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Financing for Development: A Progress Report on the Implementation of the Monterrey Consensus

I. Introduction

1. Eight years after the adoption of the Monterrey Consensus by heads of State and Government at the International Conference on Financing for Development, held in Monterrey, Mexico, and five years before the 2015 Millennium Development Goals (MDGs) target date, the available evidence indicates that the vast majority of African countries will not meet the goals if current financing trends continue. It has been acknowledged that the challenges of creative financing for development are now greater than ever before. Consequently, the United Nations Economic Commission for Africa (UNECA) has now focused attention on how to scale up financing resources for the African continent.

2. There is clear evidence that even though Africa's economic performance has improved substantially since the Monterrey Consensus, the magnitude of economic growth is not sufficient to achieve internationally agreed development goals, including the MDGs. Among the challenges facing Africa, there is a critical need for mobilizing more domestic and international resources to deepen and sustain the social progress of the region.

3. It is, therefore, important to assess the progress in the development financing of Africa in the six core areas of the Monterrey Consensus by analyzing and presenting the progress made since the adoption of the Consensus. That is the main purpose of this report which has been compiled in the context of the worst financial and economic crisis in decades, the effects of which continue to unfold in African countries revealing serious multi-dimensional challenges and making the allocation of additional resources to financing for development even more relevant.

4. For the purpose of this assessment, the approach used consists in monitoring average annual values of key macroeconomic and financial variables. Two different periods are considered and the sets of data refer to the period before and after the adoption of the Monterrey Consensus so as to measure the evolution of the six core areas over the two periods under consideration. The analysis considers averages for the periods 1995-2001 and 2002-2008 respectively, to compare the pre- and post-Monterrey situation. Where available, more recent figures are used to reflect current performance and indicate trends since the Consensus on financing for development.

5. The key message emanating from the report is that progress has been limited in realizing the objectives of the Monterrey Consensus. Whereas substantial progress was recorded in the areas of international resources mobilization and debt relief, performance in domestic resource mobilization, foreign aid and international trade has been disappointing. The global financial and economic crisis threatens to reverse the progress that has been made hitherto as African countries are experiencing weaker export revenues, lower investment and growth rates, and shrinking remittances and foreign direct investment (FDI) flows, which constrain their capacity to meet the Monterrey commitments.

6. Accordingly, there is an urgent need for African Governments and their regional and international development partners to take a more proactive role in implementing the Monterrey Consensus by:

- Strengthening the institutional framework including development of financial markets and microcredit institutions;

- Stepping up technical support and training to strengthen national capacity in the area of resource mobilization and trade development;

- Increasing Africa's voice and representation in global financial and economic governance;

- Seeking to harmonize and bring together national, regional and international efforts and initiatives to ensure policy coherence.

II. Assessment of Progress

Post-Monterrey economic performance has improved but remains insufficient to achieve the MDGs

7. Table 1 shows that Africa has maintained a relatively strong growth momentum since the adoption of the Monterrey Consensus in 2002. Average annual growth of real gross domestic product (GDP) increased from 3.4 per cent in the pre-Monterrey period (1995-2001) to 5.7 per cent in the post-Monterrey period (2002-2008). This increase is mainly due to six consecutive years (2002-2007) of economic growth driven by robust global demand and high commodity prices.

Table 1: Real GDP growth rates

	Pre-Monterrey period (1995-2001)	Post-Monterrey period (2002-2008)	Trend in recent years		
			2007	2008	2009
World	3.1	3.2	3.9	1.9	-2.2
Africa	3.6	5.7	6.0	4.9	2

