HAS THE OUTCOME OF ADDIS ABABA CHANGED ANYTHING?

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The International Conference on Financing for Development, held in July in Addis Ababa, was the first of the three international conferences in 2015 that define how the international community intends to work together to address the complex and interlinked challenges of poverty, growing inequality, environmental degradation and climate change. Unfortunately, the Conference did not succeed in building a strong spirit of multilateralism. Setting a dangerous precedent for global negotiations on development issues, the outcome was discussed behind closed doors – in the so-called "green-room" style of negotiation that has negatively marked trade negotiations in the World Trade Organisation. The outcome left many countries feeling excluded from the final discussions of the Addis Ababa Action Agenda (AAAA), while others criticised the negotiation as a sign of bad faith.

Beyond its political significance, the Addis Ababa Conference was expected to deliver a strong global consensus on financing sustainable development. Finance is a critical element within a package of enabling measures including policy coherence for development, accountability and strong participatory frameworks, all of which should support the implementation of the post-2015 framework and the Sustainable Development Goals. Ahead of the Conference, the EU had rightly emphasised the role of domestically-raised finance as one of its key priorities, particularly through tax revenues. Policy experts, civil society organisations and governments across the world agree that the global governance of tax rules and agreements remains a central obstacle, especially for countries that are not members of the OECD. Yet the EU ultimately did little to support the final efforts made during the Conference to secure an agreement to democratise the international tax cooperation space by upgrading the current UN Expert Committee on International Tax Cooperation into an intergovernmental tax body. AAAA language on this issue is a poor compromise that will not correct the imbalances of the current global tax governance system.

Ending inequality within and between countries is a key objective for the global Sustainable Development Agenda. The haphazard regulation of financial actors and minimal control of financial markets have led to increased levels of inequality across the globe. There were high expectations that the Addis Ababa Conference would build on the existing financing for development agenda, as well as the outcomes of the UN Conference on the Global Financial and Economic Crisis in 2009, to come up with a tangible plan of action for addressing the weaknesses of the global financial system. The AAAA has failed to do so, even missing the opportunity to once and for all address the deficiencies of the current ad-hoc sovereign debt governance regime. The need for global institutional and regulatory frameworks to support national and cross-border actions toward the achievement of economic stability while decreasing income inequality thus remains unaddressed.

A distinctive feature of the AAAA is its focus on using public money to leverage private financial flows to meet development objectives. While the issue of private finance contributing to development outcomes is doubtlessly important, strong, mandatory regulation and accountability of both public and private actors become even more important. Yet AAAA language on how the impacts of such financial arrangements will be monitored and concrete agreements on the implementation of social, economic, cultural and environmental safeguards to maximise their positive impact and reduce associated risks are disturbingly vague.

All in all, this agreement failed to provide a robust roadmap to put the global financial, monetary and trade systems on course to support international efforts to achieve the Sustainable Development Goals. While the AAAA does claim to be a "game-changer", the only clear shift is to privatise responsibility for achieving the future post-2015 framework. The question is whether this shift is possible, or even desirable.

Supporting world-wide equitable sustainable development and the financing thereof are matters of global solidarity. Despite the best intentions to leverage the billions of private finance for sustainable development, the fact remains that many countries will not be able to fulfil their obligations and commitments made in the new framework without predictable flows of Official Development Assistance (ODA), which upholds the highest standards of development effectiveness. As the Addis Ababa outcome failed to achieve a clear and legally-binding timetable of commitments to reach ODA targets, the question of how much public money will be committed to ensure the successful implementation of the post-2015 framework remains unanswered.

Looking forward, the role of the financing for development follow-up process – built on the whole agenda, not just the AAAA but also the Monterrey Consensus on Financing for Development, the Doha Declaration on Financing for development and the outcome of the UN Conference on the Global Economic and Financial Crisis 2009 – becomes even more important. There are many unfinished parts of the financing for development agenda that must continue to be worked upon – possibly even beyond the lifetime of the SDG agenda – in ways that ensure that finance is harnessed to contribute to the universal and progressive realisation of human rights, sustainable development and equitably addressing climate change's causes and consequences. ■