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03|2025

Investing in the future

Focus: How much development should be worth **Opinion:** The international community must become more involved in the DR Congo The consequences of USAID cutbacks **Around the world:** Fighting continues in the Anglophone part of Cameroon, and children are suffering in particular

Photo: ASSOCIATED PRESS / J. Scott Applewhite

USAID cutbacks have sparked protests, p. 7.

Around the world — 12

"In a time of polycrises and economic vulnerability, visions such as de-growth and post-growth are crucial to imagine a different world and a better future."

Daniele Malerba, p. 16.

5 — Opinion

"According to many observers, the authority of ECOWAS has been seriously jeopardised."

Eric Tevoedjre, p. 10

"Kantamanto is growing, but business is going down," says second-hand clothing retailer Janet Kyerewaa, p. 19.

Photo: Susanne Giese

28 Focus

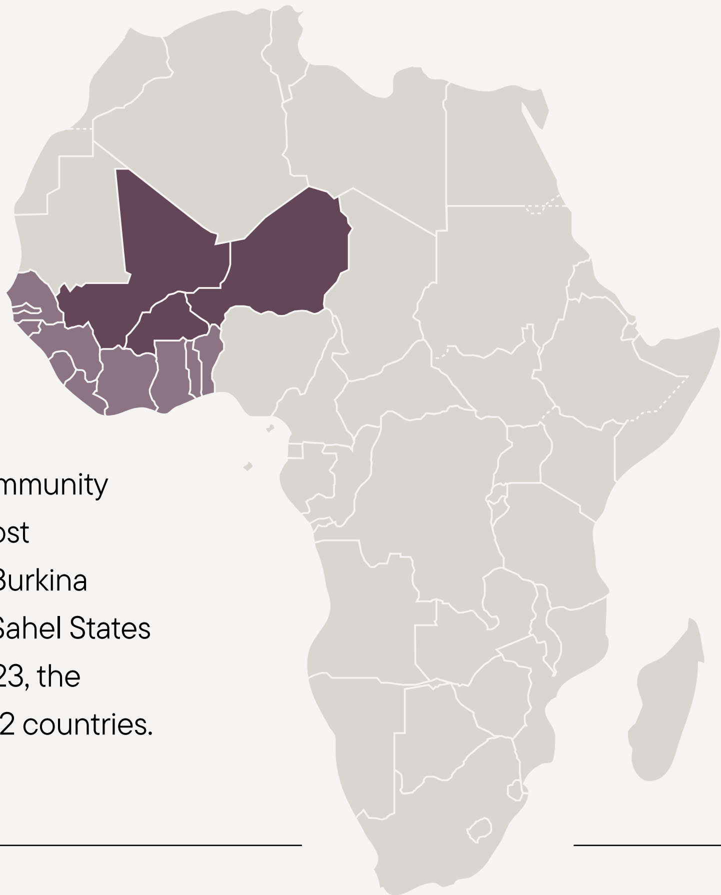
Investing in the future

Cover: Sustainable development requires investment.
We’ve used artificial intelligence to create a series of images for this focus section on development finance.

Illustration: D+C, AI generated

The OECD is forecasting an annual funding gap of 6.4 trillion dollars to achieve the Sustainable Development Goals (SDGs) by 2030 – this shortfall currently stands at four trillion. The US president‘s slashing of the US development agency USAID has not even been factored in here. The global community must save what can be saved and close the gaps sensibly.

3



founding states have left the Economic Community of West African States (ECOWAS) after almost 50 years. Following the withdrawal of Mali, Burkina Faso and Niger, which form the Alliance of Sahel States (Alliance des États du Sahel, AES) since 2023, the number of members has shrunk from 15 to 12 countries.

The good news

Scientists in China have come up with a **sponge made of cotton and squid "bone"** that **filters microplastic out of water.** A peer-reviewed study confirmed that the sponge can absorb between 98% and 99.9%.

How can and must men contribute to overcoming the patriarchal system?
Stephen Mutie from Kenyatta University described what it means to be a male ally in our February issue with a focus on women‘s resistance. This quote from his text has sparked quite a debate on our Facebook page.

> “Patriarchy was created and is maintained by men. By eliminating this oppressive system, not only women but also men free themselves from its constraints.”

STEPHEN MUTIE
Cultural and Gender Studies scholar at the Department of Literature, Linguistics and Foreign Languages, Kenyatta University, Nairobi

Want to know what we were listening to on Spotify while we were working on our last issue? The first D+C playlist includes inspiring tracks from great artists. Be sure to listen!

A little extra: **the D+C feminist playlist**

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CONFLICT

The international community must pay attention to the DRC

The situation in the east of the Democratic Republic of the Congo (DRC) is escalating once again. Since January, the rebel group M23 has taken control of a number of important cities. The fighting has the potential to drag the entire region into it. The global community must take a stand, not least because the conflict centres on resources we all rely on.

BY MIRIAM OGUTU

Photo: dpa / ASSOCIATED PRESS / Moses Sawasawa

Fleeing again and again: People displaced by fighting leave their camp following an order from M23 rebels in Goma.

Rich in natural resources, the east of the DRC has been plagued by strife for more than 30 years. The causes of the conflict lie in colonial exploitation and the struggle for resources.

There are over 120 rebel groups in this part of the country. M23 is the most powerful. The group's name goes back to the peace agreement of 23 March 2009 between the Tutsi-led National Congress for the Defence of the People (CNDP – Congrès national pour la défense du peuple) and the Congolese government. Both M23 and CNDP claim that the Congolese Tutsi and other ethnic communities in the east of the DRC are discriminated against. They are considered to be of Rwandan descent and are commonly referred to as "Rwandophones". The agreement was to facilitate the integration of CNDP members into the government, transform the group into a political party and resettle Congolese Tutsis who had fled from hostility and violence to neighbouring countries. Non-compliance with the agreement led to the formation of the M23 in 2012, which launched its first uprising in the same year.

Over the past ten years, there have been numerous multilateral interventions in the region, including the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo (MONUSCO) with more than 16,000 staff and the East African Community Regional Force (EACRF). Several peace processes, led for example by former Kenyan President Uhuru Kenyatta and Angolan President João Lourenço, have not produced any tangible results.

While some smaller rebel groups have agreed to a ceasefire and disarmament, the M23 remains the biggest challenge, with President Félix Tshisekedi refusing to engage in talks. It is no secret that at the heart of this conflict are the DRC's vast mineral resources, particularly in the eastern region of North Kivu. Minerals such as cobalt, gold and tin are crucial raw materials for modern technologies and the energy transition. According to UN estimates, at least 120 tonnes of coltan are transported from the M23 via the border town of Goma to Rwanda every month. UN experts estimate that the M23 finances itself with around $ 300,000 per month by controlling the mineral trade in the DR Congo.

The M23 is accused of severe violence in the current conflict, including mass rape and the use of child soldiers both in the fighting and in mines.

RWANDA'S ROLE

In 2023, the DRC filed a complaint against Rwanda with the African Court on Human and Peoples' Rights (AfCHPR). Credible reports, including an investigation conducted by UN experts in 2022, prove Rwanda's involvement in the current conflict, although Kigali continues to deny this. On 11 February 2025, the European Parliament adopted a joint resolution condemning the violence in eastern DRC and recognising Rwanda's backing of the M23 and the presence of 3000 to 4000 Rwandan soldiers. The resolution condemns the attacks on civilians by all actors and describes the illegal occupation of Goma and other areas by the M23 and the Rwandan defence forces as a violation of the sovereignty of the DRC, explicitly calling on Rwanda to stop supporting the M23 rebels.

The resolution contrasts with previous actions by the EU. A year ago, the EU signed a controversial Memorandum of Understanding with Rwanda to promote sustainable and resilient value chains for critical raw materials, despite numerous reports that already incriminated Rwanda in the lingering conflict.

The resolution is certainly a step in the right direction, but the inconsistent messages from the international community have so far been counterproductive when it comes to holding Kigali and other actors accountable. Regional efforts have not been effective either. To achieve lasting peace, the international community must take a strong role and use diplomatic means to bring those responsible for the violence to justice.

This path is difficult, but not impossible. Both Kinshasa and Kigali must be forced to engage in diplomacy and held accountable for their roles in the conflict. The concerns related to the exploitation of resources need to be addressed. Other actors should follow the European Parliament's example, as such measures will strengthen efforts towards regional stability. In the meantime, considerable efforts must be made to protect the lives and property of the civilian population until a lasting solution is found.

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INTERNATIONAL COOPERATION

The destruction of American development policy

US President Donald Trump had been in office for less than one week when his administration put the work of USAID on ice. The destruction can be slowed, but no longer stopped. What German development policy can do now.

BY STEPHAN KLINGEBIEL

The last political and legal word on the end – or uncertain future – of USAID has not yet been spoken. In January, US President Donald Trump froze the assets of the development agency and ordered its employees around the world to stop work. Courts have temporarily blocked these forced leaves of absence for labour law reasons. However, it is clear that the destruction that Elon Musk and Donald Trump have started will continue. The public celebration of completely unfounded accusations against USAID and its employees is disturbing and often grotesque. For example, Elon Musk has characterised USAID as a “criminal organisation”, and the notice of leave that USAID employees received ended with the words “Thank you for your service”.

The US administration is currently trying to impose a single rule on the rest of the world: Whatever the USA demands must be unconditionally granted. Those who do not comply will face the stiffest penalties, even in cases of absurd accusations like those lobbed against South Africa. Trump charged its government with confiscating land and supporting “bad actors” – and abruptly cut financial aid. Despite the constant stream of updates, we must try not to lose sight of the big picture. The explosive power of what is happening can hardly be underestimated. What follows is an attempt to take stock of the damage.

THE AFTERMATH OF THE DESTRUCTION

First: In many cases, the immediate implications for USAID partner countries are dramatic. While food aid and other life-saving measures have been exempted from the freeze, the enormous insecurity and disruption of workflows have nevertheless caused massive, avoidable human suffering. The consequences can also be observed in many other areas. For example, USAID supports civil-society actors and journalists who advocate for an open society and politics. The impact in this case is less obvious, but likewise enormous.

Second: Trump’s decision has shaken the entire development system like an earthquake. Almost 20 UN agencies have been affected by the forced administrative leave, directly impacting their ability to carry out their core missions. A $ 4 billion pledge to the Green Climate Fund has been rescinded. Payments to the Development Assistance Com-

Photo: dpa / ASSOCIATED PRESS / J. Scott Applewhite

Demonstrators and lawmakers rally against US President Donald Trump and Elon Musk as they disrupt the federal government, including dismantling USAID, in Washington in February.

"We should use existing structures and organisations – with or without the USA!"

mittee (DAC) of the OECD have been stopped and DAC delegates withdrawn. Development cooperation with other donors, like Canada, have been severely impacted by the administration's actions. China and Russia are directly profiting from the USA's withdrawal.