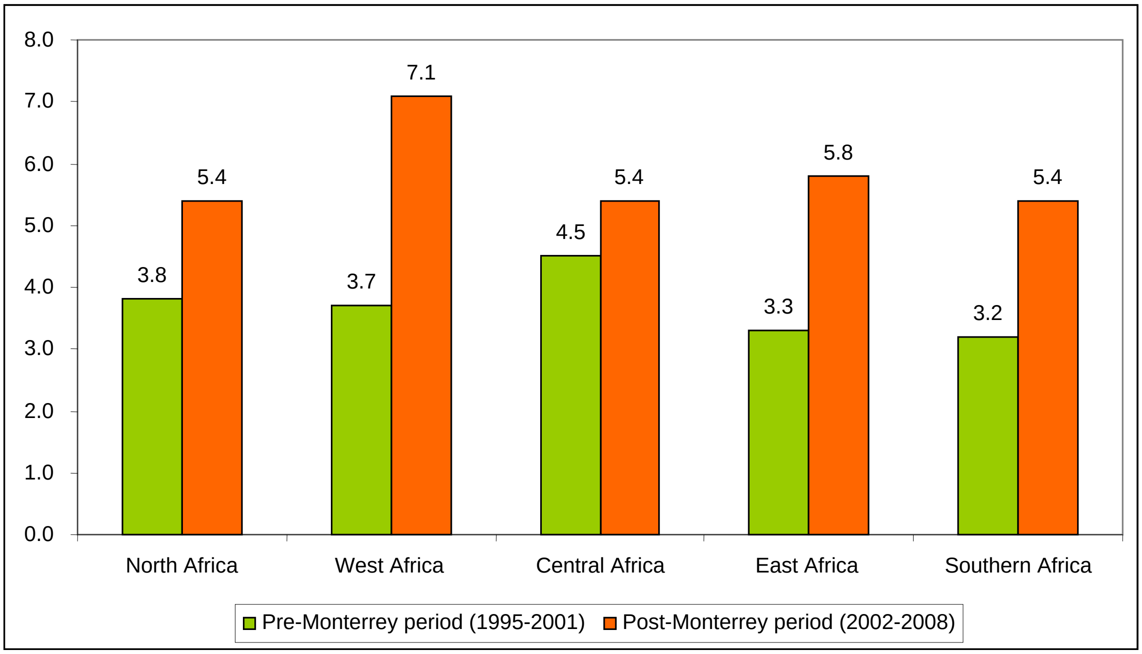
Source: UNDESA online database, November 2009.

8. Growth performance across subregions also indicates that all subregions experienced higher growth in the post-Monterrey period compared to pre-Monterrey.

9. Average annual growth post-Monterrey was higher in West Africa (7.1 per cent, up from 3.7 per cent pre-Monterrey) mainly due to good rainfall and strong agricultural performance, as well as high commodity prices, despite the negative effect of high energy costs in oil-importing countries. In East Africa, accelerated agricultural growth boosted economic activities in the industrial and services sectors, making this region the second highest growth performer in the post-Monterrey period (5.8 per cent). The Southern African subregion also made significant progress, with a real GDP growth rate of 5.4 per cent post-Monterrey against 3.2 per cent pre-Monterrey. Key growth factors comprised high oil and mineral prices and exports, rising crop output and growth in commerce, communications and transport. North Africa's GDP growth rate was 3.8 and 5.4 per cent respectively during the pre-and post-Monterrey periods. The main driving factors have been high oil revenues and tourism receipts. The subregion also saw a rebound in agricultural output and a construction boom due to high demand for tourism and residential buildings. Real GDP growth for the Central African subregion moved from 4.5 to 5.4 per cent respectively in the pre-and post-

Monterrey periods. This was mainly due to increased public investment in infrastructure, significant expansion in oil production and activity in non-oil sectors in some countries.

Figure 1: Real GDP growth in Africa by subregions



Source: UNECA computation based on data from UNDESA, November 2009.

10. The explosion of the global financial crisis since mid 2008 has led to a sharp reversal in the upward trend of GDP growth in Africa. Thus, Africa's GDP growth slowed to 2 per cent in 2009, down from 4.9 per cent in 2008 and 6.0 per cent in 2007 (UNECA-African Union, 2010). This is reflected in slow economic activities across the whole continent in 2009 as a result of weakened demand and prices of exports, decreased remittances and reduced private capital inflows.

