

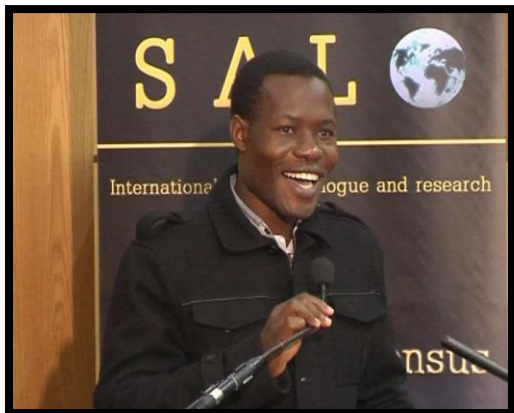
DEVELOPMENT DIALOGUE SERIES THE PARTNERSHIPS THAT WE WANT: FINANCING FOR A TRANSFORMATIVE POST-2015 AGENDA

2nd JULY 2015, PRETORIA

Summary

The Southern African Liaison Office (SALO) hosted a dialogue on the 2nd of July 2015 to explore the partnerships required on the financing aspect in this global development agenda. Professor Rob Moore, a SALO Board member, gave the opening remarks and the panelists included Dr. Sheldon Mouton, the Director of Economic Development (also one of SA's lead negotiators on FfD) of the Department of International Relations and Cooperation; Ms Chantal Naidoo of the Department of Environmental Affairs; Mr. Henry Malumo, the Regional Advocacy Coordinator at Action Aid International and Mr. Masiwa Rusare the Grassroots Programme Specialist at African Monitor. The dialogue was attended by the Representatives of Diplomatic Missions, civil society and various youth organisations.

Dr. Showers Mawowa



Dr. Mawowa stated that as the attention is shifting towards implementation, monitoring and evaluation of Sustainable Development Goals (SDGs), it is necessary to conduct dialogue around Financing for Development (FfD). It is vital to look at whether the current draft for FfD meets the level of ambition and expectation of the most challenging development questions and this should be an opportunity for stakeholders to share perspectives on critical development issues and unpack what the pending Addis Ababa Accord has to offer. The first step towards empowering citizenry is to create awareness that leads to meaningful engagement. There is a call for a paradigm shift: that development must not be done for the poor, but it must be done with the poor and by the poor and the way to legitimise the process is to ensure that no one is left behind. Everyone should

be part of the discussion, part of the formulation and part of the implementation. Dr. Mawowa concluded by quoting Nelson Mandela, who once said:

“Overcoming poverty is not a task of charity; it is an act of justice. Like slavery and apartheid, poverty is not natural. It is man-made and it can be overcome and eradicated by the action of human beings. Sometimes it falls on a generation to be great. You can be that great generation. Let your greatness blossom.”

Prof. Rob Moore



Prof. Moore highlighted the importance of partnerships across the different institutions of society, in particular government, industry, higher education, civil society and the media. Stressing that it is only by harnessing the very distinctive capabilities from different societal institutions, that SDGs can be adequately addressed. It is difficult to achieve effective partnerships; they are inherently challenging and expensive in terms of time and emotional labour. It is, thus, vital that partnerships are appropriately resourced.

Chair: Litlhare Rabele

Litlhare stated that it is important to note the role that the private sector has in FfD. Indicating that the African Union (AU) is struggling with funding, she encouraged business people across Africa to be aware of the role that they can play in FfD, especially with regard to critical areas such as peace and security.

Dr. Sheldon Moulton



Dr. Moulton gave an update on the status of the negotiations leading to Addis Ababa for the Third International Conference on FfD. He indicated that the mandate of the Addis Conference includes the following:

1. Assessing progress made in implementing commitments from the previous international conferences on FfD, namely Monterey in 2002 and Doha in 2008.
2. Identifying obstacles and constraints that hinder the further implementation of these commitments.
3. Addressing new and emerging issues in the context of an evolving global landscape, including:
 - The inter-relationship between all sources of FfD.

- The synergies between the financing objectives and the three dimensions of sustainable development; economic, social and environmental.
4. Addressing the need to support the Post-2015 Development Agenda, in terms of providing a financing framework for implementation.
 5. Reintegrating and strengthening the global partnership for FfD.