Third: Trump is shaking the pillars of international organisations – which the USA founded and has significantly shaped – so hard that the entire structure or key parts of it could fall. Whether the United Nations as a whole, the World Bank, the International Monetary Fund, the World Trade Organization or the OECD: Crucial norms like territorial integrity, which have defined the current world order, are in danger.

Fourth: The destruction of state structures in the USA by an oligarchic power elite is fundamentally changing the American political model. Timothy Snyder describes these events as following the "logic of destruction" (Snyder 2025). Steven Levitsky and Lucan A. Way consider it likely that, under Trump's second administration, the USA will stop being a liberal democracy and will instead meet the criteria of "competitive authoritarianism" (Levitsky and Way 2025). US development policy is one of the first victims.

WHAT CAN BE DONE NOW

There is no simple recipe for how Germany and Europe should respond. Many questions are fundamental and extend far beyond development policy. Abandoning our passive role and refusing to act like helpless bystanders would, of course, be advisable. At the same time, the numerous fires that the Trump administration is setting simultaneously leave little time for strategy. Four points could help us orient ourselves in the ever-expanding rubble:

- We should forge even stronger interest group alliances with actors in the global south. Development policy can help limit the damage and loss of trust that Germany and Europe experience. Therefore, we must avoid the downward spiral that other European countries' development policy has already fallen into, primarily as a result of budget cuts.

- We should use existing structures and organisations – with or without the USA! The DAC can play a central coordinating role even without American participation. We should also give the UN agencies that we identify as essential the opportunity to emerge from their state of shock. We should by no means abandon them to a stronger Chinese influence. We must actively shape, rather than simply manage, partnerships with countries like Japan, South Korea and Britain.

- We should very actively pursue a strategic reform of German development policy. Where have inherited practices made German development policy too cumbersome? What fundamental reforms could strengthen the development policy system, both in terms of political leadership and implementation?

- We urgently need different coordination mechanisms within the federal government. A national security council is overdue. Allowing development policy to have an equal role on this council would be a win for everyone involved.

LINK

Snyder, T., 2025: The logic of destruction.
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REGIONAL BLOCS

Why it is necessary for ECOWAS to recognise the AES

At the end of January, the Economic Community of West African States (ECOWAS) officially lost three of its founding members – Burkina Faso, Mali and Niger – which together accounted for a large part of its total area. ECOWAS should recognise this withdrawal and reestablish diplomatic relations – not least to show that intra-African solutions do not need western condoning.

BY ERIC TEVOEDJRE

The secession of the three countries dates back to 16 September 2023, when they founded the Alliance of Sahel States (AES). Their intention to break away from ECOWAS is based on the accusation that the bloc serves western interests – particularly those of France – and has failed to support its members in the fight against terrorism and insecurity.

Article 91 of the revised ECOWAS Treaty of 1993 stipulates that "any member state wishing to withdraw from the community shall give one year's notice in writing to the Executive Secretary, who shall inform the member states thereof." The withdrawal of the three states took effect on 29 January 2025 in accordance with the treaty. Despite the secession, ECOWAS remains committed to the reintegration of the three states and appointed Senegalese President Bassirou Diomaye Faye and Togolese President Faure Gnassingbé as mediators in the negotiations. On 29 January, ECOWAS further established a transitional period "until the modalities of our future engagement with the three countries are fully defined."

Photo: dpa / Matrix Images / Afolabi Sotunde

Omar Alieu Touray, president of the ECOWAS Commission, announces the withdrawal of the military governments of Niger, Mali and Burkina Faso from the organisation.

The ECOWAS negotiators must now take a pragmatic approach and make a convincing offer to the AES countries: diplomatic recognition.

"According to many observers, the authority of ECOWAS has been seriously jeopardised. Its "governance and rule of law" agenda, the second pillar of its Vision 2050, has faltered so much that several analyses now see the community's survival at risk."

DO NOT SET RULES THAT YOU CANNOT ENFORCE

The coup d'état in Niger in July 2023 was the fourth successful coup in West Africa in two years. Four days later, ECOWAS convened an extraordinary summit to reaffirm its zero tolerance for unconstitutional changes of government and call for the immediate release and reinstatement of President Mohamed Bazoum. The bloc warned that it would take "all necessary measures" to restore constitutional order if its demands were not met within a week. In addition, ECOWAS imposed far-reaching sanctions to completely isolate the landlocked country.

However, when these threats did not have the desired effect, ECOWAS had no choice but to lift the sanctions not only against Niger, but as well against Burkina Faso, Guinea and Mali where military coups had also taken place. The alternative would have been a regional war. The French newspaper Le Monde noted that the organisation was faced with this decision "at the risk of losing all credibility". Indeed, the defeat in the confrontation with the military juntas represented a major setback for the fifty-year-old regional bloc.

According to many observers, the authority of ECOWAS has been seriously jeopardised. Its "governance and rule of law" agenda, the second pillar of its Vision 2050, has faltered so much that several analyses now see the community's survival at risk.

Unenforceable rules lead to inefficiency, stagnation and institutional decline. Lacking the resources or political will to implement key regulations, ECOWAS has struggled for a decade with a gap in its policy implementation – a gap that was once again exposed by the Niger crisis in 2023.

A VIABLE PATH OUT OF THE CRISIS

The ECOWAS mediators have not succeeded in changing the minds of the three breakaway countries; on the contrary, the AES authorities are strengthening their alliance. They recently announced the creation of a joint force and the issuing of AES passports.

Maintaining good relations with the AES states is a strategic imperative for ECOWAS. The organisation must make an offer that is convincing enough to reintegrate the breakaway states. The offer of diplomatic recognition could significantly improve the situation. Such confidence-building measures would help to reduce tensions and repair the damage caused by the ECOWAS overreaction to the coup in Niger.

HERE ARE THREE IMPORTANT REASONS WHY:

- First, the consideration of recognition would signal the expectation of long-term stability for this nascent political entity.
- Second, recognition would fundamentally change the image of ECOWAS. Instead of subordinating itself to western interests, the organisation would present itself as pragmatic and future oriented. Recognising AES would send a powerful message of unity despite existing differences.
- Third, ECOWAS and the AES must go beyond mere coexistence – they must work together, promote economic growth and fight their common enemy, terrorism, together. Political recognition would mark the beginning of a new era and pave the way for self-determined African cooperation instead of confrontation.

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EDUCATION

Hope for Cameroon's children – just not enough

In Cameroon, hundreds of thousands of children have not been able to go to school for years due to the conflict in the English-speaking regions of the country. The fact that the EU is providing more funding gives hope – but is far from sufficient in a conflict that has been largely forgotten by the international community.

BY AMINDEH BLAISE ATABONG

An ongoing armed separatist conflict in Cameroon's Anglophone North West and South West regions has shown no sign of abating for eight years now. There is a glimmer of hope for the vulnerable children who have been out of school for years, however. Last July, the European Union announced that it would provide more than 1.7 billion CFA francs (about $ 2.8 million) to preserve the educational and learning prospects of a generation of children whose future has been jeopardised by the bloody conflict (see box, p. 15).

The aid will cover two school years and is intended to provide educational materials and safe, child-friendly learning spaces with water and sanitary facilities. In addition, the funds are used to support the issuing of birth certificates for school-age children who do not yet have one, ensuring their right to citizenship status and access to further education. Many have either never received this important document or it was destroyed during the fighting.

According to the representative of the UN Children's Fund (UNICEF) in Cameroon, Nadine Perrault, these additional funds are urgently needed for the children. She points out that together with women (see Glein Neneng in D+C 02/2025), children are the most affected by the Anglophone crisis, as is the case in almost all conflicts. Perrault explains that the funds will address multiple humanitarian needs through a multi-sectoral intervention in education, WASH (water, sanitation and hygiene) and protection for children affected by the conflict in the two regions.

"Education is a lifeline for children. We are working to provide uninterrupted education for every child. We are further helping children develop skills to cope with experienced trauma," says Perrault, adding that the additional funding from the EU's humanitarian aid will help UNICEF to rapidly scale up its operations and improve access to learning opportunities for children both in and out of school.

The localisation agenda in humanitarian aid aims to engage various civil-society organisations on the ground as implementing partners for a sustainable response. Therefore, UNICEF will engage organisations like Green Partners Association (GPA), Foundation for Inclusive Education and Development (FIED), Queen Fongang Foundation (QFF), Community Health and Social Development for Cameroon (COHESODEC), Strategic Humanitarian Services (SHUMAS) and others.

EFFORTS SO FAR REMAIN INSUFFICIENT

However, according to Perrault, only around 54,000 of the estimated 488,000 children who do not attend school are likely to benefit directly from the measures. "The project only targets children in the North West and South West regions, as envisaged by the Humanitarian Country Team (HCT). The HCT is the decision-making body made up of the operationally relevant humanitarian organisations and focuses humanitarian aid primarily on the epicentres of the crisis, where the need is greatest," she says.

Those who have fled to other regions are being sidelined. UNICEF is therefore calling on all donors and other strategic partners to step up their support to ensure that all children affected can be reached.

Agendia N. Atemnkeng, a Yaoundé-based educator, applauds the initiative, saying that if well utilised, it will go a long way in bridging the already wide education gap that exists between children in the conflict regions and their peers in other parts of the country.

However, as most of the support will be material, Atemnkeng questions the sustainable impact of the donation. He suggests that a large part of the support should at least go towards providing reusable materials so that they can serve the children for at least three school years.

"However, only around 54,000 of the estimated 488,000 children who do not attend school are likely to benefit directly from the measures."

"Supporting education during a crisis goes beyond the provision of materials. Education stakeholders in crisis areas, especially teachers, must receive specialised training on how to teach children in such conditions," Atemnkeng says. Training should include trauma management, adapting the curriculum to focus on the most important aspects and emphasising vocational training after primary school years, among other things.

The Cameroonian government has pursued one strategy after another with little success. For example, a redistribution centre with special security measures was set up in the administrative unit of Ngoketunjia near the North Western regional capital of Bamenda. The idea was to move

While hundreds of thousands in the English-speaking regions of Cameroon cannot go to school, classes are running in the French-speaking regions.

Photo: dpa / Xinhua News Agency / Kepseu non-functioning schools and their students and teachers from outlying areas where the security situation had deteriorated to the centre, which was heavily guarded by armed troops. However, as there were only limited accommodation facilities available at the centre, the students had to return home after classes, exposing them to even greater danger. The result: empty classrooms.

Handerson Quetong Kongeh, Senior Divisional Officer of Ngoketunjia, told the state television station CRTV late last year that concerted efforts are needed to return to normalcy. He reported that the strategy of regrouping the centres will be abandoned and that several schools will open at their actual locations.

In 2023, a submission to the UN Human Rights Council examined the human-rights situation in Cameroon. The authors strongly recommended that the government of President Paul Biya should "take effective measures to guarantee the safety of students and educational staff throughout the territory." Biya has ruled the country since 1982.

