

Intergovernmental Committee of Experts on Sustainable Development Financing - Regional Outreach Meeting in Africa

Addis Ababa, 2 and 3 May 2014

Chairs' Summary of Proceedings

Introduction

The Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF), set up following a mandate from the Rio+20 Summit, and tasked with producing a report proposing options on an effective sustainable development financing strategy, was mandated to undertake broad and open consultations with relevant stakeholders.

In this context, the regional outreach to the Africa region, held on 2 to 3 May in Addis Ababa, Ethiopia, served to garner views of African stakeholders, particularly civil society and the private sector.

Africa's priorities for a global development agenda beyond 2015 are defined in the Common African Position on the Post-2015 Development Agenda (CAP), adopted by African Union Heads of States and Governments in January 2014. The Common African Position will allow Africa to speak with one voice and ensure that its priorities are taken up at the global level. One of its six pillars pertains to "Financing and Partnerships." As such, it will also inform the deliberations of the ICESDF. To ensure this continuity, the outreach meeting brought together African members of the ICESDF, representatives of the High Level Committee on the Post-2015 Development Agenda, and representatives of governments, civil society and the private sector (see Appendix 1 for a full list of participants).

Following plenary sessions that introduced the progress of work in the Committee and the Common African position, the meeting broke into thematic sessions on (i) financing regional infrastructure and industrial development; (ii) financing for climate change and green growth in Africa; (iii) improving domestic resource mobilization; and (iv) management of external financing (see Appendix 2 for a detailed meeting agenda). In concluding plenary sessions, the main messages from the thematic sessions were introduced and discussed by participants.

The following key messages emerged from the meeting:

Financing regional infrastructure and industrial development

- A range of financing sources and instruments can contribute to financing regional infrastructure and industrial development:

- Development Finance Institutions (DFIs), including multilateral development banks constitute important sources of funds both directly through traditional channels (concessional, non-concessional, and blend) as well as indirectly through innovative arrangements such as global/regional infrastructure funds/facilities for financing infrastructure.
- Additional sources include sovereign wealth funds, local and diaspora bonds, and commercial finance.
- Commercial lending is often short-term. Partial risk guarantees and other risk-sharing mechanisms may be needed to extend the maturity of loans.
- Mixed or blended financing, including PPPs, should be prioritized.
- Country and political risk perceptions need to be reduced:
 - An enabling legal and regulatory framework must be in place to ensure sustainability of long term projects.
 - In-country capacity has to be built to structure viable, bankable projects that can attract private sector investment. Greater in-country capacity will also allow governments to share risks and returns fairly.
- Country-level industrial and infrastructure plans need to build on major regional and continental plans such as NEPAD's PIDA to leverage funds
- Political will is critical. Important milestones in this regard have already been achieved, such as AU's and NEPAD's Presidential Infrastructure Champion Initiative.

Financing for climate change and green growth in Africa

- Need for Common (Shared) and Differentiated Responsibility Approach when dealing with financing climate change.
- Africa's contribution to climate change is negligible in relation to other regions and this should be put in the formula for determining response to climate change.
- Developed countries need to accept most of the responsibility to finance climate change and green economy initiatives as they are the main polluters
- Climate change and environmental sustainability need to be analyzed from a historical perspective.
- Given the above point, it was noted that ODA towards environmental sustainability and climate change should be distinguished from ODA to other developmental areas. Former should be treated more like compensation to Africa for unfairly bearing the costs of climate change even if its pollution is very negligible.

- Need for an integrated approach to financing climate change and green economy, especially as a means of addressing Africa's actual and potential losses in accessing financing due to fragmentation.
- The role of poverty and livelihood of local inhabitants to be part of an integrated solution to environmental sustainability and climate change
- Encouraging member countries to share and learn from each other's experiences on issues relating to climate change policies – countries like Ethiopia, Kenya, and South Africa being good examples
- The cost of financing climate change and green economy should be viewed not only from the perspective of resources needed for financing, but also in terms of the cost of inaction. The cost of inaction is far larger than the cost of action as the former could reverse the structural transformation agenda, in the event of, say a natural disaster.
- Establishing appropriate market conditions through economic policies, incentives and market-based measures is critical for establishing appropriate 'rules of play' and sending the right market signals that ensure that resources are allocated as efficiently as possible (e.g. by taxing 'bads' and in some instances subsidizing 'goods').

