

Opening Plenary Remarks by Henrietta Fore Director of U.S. Foreign Assistance and Administrator, USAID

Assessing the Global Financial System and Next Steps for Ensuring Stable Financial Flows for Development

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The events unfolding in today's global economy are indeed unsettling. I share the concern felt by everyone here in Doha for the impact of the financial crisis on our societies' broadly, and our most vulnerable groups. As President Bush has affirmed, the United States will meet our commitments, our obligations to the people in the developing world, and I know this same commitment is broadly shared among all present in Doha this week.



Taking the Longer View

As you know, when you work in development, the nature of the work is that you must take the long view. The objectives we share relate to the longer term, and we measure our progress over periods of time that can do full justice to the truly remarkable accomplishments we see in the developing world. And we do have a great deal to be proud of. To cite one example of many, we can all take deep satisfaction in the reduction of child deaths, which have fallen from 13 million in 1990 to 9.7 million last year, according to a recent UNICEF report. It is the lowest level since record-keeping began in 1990.

We meet here this week to review our progress in meeting the important Monterrey commitments, to which we have dedicated our best efforts since 2002. Speaking for the United States, I would like to express the pride we feel in the accomplishments of our development initiatives. The Millennium Challenge Corporation was first announced in Monterrey and established in 2004. Relying on country leadership in program identification and implementation, MCC exemplifies our belief that aid is most effective when it reinforces good governance, economic freedom and investment in people. To date, MCC has signed compacts totaling more than \$6 billion with eighteen partner countries, and threshold programs providing more than \$425 million to 19 eligible countries.

USAID, our longstanding bilateral development agency, through equally creative and responsive innovation, now has a strong program of partnership with the private sector. Through these partnerships, USAID has leveraged a total of \$9.0 billion in support to development programs in many sectors, working with 1700 distinct partners. One example is our partnership with Walmart in Central America, which has strengthened both agriculture and regional trade by working with small farmers. Public-private partnerships are a new and growing model of development initiatives with great promise for the future, and USAID has been a leader in pursuing innovative approaches to partnership with private companies, foundations, and universities.

Our levels of official assistance have also increased - significantly. In Monterrey, President Bush announced a pledge by the American people to increase U.S. development assistance by 50 percent. That goal was achieved, and three years early. In fact, our Official Development Assistance is now nearly triple what it was in 2000. We have nearly doubled our ODA spending in Latin America, and we have nearly quadrupled it in Africa.

I am also pleased to reaffirm our commitment, in the face of the current challenging economic environment which has battered all of our economies with volatile food and fuel prices and slower economic growth, to provide over \$5.5 billion dollars to increase food security in the most affected countries - and we are focused on doubling production and trade in markets in Africa.

Looking to the Future

In future years we will have the opportunity to examine this year - 2008 - with the same long-term optic that we have brought to Doha. I truly believe that when our countries and organizations next meet, we will see this year for what it is. As unlikely as it may seem from the perspective of today, I fully expect that 2008 will come to be regarded as an important turning point, a year in which the commitments we make will guide our economies to recovery and to a stronger future. In the terrible and troubling dislocations we see in today's global financial markets, lie the seeds of five promising advances. They are: stronger international coordination toward shared goals, a deeper understanding of the fundamental linkages of the public and private sectors, the inclusion of more players in the governance of the world economic system, a renewed recognition of the importance of economic growth to development, and, yes, a rededication to the important principles that we first articulated in Monterrey.

Stronger International Coordination

First, let us consider how our international system is poised to grow stronger. Most of our countries have enjoyed a long run of strong economic growth over this decade. Developing countries with good governance and sound economic management in many cases outperformed the West. During this exceptional world growth episode and until recently, many believed that developed, emerging and developing economies were somehow "decoupled," and that economic problems in one place would not infect others. It is not holding true, given how very closely entwined the world has become over the course of just one generation - through communications, technology, trade, immigration, globalized financial markets and numerous other factors we could not have imagined a few decades ago.

The financial crisis has dispelled -- probably for good -- any notion we may have had that our economies can go their separate ways and still prosper. With our fates so tightly linked, we better appreciate the importance of coordination and collective action to ensure a better future. We in each of our countries understand much more viscerally that if other economies are not healthy, our own people may pay a price. Certainly, development assistance has always been predicated on the idea that it mutually supports donor and partner countries. From this point into the future, however, I expect we will exercise an even more urgent commitment to the success of that assistance and of the countries that receive it.

Call to Complete Doha

One salient example of our deeper interest in working together comes from the recent G-20 Summit. From this meeting emerged a pledge to avoid new protectionist trade policies for twelve months, along with a renewed call to complete the Doha trade round. As President Bush recently stated, "The value of foreign trade to developing countries is forty times the value of aid." Since, fortuitously, we are now meeting in Doha, it seems more than appropriate that we strive to remember 2008 as the year we decided as a group to finalize the Doha round, and to enter a new and even more prosperous era of benefit from closer trading relations.