The government accepted the recommendation but has largely paid lip service to it, claiming that the situation is under control. It must urgently take the necessary steps to resolve the conflict and end the violence. However, the government maintains that it will not negotiate with the separatists, whom it describes as "terrorists", and is relying on the military option, which has not proved successful for eight years.

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CHILDREN IN CONFLICT

Almost half a million Cameroonian children are out of school

The separatist conflict in the Anglophone part of Cameroon, which has been going on for years, also has to do with the different education systems in the country. School operations are constantly disrupted, schools are destroyed or house refugees or the military. The effects on young people are devastating.

BY AMINDEH BLAISE ATABONG

Around 25 % of children between the ages of three and 17 are still unable to go to school in the conflict-ridden regions of North West and South West Cameroon, according to the Cameroon Education Cluster. More than 488,000 children are thus deprived of their right to education. About 2000 schools, corresponding to 41 % of schools in the two troubled regions, are still not functioning.

The conflict has its roots in colonial power relations between Britain and France (and to a lesser extent Germany). It was also triggered by Anglophone dissatisfaction with Francophone control over education. Thus, since the fighting has flared up eight years ago, educational institutions have become primary targets.

School furniture and materials such as desks, benches, chairs and chalkboards were destroyed. Students and teachers who defy the school boycotts imposed by the separatists have been victims of brutal murders, rapes, abductions, torture and other cruel treatment.

Numerous schools were set on fire. Human-rights groups accuse non-state armed groups as well as government forces of alternately committing such atrocities.

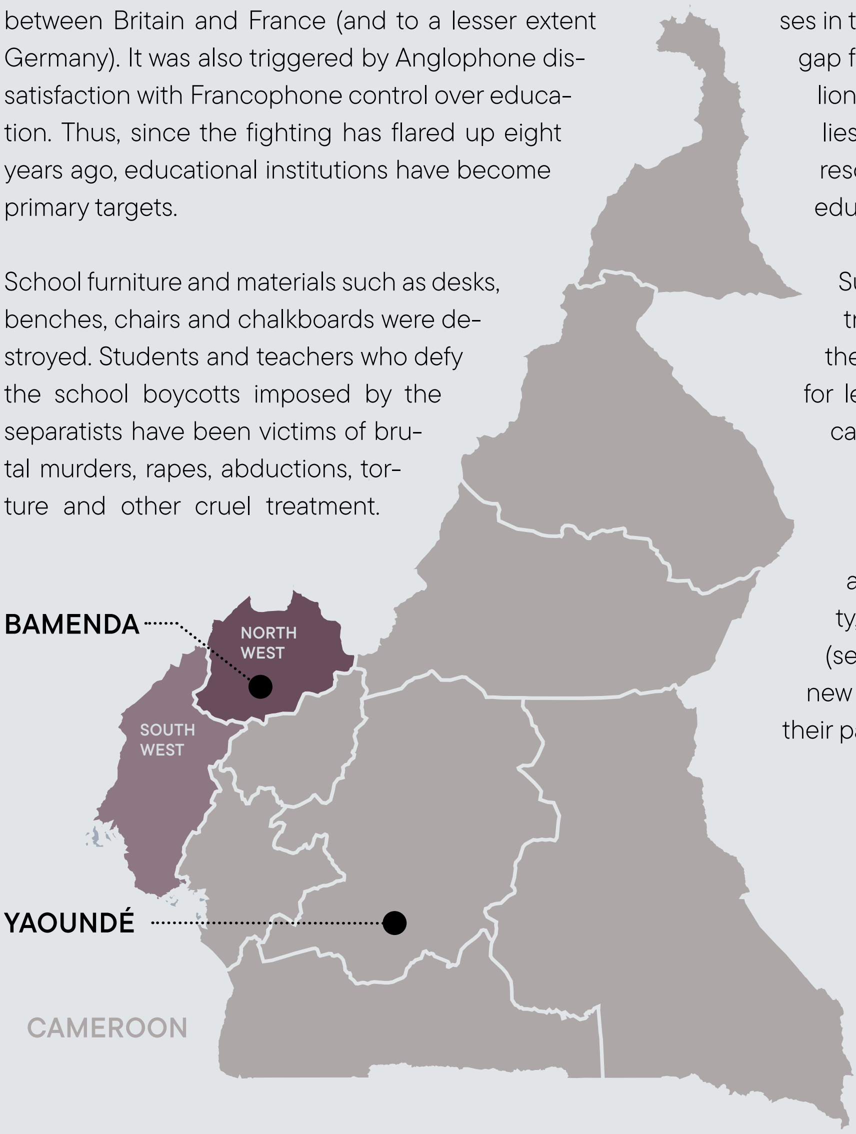
As the fighting between the government troops and the armed separatists intensified, most of the schools were closed and have since been used as military bases by the warring parties, while internally displaced persons and families have also found refuge in them.

The schools that have managed to stay open are forced to constantly cancel classes. Children miss at least 51 days per school year due to insecurity, imposed lockdowns and curfews.

Cameroon still ranks second on the latest Norwegian Refugee Council's list of the ten most neglected crises in the world. According to the NRC, the funding gap for humanitarian aid is large, resulting in millions of people not having enough to eat, families repeatedly fleeing in search of safety and resources and children not having access to education.

Suffering from the consequences of the protracted conflict, parents are unable to support their children's education by providing money for lessons, teaching materials, food, or healthcare. They have no choice but to put their livelihood before their children's education.

It is therefore important to note that funding and support from the international community, such as that provided by the EU last year (see main text), is urgently needed and means new hope for many out-of-school children and their parents.



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RESEARCH

Questioning growthism

Debates on the feasibility and necessity of continuous economic growth have increased, not least due to the urgent need for action to mitigate climate change and the current polycrises. Thinking about degrowth models to reduce material consumption and production in the richer countries must strongly involve lower-income countries to avoid a neo-colonial research agenda. It is also closely linked to the need for greater equity in global systems.

BY DANIELE MALERBA

Debates about whether economies should grow continuously are more topical than ever. On the one hand, it is disputed that infinite economic growth is even possible. It was the Club of Rome's 1972 report "The limits to growth" that underlined the impossibility of continuous economic expansion, which is even more pertinent now in the wake of the climate crisis. Economic growth is also being questioned in terms of its necessity for our well-being. Different views on such issues lead to opposing agendas.

Green growth depicts a world and countries that continue to grow economically while reducing their environmental impact. This would be possible if continuous economic growth leads to technological improvements that make production and consumption increasingly environmentally friendly. Green growth also points out that economic growth (in all countries) increases or maintains prosperity as it brings jobs, opportunities and resources to social systems.

Post-growth represents an opposing view. The concept is an umbrella term for approaches that seek to go beyond the goal of increasing gross domestic product (GDP), given the impossibility of infinite economic growth on a finite planet. Evidence shows that only a few countries have achieved absolute emission reductions – and the rate of these reductions has not been anywhere near what is required to meet our climate targets. In addition, economic growth does not necessarily go hand in hand with an increase in prosperity, especially above a certain level of GDP.

Post-growth is becoming increasingly popular. More and more countries and institutions are using alternative indicators to GDP, including the Human Development Index (HDI). However, post-growth is not just about indicators. On a structural level, the concept proposes to make our economies and welfare systems less dependent on economic growth. Approaches used include steady state, sufficiency, welfare economics and doughnut economics.

Degrowth is arguably the most popular post-growth approach that is increasingly being researched and discussed. The economic anthropologist Jason Hickel, one of the most prominent representatives of the growthcritical movement, defines degrowth as "a planned reduction of energy and resource throughput designed to bring the

Photo: dpa / newscom / John Angelillo

Where will the world be heading if the economy continues to grow?

economy back into balance with the living world in a way that reduces inequality and improves human well-being".

It is important to clarify a few points in relation to this concept:

- Degrowth is about the decline in material flow and not explicitly about GDP.
- It is not a recession, but a planned reduction in consumption and production.
- Degrowth focuses on wellbeing and argues that a good life for all can be achieved with less energy and material consumption; in this sense, redistribution, justice and democracy play a crucial role.
- Ending overproduction and -consumption, and thus economic growth, does not mean that lower-income countries that do not consume in excess and need the infrastructure and resources to thrive should stop growing.

At the same time, degrowth has been criticised for a lack of conceptual coherence and discussion of political economy issues. One of the main problems is the question of how lower-income countries can be included in the degrowth debate; in fact, most of the research comes from industrialised countries. This is problematic as degrowth could bring both synergies and challenges for lower-income countries, as we live in a global and interconnected economic system. On the positive side, lower consumption in high-income countries enables countries with lower incomes to consume more. On the other hand, lower consumption in rich countries could also have a negative impact on the economies of lower-income countries that are dependent on exports to industrialised countries.

To resolve this dilemma and have a full picture, other critical debates need to be considered. The potential negative economic impact of degrowth on low-income countries arises from unequal exchange and colonial legacies. Dependency theory argues that the general structures of the colonial era persist today through "unequal exchange" in international trade, meaning that rich countries take advantage of their position in global systems to lower prices in lower-income countries. As a result, on the one hand, the richer countries acquire cheap goods from lower-income countries through such price differences. On the other hand, lower-income countries have to export more in order to pay for the more expensive imports. The Washington Consensus and structural adjustment policies were examples of such dynamics, as lower-income countries were pushed to prioritise exports.

> "Green growth and degrowth have so far been two rather isolated areas of research with different ideological visions, and playing them off against each other threatens to delay effective action."

It is therefore critical to address injustice in global economic systems and strongly link colonial and post-development perspectives with the degrowth debate. Not considering poorer countries in those debates would mean replicating the imposition of an agenda in a neo-colonial way – be it by advocating that low-income countries follow the same development path as industrialised countries or by not giving them the freedom to make their development decisions in full.

SHORT- AND LONG-TERM GOALS

Degrowth presupposes that global justice, decolonisation and (ecologically) just exchange are also addressed through the reform of global institutions and unequal systems of governance. These issues are not new. Last year marked the 50th anniversary of the adoption of the 1974 "Declaration for the Establishment of a New International Economic Order (NIEO)", in which low-income countries put forward proposals for an international economic order based on the principles of justice, sovereign equality, interdependence, common interest, cooperation and solidarity to eliminate economic colonialism and dependency. Many of these proposals have not yet been realised. It is therefore important to reform the global systems and avoid the mistakes of the past. In this context, debt relief measures, for example, must not take the form of a new structural adjustment.

While such changes (and a path towards degrowth) take time, it is also important to make progress on much-needed action on climate change. Green growth and degrowth have so far been two rather isolated areas of research with different ideological visions, and playing them off against each other threatens to delay effective action. It is important to find common ground here for climate protection, as both positions share environmental policy goals such as investment in renewable energy or environmental taxes. It is furthermore crucial that compromises strike a balance between the need for short-term climate action and the longer-term structural changes required. Moreover, care must be taken to ensure that measures do not repeat past patterns in the sense of "green colonialism".