Improving domestic resource mobilization

- Domestic resource mobilization needs to be strengthened:
 - Tax enforcement capabilities need to be improved, both income and trade related, including collection capacity, and the quality of information on existing and potential taxpayers.
 - At the same time, domestic resource mobilization should not exacerbate inequalities. Progressive tax systems are needed.
- Focus should also be placed on how resources are utilized. Reforms in public financial management, improved transparency and governance, and strengthened audit institutions can all play a role.
- Africa's resource wealth is currently not benefiting Africans sufficiently. Fiscal regimes need to be put in place that successfully capture fair rewards from the activities of extractive industries. Such resources should also be linked to social development initiatives.
- Financial inclusion can be enhanced by encouraging innovation and the utilization of affordable technologies in the delivery of financial services.
- In addition to raising domestic resources, leakages need to be reduced. The illicit outflow of resources greatly exceeds ODA received in Africa.
 - African countries can take action unilaterally, for example by ending tax deductions for multinational corporations.

- At the same time, there is a need to continue advocating for regional and global cooperation, particularly from illicit financial flows-destination countries, towards stemming the flow of illicit funds out of Africa. An African position on illicit financial flows will help generate further political will at the national, regional and global level.

Management of external financing

- It was recognized that fragmentation is inefficient, affects implementation and management for results. There is need to put emphasis on convergence and do less work in the fragmented processes. This can be achieved through coordination among ministries and agencies that deal with various financing streams to better manage financing flows.
- There is need for incentives to direct financial flows towards priority areas, but care must be taken when partners identify priorities because they may not necessarily be the priorities of the recipient country. Therefore it is important for countries and partners to agree on mutually beneficial areas for financing. Using the toolbox of industrial policies following a coherent national sustainable development strategy provides one such incentive.
- The high cost of external financing presents a big challenge for African countries
- ODA commitments should be met and efforts made to use external resources to leverage domestic resource mobilization capacities
- Coordinate and use existing institutions to mobilize and manage resources for the CAP and post 2015 development agenda.

Cross-cutting issues

- Within the framework of debt sustainability, there is need for policy space to make use of new financing and funding opportunities for bankable projects.
- There is a need for global support in actions to tackle illicit financial flows out of Africa.
- The global financial architecture must be supportive of developing countries' resource mobilization efforts.
- A review and monitoring mechanism should be considered, covering all relevant financing need assessments and financial flows to ensure accountability.
- Africa also has to have increased voice in international financial institutions.

Appendix 1: List of participants registered

No.	Name	Title	Position	Organization	Country
1	Aarnio, Kirsti	Amb.	Coordinator of post-2015 dev. Agent	Ministry of foreign Affairs	Finland
2	Abderrazzaq, Benbara	Mr.	Diplomat	Embassy of Algeria	Ethiopia
3	Abdulmelik, Nebila	Ms.	Head of comm.	FEMNET	Kenya
4	Agu, Chukwuma	Dr.	Lecturer	Inst.for Devt. Studies University of Nigeria	Nigeria
5	Albert, Musisi.A.	Dr.	Devp't policy& resear	& Econ. Dev	Uganda
6	Alemayehu, Derege	Dr.	Chair	Global Alliance for tax justice	Kenya
7	Berhe, Debalkew	Dr.	PM Envi. Protector	IGAD	Djibouti
8	Bolangembe, Jean Pierre	Dr.	Diplomat	MINAFFICIF (Foreign Aff)	D.R Congo
9	Bounda, Serge	Mr	UNFPA Rep. to AVC	UNFPA	Ethiopia
10	Bodart, Chigozirim	Ms.	Consultant	UNECA	Ethiopia
11	Daara, Kiama	Mr.	Prog. Coordinator	Kenya Debt Relief Network	Kenya
12	Dampha, Lamin	Mr.	& Industry	& Employment	Gambia
13	Diguimbaye, Christiam G	Mr.	Coordinator JSSO	JSSO	Ethiopia