And it has been an extraordinary year with historic lessons - far bolder than any textbook or real life lessons to date - that the health of the public and private sectors are deeply dependable on each other: from the tangibles of country regulations to the intangibles of the confidence of markets, consumers, and citizens.

More Players in the Process

This is also a year in which the global architecture is expanding to include more voices. Not only is coordination essential, but it must involve many more players. The "G's" (of G-8 to G-20) are getting bigger. Our shared success in getting through the next difficult years will be, in the end, a tribute to the hard tasks we will tackle together to coordinate economic policy actions and bring new actors under the coordination umbrella.

In the assistance world, we certainly know quite well this phenomenon called "coordination," and all the challenges it brings. I doubt there is a person in this room who has not found coordination of development assistance efforts a struggle - albeit a worthwhile one - and we can all attest to both the hard work it entails and the dividends it pays. Our global architecture for development is expanding too - under our "development umbrella" we now find private corporate partners, diaspora communities, emerging donors, foundations, foreign direct investment, international banks and other new partners who enrich the development equation with their energy, innovations, resources and commitment. In 2008, here in Doha, we will set the stage for our future successes by acknowledging that the umbrella has gotten very large, and by stretching our coordination efforts, challenging as they are. This is the wave of the future for all of us, and will strengthen our global financial system.

Reaffirming the Importance of Economic Growth

For quite a while, economic growth seemed to have disappeared as a priority for development efforts. The Monterrey

Consensus certainly includes strong statements acknowledging the importance of economic growth as a means to reduce poverty and advance other development goals. In more recent years, however, the development community has seemed more concerned with social sector and human development outcomes. In part, economic growth programming was a victim of its own success, like agriculture before it, during a period in which most developing countries were economically growing strongly and rates of poverty were declining. We may have become complacent about growth, particularly given the urgency of many other development goals.

This past year, first with spiking food and fuel prices, and now with financial market problems, we no longer have the luxury to take economic growth for granted. For example, I recently approved a new economic growth strategy for USAID. Its timeliness was perhaps not fully appreciated by anyone including myself until recent events intervened. I am particularly concerned that years of de-emphasizing agricultural development may now become a legacy we regret. If 2008 can become the year we re-discover economic growth as a fundamental component of our development toolkit, we will see our efforts translate into a future world that is more food-secure, and whose vulnerable populations will increasingly rise out of poverty. Broadly-based and sustained economic growth paves an easier path for all countries to meet the important commitments we will make this week in Doha.

Recommitment to the Monterrey Consensus

These four themes - coordination, public and private sectors, more players and economic growth - when taken together bring us full circle to the high expectations we all have for these Doha meetings. Our recommitment to the most fundamental precepts advanced in Monterrey: the mobilization of domestic and international resources for development, the importance of trade, and other topics, will be another substantial accomplishment of 2008 that we will look back to and appreciate as a step toward a better future. Had this meeting taken place two years ago, its tone may have been more upbeat, but its significance and its influence on our future, in my opinion, would not have been nearly as great.

A Coordinated and Rapid Response to Financial Crisis

The same four themes loom large in our task today to consider concrete steps to ensure a stable financial system. Some emerging market countries are experiencing similar financial market problems to those we see in the United States and Europe. For the lower-income countries, however, the impact will be perceived more gradually in line with the recessionary forces slowing global trade and growth. The global economic downturn will likely play out over the next several years.

Closer coordination, as our countries embraced in Accra in the recent aid effectiveness meetings, will be essential for our collective resources to have their greatest impact. For this reason, I have been discussing with my colleagues within the United States government, as well as with other donor and multilateral agencies, a proposal for a coordinated and rapid approach to deliver needed assistance to affected countries. In this time of additional stress, as donors, we must improve our responsiveness, avoid overlap and redundancy, and expedite delivery of needed support. So let us move our words of aid responsiveness to action. Let us set up a rapid response team.

I am proposing several concrete steps. First, we need to share information regarding programs and resources that we can offer to address financial crisis issues. We also need to clearly identify points of contact in each bilateral and multilateral donor or assisting agency, and be sure there is good communication across agencies. Finally, we need to streamline our processes and rapidly field donor teams to identify options for responding to urgent needs. As part of this proposed approach, we would carefully watch developments in the world economy and assess likely points of vulnerability so we can provide assistance most quickly where it is needed most urgently.

The good news is that many developing countries have practiced and continue to practice sound macroeconomic management. Nevertheless, as partners, we need to stand ready to assist any countries that seek our support to help their financial systems adjust to an evolving global economy. I look forward to the discussions today, which represent an important step in this process.

Thank you.