One proposed solution is the **"A-growth"** perspective, as it represents a middle way that deliberately does not choose between green growth and degrowth. Its main concern is the rejection of GDP as a measure of prosperity. This ambivalent stance is intended to increase political support for ambitious environmental and social policies by eliminating polarising debates on GDP.

In a time of polycrises and economic vulnerability, visions such as degrowth and post-growth are crucial to imagine a different world and a better future in which structural problems are addressed. As such concepts are transformative, they need to find political support and allay fears of new economic systems. While development paradigms have shifted from a focus on GDP to capabilities and freedoms, such shifts in global systems have yet to truly materialise.

This text was inspired by a two-day IDOS-workshop on "Development beyond growth" in November 2024.

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EMPOWERMENT

The afterlife of fast fashion

The Kantamanto Market for second-hand clothing in Ghana's capital city Accra shows that people who work in the informal sector face a multitude of risks, but often find ways to cope with adversities. Women in particular often do not enjoy the security of formal employment. The non-governmental Or Foundation supports their efforts to improve their lives and has some general proposals regarding what needs to change at national and international levels. High-income countries' fast fashion is a serious problem.

BY SUSANNE GIESE

Kantamanto Market is believed to be largest of its kind internationally. In early January, it burnt down completely. The flames claimed one life. Many were injured. For masses of people, the disaster was a major personal setback. In developing countries, unplanned informal settings are especially exposed to fire hazards.

As the community did after previous fires, it must now rebuild livelihoods (see box, p. 22). In normal times, Kantamanto Market receives roughly 15 million used garments from all over the world every week, according to the non-governmental Or Foundation. The second-hand goods arrive in huge bales weighing 55 kilogrammes or more, often collected in Europe or North America as charitable donations.

More than 30,000 people have created jobs for themselves in Kantamanto. They earn money by sorting, washing, ironing, repairing, dying and remanufacturing clothing items. Countless tasks are performed to make the goods sellable again.

SHATTA'S EXPERIENCE

Experiencing shocks in everyday life is not unusual, as Janet Kyerewaa knows only too well. She is a trader who buys bales and then sells the contents. Her nickname is "Shatta", because her non-nonsense attitude reminds people of the African Dancehall star Shatta Wale. Buying a bale is like taking part in a lottery, since traders cannot check the content of such a bulk shipment. Cutting a bale is "mind-blowing" when the quality is poor, she says.

Janet runs a wholesale and a retail operation. When she opens a bale, resellers, who have shops of their own or work as door-to-door vendors, make their choices. They are called "selectors". If the quality is high and the first buyer takes a good number of pieces, Janet will immediately recover a large share of what the bale cost her.

Normally, the first selector will buy 60 to 100 pieces, but sometimes the number drops below 30. That means she will have to sell more items in retail, which takes much longer. On a good day, customers at her retail stall will buy 15 to 20 pieces. Poor quality implies low prices, of course, and Janet sometimes reduces them further to speed up sales.

As soon as she has enough money to buy a new bale, she'll go for it: "The clients want to see new things, otherwise they lose interest," she says.

Janet is from Ghana's Eastern Region and came to Accra more than 20 years ago. She did various kinds of jobs until she eventually became able to pay for her own stall at Kantamanto. The second-hand trade helped Janet to raise her two children. She still hopes Accra will only be a step on her way to Canada, from where she wants to export second-hand clothing.

"Kantamanto is growing," Janet observes, "but business is going down." In her experience, the quality of garments has been declining for some time. What she cannot sell, she passes on to her younger sister, who sells outside Kantamanto and to street hawkers. Some pieces are too torn and stained to be used at all and must be discarded as waste.

INDIVIDUAL STRATEGIES

People who work in the informal sector are often only one step away from poverty. They typically lack social protection such as health insurance or pension coverage. They get no vacations and no unemployment benefits. Running a Kantamanto business is therefore typically not what people plan to do in their lives. For many, however, it is the most attractive option they have. Virgin, for example, used to work as a credit officer, but the financial institution she worked with had to close four years ago in the course of Ghana's "Financial Sector Clean-Up". She then joined her sister Zabiatu in Kantamanto and is now running her own stall. Like her, many people in Kantamanto primarily rely on relatives as partners, since those are people they trust. Written contracts are very rare in informal settings, and there is a lack of access to legal means of enforcement.

Even though selling second-hand clothing is not what most people plan to do in their lives, the traders make the most out of it by developing various business strategies. Some specialise in jeans or handbags, for example. Virgin and Zabiatu focus on children's wear, which moves faster. "You can make good money, as long as the quality is good," says Virgin. They save the best pieces for Christmas, because that is "when buyers are ready to spend more", Zabiatu explains.

Photo: Susanne Giese

"Kantamanto is growing, but business is going down."

Janet Kyerewaa at her Kantamanto stall in the summer of 2024.

The two sisters too have noticed that the quality of second-hand clothing is getting worse. The main reason is what is called "fast fashion" in high-income consumer societies. Cheap garments are produced to be worn only a few times and then replaced by items from the next monthly collection of the likes of H&M, Primark and Zara.

EVER MORE WASTE

Experts reckon that 40% of all items that arrive at Kantamanto today end up as waste. Indeed, Accra is overwhelmed by textile waste. In some places, it piles up as high as houses. "Tentacles" of several metres length pollute the beaches. A modern landfill, which was built with World Bank support and opened in 2020, is overflowing already, though it was supposed to stay operational for 25 years. Most garments include some plastic, which means the garbage does not decompose fully and poses long-lasting environmental hazards.

Due to an unfavourable exchange rate and other reasons, the prices of bales have been rising while the quality of clothing has been declining. Trader's profit margins are often too small to feed the families. Some traders take loans to buy additional bales, which aggravates their situation, as they have to pay back the loans with high interest rates. Others resort to upcycling or even re-manufacturing garments.

Some persons have managed to create fashion brands of their own and even market their goods as far away as in neighbouring Côte d'Ivoire. Orders via WhatsApp and payment by Mobile Money have simplified cross-border trade. Businesses like upcycling, however, require more – and more expensive – equipment than traders need. Much of this capital stock was lost in the recent blaze. Getting restarted will be impossible without considerable investment, which may prove very difficult to finance.

Even without this disaster, Kantamanto operations had been becoming increasingly unviable in recent years, according to the Or Foundation. Far too many items are flooding the informal market, and far too many are of low quality.

Liz Ricketts, co-founder of the Foundation, argues that fast fashion is a huge problem: "Most of what ends up in Kantamanto is donated simply because fast fashion requires turnover." She says that the items are not made to be loved, kept and cared for. They are meant to be discarded fast. As people in high-income countries stop appreciating their garments, second-hand clothing is becoming more of a garbage issue and less of an opportunity in disadvantaged countries.

WHAT THE OR FOUNDATION DOES

The Or Foundation is focused on Kantamanto and has been campaigning for its improvement.

- At the individual level, it supports vocational-training programmes that create sustainable livelihoods. This is particularly important for head porters, known locally as Kayayei, whose heavy loads can cause potentially fatal spine damage. Training has also helped upcyclers to create fashion brands of their own. The Foundation is testing ways of recycling or developing new materials from worn textiles.

- At the organisational level, it is empowering a coalition of women retailers in Kantamanto. They demand a safer and healthier workplace environment. For example, they handed out 490 fire extinguishers to be installed throughout the market.

- At the level of national and international advocacy, the Or Foundation calls for improvements to waste management and labour conditions. Among other things, it is speaking out in favour of extended producer responsibility (EPR) for garment producers around the globe.

In November 2022, Janet Kyerewaa travelled to France as a member of an Or Foundation delegation for a conference. France is a leader in regard to EPR, having introduced a mandatory system of textile-waste collection and recycling in 2007. Sweden and the Netherlands followed recently. These initiatives only cover recycling costs within the respective nation state, however. Much more must happen.

LINK

theor.org/work

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INFORMAL MARKET

Why reconstruction may be happening too fast

It seems like a miracle that January's devastating blaze claimed only one life. Things could have turned out much worse when Accra's Kantamanto Market for second-hand clothing burned down.

BY SUSANNE GIESE

Reconstruction started immediately, by the traders themselves. On the one hand, this is proof of people's resilience. On the other, it may spell future problems, as safety and other important issues are likely to be neglected once again. To build fast often means to build without comprehensive planning and little respect for regulations , and that is a recipe for the next disaster.

Indeed, the market's infrastructure was seriously flawed, not only in regard to preventing fires. The roofing was poor, so clothes got wet when it rained, and huge puddles turned pathways into ponds.

Kantamanto provides livelihoods to more than 30,000 people in normal times. They depend on their daily work. Immediate needs therefore trump long-term concerns. The Or Foundation, a civil-society organisation which focuses on improving livelihoods in Kantamanto has promised $ 1 million for reconstruction purposes. The money was meant to serve other purposes, of course, but it is now needed to restart the market. To a considerable extent, it will support individual businesses in desperate need.

In 2020, an earlier fire had devastated Kantamanto. One of the Or Foundation's beneficiaries at the time was John Opoku Agyeman, an entrepreneur who had been running a fashion brand with remanufactured textiles, but lost his machinery to the flames. As is typical of informal businesses, he lacked insurance coverage, but he teamed up with others to form a self-help group and collected money. Emergency funding from the Or Foundation was most helpful. John's brand is in business again thanks to two new sewing machines.

Two days after the blaze, reconstruction had already begun.

Photo: dpa / ZUMAPRESS.com / Julius Mortsi

WEST AFRICA

The harmful impact of Donald Trump

The new administration in Washington is cutting aid spending and setting examples of authoritarian governance. Vladimir Antwi-Danso, a Ghanaian scholar, assesses what that means for his country and world region in a conversation with Hans Dembowski.

VLADIMIR ANTWI-DANSO INTERVIEWED BY HANS DEMBOWSKI

US President Donald Trump seems determined to abolish USAID. The agency's funding has been frozen. What impact does that have on Ghana?
It is very bad. Our government is cash-strapped after a serious financial crisis. Many public services depend on official development assistance (ODA). USAID is probably the most important bilateral aid agency, so many people will be affected.

Samantha Power, who was the administrator of USAID under President Joe Biden, says that 50% of the not quite $ 40 billion budget went to the health sector at the international level and in various countries.
Well, I do not know what the exact healthcare share is in Ghana, but it is obvious that many health-related initiatives have been depending on USAID. This agency has been funding awareness raising in regard to Covid-19, Ebola and HIV/AIDS for example. It has been training hospital staff and supported the construction of hospitals. The list goes on. It also matters that USAID has been funding research projects. These projects help our medical scientists to understand the health challenges Ghana faces and how to tackle them. When their work is disrupted or even discontinued, they become less able to help us. Future health crises will thus hit us worse, because they will hit us unprepared.