Closing domestic financing gaps remains a challenge in most African countries

11. Private savings play a crucial role in domestic resource mobilization because they are the major source of financing for investment, boosting economic growth and facilitating the development of financial markets. All these elements contribute to the economic development of Africa and to the achievement of MDGs.

12. Available data indicate that African countries have made tangible efforts towards increased savings as measured by their share of GDP. The savings rate increased from an average of 18.3 per cent in the pre-Monterrey period to 24.5 per cent in the post-Monterrey period. Table 2 shows an upward trend for 2007 and 2008 followed by a sharp drop in 2009. Indeed, the savings share of GDP declined by more than 5 per cent in 2009. This is most likely due to the financial crisis which had a strong negative impact on all the components of development finance, including savings. Investment also increased in the post-Monterrey period but by less than savings. This may indicate a need for

further development of financial markets to ease the transfer of resources from private savings to investment in the private sector.

Table 2: Savings and investment ratios in Africa

	Pre-Monterrey 1995-2001	Post-Monterrey 2002-2008	Trend in recent years		
			2007	2008	2009 (estimates)
Gross national savings (per cent of GDP)	18.3	24.5	27.5	27.9	22.1
Investment (per cent of GDP)	19.8	22.9	24.5	25.0	25.1

Source: IMF, World Economic Outlook online database, October 2009.

13. Government revenue remains the main source of domestic resources, although tax ratios are still too low. African countries have experienced an increasing trend in tax ratios to GDP since Monterrey. The tax share rose steadily in the post-Monterrey period, reaching an average of 25 per cent for sub-Saharan Africa in 2008. However, this average hides substantial differences across African countries. On one hand, 11 African countries still raise less than 15 per cent of GDP in government revenues, namely Burkina Faso, Central African Republic, the Comoros, Ethiopia, Guinea, Madagascar, Rwanda, Sierra Leone, Uganda and Zimbabwe. On the other hand, North African countries all average more than 30 per cent of GDP (Africa Partnership Forum, 2010).

14. Notwithstanding the progress made after Monterrey, some constraints remain in the collection of public revenue. Firstly, low income limits the extent to which Governments can extract resources through direct taxation. Low levels of GDP per capita and the need to boost economic growth also push Governments to limit the tax burden on the private sector thus making use of tax exemptions and holidays. In addition, the informal sector, which represents a big chunk of many African economies, is often untaxed and almost always taxed arbitrarily with very little progress in attempts to extend the tax base. Secondly, given that many countries are heavily reliant on trade taxes, the process of trade liberalization can harm domestic resource mobilization in the short term because of the lower tariffs immediately following trade liberalization.

15. Moreover, the financial crisis affected government revenue negatively through different channels. First of all, the economic downturn caused a decrease in domestic and international demand that depressed the productive sectors. Secondly, the decrease in international trade harmed revenues especially for those countries that are highly reliant on trade taxes. These effects and constraints are very worrying in the context of declining public expenditure.

Progress has been made in mobilizing international resources for development, particularly FDI

16. FDI increased in the post-Monterrey period, compared to pre-Monterrey. Net inflows to Africa more than doubled between the two periods, from US$ 10.1 to US$ 26.8 billion. The increase is particularly impressive for North Africa, for which the inflow of FDI has increased six-fold. Although there has been progress in the rest of Africa as well, the increase is not comparable with the one recorded in North Africa. Table 3 shows the figure for Africa as a whole as well as the disaggregated figure for North Africa and sub-Saharan Africa to highlight this difference which is also reflected in the share of FDI to GDP.

Table 3: Foreign direct investment inflows to Africa

				Trend in recent years		
		Pre-Monterrey (1995-2001)	Post-Monterrey (2002-2007)	2005	2006	2007
FDI, net inflows (Current US$)	Africa	10.1	26.8	26.9	38.2	51.3
	Sub-Saharan Africa	8.1	14.1	13.9	14.9	26.4
	North Africa	2.0	12.7	13.0	23.3	24.9
FDI, net inflows (per cent of GDP)	Africa	2.7	5.3	6.7	5.9	6.1
	Sub-Saharan Africa	4.2	4.9	3.6	5.4	6.8
	North Africa	1.2	5.8	9.7	6.4	5.5

Source: World Bank, World Development Indicators online database, 2010.