In the last drafting session, the co-facilitators set up a Contact Groups to deal with amongst others:

- ☐ Tax
- ☐ International public financing
- ☐ Overseas Development Assistance (ODA)
- ☐ Debt
- ☐ Trade
- ☐ Technology

Regarding South Africa's participation, he indicated that South Africa (SA) does not negotiate in its own national capacity; SA participates in the Africa Group. The Africa group position is then taken into the larger umbrella body of the G77 plus China, which then negotiates in the UN system with one voice. Key issues for South Africa going forward include:

- ☐ The need to look at *all* sources of FfD in a balanced and appropriate manner in order to address the financing needs of developing countries.
- ☐ The need to look at systemic issues related to the international financial system and the global trade system as well as vices between public and private sector finance to move towards an appropriate balance.
- ☐ The need to ensure that there is an appropriate balance between the roles of private sector financing *versus* public sector financing.
- ☐ The need to re-affirm the Rio Principle of the Common but Differentiated Responsibilities.
- ☐ A need to ensure there is a balance between FfD, financing for sustainable development and the environmental dimension of sustainable development.
- ☐ To ensure that the FfD Conference discussions do not blur the distinction between climate finance, which has its own legally binding obligations and is in addition to, and should not be substituted for ODA.
- ☐ The means of implementation for the Post-2015 Development Agenda.
- ☐ The need to ensure that the FfD conversation does not re-open the seventeen goals of the SDGs, all of which have been agreed by the United Nations General Assembly in New York.

Ms Chantal Naidoo



Ms Naidoo gave some reflections on Climate Finance and the complexity around it. She stated that urgent and rapid investment is needed to make the transition into a more sustainable, more developmentally-inclusive national level growth. Most public officials are battling with the negotiation context, in the sense that there are separate pockets for climate, for sustainable development and for what is termed just as development, and yet the role of finance is meant to drive collectively in this partnership. One of the key difficulties about climate finance as a concept is that there is no internationally-agreed definition of what climate finance is.

Climate finance is channeled through a very complex and fragmented system of different institutions; the regular multilateral development banks and bilateral development agencies like the GIZ and the KFW Development Bank. Many of the instruments that are coming through from climate finance to help developing countries are loans, grants and concessional-type loans. However, there are also some new innovations that are happening. Gains have been secured on the climate finance side through the formation of the Green Climate Fund. She concluded by stating that there is a need to create a vision for sustainable development that addresses large-scale types of programmes.

Mr. Henry Malumo

Mr. Malumo indicated that the following issues are critical to the conversation:

1. Transformative and accountable leadership is critical to this conversation; a leadership that is about change, that is answerable to its citizens and to its partners.
2. It is important to domesticate the SDGs; each country has been given some time to align the SDGs to the national goals.
3. There is a need for greater accountability by public service, beyond the three arms of government.



He indicated that the AU released a report at the beginning of 2015. The report estimates that Africa loses over \$60 billion on illicit financial flows every year. These resources are going to some of the very countries that finance Africa's development. Ways in which money is being taken out of African countries include:

- ☐ Illicit activities of big international companies.
- ☐ A large degree of the big international companies are given tax holidays by African governments.
- ☐ An element of tax dodging through highly sophisticated channels.

He then asked what the new partnership means in terms of Africa losing these resources, stating that this means Africa will continue to be aid-dependent. He gave suggestions on what the partnership should look like:

- The developed countries need to do their bit in closing the leaks.
- Pull together or strengthen the UN Tax Committee.
- Revise trade rules, which have not been revised for the last fifty years and have resulted in Africa losing huge amounts because of the imbalance.
- Tax justice:
 - Many multi-national corporations have 25-year tax exemptions, yet many people who earn less than \$100 pay tax.

He concluded by expressing his belief that foreign direct investment must benefit the African countries where the wealth is being generated, where the money is actually being made, as well as benefit the business itself.

Mr. Masiiwa Rusare



Mr. Rusare indicated that as we compare the commitments for FfD done at Monterey and now, it is important to note that Monterey was more focused on government to government partnerships or relationships, but the FfD conversation includes other actors such as the private sector. It looks at how all these actors are going to contribute to the realisation of the SDGs. It is important to recognise that the challenge facing Africa is not so much a financing gap but a productivity challenge; there are challenges of unemployment, technological transfer and capacity among others. When there is talk of aid to African countries as well as LDC's, it is vital to know what that aid is going to be used for because, if that aid is going for consumption and paying salaries, it will not take Africa anywhere. Aid should be channeled to improve productivity, improve trade and improve technology.