The funding freeze is actually illegal. US presidents neither have the authority to change expenditure decisions made by the two chambers of Congress nor to dismantle agencies established by Congress. USAID was initially set up by an executive order, but later confirmed by Congress. Perhaps the money will be flowing again soon? Some of the decisions have been suspended by a temporary court order.
Yes, but no one knows for how long, nor how much of the money will flow again, nor what will become of USAID as an institution. Trump pretends to be above the law and is testing what he can get away with. He is an erratic leader and sometimes takes pride in his unpredictability. He probably does not want to know how that affects us and obviously does not care.

Photo: dpa / Sipa USA / Aaron Schwartz

Mourning USAID in Washington.

„The personality cult around Trump feels like what African dictators typically cultivate.“

The harm is not limited to healthcare, moreover. Aid money plays an important role in our education system, for example. Some communities in the north of our country, which is the poorest region, even depend on food aid. Some of it is now frozen, and the rest is in limbo. Quite likely, some people will die. Trump's approach to ODA can only destabilise our country. And that is no different in many other countries with low and lower middle incomes, if they have been enjoying USAID support.

Early in Trump's first term, Trevor Noah, the South African TV comedian who rose to world fame in the USA, produced a very funny clip in which he compared Trump to corrupt and despotic African leaders. Do you recognise the pattern?

Yes, there are striking similarities, including the preposterous posturing as a strongman who is in charge of everything and anything or the habit of surrounding himself with sycophants who only tell him what he wants to hear. The personality cult around Trump feels like what African dictators typically cultivate. It actually fits the pattern that his public statements often lack coherence and even plausibility, which adds to the sense of unaccountability. On the other hand, Trump is different in some ways. He is transactional in the sense of being keen of striking some kind of deal that he can celebrate as a major success. He is also eager to dismantle institutions, whereas African autocrats tend to try to use institutions. They know they need them to get things done, so they will do their best to manipulate them, but not to destroy them.

Do autocratic leaders in Africa feel encouraged by Trump?

Of course they do. They like his "America first" attitude. It allows them to promote their own kind of nationalism in the sense of "Zimbabwe first" or "Burkina Faso first". They also know that, in this new Trump era, what they do will get less international attention. Global standards, multilateral agreements and supranational alliances are becoming less important. Trump is even attacking the International Criminal Court, which African despots fear and therefore hate.

You just mentioned Burkina Faso. In a previous interview in 2023, you told me the military coup there was different from conventional coups in Africa. You said the same about Mali and Niger. Your argument was that these military juntas had grabbed power not primarily to enrich themselves, but to rescue disintegrating states. Has your assessment changed?

No, not fundamentally. In the eyes of their people, the three military regimes have strong legitimacy. The elected leaders had failed in several ways. People lacked opportunities. They did not see their countries develop in ways that improved their fates, even though policymakers had promised that kind of development. At the same time, jihadi violence kept getting worse. It did not help that the elected politicians were in thrall to France even though French troops, who were supposed to support security forces in the anti-terror struggle, acted with ignorant and arrogant brutality. All three countries are more stable again, even though jihadi violence remains quite dangerous there.

> "The ECOWAS should be open to rebuilding relationships with the three military regimes. They may not be elected, but they enjoy people's trust."

Nonetheless, you do not fully endorse the new military dictators, do you?

Well, governments should be accountable to citizens. By definition, military regimes aren't. Even if they start out with good intentions, their attitude may change fast. Moreover, tensions within the military itself can lead to the next coup. In my opinion, that risk is quite high in Burkina Faso because of tribal frictions within the armed forces, for example.

That said, how the Economic Community of West African States (ECOWAS) responded to the coups, was not smart. It actually strengthened the new military regimes because it looked like ECOWAS was attacking them on behalf of France and other western countries. Moreover, it was clear from the start that the military intervention that some ECOWAS leaders proposed would not have been feasible. Nor would it have made sense. The three countries concerned needed support in view of rampant terrorism, not sanctions. In my candid opinion, the ECOWAS should have supported security forces there, and it would probably still be wise to do so with an eye to repairing relations.

But Mali, Burkina Faso and Niger have quit the ECOWAS.

In formal terms yes, but the debate goes on, and an option to reconsider the step in the next three months was agreed. We need West African cooperation and solidarity. Something that many western observers do not understand, is that regional integration is more important here than in Europe. Our tribal communities typically live in areas that belong to different states. Consider the Hausa/Fulani, whose herding communities have roamed the entire Sahel zone, from Mali in the west all the way to Niger and Nigeria in the east for centuries. They feel loyal to the tribe more than to any state. Some of them actually lack formal citizenship to any country because they do not have any documents.

West African state agencies are largely absent from remote areas (what is normally called "ungoverned spaces"), but community cohesion is strong across borders. As a matter of fact, the three juntas' exit from the ECOWAS has not affected trade and will not do so in the future. It has not made a real difference in people's daily lives. I think the ECOWAS should be open to rebuilding relationships with the three military regimes. They may not be elected, but they enjoy people's trust so far, and they are trying to repair damage caused by the failure of elected leaders. The better cooperation works out, the less likely it will become that the new military dictatorships will revert to the kind that reminds me of Donald Trump.

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FOOD SECURITY

Preserving Zimbabwe's mopane worms

Mopane worms are a vital source of protein and income in Zimbabwe. Yet they are under threat due to climate change, deforestation and overharvesting. New sustainable farming initiatives aim to preserve them amid a worsening food security crisis.

BY DERICK MATSENGARWODZI

Photo: dpa / AP Photo / Tsvangirayi Mukwazhi

The mopane worm is an important source of food in Zimbabwe.

The mopane worm is the caterpillar stage of the moth Gonimbrasia belina, which is native to southern Africa. The caterpillar feeds mainly on the mopane tree and is an important source of food for the local population, particularly in rural areas. Over the past 20 years, the mopane worm harvests in Zimbabwe have been fluctuating, affecting food security and wellbeing of people who rely on them for protein, fat and zinc in the face of drought.

Mopane worms are under threat, however. Due to climate change, deforestation and early harvesting for commercial purposes, the species has become locally extinct in some areas. In 2024, the drought caused by El Niño, which has left almost 7.6 million people in Zimbabwe hungry, has exacerbated the shortage. Low harvests have deprived communities of protein and zinc, leading to hunger, malnutrition and a lack of income.

TEACHING SUSTAINABLE WORM HARVESTING STRATEGIES

Blessing Mutedzi is a farmer based in Chiredzi, a city in the south-eastern part of Zimbabwe. He has established a mopane worm breeding project to maintain their dwindling population. The venture, which started in 2015, seeks to increase supply and safeguard the worms from unsustainable practices in the woodland such as over-harvesting and deforestation.

With the training he got from a local college, Blessing Mutedzi now educates other farmers on sustainable ways of harvesting the worms. "We are the only ones doing mopane worm farming. I've never heard of anyone else doing this," he told the news platform New Zimbabwe.

The farmer said they release some of the caterpillars they breed into the forest where they turn into moths. This helps to maintain the species in the wild. Since they started doing this, he has consistently harvested around 20 kilogrammes of worms per month.

Another project has been launched to semi-domesticate mopane worms, according to Lesley Macheka, who is leading the Innovation and Industrialisation Directorate at Marondera University of Agricultural Sciences and Technology (MUAST). "It is high time we start thinking of semi-domestication of mopane worms to ensure sustainability and availability of mopane worms," he said. "I am happy this is already happening in the country, though still at a small scale."

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FINANCING FOR DEVELOPMENT

Investing in the future

Illustration: D+C, AI generated

Money from development financing is used to secure vital sectors such as health and food.
We've used artificial intelligence to create a series of images for this focus section on development finance.

OUR VIEW

Financing lives

The largest single donor worldwide has halted its development cooperation: Funding for USAID has been frozen for 90 days and is currently under review. These actions by the US president are already costing human lives. The global community must save what it can – and work to close the gaps sensibly.

BY KATHARINA WILHELM OTIENO

The US development agency USAID distributed over $ 30 billion in 2024. Billions that, for the time being, will not flow in 2025 – not into health, food or education worldwide.

What this means in practice can be seen, for example, in the Kenyan capital Nairobi, from where I am writing these lines. Condoms that were previously distributed free of charge through a USAID programme are now being sold for the equivalent of around 30 cents each. Around a quarter of the people here still live on less than two dollars a day. Among them are many people infected with HIV. Like almost everywhere in Africa, they face a particularly uncertain future. Immediately after the USAID stop, many no longer took their medication for a while. A social worker who works in a poor community in the metropolitan region told me that an Italian private organisation has now stepped in to help in his catchment area. The Kenyan government announced that its stocks of the required medication would only last for six months.

The situation is grave, and it would be naive to claim that it will get better soon. Deficits resulting from the cut in American development funds were not even factored into the OECD report "Global Outlook on Financing for Sustainable Development 2025" published in February. Nevertheless, the report predicts an annual financing gap of $ 6.4 trillion to reach the Sustainable Development Goals (SDGs) by 2030. The current deficit is already at $ 4 trillion.

Yet global development cooperation is not standing still. For example, the World Bank fund IDA, the most important funder of low-income countries, will be able to invest a record $ 100 billion in the next three years.

Actors who believe in multilateral cooperation and global public goods must keep going. The ability to do so will depend not only on governments, but also on the private sector, civil society and collaboration between them all.

One opportunity to work together is the Fourth International Conference on Financing for Development (FfD4), which will take place at the end of June in Seville. We must be realistic about what can be achieved, however: If the most powerful country in the world considers development cooperation a bad deal, the rest will likely have to focus on damage control rather than progress.

Giving up is not an option. These dire circumstances also create opportunities. Low and middle-income countries now have a chance to play a more active role in global finance reform. Now must also be the time to focus on the quality of finance in order to work more effectively and sustainably with fewer resources.

Development finance is about more than cash flows. Ultimately it is about survival – in the short term in countries suffering humanitarian crises, and in the long term in all places on a planet that must remain habitable.

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The FfD process

Financing for development: Facts and figures

BY ISAH SHAFIQ

2002, *Mexico*

Monterrey Consensus: First comprehensive international conference on financing for development. Discussions focus on how to improve policy and regulatory frameworks in developing countries to mobilise more domestic resources and foreign direct investment. Trade liberalisation is called for to create better export conditions for developing countries, but the results fall short of the demands. The target for industrialised countries to provide 0.7 % of their gross national income (GNI) for official development assistance (ODA) by 2015 is reaffirmed, but no firm commitment is made.

How much would investment need to grow to achieve the SDGs?