17. Although more recent figures are not yet available, preliminary data for the first quarter of 2009 showed a year-on-year drop of 67 per cent in the region (UNCTAD, 2007). The decrease in FDI at a global level has affected mainly Europe and the United States; however, the impact on Africa is large and potentially detrimental to economic development. As a large share of FDI is directed towards the extractive sector, investment was also constrained by the sharp drop in commodity prices in late 2008 and early 2009. Future developments in FDI flows therefore depend largely on the dynamics in commodity prices.

18. Even before the financial and economic crisis, Africa attracted only a limited share of global investment flows. To improve the attractiveness of Africa to foreign investors, it is crucial to create an enabling investment climate that is stable and predictable, with institutions that enforce contracts and protect property rights, and with transparent and appropriate regulations. In addition, countries must work to upgrade the skills of human resources, to keep up with technological innovation and to improve the availability of finance to enterprises. Last but not least, the movements of goods, services and people should be improved by investing in infrastructure and deepening regional integration.

19. Remittance flows to Africa have been steadily increasing but contracted in 2009. The total inflow of remittances to Africa increased from US$ 11.2 billion in 2000 to US$ 40.8 billion in 2008 (UNECA-AU, 2010). Recent studies indicate that although remittances have decreased as a response to the crisis, the drop has not been as sharp as might have been predicted. Six countries accounted for 78 per cent of total remittances received by Africa in 2000-2009, namely Egypt, Nigeria, Morocco, the Sudan, Algeria and Tunisia (UNECA-AU, 2010). Workers' remittances in Africa increased from US$ 11.2 billion in 2000 to US$ 40.8 billion in 2008.

Progress in promoting international trade as an engine of development remains limited

20. African participation in international trade shows an upward trend with its share of world exports increasing from 2.3 per cent in 2000 to 3 per cent in 2007. Table 4 below illustrates that growth in real exports of goods and services in Africa from an average rate of 7.3 per cent in the pre-Monterrey period to 9.5 per cent post-Monterrey. The growth in exports observed post-Monterrey can also be explained by the global upward trend in demand for oil and non-oil natural resources since these represent more than 70 per cent of Africa's total exports.

21. North Africa saw an increase in the rate of real exports growth of 11.8 per cent in the post-Monterrey period against 7.5 per cent pre-Monterrey, while sub-Saharan Africa experienced a decline from 7.1 per cent to 6.3 per cent in the pre- and post-Monterrey periods respectively. The positive trend continued in 2008, but the global economic downturn brought a decline in export demand and prices which resulted in a drop in Africa's exports in 2009.

22. African exports, as a percentage of GDP (table 4), increased by 7 per cent, from 29.4 per cent in the pre-Monterrey period to 36.3 per cent post-Monterrey. The change in the ratio of exports to GDP was greater for North Africa than for sub-Saharan Africa.

Table 4: Dynamics in African exports

	Growth of Real Exports (%)		Exports (as % of GDP)	
	Pre-Monterrey (1995-2001)	Post-Monterrey (2002-2008)	Pre-Monterrey (1995-2001)	Post-Monterrey (2002-2008)
Africa	7.3	9.5	29.4	36.3
Sub-Saharan Africa	7.1	6.3	31.0	36.7
North Africa	7.5	11.8	27.9	36.0

