

## Expert meeting Financing for Development

Short report

*2015 is a key year for development with upcoming international agreements on global poverty reduction and sustainable development. It is not only the year that the Millennium Development Goals (MDGs) reach their deadline; it is also the year that a new global agenda for poverty eradication and sustainable development is being negotiated. Without effective agreements that address the mobilization of all types of financial resources for poverty reduction and sustainable development, it will be difficult to reach political commitments for this new global agenda.*

On the 28<sup>th</sup> of May, Kaleidos Research, The European Centre for Development Policy Management (ECDPM) and Partos jointly organized an expert meeting on financing for development (FfD). During this meeting James Mackie (ECDPM) launched the 'European Report on Development 2015' and Ries Kamphof (Kaleidos Research) presented its report 'Financing Development now and in the future – implications for the Netherlands and beyond.' A lively discussion took place with the audience and the panellists (Hans Opschoor (AIV), Jeroen Kwakkenbos (Eurodad) and Koos de Bruijn (Partos)) that shared their views on the role of ODA amidst the other increasingly important financial flows and on leadership role that the Netherlands can play in the FfD process. Koen Davidse (Ministry of Foreign Affairs) reflected on the discussion, in particular on the role that ODA can play in stimulating private sector development and on the importance of the FfD debate in general.

The aim of the meeting was to stimulate and nurture the political and professional debate on the future of development financing. Below, you can find a short summary of the different topics addressed during the meeting. A short video report of the expert meeting can be viewed [here](#).

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### **FfD is not only about financing, but also about policy (coherence)**

*'You cannot separate finance from good policy'.* Good policies go beyond good governance. It is about policies that can be used to mobilise funds, and policies that make financing for development (more) effective. Policy coherence and financial coherence for development are needed. Poverty is caused by a complex combination of factors such as administrative capacity, fiscal and trade systems, which is questioning both the thematic as geographical goals of development finance.

### **FfD is a multiple actor agenda, asking for a broad international commitment**

Governments will sign the Financing for Development agreement in Addis, but the contribution of many others are needed to actually implement the new agenda. Politicians, NGOs, the private sector, citizens: all these various other actors can (and should) make a unique and complementary contribution to poverty reduction. International commitment is needed. The Dutch government should give the good example. *"You cannot expect from others to do what you say, if you don't act according to your own narrative yourself".*

### **FfD agenda is largely a domestic/local agenda**

The conference held in July in Addis will set the stage, but the specific national/ regional implementation afterwards is crucial. How to build *local* capacity? How to use ODA to mobilise (local)

private flows? *“This is the most important, but also most difficult part of the agenda’*. It is important to re-enter into dialogue with recipient countries and take their requirements, preferences and wishes fully into account, while also ensuring due accountability. Recipient countries demand a more country-particular development strategy with specific resources. Changes *within* the local (financial) system are needed (e.g. tax collection and combatting corruption).

### **FfD requests monitoring, transparency & accountability**

Empirical case studies are needed to measure the net effect of investments for (local) development. Key question is not whether new forms of financing are a good or a bad thing, but whether they are *sustainable*. Do they have long-term effects? Do they secure jobs on the ground? Lessons learned from micro-finance are often overlooked. Success stories of aid could also enhance public support for ODA, by showing the public what aid can actually contribute to development. Transparency (e.g. by means of a clear distinction between different financial flows) can lead towards a ‘data revolution’ . This transparency of data will not only give insights in the effects of investments, but this ‘big data’ will also empower the local community (by means of an accountability-mechanism). *“It starts with transparency, but it doesn’t stop there”*. Since the Netherlands has advanced knowledge on evaluation and monitoring, the Netherlands could be a frontrunner on this topic.

### **FfD must somehow secure that it’s pro-poor**

Support for (financing for) development is still largely based upon feelings of international solidarity, as the results of a Dutch public opinion poll also showed. According to the Dutch government, inclusion will be the key for setting the new development agenda. How to secure that within the diversification of financial flows, money is still invested in countries that need it the most? If the private sector is not willing to invest in fragile states, should the government give guarantees? Or should (a substantive percentage of) ODA be reserved for the these least developed countries? A new narrative is needed, that focusses upon universality, solidarity and a common interest in combatting global challenges.

### **FfD is a process, steered over time.**

The document signed in July must be seen as a guideline to open the doors to discussion, not as a set timeline cast in concrete. It is about the national/regional implementation of the agreements made in Addis afterwards. *“Addis is like building a house”*. The approach of the Dutch government will be pragmatic, instead of idealistic, not aiming about reaching consensus on all (difficult) topics.

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### **Resources**

European Report on Development 2015 (ECDPM, ODI, DIE, University of Athens and Southern Voice): <http://erd-report.com>

Financing development now and in the future –implications for the Netherlands and beyond (Kaleidos Research): <http://www.oneworld.nl/research/nederlands-debat-ontwikkelingshulp-achterhaald>

Financing for sustainable development in the future (Partos/Venro): [http://www.deine-stimme-gegen-armut.de/fileadmin/BILDER/Illustration/Fachpublikationen/Financing-development\\_web.pdf](http://www.deine-stimme-gegen-armut.de/fileadmin/BILDER/Illustration/Fachpublikationen/Financing-development_web.pdf)

Financiering van de internationale agenda voor ontwikkeling (AIV): <http://aiv-advies.nl/7pp> (available in Dutch only)

You can also have a look at our short animation video on the importance of FfD [here](#). Feel free to share these links with your network!