

*Remarks to Conference*  
**Emerging Donors in the Global Donor Community**  
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*Shared Global Efforts for a Common Global Challenge*

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Mr. Chairman, Ladies and Gentlemen:

I am delighted to be here to speak on behalf of the World Bank, and to talk about the **donor role of those countries experiencing rapid growth and increasing integration into the global economy**. The World Bank's 2005 report on *Global Development Finance* explicitly recognized that these countries – especially larger ones – are key financial players in poor countries. They are growing sources of direct foreign investment, providers of aid through increasing South-South cooperation, and a major source of remittances to poor countries.

Like the previous speakers, I would like to emphasize that this is a **diverse group of countries**. Some of them openly embrace a more active role in development finance, while others remain somewhat hesitant to be characterized as donors, perhaps mindful of the development challenges they continue to face at home.

These new and re-emerging donor countries are entering at a time when the **development agenda increasingly focuses on global challenges**. In a rapidly globalizing world, trans-boundary issues – such as, the spread of communicable disease, loss of rainforests, emission of green house gases, declining global fish-stocks, protectionism in trade, migration, money laundering, and threats to peace and security – all of them put a large premium on more coordinated and integrated responses, as most recently seen in the case of the global initiative to control the spread of Avian Influenza.

**These threats affect us all**. And finding solutions demands the participation and active engagement of us all, including emerging market economies both as domestic challenges and as contributors to international efforts. They need a seat at the table and a clear voice when the issues are discussed and lessons are shared in multilateral fora, such as UN Conventions, the Development Committee of the World Bank and the IMF, and the Global Forum of the OECD, as well as in the growing number of global issue networks.

My proposal to you is that **participation in the multilateral system offers these countries opportunities to share their knowledge and leverage their growing aid efforts**. An example of the critical role of knowledge exchange was the 2004 Shanghai Conference on Scaling-Up Poverty Reduction, which was the culmination of a learning

process that drew on recent lessons of success and also crisis – in countries like – Brazil, Chile, China, India, Korea, Malaysia, Mexico, Poland, Russia, Singapore, Thailand, and Turkey. These lessons are critical to the development strategies of countries at lower levels of development and dependent on increasing volumes of aid.

**Multilateral fora also offer visibility – and the opportunity to be at the table** when key interests – such as the flow of international resources and the search for new international financing tools – are under discussion. In the end, it is this combination of knowledge and finance that shapes the practical solutions and produces results on the ground.

Since the development agenda is increasingly driven by global issues and shared goals such as the MDGs, **new international initiatives are often issue-based**, rather than country-based. These are sometimes referred to as vertical programs or global funds. Some recent examples include Global Alliance for Vaccines and Immunization (GAVI), Global Fund to Fight AIDS, Tuberculosis, and Malaria, and the Education For All Fast Track Initiative, and there is ongoing discussion around the Africa Catalytic and Growth Fund and a possible Climate Change facility. There is great momentum around these initiatives, as they harness advocacy and political visibility around specific issues or regions such as Africa.

**A core challenge for the donor community is to hold issue-based initiatives and country financing instruments in balance.** The Paris Declaration committed the donor community to take on the challenges of coordination, including “...insufficient integration of global programs and initiatives into partner countries’ broader development agendas...” But, country level financing – from traditional sources such as IDA and IBRD, bilateral programs, and the resources of the Multilateral Development Banks – must maintain critical mass, not least for the specialized funds to be effective.

- **IDA is a key example, and plays a critical role in linking global issues and country level development.** Contributing to IDA represents a triple commitment by each donor: to multilateralism, to solidarity with the poorest countries, and to high quality development through a highly concessional, long term and predictable source of aid. IDA’s policy framework represents a wide consensus among its members on the best approaches to development based on 60 years of experience.

Currently, a number of emerging donors are playing a strong role in IDA, contributing at or above their level of burden share. Korea is the largest contributor in this group to IDA14 at 0.91 percent, followed by Brazil at 0.61 percent – levels which meet in some cases the contributions by more established donors. In total, this group of donor countries currently accounts for 3 percent of IDA.

What is striking, however, is that the potential voting power of the emerging donors as a group is already over 14 percent in IDA – due to sustained contributions over time within IDA’s two-part voting structure –

and this combined voting power now exceeds that of any single IDA donor country, including all G-8 countries individually.

While these new and re-emerging donors already have a seat at IDA's table, there is also scope for them to **participate more actively** in the policy debate around IDA replenishments. And of course, we think that some of these donors could contribute more to IDA, based on their growing economies and current surpluses.

There is also scope for rapidly growing countries that have now graduated from IDA to increase their repayments – such funds would become immediately available for support to current low income IDA recipients.

**Beyond IDA, there are other flexible instruments to channel funds, to support global issues with linkages to country programs.**

- **Global and Regional partnership programs bring together a range of partners around key issues.** Such programs have an enhanced governance approach that brings in the voices of donors and other stakeholders, including international organizations, civil society, and the private sector. **The Bank often plays a coordinating role**, typically as a financial, implementation, or knowledge partner. Trust fund and cofinancing mechanisms are often preferred tools to manage resource flows. Taking again the example of Avian Influenza, there is a coordinated global initiative involving several international technical agencies – the WHO, FAO, and OIE, with the Bank, MDBs, and bilateral donors. Russia, China, Korea, and Slovenia are contributing to the new Multi-donor Trust fund. And, a number of new or re-emerging donors announced pledges at the recent Beijing International Pledging Conference.
- **Innovative financing mechanisms** are under discussion by the G-8 Finance Ministers and a number of other countries. Several of these mechanisms are in early stages of implementation, with involvement by potential emerging donors in discussions and pilots, including the International Finance Facility for Immunization (IFFIm) and Advance Market Commitment for vaccines. In the case of Solidarity Levies, over 90 countries have agreed to join the new Leading Group, including Brazil, Chile, Cyprus, India, Mexico, and South Africa. Brazil will serve as the Chair of this Group. An increasing number of countries are moving forward with airline departure tax legislation, and one possible use for resulting revenues is the International Drug Purchase Facility (IDPF) proposed by France.

**Let me conclude by emphasizing that the changing development landscape means that there are more choices for emerging donor involvement.** The traditional instruments of bilateral and multilateral aid are still there, yet there is a new layer of partnerships responding to global issues, and new innovative financing instruments mobilizing new sources of funds. **The World Bank's relationship with new and emerging donor countries is predominantly one of partnership.** In cases where these

countries continue to borrow from IBRD, the focus is less on lending and more on regional and global integration, knowledge, and providing global public goods. **The immense experience of new and re-emerging donors will be as important as their financial contribution.** Their recent experience in turning economies around and the creation of market institutions – and acute sense of international competitiveness – will be embedded in their capital assistance. We look forward to these countries expanding their role through the multilateral system.

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