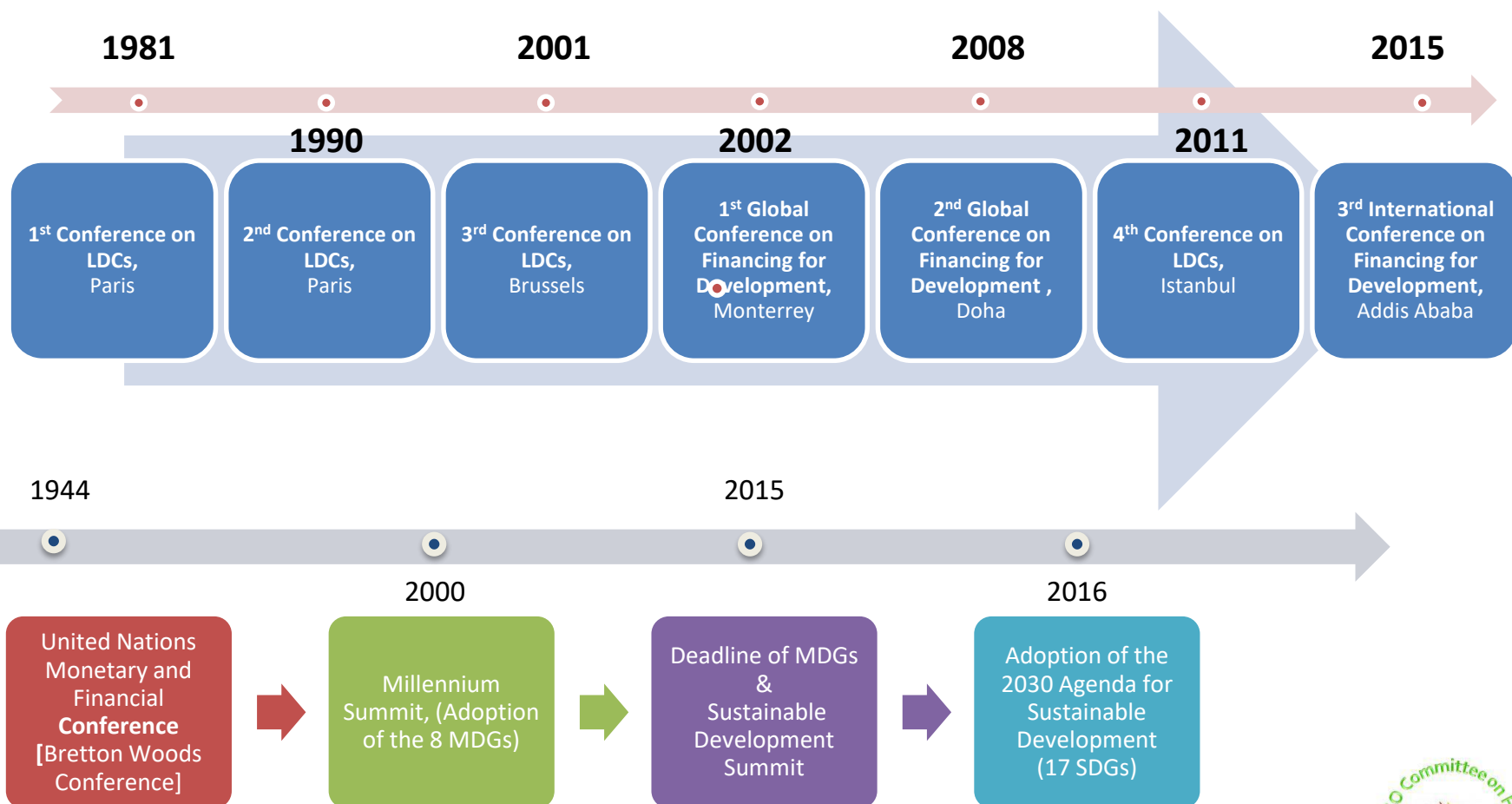


NGO Committee on Financing for Development



HISTORY OF THE FINANCING FOR DEVELOPMENT (FFD) PROCESS



1. Bretton Woods Conference

(Bretton Woods, New Hampshire, USA, 1-22 July, 1944)

- Formally known as the **United Nations Monetary and Financial Conference**, it was attended by 44 allied nations and was held to regulate the [international monetary and financial order](#) after the conclusion of [World War II](#).
- It created the Bretton Woods system which established the international basis for exchanging one currency for another. It also led to the creation of the International Monetary Fund (IMF) designed to monitor exchange rates and lend reserve currencies to nations with trade deficits and the International Bank for Reconstruction and Development, (now known as the World Bank), to provide underdeveloped nations with needed capital.
- The member states agreed to fix their exchange rates by tying their currencies to the U.S. dollar and the U.S. dollar was linked to gold. The Bretton Woods system addressed global ills that began as early as the first World War, when governments (including the U.S.) began controlling imports and exports to offset wartime blockades. This, in turn, led to the manipulation of currencies to shape foreign trade. Currency warfare and restrictive market practices helped spark the devaluation, deflation and depression that defined the economy of the 1930s.
- The Bretton Woods system itself collapsed in 1971, when President Richard Nixon severed the link between the dollar and gold — a decision made to prevent a run on Fort Knox, which contained only a third of the gold bullion necessary to cover the amount of dollars in foreign hands. By 1973, most major world economies had allowed their currencies to float freely against the dollar. It was a rocky transition, characterized by plummeting stock prices, skyrocketing oil prices, bank failures and inflation.

