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A Planet for Life provides first hand analysis and narrative of ongoing transformation and sustainable development challenges in key countries. It tours five continents to shed light on what countries and regions are actually doing to achieve sustainable development, tackling their own local – and global – problems, and exploring different pathways towards sustainability. It explores implementation issues and financing for development options more specifically, with an overview of key propositions for making sustainable development financing a lever to transform economies and societies.

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It seems very unlikely that the new development agenda and the fight against climate change will be adequately financed. Official development assistance peaks at around 0.3% of the GDP of donor countries, which is a long way from the commitments made in Monterrey in 2002. Furthermore, six years after pledging $100 billion per year from 2020 to fight against climate change in the South, ‘developed’ countries are still unable to show firm evidence of how they will keep this promise. Finally, encouraging avenues of so-called ‘innovative’ financing, such as taxes on financial transactions, container traffic or air travel, have almost stalled. In the spring, the European Union adopted a tax on financial transactions which, because it excludes the majority of derivatives, will only bring in a few billion euros per year, far from the €57 billion revenue estimated by the European Commission. As it stands, therefore, this is not the lever that the South can depend upon.

We could continue to list the bad news. And indeed we must keep this negative background in mind to understand why there is little trust on the part of the poorest countries in these negotiations; and also so that we do not absolve the policy makers of rich countries for their performance in this area. However, the future of development financing and the fight against climate change, which are the two crucial concerns for 2015, cannot be addressed by simply ‘cutting and pasting’ from the past.

The new map of donors
Firstly, the mapping of donors is rapidly changing. For example, a country in Africa today has a choice of three funders to finance infrastructure projects, including very large ones: the system of bilateral and multilateral banks, which are often gathered around the same table, the Gulf countries and China. Moreover, in many UN organizations China is shifting from the status of a recipient country to that of a donor. And if the New Development Bank, formerly the BRICS bank, which was politically launched during the summer of 2014, really emerges at an operational level, the donor mapping changes taking place will accelerate further as this bank plans to have a capital of $100 billion, when that of the World Bank is now $223 billion.¹

It is difficult to accurately measure this evolution because none of the new donor countries are subject to the rules of the OECD’s Development Assistance Committee (DAC), which only includes traditional donors. This means that these donors are not required to report their assistance in the same way and are not subject to the DAC principles, such as ensuring that assistance is not motivated by economic interest. Without going so far as extending the DAC principles to new donors, an objective that now seems somewhat overly utopian, one of the major challenges of development funding for the 2015 to 2025 decade is to advance towards a common system of assistance measurement.

The fight against tax evasion, an issue of the post-2015 agenda
The second issue to emphasize here is the vital importance of ‘domestic resource mobilization’. Indeed, while there is

¹. This refers to disbursed capital and the callable capital of the Bank.
Despite decades of renewed commitments, ODA has remained at about 0.3% of the GDP of donor countries, which is why poor countries have lost confidence in international negotiations.

no development without private or entrepreneurial investment, there is also no development without the state. And there is no state without tax! However, while the average tax burden in OECD countries is 35%, it is about 15% in the countries of Sub-Saharan Africa (OECD, 2015). In addition, according to the NGO Global Financial Integrity, illicit financial flows coming out of Southern countries are eight to ten times greater than the amount of official development assistance (Kar and LeBlanc, 2013). However, while monetary transfers from the North to the South are suffering from the financial crisis that has affected developed economies, the same crisis has also significantly strengthened the political will to fight against tax evasion by multinationals. State treasuries must collect funds and tax evasion has become particularly unacceptable in the light of tax increases for households. Developing countries are the first victims of tax optimization by multinationals operating in their territories, especially when such firms are exploiting the natural resources of their host countries, because these countries do not have alternative income streams and company taxes often constitute their main budget resources. Enabling Southern states to collect taxes to which they are entitled — for example by bringing an end to abusive transfer pricing that concentrates value in very low tax countries — is a high priority on an agenda that is progressing much more rapidly than we would have thought possible three or four years ago (Sharples, Jones and Martin, 2014). This is why account transparency for every country must be one of the targets of the on-going negotiations of the post-2015 agenda (European Commission, 2011; Fletcher, 2014).

Solving the COP 21 financial equation
A third challenge is the specific issue of climate finance
in the context of the COP 21 to be held in December 2015 in Paris, the objective of which is a much-needed international agreement on climate change. The view of the author is that the financial stakes in Paris are threefold. The first issue is to show a credible pathway to the famous ‘Copenhagen $100 billion’. Indeed, it is utterly delusional to think that an agreement in Paris could be possible without showing Southern countries how this $100 billion figure will be achieved by 2020. One could argue that a compromise is possible on the following principles: the $100 billion will consist of public and private money that has been ‘mobilized’\(^2\) by public money; this sum can only be reached with additional public money but also by including the part of current official development assistance that contains a high carbon element, such as transport, energy and urban planning. In no way is the objective the transfer of funds from health and education to the fight against climate change – which would be totally unacceptable – but the ‘greening’ of money that is already used to finance infrastructure. Indeed, it is unlikely that Northern countries will first pay to finance high CO\(_2\) emitting infrastructure, and then pay again to mitigate the impact of these emissions on climate! The very meaning of the post-2015 agenda is to ensure consistency between the pursuit of development and global sustainability.

The second major financial issue for the Paris conference will be the definition of the new post-2020 architecture that will follow on from the $100 billion. While its outlines are still unclear, there is no doubt that a battle will be played out between those who want a renewed

\(^2\) I use the term ‘mobilized’ to mean private money that would not be invested without the lever of public money in the form of grants, guarantees, bonuses, etc.
Financial flows to developing countries are always accompanied by reverse flows (‘outflows’): interest payments, capital repayments, legal or illegal capital outflows. The accurate measurement of these flows, partly illegal outflows, is becoming increasingly important in the development financing agenda.

As we can see, the very design of development finance cannot be reduced to a ‘magic’ number for official development assistance that does not take into account, for example, the flows from new non-OECD donors or the economic gains in Southern countries related to the fight against tax evasion. The new agenda of development financing should be an opportunity to go beyond official development assistance to move towards a concept that is both more ambitious and in line with the developments of the twentieth century, that of ‘sustainable development financing’. All this will be played out in Addis Ababa in July 2015 and in Paris in December 2015.

3. See www.newclimateeconomy.net
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