ACP countries urged to join in reforming development finance

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*Brussels, 5 October 2017/ ACP*: Developing countries, including those in the African, Caribbean and Pacific Group, should play a part in ongoing efforts to modernise development finance, including discussions on how to measure various financial flows into a country, for sustainable development.

This was a key message that emerged from a joint event held in Brussels on 26 September, co-organised by the ACP Group and the Organisation for Economic Co-operation and Development (OECD) to facilitate important policy dialogue and sharing of strategic priorities in financing development.

Opening the meeting, the chair of the ACP Sub-Committee on Development Finance, the Ambassador of Cameroon Mr. Daniel Evina Abe'e emphasised that to achieve the ambitious 2030 Global Agenda for Development, including the Sustainable Development Goals (SDGs), unprecedented amounts of resources need to be raised.

Public finance has proven severely inadequate, a fact acknowledged by the 2015 Addis Ababa Action Agenda, which called for the mobilisation of all available resources – including private and public, domestic and foreign resources – to achieve the SDGs.

Today however, development finance is still primarily measured as the volume of aid or Official Development Assistance (ODA) provided by wealthy, donor countries to poorer developing countries.

But the significant changes in the global context has compelled the OECD - made up mostly of high income industrialised countries – to launch initial efforts to modernise the way development finance is understood, measured and mobilised.

"The face of development has changed and we can see it in the new development finance trends," the Director of Development Cooperation at the OECD Mr. Jorges Moreira Da Silva, at the joint event.

He listed several examples: new sources of funding and more providers are emerging on the international development scene; more countries are both providers and recipients of development assistance; almost 30 countries will graduate from ODA in the next 15 years; the philanthropy and financing sectors are getting a more relevant role in fostering the 2030 Agenda; and finally, significant business opportunities have arisen from SDGs implementation, expected to open a $12 trillion market by 2030.

The framework, instruments and measures of development financing need to catch up.

A new and improved measure?

The meeting heard that while ODA continues to be essential in filling key financing gaps, even making up for 70% of external financing for Least Developed Countries (LDCs), the bulk of massive resources required to finance the 2030 Agenda will come from other means, such as taxes and private sector investment.

To better reflect the changing landscape, the OECD proposed a new indicator for monitoring development finance, known as Total Official Support for Sustainable Development (TOSSD).

TOSSD measures “external finance” – that is, any officially-supported financial flows that enter a country for the purposes of national development or addressing global challenges. This covers a wide variety of sources, including bilateral and multilateral institutions, agencies, banks, investment facilities and certain civil society institutions.

The first initial reporting of TOSSD flows is scheduled for 2018, and the data compiled will be analysed in time for the 2019 United Nations stock take of SDG implementation.

ACP engagement

However, notwithstanding the progress made, the meeting highlighted the need for more input from developing countries in the development of globally-applied measures and tools.

“It is important for ACP countries to be part of the discussions to arrive at a generally accepted measure of financial flows,” stressed Mr. Klaus Rudischhauser, Deputy Director General for International Development and Cooperation at the European Commission.

He acknowledged the lack of widespread discussion on financing for development issues, adding that major “paradigm changes” enshrined in the Addis Ababa Action Agenda should not be underestimated.

Mr. Rudischhauser urged ACP countries to seize the opportunity to address the issues in the upcoming negotiations for the renewal of the ACP Group’s partnership with Europe. The current ACP-EU Cotonou Partnership Agreement – a key pillar of which is development cooperation – comes to an end in 2020, and negotiations for a follow-up deal begins next year. Under the Cotonou Partnership, more than €30 billion worth of EU assistance is allocated for ACP countries via the European Development Fund for the period 2014-2020, and more than €146 billion worth of ACP-EU trade took place in 2016.

ACP Assistant Secretary General Mr. Henrique Banze voiced his strong support for ACP participation in the work to reform development finance measures and instruments, in collaboration with partners.

In addition to reform issues, the ACP-OECD meeting also discussed challenges for financing for development in ACP Middle Income Countries, and international tax cooperation. The event allowed participants to identify avenues for reflection and political discussions on the critical concerns of ACP countries, with regards to the current challenges of development finance. In attendance were Ambassadors and representatives from ACP countries, representatives of international development partners and collaborators including the European Commission, OECD, World Bank, and UNDP, as well as think tanks (South Centre) and civil society (CONCORD, EURODAD).

(Photos from top: Ambassador of Cameroon and Chairman of the ACP Sub-Committee on development Finance H.E. Daniel Evina Abe'e; Assistant Secretary General of the ACP Group in charge of Macroeconomics, Development Finance and Intra-ACP Programming Mr. Henrique Banze; guest presenters, Director of the Development Cooperation Directorate at OECD, Mr. Jorges Moreira Da Silva and Deputy Director General for International Cooperation and Development Mr. Klaus Rudischhauser; Meeting participants.)

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