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Addis Ababa: a one-time opportunity

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Addis Ababa: a one-time opportunity

Bonn, 13 July 2015. The UN Conference on Financing for Development begins in Addis Ababa today. It is the first of three world summits on key issues of global sustainable development taking place in the space of just six months. This financing conference will lay the foundation for the UN General Assembly in New York in September 2015 during which the international community will agree the new post-2015 agenda with universal Sustainable Development Goals (SDGs). Even though climate finance is not officially on the agenda in Addis Ababa, this summit will also set the trajectory for the Paris Climate Conference in December, where the follow-up agreement to Kyoto is set to be concluded. In the meantime, it is clear that the international community will be unable to achieve the SDGs and mitigate climate change without adequate financing.

It is up to every actor in the public and private sectors to take responsibility, which also means all countries need to get on board. Industrialised nations will have to bear a large share of the costs. Developing countries and emerging economies will be unable to achieve the SDGs without financial support from these nations. At the same time, it is industrialised countries that bear the primary responsibility for causing climate change. As such, they must at least deliver on the promises they have already made.

In Addis Ababa, industrialised nations also need to commit to achieving the target of spending 0.7 percent of their gross national income on official development assistance (ODA), a target agreed back in 1970. The current state of affairs in this regard is sobering, with the target only having been achieved by five countries to date: Luxembourg, Denmark, Norway, Sweden and the UK. If they are to achieve credibility, industrialised countries must agree a realistic schedule for implementing this target, which the European Union has committed to achieving by 2030. There is an urgent need to set specific interim targets. The industrialised countries at the Addis Ababa summit could, for example, also commit to halving the gap between the current level of ODA and the 0.7 percent target by 2020. This was also something proposed by the *Sustainable Development Solutions Network* (SDSN). Without specific schedules, the 0.7 target will remain an empty promise.

Additionally, emerging economies should also assume more responsibility in future and use Addis Ababa as an opportunity to commit to significantly increasing their ODA they provide to poor countries, setting a specific target in this regard and agreeing a

step-by-step plan for achieving it.

Changes also need to be made to the distribution of ODA in order to benefit the poorest countries. These nations have barely any access to private-sector funding, which means ODA is their main external source of finance. The current negotiation document for Addis Ababa, dated 7 July, calls for industrialised countries to direct 0.2 percent of their gross national income to the poorest countries by 2030. But is this enough?

In Copenhagen in 2009, industrialised nations had committed to increase public-sector and private-sector finance for climate-change mitigation and adaptation measures in developing countries up to USD 100 billion every year by 2020. While the G7 leaders backed this target at this year's Elmau summit, there is still uncertainty as to how much of this amount will come from public-sector actors and how much from private-sector sources. It is also unclear in what stages the finance will be increased to USD 100 billion between now and 2020. In other words, no specific commitments have been made for the next five years. Similarly, the issue of how funding will be distributed has not been fully settled. If the governments of the industrialised nations fail to specify their contribution and commit to a roadmap for meeting their commitments, then the USD 100 billion target will not be achieved and the consequences of climate change will increasingly obliterate development gains in other areas. Climate finance may not be the main topic in Addis Ababa, but it is still important to begin addressing it there and prepare some initial decisions ahead of the Paris Climate Conference.

The partner countries themselves must also assume responsibility for the financing process. The lion's share of funding will be mobilised via the domestic tax system and through the growth of the financial sector. Consequently, partner countries need to implement the necessary reforms in their tax systems and administrations to make them more transparent and improve governance structures. Industrialised nations and emerging economies can provide valuable technical assistance in the process of setting up suitable tax systems.

The international community has a one-time opportunity in Addis Ababa this week to provide positive, fresh impetus for global sustainable development by securing the necessary finance. It is up to industrialised nations to lead the way on this issue. We should seize this opportunity to do our part for the good of humankind and our one and only planet.