the others, results in confusion and undermines development.

At the Accra meeting Robert Zoellick reported that:

"On average, there are now some 33 donors for each country. In 2007, these donors conducting an astonishing 14,000 missions to 54 countries, and only 18 per cent of those were done with another donor. The average country hosts 260 donors a year. Vietnam had 752 in 2007. Tanzania had 407 and that was only because Tanzania has imposed some quiet periods to allow its ministers to work and not lead missions. Cambodia had 22 different donors in the health sector alone, with 109 separate projects. And as we had more donors, we had more transactions of smaller sizes. So, in 2006, there were more than 70,000 aid transactions, the average project size was \$1.7 million."

The question we could pose for Doha is how we bring these important principles, such as national ownership, the use of country systems, aid harmonisation and mutual accountability into a common framework to which we could all adhere.

Can we emerge with a consensus in Doha that brings together the debates on aid sufficiency and aid effectiveness, and which also embraces the distinct patterns of both North-South and South-South development cooperation?

Of course, in the longer term we should seek a world where no country is dependent on aid. To do so it is vital, as suggested in the Draft Outcome Document to strengthen cooperation and capacity of developing countries in the area of tax collection.

Doha should also directly confront the danger that Africa, more than any other continent, may fall short in realising the MDGs. The Monterrey Consensus recognised, as does the forthcoming High Level Forum, the special development challenges that the continent faces. I hope that the Doha outcome document will also address this.

We must map the path ahead by making clear commitments on how resources are to be mobilised and by whom. It must detail the concrete set of actions that are required to take us forward. The outcome must focus our attention on that which is critical to guide us towards the conclusion of the work we started in 2002.

We cannot accept less than what we were prepared to accept seven years ago. And if we emerge with nothing in addition to the Monterrey Consensus, this will simply send the signal that there has been no progress since.

Doha must take us beyond Monterrey, and it must do so with the same simplicity, elegance and urgency that was evident at Monterrey.

It is a tall order.

Over the next two days you will begin this work on behalf of all of us. It is a heavy responsibility. We look to you to demonstrate the courage and skill to give form and content to our collective ambition.

We wish you well in the negotiations.

Thank you