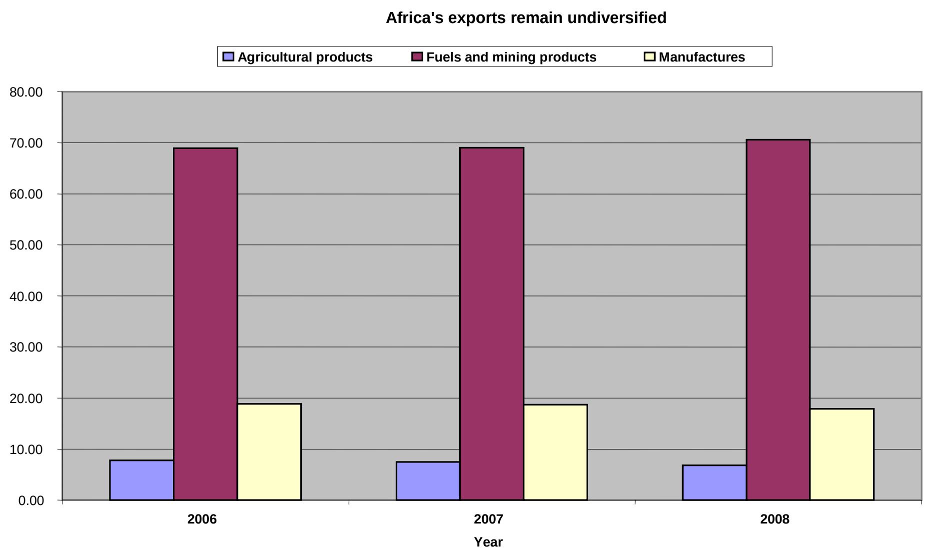
Source: IMF, World Economic Outlook online database, 2009.

23. Despite the increase in the growth of exports in Africa, the region's share in global trade remains low and there has been little progress in improving its international trading environment. Moreover, Africa's merchandise trade remains undiversified, both in the portfolio mix (figure 2) and destination. Agriculture, mining and fuel products constitute at least 80 per cent of Africa's total

exports. Most of these are exported to Europe and North America, with China increasingly becoming an important trading partner for Africa.

24. Furthermore, the rapid increase in exports recorded by Africa is concentrated in oil-exporting countries. The export growth of non oil-exporting countries remains just about the world average, meaning that it is the oil exporters that are generally driving Africa's trade growth. In addition, intraregional trade flows among African countries are lower than in other regions, accounting for slightly over 7 per cent of total exports, compared with around 50 per cent in Asia (2006).

Figure 2: Africa's export portfolio



Source: WTO, online database, 2009.

25. Supply constraints and lack of market access are considered the key factors limiting Africa's export growth potential. Countries should, therefore, take measures to address obstacles to export promotion such as poor infrastructure and lengthy customs procedures that increase transaction costs. These must be complemented by measures at the international level such as the provision of stable and adequate funding for trade capacity-building.

26. Trade in services holds promise for Africa as a means of diversifying its export portfolio. The value of Africa's services trade doubled over the period 2003-2007. Services exports grew by 17.6 per cent annually over the same period. Building on this performance will be crucial to consolidating the potential of services trade as an important anchor for the growth and development of African economies.

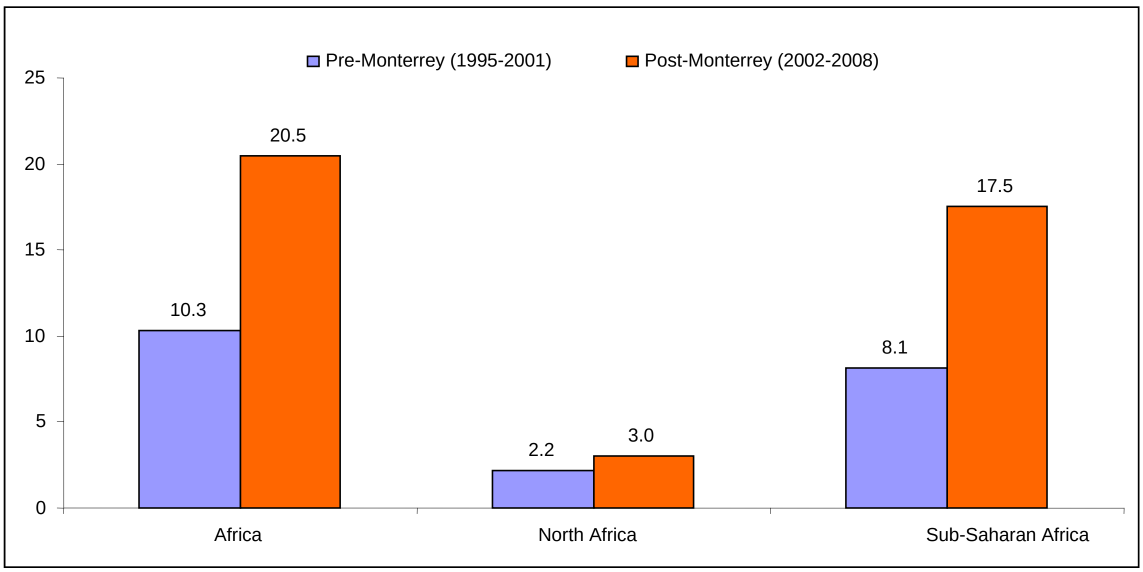
Aid quantity has improved but is still lagging behind commitments