Bretton Woods Conference

(Bretton Woods, New Hampshire, USA, 1-22 July, 1944)

Outcome Document: The Final Act

- Articles of Agreement to create the IMF
 - An adjustably pegged [foreign exchange market](#) rate system with exchange rates pegged to gold
 - Member countries pledged to make their currencies [convertible](#) for trade-related and other current account transactions.
 - Established exchange rates might not be favorable to a country's [balance of payments](#) position. Governments had the power to revise them by up to 10% from the initially agreed level ("par value") without objection by the IMF. The IMF could concur in or object to changes beyond that level. The IMF could not force a member to undo a change, but could deny the member access to the resources of the IMF.
 - All member countries were required to subscribe to the IMF's capital. Membership in the IBRD was conditioned on being a member of the IMF. Voting in both institutions was apportioned according to formulas giving greater weight to countries contributing more capital ("quotas")
- Articles of Agreement to create the IBRD
- Other recommendations for international economic cooperation

LDC Conferences:

2. **I Conference on LDCs, Paris 1981:** In order to generate international attention and action to reverse the continuing deterioration of the socio-economic condition of these most vulnerable countries, the First United Nations Conference on the LDCs was held in Paris in 1981. The international community used the occasion to unanimously adopt a Special New Programme of Action (SNPA) for LDCs for the 1980s. This SNPA set out guidelines and international support measures for domestic action by the LDCs themselves.
3. **II Conference on LDCs, Paris 1990:** To continue focus on the need for special measures for these countries, the second conference reviewed the socio-economic progress in the 1980s as well as progress in international support measures; it also formulated national and international policies and measures for accelerating the development process in the LDCs for the 1990s.
4. **III Conference on LDCs, Brussels 2001:** The United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) was established by General Assembly Resolution 56/227 as a follow-up mechanism to LDC-III to ensure effective follow-up, implementation, monitoring and review of the implementation of the Brussels Programme of Action for the LDCs for the Decade 2001 – 2010, adopted at that conference.

The category of Least Developed Countries [LDCs] was officially established in 1971 by the UN General Assembly with a view to attracting special international support for the most vulnerable and disadvantaged members of the UN family.



5. First International Conference on Financing for Development

(Monterrey, Mexico, 18-22 March 2002)

- The “Monterrey Conference” was the first UN-sponsored summit-level meeting to **address key financial and related issues pertaining global development**
- The outcome of the Conference reflected a landmark global agreement between developed and developing countries, in which both recognized their responsibilities in key areas such as **trade, aid, debt relief and institution building**

Outcome Document: **Monterrey Consensus**

- The Consensus adopted by the Conference embodied the principle of a holistic and integrated approach to the multidimensional nature of the global development challenge. The Consensus launched the Financing for Development follow-up process that continues to date.
- ❖ **Resolved** “to address the challenges of financing for development and to eradicate poverty, achieve sustained economic growth and promote sustainable development”



6. Second Global Conference on Financing for Development

(Doha, Qatar, 29 November – 2 December 2008)

- Also known as the **“2008 Follow-up International Conference Financing for Development to Review the Implementation of the Monterrey Consensus”**
- The [challenge](#) for the Doha agenda was to **“solidify the vague objectives of the Monterrey Consensus into more concrete commitments”**

Outcome document: **Doha Declaration**

- Recognized mobilizing the global partnership for sustainable development
- Called for a UN Conference at the highest level to examine the impact of the world financial and economic crisis at the time (Entitled “The United Nations Conference on the World Financial and Economic Crisis and Its Impact on Development”, held in New York from 24-30 June 2009)
- It identified emergency and long-term responses to mitigate the impact of the crisis and initiate a dialogue on the transformation of the international financial architecture

7. IV Conference on LDCs, Istanbul 2011:

Provided a major opportunity to deepen the global partnership in support of LDCs and set the framework for development cooperation for the next decade.

- The LDC-IV conference adopted a comprehensive and result-oriented 10-year [Istanbul Programme of Action \(IPoA\)](#) and the [Istanbul Declaration](#). The new Programme of Action sets an ambitious overarching goal of enabling half the number of LDCs to meet the [criteria for graduation](#) by 2020



8. Third International Conference on Financing for Development

(Addis Ababa, Ethiopia, 13-16 July 2015)

Focused on:

- ✓ Assessing the progress made in the implementation of the Monterrey Consensus and the Doha Declaration and **identifying obstacles** encountered in the achievement of the goals, as well as actions and **initiatives** to overcome these constraints;
- ✓ Addressing new and emerging issues, including in the context of the recent multilateral efforts to promote international development cooperation

Outcome Document: Addis Ababa Action Agenda:

- The Action Agenda draws upon all sources of **finance, technology and innovation**, promotes **trade and debt sustainability, harnesses data** and addresses **systemic issues**.
- It establishes a strong foundation to support implementation of the 2030 Agenda for Sustainable Development.

Financing for Development

Department of Economic and Social Affairs

- The function of the FfDO is to:

“provide effective substantive secretariat support for sustained follow-up within the United Nations to the agreements and commitments reached at the International Conferences on Financing for Development, as contained in the 2002 Monterrey Consensus and the 2008 Doha Declaration on Financing for Development, and financing for development-related aspects of the outcomes of major United Nations conferences and summits in the economic and social fields, including the United Nations Conference on Sustainable Development, as well as the United Nations development agenda beyond 2015”.