He expressed that Africa needs to prioritise the reform of financial institutions, such as the IMF and the World Bank, both in voting rights and representation. Africa needs the kind of transformation that raises citizen agency, raises the ability of African citizens to do things for themselves, reduces inequality and changes or shifts the way Africa produces and consumes. Africa has to take an opportunity to align production and consumption patterns because, at present, Africa generally produces what it doesn't consume and consumes what it doesn't produce. Quoting the words of Thomas Sankara, he stated that the alignment will ensure that Africa is able to create "*an African market and a market for Africa*".

What Africa CSO Working Group has been doing:

- ☐ Have deliberately engaged a number of northern CSO colleagues to ensure that they also put pressure on their governments to realise and understand the importance of the priorities for Africa's development.
- ☐ Nudging our governments to ensure that they rally around what they can do more of, creating a necessity for them to reduce reliance on international support.

Contributions from the Floor

- ☐ Do we have a private sector in Africa?
- ☐ Is SA influencing the Africa group and G77 and where are the connections with NEPAD?
- ☐ How do you view the issue of SA pushing an African Renaissance? They have problems of the so-called afro-phobia and xenophobia from grassroots to the state level?
- ☐ If African countries are overburdened with loans whilst their resources are being moved out of the continent illicitly, in the long term, how is Africa going to be able to finance those loans?
- ☐ What is the link between the BRICS Bank and institutions that seek to influence and/or finance development in Africa?
- ☐ It seems that Africa is pulling all the punches in order to preserve the continuation of ODA and all of those things that make it impossible for it to exercise its right to self-determination and right to development.
- ☐ What leverage does civil society have to ensure that the outcomes will be sustainable and long-lasting for the people of this continent?
- ☐ We also need to look at the issue of land with regard to sustainable development.
- ☐ When looking at Domestic Resource Mobilisation (DRM), the document has a lot of emphasis on taxation, which seems to fall into the trap of the growth-centric models of growth. Yet, in the Africa Mining Vision, there is an acknowledgement of other potential sources of revenue, which are not necessarily taxes. Therefore, in terms of DRM, this document may actually undermine African thinking and creativity.

Responses from the Panel

- ☐ All sources of financing are necessary, one cannot be considered at the expense of another.
- ☐ With regard to the connection with NEPAD, SA's position has always been to attempt to complement regional initiatives and add value to them.
- ☐ Regarding influencing the Africa Group and the G77 positions, everyone tries to find common positions and recognise that they are much stronger standing together.
- ☐ The BRICS Bank is linked to the need to address the infrastructure financing gap as it contributes to FfD.

- The G77 had to deal with blatant attempts to introduce language that uses public sector money to mitigate risk for the private sector, so that all the risk is borne by the taxpayer and the profits are reaped by the private sector in terms of FfD.
- G77 fought to ensure that the discussions on DRM and tax take into account developing country concerns.
- It is important to ask if organisations like the DBSA, the IDC and the Land Bank will promote a policy around sustainable development.

Conclusion

The role of the national government goes hand in hand with active citizenship, which is needed to ensure participation, representation and accountability. Civil society has to ask, what is more transformative now than before? What is it that our governments are doing, or going to do, differently because of the SDGs? Civil society has to also ensure that the debate comes home and aligns with the development agendas in their countries. The debate needs to be nationalised and ‘Africanised’, so that it can bring results.

The analysis and recommendations included in this Policy Dialogue Report do not necessarily reflect the view of SALO or any of the donors or conference participants, but rather draw upon the major strands of discussion put forward at the event. Participants neither reviewed nor approved this document. The contents of the report are the sole responsibility of SALO, and can under no circumstances be regarded as reflecting the position of the donors who provided financial assistance for this policy dialogue session.

About the Southern African Liaison Office:



The Southern African Liaison Office (SALO) is a South African-based not-for-profit civil society organisation which, through advocacy, dialogue, policy consensus and in-depth research and analysis, influences the current thinking and debates on foreign policy especially regarding African crises and conflicts.

SALO would like to thank
(in alphabetical order) the Department of International Relations and Cooperation (DIRCO), the European Union; Friedrich-Ebert-Stiftung (FES); Irish Aid and the Embassy of Ireland, Pretoria; the Embassy of the Kingdom of the Netherlands in South Africa; the Royal Norwegian Embassy, Pretoria; The Olof Palme International Centre; Open Society Foundation; the Southern African Trust and UK aid, among others, for their ongoing support of our Policy Dialogue Series.

