

Statement of Helen Clark
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at the ECOSOC Operational Activities Segment

Dialogue with Executive Heads of UN Funds and Programmes
"Development effectiveness in the new aid environment"

10am, 16 July 2009, Geneva

Excellencies,
Ladies and Gentlemen,
Dear Colleagues,

One year ago, representatives from Member States and the UN development system gathered for ECOSOC's substantive session with the food and fuel crises forming a stark backdrop to the discussions around development.

This year, the economic crisis has added to the pressure faced by many countries, especially the poorest and most vulnerable.

The aid environment has also changed. ODA was at its highest level ever in 2008, reaching about \$120 billion. That was an increase in real terms of more than ten per cent over the 2007 level. That increase followed exceptionally rapid global economic growth up to 2007.

Now, donor countries have experienced sharp economic slowdowns. Moreover, aid targets are linked to gross national income (GNI), which itself has shrunk in many developed countries. Therefore, just keeping to GNI targets will deliver less ODA.

Analysis of previous economic crises affecting donor countries suggests that, once ODA was cut, it remained depressed, not only during the crisis, but also for some time after the immediate crisis had receded.

Yet, without more support now, the effects of the economic crisis will continue to be felt in developing countries for years to come. Two examples : if children are pulled out of school, they may never get a second chance in education, and the long-term consequences of poor nutrition for children would be very serious.

Faced with stagnating or falling growth, with their trade and investment down, and with dwindling remittances, developing countries now have reduced resources to cope with the additional burdens posed by the economic crisis.

The credit crunch and the slowdown in economic activity are squeezing their ability to raise resources at home and abroad, at the same time as they struggle to maintain priority spending.

So, developing countries face a potential double blow of reduced external assistance and fewer opportunities to mobilize resources at home and abroad.

In this context, how can we best promote development effectiveness?

First, we should seek to harness for development all the financial and other resources we can.

Second, we need to ensure that our development interventions are mutually reinforcing and geared towards reducing poverty, meeting the MDGs, and promoting sustainable development.

Third, we should make sure that the resources we have are utilized to maximum development effect.

First, on the resource front there are policy decisions developing countries can make to help weather this storm and maintain traction towards their development goals.

For instance, governments may have some space to take practical measures to increase revenues, such as by improving tax collection systems and broadening the existing tax base.

Budget expenditures may be able to be reallocated to emphasize social spending on areas such as education, health, and reducing hunger. Expanding social protection would help cushion the impact of the crisis on the poor and the vulnerable.

But many developing countries do not have the fiscal headroom or budgetary flexibility to make such adjustments quickly. Many need infusions of resources now to mitigate the impact of the crisis and boost their growth.

So, in the current global crisis, development assistance is more important than ever, along with more fiscal space and consideration from the

International Financial Institutions (IFIs). That would allow governments to maintain their budgets for basic services, even as domestic revenues decline. That way, investments in poverty reduction and human development would not be reduced.

The economic crisis is thus not a time for donors to backtrack on promises already made and reiterated on numerous occasions.

With the right policies and interventions, supported by adequate development assistance, progress can be made towards the Millennium Development Goals, even in these difficult times.

With only six years left to the 2015 date for achieving the MDGs, it is imperative that donors hold firm to the Gleneagles commitments of doubling ODA to Africa by 2010 and, indeed, of doubling it overall.

Those pledges were made before developing countries were hit by the food and fuel crisis and the global recession, and should be a minimum for what is delivered now.

It is also to be hoped that the next meeting of the G20 in September will focus more attention on how to support low-income countries through the global recession.

At the same time, developmentally-focused South-South flows of finance, technology, and know-how must be recognized and further encouraged as an increasingly important dimension of development co-operation.

Developing countries have many lessons learned and useful technologies which can assist their peers to meet their development challenges.

UNDP and other UN development system agencies are committed to facilitating the sharing of these experiences and supporting South-South co-operation.

Second, the current aid environment also calls for breaking down developmental silos.

For instance, we need to bring climate change into the core of our thinking about human development and poverty reduction. We must step up our work to make the deal to be sealed at Copenhagen a positive deal for development, facilitating a sustainable path out of poverty and helping achieve the MDGs.

Third, it is critical that, whatever resources are available for development, they contribute effectively to the achievement of the best possible results.

The UN development system can help make that happen.

UNDP, for example, looks to strengthen governmental capacity to manage and co-ordinate the use of ODA. This work, which is advancing the aid effectiveness agenda, is carried out in more than thirty countries in Africa alone, and ninety countries worldwide.

This is part of the UN Development Group's effort to channel the different strengths of UN agencies at the country level to support long-term development results.

By working together closely within and beyond the UN system, and by focusing our interventions on the development of those capacities, strategies, and policies which will have system-wide impact, and are aligned with national development strategies, we can help bring about transformational change.

This is very much in line with international commitments such as the Paris Declaration, the Accra Agenda for Action, and the 2007 Triennial Comprehensive Policy Review resolution.

I know that this is a difficult time to be pursuing a development mission.

But out of crisis comes the chance to take bold measures and think afresh about how to tackle challenges.

The financial resources and technical knowledge are available in our world to bring about improvements in the lives of billions of people.

With strong political will, committed development resources and strategic partnerships, and the right policy interventions backed by development stakeholders, we can make sure that the MDGs are met on time.

The poorest and most vulnerable deserve nothing less.

Thank you.