27. A comparison of the pre- and post-Monterrey periods reveals a sharp increase in official development assistance (ODA) flows to Africa, particularly to sub-Saharan Africa; figure 3 shows that aid to Africa doubled between the two periods. The increase is modest for North Africa, given

the low levels of ODA to that particular subregion. In sub-Saharan Africa, however, the increase is more than two-fold, with flows reaching US$ 17.5 billion in the post-Monterrey period.

28. Besides the important issue of quantity, the quality of aid also plays a crucial role for the effectiveness of development plans. Donors have shown awareness of this issue and have taken initiatives to improve aid effectiveness both on the part of donors and of recipient countries. On one hand, the Rome Declaration on Harmonization (2003), the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) confirm the commitment of donors to adopt the principles of national ownership, alignment, harmonization and managing for results. Improving the quality of aid also means ensuring that funds are provided on a multi-yearly basis and in a planned, sustained and predictable manner, thus reducing aid volatility. On the other hand, technical cooperation and capacity development have also been recognized as being a crucial component of development initiatives and programmes.

Figure 3: ODA inflows to Africa (in US$ billions)



Source: Organization for Economic Cooperation and Development online database, 22 January 2010.

A growing diversity of alternative and innovative sources of finance has emerged

29. Innovative sources of financing are part of the system of development financing established in Monterrey and are seen as complementary to, not substitutes for, other sources of financing. In 2006, following the Paris Ministerial Conference on Innovative Development Financing Mechanisms, the Leading Group on Innovative Financing for Development was founded. The group brings together 59 countries as well as international institutions and non-governmental organizations. Some of the initiatives already being implemented are the UNITAID drug purchase facility, the International Finance Facility for Immunization and the Advance Market Commitment for pneumococcal vaccines. Other instruments of innovative financing that are being discussed and explored are, for example, airline ticket solidarity levies and instruments based on the carbon market. The Tobin Tax, however, which was prominent in international aid debate in early 2000, seems to have sunk into oblivion.

Progress in the area of debt relief is encouraging but debt sustainability remains a challenge

30. Table 5 shows that the total external debt of Africa increased slightly from US$ 288.2 billion in the pre-Monterrey period, calculated on an annual average basis, to US$ 288.6 billion in the post-Monterrey period. On an annual basis, total external debt has been increasing after the sharp drop in 2006. In the post-Monterrey period, the total external debt of the region increased to a historical peak of US$ 321 billion in 2004, but fell to US$ 253 billion in 2006 as a result of debt relief initiatives through the Heavily Indebted Poor Countries (HIPCs) initiative, the Multilateral Debt Relief Initiative (MDRI) and the Paris Club's Evian Approach for non-HIPCs. (IDA-IMF, 2009) However, it has been increasing since 2007 and reached US$ 301 billion in 2009.

Table 5: Africa's external debt and debt service

	Pre-Monterrey	**Post-Monterrey**	**Recent years**		
	1995-2001	**2002-2008**	**2007**	**2008**	**2009 estimates**
Total external debt (US$)	288.2	288.6	283.3	286.8	300.6
Total external debt (% of exports of goods and services)	216	106.0	64.8	53	80
Total external debt (% of GDP)	64.8	38.1	25.6	22.4	25.4
Total external debt service (US$)	43.9	58.6	59.7	64.9	59.3
Debt service ratio (% of exports of goods and services)	32.9	19.7	13.6	12.1	15.9

Source: IMF, World Economic Outlook online database, October 2009.

