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New Partnerships in Global Development Finance

The Road ahead: Responding to Shared Global Challenges

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First of all and before I get started, I want to thank the Ministry of Finance of the Russian Federation, the Worldbank and the OECD for organising this conference.

I would like to talk about four different topics starting with the changing development agenda and the new global landscape and then moving to the consequences at three different levels, at the conceptual level, at the financial architecture level as well as at the global governance level.

New challenges and a changing global landscape

The Millennium summit in 2000 has been a tremendous breakthrough. Launching the MDGs as our guiding constellation and putting them into a broader framework of issues like good governance and human rights have been its major achievement.

If we recall where the MDGs came from, we see that they stem from the 1990's **optimism after the cold war** and a series of world conferences being held over this decade. The MDGs triggered quite a substantive increase in international cooperation to support development. We have heard yesterday that the level of ODA is less than promised. However, the EU for example, has increased ODA on more than 45% compared to the 2004 figures, above DAC average of 35%. We have achieved quite a lot. Without the MDGs this would not have been possible.

However, parallel to that, the **first decade of the new millennium** set a **different scene**. On the one hand we noticed the increasing awareness of new global challenges such as state fragility and its impact on global security, climate change and in general the growing pressure on the natural resources of our planet as well as the financial crisis. We all are witnessing more uncertainty and more instability. All this is putting to the forefront the importance of global public goods (GPG) as integrated parts of development strategies. Developing countries are both, dependent on and crucial to the provision of these global public goods.

And: We witnessed over this first decade of the new century, in particular in the context of the different crises, a **changing global landscape**. We see the BRIC-countries engaging on the global stage in much more significant ways than over the decades before. And we see other Middle Income Countries (MICs) joining them. At the same time a growing number of Low Income Countries (LICs) is becoming more assertive as well. Many of them strive for a stronger role in shaping the ways international development aid is delivered, some of them working systematically for a future beyond and without aid.

What does that mean for the remaining **five years up to 2015** and for the shaping of the global development **agenda beyond 2015**? What I am learning from these developments clearly is that we do not need more of the same! Instead, we have to change approaches at the conceptual level, at the financial architecture level and at the global governance level.

The MDG debate and Looking beyond 2015

At the conceptual level we cannot achieve the MDGs by 2015 without addressing the “**second generation of development challenges**” which come with the global public goods issues. In many countries we still have to bring the ongoing **peace-building** decade to a successful end. We have to fix the **financial system** and put the global economy and in particular LICs back onto a strong growth path recognizing the critical role of economic growth and the private sector for a sustainable development. We immediately have to start scaling up **climate financing** in particular with a view to the LICs. And we have to continue addressing the crucial role of **governance and human rights issues** for successful development. These and other topics can be regarded as **catalysts and cross-cutting issues** that will be crucial to the success of our efforts over the next five years.

We managed to put together the Millennium Declaration and the MDGs on the basis of the global challenges and debates of the 90s. We now have to start a similar process for shaping the development agenda by 2015.

Firstly, of course, we have to work on those MDGs which may not have been achieved by 2015. Secondly, we should set more ambitious goals on the basis of the MDG framework, e.g. with reference to the other half of people in extreme poverty, and in particular in fighting hunger. Thirdly, we have to integrate new goals and objectives into the framework, from governance and human rights issues to the GPGs. To say it in one sentence: We have to work for **Global Development Goals 2030**.

A broader approach to finance global development

If we look at the financial architecture, it is important to recall the **Monterrey Consensus**, which was built in 2002 on the basement of the Millennium Declaration. Its merit was to highlight the whole variety of financial sources for development, in particular domestic resources, the private sector/FDI, trade, debt issues and ODA as well as the concept of mutual accountability.

The Rome, Paris and Accra Agenda have very much focused on the ODA dimension and tended to narrow down the debate on aid effectiveness. This bears the danger of losing sight of the overall picture of **development effectiveness**, which calls for a more coherent approach on all sources for financing and promoting development. This approach has to consider recent changes, for example:

- Developing countries are increasingly looking **beyond aid**.
- Donor countries have to make sure that all economic and financial relations with developing countries are designed in a **coherent way** that is not harmful to development.
- The international community has to integrate the contributions of **new and re-emerging donors** as well as the **South/South-cooperation** and the diversity which goes with it into the broader concept of financing development.

- We all have to integrate the emerging issues of **financing GPG**, in particular in the context of climate change, into that broader framework not the least in order to make it **work for the poor**.

Given the growing variety of development actors which I expect to stay, we have to acknowledge the **limits of hierachical, top-down coordination mechanisms**. Instead we have to think more and more in terms of **networks and markets of ODA** and of the establishment of rules an procedures to be respected within those markets and networks.

Adapting the global governance architecture

The G8, OECD and DAC have a good track record as global leaders on development and the MDGs (e.g. the G8 Gleneagles Summit commitments on ODA, the G8/NEPAD-partnership, the development pillar of the Heiligendamm-Process).

In the context of the financial crisis the **G20** established itself as the premier forum for financial and economic issues at leaders' level. Although this is a major achievement, from a development policy perspective it brings, however, some challenges. For example a **lack of representation of LICs and in particular of Africa** and the further **proliferation of global fora** that bears the risk of the development agenda splitting up even further.

Obviously the G20 have to address the impact of the financial crisis on the LICs and I am looking forward to what this group can contribute to a successful replenishment e.g. of IDA. At the same time the G8 under Canadian leadership intends to help with the building up of political momentum in the run up to the MDG summit in September. I think we all have to work very hard to make sure that the G8 and G20 processes work hand-in-hand as far as development is concerned. We should avoid a situation in which the G8 is focusing on the social dimension of development, sometimes wrongly perceived as charity, whilst the economic and financial concerns of the LICs are not dealt with successfully within the G20. In this respect I gratefully recognize South Korea's strong commitment in putting global development issues on the G20 summit's agenda for November 2010.

In conclusion: Over the coming years we should jointly strive for a global development agenda and a global governance architecture that can address the global development challenges from poverty to Global Public Goods comprehensively and that brings together traditional donors, new and re-emerging donors and LICs at eye-level.

Thank you very much for your attention.