14	Djamba, Andre L.	Mr.	Consultant/ICSDF Expert	DRC/Environment	D.R Congo
15	Dukule, Abdoulaye	Mr.	Coor.HLC & post2015	HLC SHERPAS	Liberia
16	Enyimu, Joseph	Mr.	Assistant commissioner/ICESDF Expert	Ministry of Finance,planning& Eco.	Uganda
17	Erume, Uzumma	Ms.	Economic Affairs Officer	UNECA	
18	Esouard, Gouende Blaise	Mr	Charge de Affairs	Embassy of R.D. Congo	Ethiopia
19	Francine, Katanga Mutanda	Ms.	Assistante DRC	Environment Ministere	DR Congo
20	Gass, Thomas	Mr	ASG	UNDESA	USA
21	Greyling, Lydia	Ms.	Min.Plenipotentiary	SA Embassy Vienna	Austria (SA)
22	Gueye, Aissatou	Ms.	Economist	UNECA	Ethiopia
23	H.Mariam, Dawit Ayele	Mr.	Expert	MOFED Ethiopia	Ethiopia
24	Haber, Elise Marie	Ms.	Diplomat	Dep Int.Relation Coope.	South Africa
25	Kaara, Kiama	Mr	Programmes coordinator	Kenya Debt Relief Network	Kenya
26	Julien, Razafintsalama	Mr.	OIC for Tech. coop.	COMESA	Zambia
27	Kariuki, Kevin	Mr	Head of Infrastructure	Indu. promotion Service	Kenya
28	Liu, Wei	Mr	Sustainable Dev.Off.	UNDESA	USA
29	Lancine, Conde	Mr.	D/Director	Ministry of Finance	Guinea

No.	Name	Title	Position	Organization	Country
30	Lontange, Julien	Mr.	Minister	Embassy of R.D. Congo	R.D Congo
31	Majanen, Pertti	Amb.	Co-Chair of ICESDF	ICESDF	Finland
32	Mosioma, Alvin	Mr	Executive Director Director-Investment	Tax Justice network- Africa Ministry of Trade, Ind.	Kenya
33	Mugala, Caroline	Ms.	Executive Secretary	EATUC	Tanzania
34	Muhtar, Mansur	Mr.	Co-chair	UN committee of Experts	USA
35	Manteaw, Steve	Dr.	A.S.C member	Publish what you pay	Ghana
36	Matfobhi,Riba	Ms.	Economic Aff Officer	UNECA	Ethiopia
37	Mballa Mballa, Jean	Mr	Coordinator	CRADEC	Cameroon
38	Mpofu, Mabel	Ms.	Policy Advisor	SADC Secretariat	Botswana
39	Msabeni, Annette	Mr	Head of program Oper & Dev.	ACORD	Kenya
40	Muita, Nina	Ms.	Programme Officer	UNFPA	Ethiopia
41	Namfuko, James	Mr	Chief Economist	Min.of Economic Plan.	Malawi
42	Nebebe,Admasu	Mr	Director	MOFED	Ethiopia

43	Nihime, Messeret	Mr.	Counselor	Eth./MOFA	Ethiopia
44	Nounke, Kaba	Mr	Counselor	Embassy of Rep.Guinea	Guinea Conary
45	O'Hara, Aidan	Mr.	Ambassador	Embassy of Ireland	Ethiopia
46	Ouambeti, Eric Ouambeti		Economic councilor	Min of Foreign Affairs	C.Africa Rep
47	Oudeika, Ely	Mr.	Director	Ministry of Economic Aff. And Dev.	Mauritania
48	Outman, Abakar Mahamat	Mr	Economic councilor	Chad Embassy	Ethiopia
49	Pretorius, Rina-Louise	Ms.	Counselor	South African Embassy	Ethiopia
50	Salmon, Lea	Dr.	Economist	UCAD University	Senegal
51	Schneider, Esther	Ms	Policy Analyst	UNDP (Reg. Service Ceter Africa	Ethiopia
52	Schwank, Oliver	Mr	Economic Aff Officer	UNDESA	USA
53	Sillah, Kawsu	Mr.	Country Director	Life Skills Initiative for youth empowerment & dev	Gambia
54	Tekola, Meron	Ms	Prog. Analyst	UNDP	Ethiopia
55	Touray, Momodou.E.	Mr.	Policy Advisor	AFRODAD	Zimbabwe
56	Yousouf, Ramjanally M	Mr.	D/head of mission	Mauritius Embassy	Ethiopia

