

How to finance the development of the poorest countries on the planet.

19th November 2009 / Auditorium / 04.30 pm



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The first speaker, Mr. Severino, Managing Director of the French Development Agency, discussed the recent changes in the social and corporate responsibilities in relation to financing development. According to Mr. Severino, the way we finance the poorest countries has greatly evolved over the past 20 years. Along with the fall of the Berlin Wall, also fell the pillars of geo-political and anti-Soviet boundaries; there has been a paradigm shift, an emergence of ethical compassion and the rise of the public development aid. Countries and people around the world recognized the mutual concerns and

common evils such as climate change, biodiversity, access to water and international public health, just to name a few. This acknowledgement of global existence created a need for the people to rally on these issues together in order to survive in co-existence. Collective concerns raised new concepts of solidarity.

Consequently, the new initiatives created new challenges. One example given were the neighboring countries of the Mediterranean, where there remain unresolved immigration issues, and the imbalance of the revenue caps between the North and the South, three times larger than such imbalance between the US and Mexico.

The initiatives for financing the public policies are working within the public and private sectors. It is now possible to forecast the monetary needs to aid countries and face the convergence challenge. Whereas the needed financing estimates to 3 % GDP of the richest countries, there still is a long way to reach these goals. However, the financial modes and activities undergo progressive change and take into account the social and environmental responsibilities. For example, a change from national to international taxes is under serious



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discussion. There have been many debates over the taxation of air and sea transport. Furthermore, in the savings and banking sector, the investors are suggested to invest in sustainable projects and in the developing countries. Finally, the private sector represents one of the greatest opportunities and resources for innovation and investment.

As a farewell address, Mr. Severino mentioned the Gates Foundation Symposium that will be held in Paris on March 3-4 to present the innovative financing strategies in development.

The second part of the lecture was conducted by Mr. Shende, Head of the OzoneAction Program at UNEP, who presented the challenges and the successful results of the Montreal Protocol that addressed the issue of the ozone layer destruction. At the moment, the nations are faced with multiple challenges and questions such as who will finance the projects of low-carbon economy and who will fix the problem created by the industrialized nations. Mr. Shende emphasized that now, 20 years after the Montreal Protocol was signed, we have evidence of the success indicators to prove what the international agreement and compliance can achieve. The graphs presented indicated how the level of the

CFC has decreased and that the ozone layer is projected to fully recover in 2065. One of Mr. Shende's main points was that an investment in the environmental case can result in more gains than initially expected; such as economic and social benefits. As in the case with the Montreal Protocol implementation, the practice showed unparalleled cooperation among countries. Furthermore, it created technical upgrades and modernization that resulted in energy efficiency and reduced costs, as well as initiated new business and employment opportunities.

The final part of the lecture presented by Mr. Maziezoula, the President of Mucodec, a Congolese mutual company, showed a real-case example of how investment in the poorest countries can be achieved. Mucodec's mission is to offer financial services to those who are generally excluded from the world of finance and banking as well as excluded from the development opportunities presented by a working financial institution. Mucodec originated in 1894 with the aid of the Congo government and the Credit Mutuel. Currently, Credit Mutuel is still Mucodec's partner, along with the aid of the French Development Agency, AFD. At the moment Mucodec employs 696 people while operating 31 local branches and 10 agencies that

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provide small credits to the local communities. Such practice is referred to as “effet levier” where minimal investments create large scale benefits.