31. The external debt burden of Africa—expressed as a percentage of GDP and as a percentage of exports of goods and services—has generally been falling slightly since 1994 and more sharply since the Monterrey Consensus period. The total external debt of the region as a percentage of GDP fell from 65 per cent in the pre-Monterrey period to 38 per cent post-Monterrey. However, this falling trend was reversed in 2009 because of the need for high levels of financing that resulted from the global financial and economic crisis. The latest evidence shows an increase in the total external debt as a percentage of GDP from 22 per cent in 2008 to 25 per cent in 2009.

32. As a percentage of exports of goods and services, the total external debt of Africa declined from 216 per cent in the pre-Monterrey period to 106 per cent post-Monterrey. However, the region experienced a rapid deterioration in the external debt burden in 2009 from the previous year due to the global financial and economic crisis. External debt as a percentage of exports of goods and services went up from 53 per cent in 2008 to 80 per cent in 2009.

33. Although the total external debt service of Africa increased from US$ 44 billion in the pre-Monterrey period to US$ 59 billion post-Monterrey, interest payments on debt declined from US$ 16 billion to US$ 14 billion over the same period.

34. The sizeable decline in the external debt burden of Africa in the post-Monterrey period relative to the pre-Monterrey period is mainly due to the debt relief initiatives, specifically the HIPC initiative and MDRI. As of end July 2009, 21 African countries had reached the completion point; eight countries were in the interim period, i.e. between the decision and completion points; and four countries that were potentially eligible for the HIPC initiative were at the pre-decision point.

35. MDRI alone brought committed debt relief amounting to US$ 35.8 billion to the 21 heavily indebted poor African countries that reached their completion points. The HIPC initiative committed debt relief amounting to US$ 61.6 billion for the 21 African countries that reached their completion points as well as for the eight countries in the interim period. The improvement in the export sector performance in many African countries is another factor that contributed to the decline in the external debt burden of the region. However, debt sustainability remains a challenge in many post-completion-point HIPC countries due to new borrowings associated with the shocks since 2008.

Africa's participation in global economic governance remains marginal

36. The Monterrey Consensus recognizes the urgent need to enhance the coherence, governance and consistency of the international monetary, financial and trading systems in support of development. The recent global financial and economic crises exposed the major weaknesses in the global financial architecture as there has been no meaningful progress in international economic governance. Despite its size (in terms of both population and countries), Africa has been insufficiently represented in international organizations, such as the International Monetary Fund (IMF), World Bank, World Trade Organization (WTO), and the Bank for International Settlements, which make decisions on issues that have serious consequences for the region.

37. The current international debate on redesigning the international financial and monetary architecture and global economic governance provides an opportunity to address the interests and needs of Africa. Moreover, Africa needs to participate in the Financial Stability Forum and to have increased representation and voice on the boards of IMF and World Bank; the approval (by the Development Committee) of an additional seat for sub-Saharan Africa on the Bank's board is welcome. As the G-20 has become the primary decision-making body in the global economic and financial system, there is a need for Africa to have permanent representation, in addition to South Africa, which has a seat in its own capacity as an emerging economy. Therefore, the international financial architecture and global economic governance should be redesigned to address Africa's concerns.

III. Key Policy Recommendations

38. Table 9 summarizes the main findings of the progress report.

Table 9: Progress in the six core areas of the Monterrey Consensus for Africa

Indicator	Pre-Monterrey (1995-2001)	Post-Monterrey (2002-2008)	2009
Overall			
Economic Growth (per cent)	3.6	5.7	2
Inflation (per cent)	17.7	7.8	8.2
Domestic Resources			
Savings/GDP (per cent)	18.3	24.5	25.1
Investment/GDP (per cent)	19.8	22.9	22.2
International Resources			
FDI (Current US$)	**10.1**	**26.8**	**n/a**
Trade			
Real Export Growth (per cent)	7.3	9.5	**-30.9**
Exports/GDP (per cent)	29.4	36.3	
Cooperation			
ODA (Current US$)	**10.3**	**20.5**	**n/a**
External Debt			
External Debt (US$)	288.2	288.6	300.6
External Debt/GDP (per cent)	64.8	38.1	25.4
Total Debt Service/GDP (per cent)	9.9	7.2	5.0

Source: UNECA computations based on data from UNDESA, IMF, OECD and World Bank.