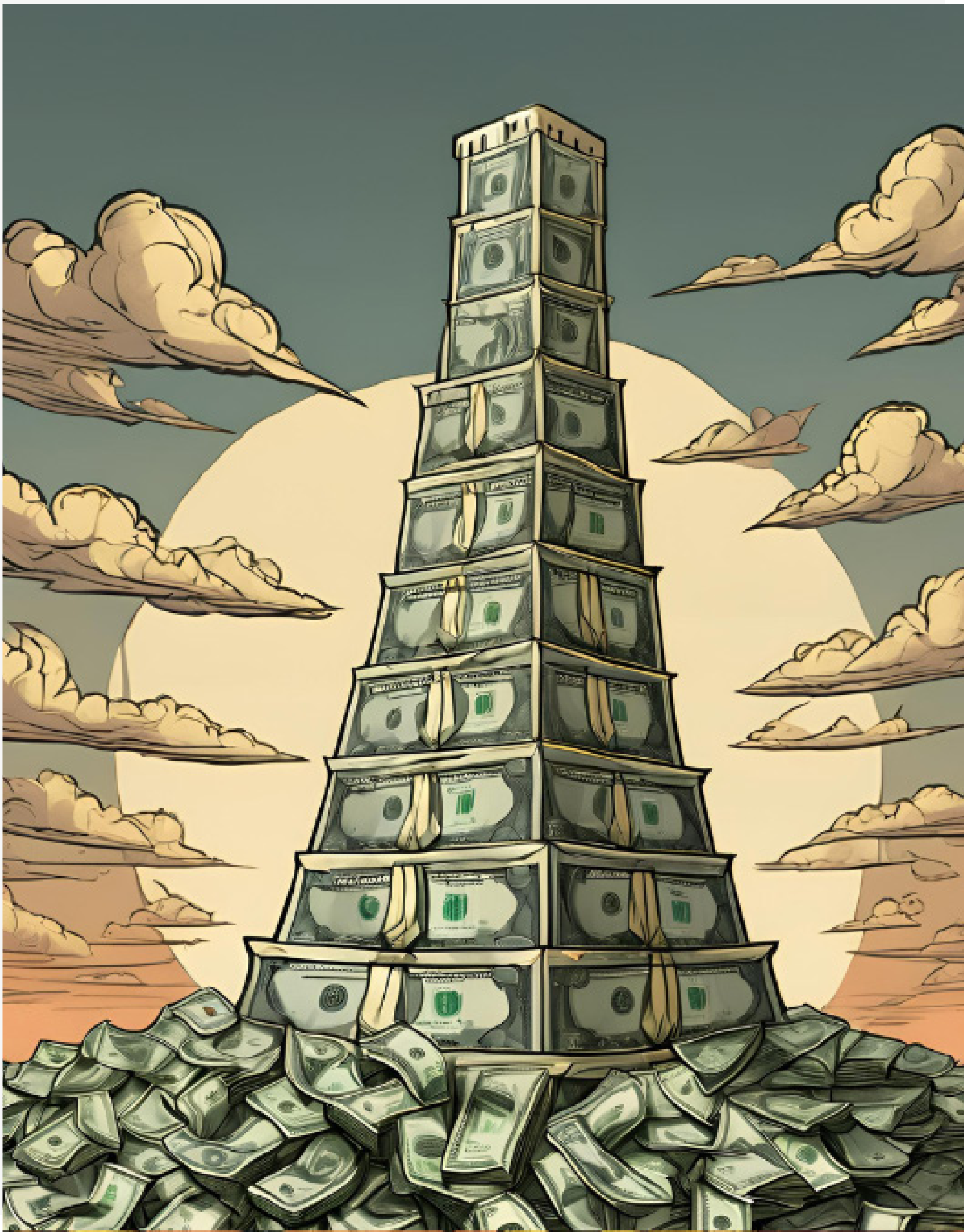

Illustration: D+C, AI generated

2008, *Qatar*

Doha Declaration: Given the impact of the financial crisis on developing countries, there are calls for the international financial system to be reformed and stabilised and for developing countries to have a greater say in global financial institutions such as the IMF and the World Bank. Other issues include the fight against tax evasion and avoidance.

2015, *Ethiopia*

Addis Ababa Action Agenda: The existing goals are reaffirmed and linked to the UN's Sustainable Development Goals (SDGs) and climate finance. The focus is on mobilising new sources of financing, for example through public-private partnerships. ODA is to be used to a greater extent to mobilise private capital flows. The importance of sustainable public debt policies and the need for debt relief for countries in crisis are emphasised.

2025: *Spain, Seville*

The implementation of previous agreements will be assessed. The SDGs are back on the agenda, as is a reform of the international financial architecture. Topics to be discussed include the debt crisis, international cooperation on tax and illicit financial flows, private sector engagement, trade policy, ODA and multinational development banks.

Development finance in figures

0.37 *%*

of gross national income was spent on ODA by the OECD-DAC countries in 2022. This is well below their target of 0.7 %.*

$ 6.4 *trillion*

is the projected financing gap to achieve the SDGs by 2030, according to OECD estimates**. This figure does not yet include the expected decline in US development funding from 2025 onwards.

On average, aid accounts for

11 *%*

of gross national income (GNI) in seven African countries***. With USAID providing around 30 % of this, the US funding cut could result in losses of more than three percent of GNI. South Sudan and Somalia would be hardest hit, though Sudan and DR Congo would also be badly affected.

36 *%*

is the increase in annual financing needed to achieve the SDGs in developing and emerging economies from 2015 to 2022. Yet resources grew by only 22 % over this period, causing the annual financing gap to increase from $ 2.5 trillion to $ 4 trillion.**

4 *out of* 10 *people*

live in countries that spend more on interest payments than on education or health.****

24.3 *%*

was the proportion of external debt stocks to gross national income in low- and middle-income countries in 2023. This was slightly lower than the figure of 28.6 % recorded in 2020, the year of the Covid-19 pandemic.*****

$ 100 *billion*

will be made available by the World Bank's IDA fund for development investment over the next three years. A record sum.

* Source: OECD Trends and Statistics.
www.oecd.org/en/topics/oda-trends-and-statistics.html
** Source: OECD „Global Outlook on Financing for Sustainable Development 2025".
www.oecd.org/en/publications/global-outlook-on-financing-for-sustainable-development-2025_753d5368-en.html
***Source: Semafor „Seven African countries to be hit hardest by Trump's USAID cuts".
Trump's USAID cuts hit Africa hardest | Semafor
**** Source: UNCTAD „A World of Debt".
unctad.org/publication/world-of-debt
***** Source: World Bank. datatopics.worldbank.org/debt/ids/regionanalytical/lmy/counterpartarea/wld

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Illustration: D+C, AI generated

Where ecosystems are still intact, funding is needed to preserve them.

CLIMATE FINANCE

“Cutting funds won’t save them”

Hindou Oumarou Ibrahim is an Indigenous Peoples representative at high-level international conferences. She is convinced: If donor countries cut development and climate funding, it is they who will pay the price in the long term.

HINDOU OUMAROU IBRAHIM INTERVIEWED BY EVA-MARIA VERFÜRTH

> "Those who manage global funds claim to know better. But if their approach worked, we wouldn't be facing such severe deforestation and increasing climate disasters around the world. They are the ones who don't manage money effectively."

As an advocate for Indigenous Peoples, you must have been full of hope in 2021 when donor countries and private funders announced a five-year pledge of $ 1.7 billion to support Indigenous Peoples. The pledge recognised the key role Indigenous Peoples play in protecting the planet's lands and forests. How have you experienced this process?
I was at COP26 for the announcement of the $ 1.7 billion fund. I applauded, spoke to heads of state and felt that indigenous voices were finally being heard. Finally, it was understood that there are no "donors" and "recipients" of finance, but rather that it is a question of a financial collaboration in which one part contributes financial resources and the other part protects natural resources. But at COP28, reports revealed that only about two percent of the almost $ 500 million spent by the end of 2022 had actually reached indigenous communities. I was shocked. The rest had gone to international NGOs, UN agencies and governments, where a lot of funding gets lost in bureaucracy.

The situation has only slightly improved, with about 10 % directly reaching Indigenous Peoples' communities in 2023. Why is the money not getting to the people on the ground?
The institutions that receive the funding think that only they know what needs to be done. Instead of supporting indigenous leadership, they sideline indigenous communities with bureaucratic barriers and claims that they need "capacity building". This reflects a profound lack of trust and understanding. We don't need capacity building: We need resources to restore nature, which we have been doing for generations. We are the world's best conservationists. Instead, institutions should build their capacity to understand and support indigenous-led solutions. To this end, I prepared a report on the financial needs of Indigenous Peoples, which was presented to the 23rd Session of the UN Permanent Forum on Indigenous Issues in 2024 and adopted by the UN's Economic and Social Council. We have also developed guidelines for funding indigenous communities directly, without intermediaries. These documents highlight how funding should be structured to truly support indigenous-led action.

Why is direct funding to Indigenous Peoples so important?
First, development and climate finance should support real action – and Indigenous Peoples are the ones driving climate action on the ground. Because their lives are deeply connected to nature, they are constantly innovating and creating solutions for climate resilience, adaptation and mitigation. They protect land, forests, grasslands and oceans. Second, to achieve equity and inclusion, we must invest in those who need it most. Whether in the Nordic region, the Americas, New Zealand or the developing world, Indigenous Peoples still lack access to basic services such as education, healthcare, shelter and clean water. My community in Chad, the pastoralist Mbororo People, have to drink from rivers and lakes, there is no nearby healthcare, and access to education is difficult.

Can you give an example of how Indigenous Peoples are building community adaptation and resilience?
In Chad, we are combining traditional knowledge with science. We use satellite images and geographical data to create participatory maps. The community itself identifies and monitors areas of environmental degradation and species loss and designs restoration plans, such as replanting trees and restoring water sources with their ancestral knowledge to build local adaptation and resilience.

You're not the only one to complain that funds are not being used effectively. What are the flaws in current climate finance?
Many funds, including the $ 1.7 billion, target only specific areas within specific countries. For example, they may be limited to the tropical forests of the Congo Basin within the Democratic Republic of the Congo. To give you an idea of its scale, the entire Congo Basin spans 11 countries! This approach ignores the interconnectedness of ecosystems. Nature has no borders. Protecting one part while neglecting another destroys the balance. In Chad, we have deserts in the north, savannah in the centre and tropical forests in the south. Climate change is forcing people and animals to migrate from north to south in search of water and food. If

you want to protect the balance in the tropical forest, you also have to protect the savannah.

How should an effective funding mechanism be designed, and can you give an example?

The most effective funding I've received has been through awards. I received the Pritzker Emerging Environmental Genius Award from the University of California in 2019, followed by the Rolex Award for Enterprise in 2021 and the Diane von Fürstenberg Award in 2022. As the prize money was not tied to rigid conditions, it allowed me to take risks and adapt my projects as needed. For example, I won the Rolex Award for a participatory mapping project in Chad and Niger. We worked with an organisation in Niger and made great progress. But when the political crisis hit, I couldn't continue. Instead of pressuring me to deliver, my partners helped me move the project to another region in Chad. This kind of flexibility is crucial for indigenous-led projects to succeed.