Appendix 2: Programme of Work

Day 1:	Friday 2 nd May 2014
--------	---------------------------------

Meeting Chair:	Mr. Adam Elhiraika, Director, Macroeconomic Policy Division, ECA
09:00-09:45	Opening Remarks Dr. Carlos Lopes (Executive Secretary, ECA) H.E. Ambassador, Negash Kibret, MOFA, Ethiopia Mr. Mansur Muhtar, Co-chair, ICESDF H.E. Ambassador, Aidan O’Hara, Government of Ireland Dr. Abdoulaye Dukule (HLC Sherpa – Liberia)
09:45-10:45	Overview of ongoing work in the Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF)
09:45-10:15	Moderator: Amb. Pertti Majanen, Co-chair of the Committee Presentation: Mr. Mansur Muhtar, Co-chair of ICESDF
10:15-10:45	Discussion
10:45-11:00	Coffee Break
11:00-13:00	Overview of the work on the High Level Committee (HLC) on the Post-2015 Development Agenda and the Common African Position Moderator: Mr. Nelson Muffuh, Office of the Advisor to the Secretary-General on the post-2015 agenda
11:00-11:20	Presentation: Dr. Abdoulaye Dukule (HLC Sherpa – Liberia)
11:20-13:00	Discussion
13:00-14:30	Lunch break
14:30-16:00	Overview of Financing for Sustainable Development: Issues, Challenges and Opportunities for the Africa region

Moderator: Mr. Joseph Enyimu (ICESDF)

1430-14:50 **Presentations:** Dr. Dereje Alemayehu, Chair, Tax Justice Network Africa

14:50-15:10 **Discussants:** Mr Alvin Mosioma, Tax Justice Network Africa; and Ms. Esnart C. Phiri Mpokosa, Ministry of Finance, Zambia

15:10–16:00 Discussion

16:00-16:15 Coffee/Tea Break

16:15-18:00 **Financing for Sustainable Development**

(Parallel Sessions)

Session 1: Financing Regional Infrastructure & Industrial development

Moderator: Abakar Mahamat Outman (HLC Sherpa - Tchad)

Discussants: Mr. Lamin Dampha, Ministry of Economic Planning and Industrial Development, The Gambia; and Mr Kevin Kariuki, Head of Infrastructure, Industrial Promotion Service.

Session 2: Financing for Climate Change and Green Growth in Africa

Moderator: Mr. James Namfuko, Chief Economist
Ministry of Economic Planning, Malawi.

Discussants: Mr. Mithika Mwenda, Pan-African Climate Justice Alliance;

18:30 – 20:00 **Cocktail**

Day 2:

Saturday 3rd May 2014

09:30-11:15

Financing for Sustainable Development

(Parallel Sessions)

Session 3: Improving Domestic Resource Mobilization

Moderator: Mr. Andre Lohayo Djamba (ICESDF DRC)

Discussants: Mr. Julien Razafintsalama, Officer-in-Charge, Technical Cooperation and Resource Mobilisation, COMESA, and

Mr. Chukwuma Agu, Institute for Development Studies, University of Nigeria

Session 4: Management of External Financing

Moderator: Mr. Kaba Nounke (HLC member – Guinea)

Discussants: Ms. Mabel Mpofo, Southern African Development Community; and Mr. Kiama Kaara, Kenya Debt Relief Network.

11:15-11:30

Coffee Break

11:30-13:00

Reporting Session

Moderator: Mr Admasu Nebebe, ICESDF

Moderators from Sessions 1-4 to report back to plenary

13:00-15:00

Lunch break

15:00-16:00

Presentation & Review of Co-Chairs' Key Messages

Amb. Pertti Majanen, Co-chair of ICESDF

Mr. Mansur Muhtar, Co-chair of ICESDF

15:00-15:30

Presentation & Review of Co-Chairs' Key Messages

15:30-16:30

Discussion and finalizing of Co-Chairs' Key Messages

16:30-16:45

Coffee/tea break

16:45-17:15

Closing Remarks

Mr. Thomas Gass, Assistant Secretary-General for Policy Coordination and Inter-Agency Affairs, UNDESA

Mr. Mansur Muhtar, Co-chair, ICESDF

Dr. Abdoulaye Dukule (HLC Sherpa – Liberia)

17:30 – 19:30

Cocktail