39. African countries have recorded strong economic performance in the post-Monterrey period, with an average growth rate of 5.7 per cent, up from 3.6 per cent during the pre-Monterrey period. However, the global financial crisis since mid 2008 has led to a sharp reversal, bringing GDP growth rate down to 2 per cent. Thus, African countries still face the challenges of achieving and sustaining higher growth rates, as well as translating the growth into poverty reduction and human development. To meet this challenge, they need to mobilize more domestic resources and retain and efficiently manage higher volumes of international resources.

40. As far as domestic resources are concerned, several policy issues remain to be addressed in the future. As mentioned above, many countries still have a ratio of tax to GDP below 15 per cent and particular attention should be paid in these countries to scaling up domestic resources. This can be done by improving tax administration, combating tax evasion, and by designing and enforcing an efficient and equitable tax system. Donors should offer financial and technical support for Governments to achieve these objectives, and the African Tax Administration Forum also has a great role to play. Priority should also be given to the development of financial markets and microcredit institutions that facilitate the effective use of savings and then channel them towards productive activities.

41. Private financial flows showed an impressive trend, particularly FDI. However, this type of flow has proved to be particularly vulnerable to dynamics in the commodity market, especially in the extractive sector, indicating the need to attract investment in different sectors to mitigate the risk.

Priority should be given in future to building an enabling investment environment and promoting sectoral diversification and equal distribution across countries.

42. In the area of international trade, some progress has been recorded in real exports growth and exports share of GDP. This result is misleading, however, taking into account Africa's low share in world trade. For 2009, recent estimates from the United Nations Department of Economic and Social Affairs (UNDESA) predict that the ratio of exports to GDP will decline by 30.9 per cent. Falling demand has contributed to this, along with declining prices of commodities, lack of economic diversification and the difficulty in accessing trade financing. Concrete policy responses and action-oriented measures should be undertaken to fulfill the needs of African countries in terms of productive capacity-building and trade financing. To that end, African countries and their partners should engage strongly in constructive and substantive negotiations to conclude the WTO Doha Development Round.

43. Foreign aid has also seen a great increase since the Monterrey conference and it is encouraging that most of this increase has been directed towards sub-Saharan Africa. In recent years, many donors have recorded positive trends in ODA disbursements, particularly the European Union and United States of America. Although ODA flows might be expected to decline as a result of the financial crisis, there has so far been no direct evidence for this. Aid quality remains an area where improvements can be made, particularly as far as coordination, use of country systems and harmonization are concerned. The predictability of aid disbursements should also be improved in order to ensure effectiveness.

44. The evidence on implementation of the Monterrey Consensus suggests that substantial progress has been made in the area of international resources mobilization and debt relief. In contrast, very limited progress has been made in the other core areas (domestic resource mobilization, foreign aid, trade and systemic issues). Further commitments by both African countries and their development partners are essential if the objectives of the Monterrey Consensus are to be realized. There is a need to rekindle the spirit of global partnership for development generated in Monterrey and Doha. Efforts should be reinforced to deliver on longstanding commitments, many of them reaffirmed in Monterrey and Doha. High on the priority list must be the achievement of the 0.7 per cent ODA commitment.

45. In the aftermath of the financial crisis and the ongoing follow-up process to the Monterrey Consensus, there is a need for generating liquidity for African countries, especially the most vulnerable, for increasing aid and for advancing schemes which are viable and sustainable for the management of debt. In so doing, innovative sources of financing should be promoted to complement traditional sources.

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