Despite this setback, did the project achieve its objectives?

Even more than that, we actually brought about a historic change: For the first time, women in my community were given the right to land. This was unprecedented. They started to cultivate the land and got access to markets and income.

How did this happen?

It was an outcome of the participatory mapping process: Once the maps had been drawn, the communities came together to develop a plan for stronger adaptation and mitigation measures. During these discussions, we realised that women needed to contribute to the effort but lacked land rights. In our customary system, land, territories and resources are governed by traditional law, and chiefs have authority over large areas of land. So, the chiefs decided to give part of it to 233 women for collective farming. After they had started to farm the land, they raised another problem: Many of their children weren't going to school. We applied for permission, the community built a boarding house, and now more than 100 children are in school. This has happened simply because the women were given land to work. In 20 years, these children will be the next leaders – this is how real, lasting change begins. The project has even inspired the chiefs of two other communities to allocate some of their communal land to women. Imagine if even a fraction of the $ 1.7 billion pledged to Indigenous Peoples were spent in this way. The impact could be enormous! When funding is flexible, responsive and adapted to people's needs, it can work magic.

Direct funding to Indigenous Peoples is often limited to smaller amounts. Does this make sense?

With small, symbolic amounts of $ 10-15,000, we will never achieve real solutions. We need trust, risk tolerance and direct investment – and if we fail along the way, funding institutions and Indigenous Peoples can learn and do better. Those who manage global funds claim to know better, but if their approach worked, we wouldn't be facing such severe deforestation and increasing climate disasters around the world. They are the ones who don't manage money effectively.

Let's look at the international situation: The US is planning to withdraw from international organisations, and ODA is in a downward spiral. What's your view on this?

This is deeply unfair. Western nations seem to forget how they got rich in the first place: Europe and the US built their wealth on the exploitation of natural resources from other countries, which is our common capital. They drove the climate change that we are now suffering, especially those that rely directly on nature. Yet they pretend that the money they're giving to developing countries is charity. It isn't, it's justice. But in the end, they will pay the price: Cutting funding won't save them.

> "The nations that preached democracy and human rights to the world are silently withdrawing and retreating from commitments. If they don't respect their own rules and principles, how can they expect anyone else to?"

In what sense?

Do they really think they can protect themselves by hoarding their wealth? They can build walls, they can isolate themselves, but there is only one atmosphere. Pollution in

Europe and the US is far worse than in many developing countries. In Chad, we can still go to our forests and breathe fresh air, while in Berlin, Paris, New York or Washington the air is toxic. My point is: Investing in the global south is investing in their own survival. The healthiest ecosystems, the greatest biodiversity, the last remaining untouched lands are in our territories. What's more: If the western nations stop climate finance, they will lose any moral standing to tell developing countries how to manage their resources.

Are rich nations compromising their credibility?
The nations that preached democracy and human rights to the world are silently withdrawing. They created international organisations like the UN, but now they are retreating from commitments and responsibilities. If they don't respect their own rules and principles, how can they expect anyone else to?

Against this backdrop, what do you expect from the 4th International Conference on Financing for Development (FfD4)?
It is an opportunity to redefine the meaning of social development and debt, which has been shaped by the so-called developed world. Instead of just talking about developing countries' financial debt, we need to talk about the ecological debt developed nations owe us for the damage they have done to the planet. We should no longer allow them to dictate the terms but must hold them to account when they renege on their own promises and withdraw funding from the very countries that need it most. FfD4 is a chance for developing and developed countries to talk as equals and for the people who are doing the work on the ground to be part of the conversation. Indigenous Peoples must be in the room when high-level negotiations on treaties, agreements and declarations on development take place. I call on all leaders at this conference to think hard about how to transform the global economy, how to make our world fairer and more just and to come to the table with ideas that are workable and realistic.

LINKS

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Principles and guidelines for direct access funding for Indigenous Peoples' climate action, biodiversity conservation and fighting desertification for a sustainable planet: *assets.takeshape.io/86ce9525-f5f2-4e97-81ba-54e8ce-933da7/dev/01375808-c4d4-412c-80a5-8a516e835976/Indigenous%20peoples%20-%20principles%20%26%20guidelines%20for%20direct%20access%20funding.pdf*

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Photo: AFPAT

INTERNATIONAL COOPERATION

In a time of disruption, we still have prospects

Our conversation with Achim Steiner, head of UNDP, took place on 20 January 2025, the day that US President Donald Trump was inaugurated. In the hours and days that followed, the USA would withdraw from the Paris climate agreement and WHO and shutter USAID. A look into the future of development financing and this summer's International Conference on Financing for Development.

ACHIM STEINER INTERVIEWED BY EVA-MARIA VERFÜRTH

Mr. Steiner, development policy is in upheaval: In recent years, many OECD members have reallocated their development funding and spent more on Ukraine or refugees in their own countries. In Germany, the purpose of development cooperation is increasingly being called into question. How are you experiencing our current moment?
We are living in a time of great uncertainty. Nobody can precisely predict what the coming months or years will bring. At the same time, geopolitical tensions are growing; there are more conflicts and greater instability. The question is: will we be able to face these crises together?

Many people are probably asking themselves that right now. What needs to happen in order for that to succeed?
We must cooperate. Multilateralism is not simply a credo; it is the platform that allows us to jointly invest in the future despite all our differences. Global challenges like pandemics, cybercrime and climate change can only be overcome together. I find it very concerning that international cooperation is being devalued and placed at the mercy of national debates. We have not experienced this to such an extent for a long time. Moreover, we have neglected our international institutions for years. In the 1990s and 2000s, the world appeared so stable that multilateral structures seemed less necessary. Now we are going to realise how indispensable they are and how central the role of development cooperation is.

Even before the USA put itself on a collision course with multilateralism, cooperation was not always easy. At COP29, the EU and USA called on China to contribute more to climate financing. Were they right to do so?
In principle, yes – though many fail to appreciate that China is already a key player in the global energy transformation and has made it possible for

> "Success stories from East Asia, China and Latin America show that when the state provides conditions like a public electricity supply and digital infrastructure, new markets can emerge very quickly."

many developing countries to transition to solar and wind power. In the last 20 years, the country has expanded its production and lowered the cost of renewable energy worldwide. As a result, the cost per kilowatt hour in Africa is now 80 % lower than it was ten years ago. China also achieved a market breakthrough with affordable electric cars. It invests billions in developing countries and pledged to continue doing so at COP29 in Baku. China has become indispensable to the global energy and mobility transformation.

China acts primarily in its own interests and has gained significant influence in African countries. Shouldn't its expansion be countered?
Every country has the right to pursue its national interests. As an export nation, Germany also has a vested interest in promoting stable and growing markets. Through initiatives like the Global Gateway, Europe and the USA already offer developing countries financing sources that are a clear alternative to Chinese financing. Such competition doesn't have to be destructive; it can also promote innovation. The important thing is to keep competition fair, aim for the right goals and maintain the ability to cooperate constructively. For example, a clear set of criteria could help encourage transparency and greater mutual reliability.

India and the Gulf states have also become important investors. How can cooperation with these countries look like?
Saudi Arabia, Qatar and the United Arab Emirates invest massively in green energy technologies. It is important to work together to shape international financial investment and increase the lending volume of multilateral development banks. The World Bank's IDA21 capital replenishment in December 2024 was a first step in this direction.

In June, the Fourth International Conference on Financing for Development (FfD4) will take place in Seville. Let's take a look back: What has been accomplished since the last FfD conference in Addis Ababa 10 years ago?
At first there was a lot of momentum, and official development assistance (ODA) expenditures, measured in ODA grant equivalents, grew to over $ 200 billion a year. Additionally, the importance of the private sector has become increasingly clear and we have achieved meaningful successes with green bonds on capital markets. While it's true that our initial hopes have only partially been met, private funding has had an enormous impact on climate financing. For 2024, global investments in new electricity generating infrastructure are estimated to be about $ 3 trillion, two-thirds of which goes to clean energy sources. But less than two percent of these investments were invested on the African continent, where the need for financing and new energy infrastructure is greatest. We must also consider the debt crisis. Therefore, while some countries have been able to effectively mobilise financial resources, the majority of the poorest countries are experiencing stagnation.

Why is it so difficult to reach the poorest countries in particular?
Poor countries are more susceptible to external shocks and have fewer resources to react to them. During the Covid-19 pandemic, rich nations could cushion economic shocks using taxes, bonds or debt, whereas poorer countries lacked the means to do so. They had to pay extremely high interest rates on bonds. Because of the debt crisis, many poor countries spend more on interest payments for international debt than on education or healthcare. Moreover, they lack stable institutions, transparency in capital markets and established stock exchanges. International investors steer clear of many of these countries because they want to avoid risk, particularly in times of crisis.

What are some approaches to supporting the least developed countries despite these challenges?
Success stories from East Asia, China and Latin America show that when the state provides conditions like a public electricity supply and digital infrastructure, new markets can emerge very quickly. We sometimes underestimate how much development cooperation can do to minimise risks and mobilise private capital using tools like export

credit financing, or supporting reforms to make tax systems more efficient. For example, UNDP has worked with the OECD to launch the "Tax Inspectors Without Borders" programme. We advise countries on how to prevent tax evasion by international companies. Even though the programme is small, it has already secured over $ 2 billion in tax revenue that otherwise would not have been collected.

When important donor countries withdraw, what becomes of the poorest countries?

We can observe that already. Some experience serious setbacks in poverty reduction or food security. Natural disasters like the flooding in Pakistan can set an economy back decades, feeding political tension and extremism. Sri Lanka's state bankruptcy, for example, led to mass protests and a political crisis. It is in the world's best interest to minimise such risks.

You mentioned that you have had good experiences with government bonds. How do they work?

We advise a whole range of countries on issuing sovereign bonds. Uruguay's "Sustainability-Linked Performance Bonds", which we supported together with the Inter-American De-

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The international community must bridge differences and continue to invest in the future together.

velopment Bank, were groundbreaking. The country committed to reducing its CO_2 emissions and expanding its forest area. Success leads to lower interest rates, failure to higher interest rates. The bond was launched at $ 1.5 billion and oversubscribed three times. This model is attracting a great deal of attention, which shows that the market for sustainable financing is constantly growing. But the precondition for such an approach is an economy that can invest capital productively and generate returns.

> "We have to confront the precarious situation of the poorest countries. These states are at risk of falling further and further behind."

A central goal of the FfD process was to provide the necessary financing for the 17 Sustainable Development Goals (SDGs). They will probably not be reached by 2030. Have the SDGs failed?
Many may think so because so far only 17 % of the SDG targets and indicators worldwide are on track to be achieved. But that view overlooks how much has been achieved at the national level. And it overlooks the importance of the SDGs as a guideline: The agenda gave us a framework – a common orientation – to move forward together, even in turbulent times.

What specifically has been achieved so far?
Global food production is now sufficient for the world's 8 billion people, life expectancy is increasing and more and more children are going to school longer all over the globe. Latin America and the Caribbean derive 60 % of their electricity from renewables – double the world average – and in some African countries, the share is as high as 90 %. There has also been immense technological change: In 1995, only 16 million people had internet access, compared to almost 6 billion today. A UNDP study showed that 70 % of SDGs can be implemented more quickly and effectively through digitalisation. Public digital infrastructure is a central driver of development.

What conclusions do you draw from that?
All of that shows that we are not living in a time without prospects! The conditions for making significant progress have never been so good. It is therefore all the more important that politics bring greater calm into public discussions. Instead of setting people against each other, politicians should make them aware of how much we depend on each other and how much potential that creates.

The FfD4 is scheduled to take place in Seville this summer, in a rapidly changing global climate. What are your expectations for the international meeting?
The conference is first and foremost an opportunity to come together again. Four things will be important:

- The question should not only be how much money can be provided, but how we can invest in the future together. Wealthy countries need to realise the significant contribution developing countries are already making. They are investing many times more than what international climate financing provides. International payments are not handouts.
- Second, we have to confront the precarious situation of the poorest countries. These states are at risk of falling further and further behind.
- Third, we have to find a way to convince more private investors and financial markets to invest in developing countries. When capital markets withdraw, billions of people are excluded from urgently needed financing opportunities.
- Fourth, I hope that in Seville we can agree, once again, that we want to cooperate despite our geopolitical differences and conflicts over competition.

The new draft of the Seville outcome document is an attempt to find a common denominator in the midst of global tectonic shifts. One thing was underestimated at COP29: At an international conference, you cannot expect a last-minute compromise to emerge from thin air. If a breakthrough cannot be achieved now, we should at least develop strategies to make it possible later. The goal in Seville must be to find a constructive way forward.

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The BRICS+ countries play a central role in global development. They are investing in major infrastructure projects, for example.

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MULTILATERALISM

The role of BRICS+ in development and climate finance

The BRICS+ have been positioning themselves as advocates of the global south in the debate on global development financing. The changing role of the USA may indeed create room for the bloc to manoeuvre. However, continued expansion of BRICS+ is creating new challenges for collective action.

BY ANDRÉ DE MELLO E SOUZA

The BRICS+ are made up of Brazil, Russia, India, China and South Africa, joined by Egypt, Ethiopia, Iran, Indonesia and UAE. The group plays a pivotal role in global development and climate finance. With roughly half of the global population and about 40 % of global GDP, the BRICS+ have the potential to collectively shape the global financial architecture and targets. In addition, BRICS+ members have historically accounted for a considerable share of global carbon emissions in absolute terms.

The origins of the group are closely linked to efforts to reform post-war international financial institutions, particularly the World Bank and the International Monetary Fund (IMF). The founding members considered these reforms carried out since 2010 inadequate, however. Specifically, they failed to redistribute decision-making powers in these institutions between countries. They remain heavily skewed towards OECD countries – especially the US, the only country with veto power in both the World Bank and the IMF.

As a response, the BRICS chose to create their own financial institutions. The New Development Bank (NDB) aims to bridge the infrastructure investment gap in the global south, and the Contingent Reserve Arrangement (CRA) is designed to protect members from global liquidity pressures.

BRICS+ AND CLIMATE FINANCE

Following last year's Climate Agenda in Modern Conditions Forum in Moscow, the BRICS adopted a framework document on climate and sustainable development that includes key aspects of climate action, such as a just transition, mitigation, adaptation and carbon markets. The bloc also recognises the legitimacy of the UN Framework Convention on Climate Change (UNFCCC), including the annual Conference of the Parties (COP) sessions.

While the need to switch to renewable energy sources plays a key role at climate conferences, the share of fossil fuels in the energy mix remains high in some BRICS countries. Among the four original BRIC and South Africa, South Africa has the highest share (94 %), followed by India (89 %), Russia (87 %) and China (82 %). Brazil's share is only 49 %, mainly because the country makes extensive use of hydropower.

While climate finance has been increasingly detached from development finance in recent international negotiations, some of the BRICS+ see them as inextricably linked. In their view, climate finance is an integral part of development finance. The bloc is also concerned with attempts to link international security issues with climate finance and the climate agenda.

The BRICS+ are in favour of increasing funding to help the most vulnerable countries achieve their climate goals and adapt to climate impacts. The group also calls for better access to concessional loans from development banks and unconditional lending, and advocates more for funding for adaptation to climate change than for decarbonisation.

With the exception of Russia, the BRICS+ countries form part of the G77, the coalition of developing countries in the UN system. As part of this group, they endorsed the call for $ 1.3 trillion of annual climate finance by 2035 that was made at COP29 in Baku last year. Similarly, they emphasised the need to channel these resources through public grants, as opposed to loans and private finance. However, COP29 fell short of the $ 1.3 trillion target and set it at $ 300 billion instead.

BRICS+ MIGHT FILL POLITICAL VOID

The withdrawal of the US from the Paris Agreement following Donald Trump's election has created an opportunity for BRICS+ economies – especially China – to fill the political void. China continues to strongly resist being grouped with the US and other high-income economies which are obligated to donate to climate finance under the Paris Agreement. However, it is already one of the world's largest investors in climate action in the global south – even if it almost exclusively privileges methods of lending that ultimately benefit its own economy.

Brazil will host COP30 in the city of Belém in November this year. The country will therefore play a decisive role in shaping climate financing mechanisms. Brazilian representatives have spoken out in favour of mechanisms that focus on the specific needs of developing nations and thus are expected to campaign for social and environmental justice at COP30. It is doubtful they will succeed, however. Many observers have criticised the inadequate results of previous COPs and the structure of COP itself.

> "Brazil will host COP30 in November this year. The country will therefore play a decisive role in shaping climate financing mechanisms."

BRICS+ IN DEVELOPMENT FINANCE

The Fourth International Conference on Financing for Development (FfD4), which will take place between 30 June and 3 July in Seville, Spain, came about mainly thanks to the efforts of the G77. Reforming multilateral financial institutions was the original and most important goal of the BRIC, and it will continue to be one of the bloc's priorities at FfD4. But multilateralism is clearly no longer high on the international political agenda.

BRICS+ countries and developing countries outside the bloc have long pressed the UN to lead negotiations on international taxation arrangements to provide more financial resources for development. During its G20 presidency in 2024, Brazil proposed that a global tax rate of two percent be imposed on billionaires. Donald Trump will undoubtedly oppose such a measure, however.

Excessive public debt is another core problem of development financing. According to the OECD, the number of countries in debt distress increased from three in 2015 to 11 in 2024, while the number at high risk of debt distress rose from 16 to 24 (OECD 2025). The UN points out that about 40 % of the global population live in countries where governments spend more on interest payments than on education or health. In their 2024 Kazan Declaration, BRICS+ recognised the need for greater debt relief and called for the implementation of the G20 Common Framework for Debt Treatment "with the participation of official bilateral creditors, private creditors and Multilateral Development Banks (MDBs) in line with the principle of joint action and fair burden-sharing."

WEAKENING THE INFLUENCE OF THE DOLLAR

The BRICS+ also seek to reduce their dependence on the dollar. Their immediate goal is to abandon the currency in their bilateral transactions and aim for a more diversified monetary system. One reason is that the US has imposed financial sanctions on Russia, which many see as an example of the "weaponisation" of the dollar – the idea that the US is using the world's most traded currency to consolidate its geopolitical and geoeconomic dominance. China and Russia in particular have challenged this dominance, and the new BRICS+ members are strengthening the organisation's anti-American tendencies.

> "The expansion of the BRICS group has significantly exacerbated the collective action problems that have always plagued the bloc."

However, in February, India and Russia announced that the BRICS are currently not working on developing a common currency. They issued these statements after Donald Trump threatened to impose 100 % tariffs on BRICS member countries if they tried to supplant the dollar.

CHALLENGES FACING THE BRICS+

Global finance has always been the area where BRICS's interests have been most aligned and where they have had their greatest success. However, the member countries do not agree on all issues related to development and climate finance. For instance, in 2023, Brazil proposed the creation of a common currency for trade and investment among the BRICS, but other member countries, most notably India, opposed this proposal. Crucially, the expansion of the BRICS group has significantly exacerbated the collective action problems that have always plagued the bloc.

There are also considerable asymmetries in economic and political power within BRICS+. China tends to prevail in most decisions, including those relating to the expansion of the bloc itself. As a result, with the support of Russia, China has managed to increasingly turn BRICS+ into a force to oppose US hegemony. This is uncomfortable for members that are more dependent on the US and creates new challenges for joint action. As geopolitics permeates (and subordinates) all other issues on the international agenda, including global finance, these tensions are intensifying.

Finally, while Trump's aggressive nationalistic threats and policies certainly challenge the BRICS+ individually and as a bloc, they also open up opportunities. The US's decision to increasingly prioritise perceived national interests over multilateral cooperation may free up space that the BRICS+ could take advantage of. Indeed, the bloc could find new ways to exert influence and shape future agendas and institutions.

LINKS

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ROUNDTABLE DISCUSSION

"Designing an environment where money drives meaningful change"

Without development, the private sector cannot prosper, and without the private sector, a country cannot independently achieve lasting development. At the first D+C Roundtable, we spoke to four private-sector experts about the opportunities and challenges of private sector involvement in development financing – a topic that has become more important given the current decline in public development financing and the growing financing gap to achieve the Sustainable Development Goals (SDGs).

HELMY ABOULEISH, RICHARD RUGENDO, JAMES SHIKWATI AND BRUNO WENN
INTERVIEWED BY EVA-MARIA VERFÜRTH AND KATHARINA WILHELM OTIENO

Illustration: D+C, AI generated

The private sector is crucial for development. But how can returns be generated in a sustainable manner?

Mr Abouleish, SEKEM unites sustainability-oriented companies from diverse sectors like textiles, pharmaceuticals and agriculture. Are these sustainable businesses at all profitable?

Helmy Abouleish: Over the last 48 years, my experience has shown that our organic products across all sectors are neither more expensive nor less profitable than conventional products. In fact, when the full health and environmental costs are taken into account, organic, circular and sustainable products are significantly cheaper. We must be bold enough to acknowledge that these production methods are the way of the future.

Can you share an example?

Abouleish: We are currently helping approximately 40,000 smallholder farmers convert to organic and biodynamic agriculture. To facilitate this transition, we are offering farmers ecosystem service payments, specifically carbon credit payments. A smallholder in Egypt, for example, who typically owns no more than two acres, might be reluctant to convert to biodynamic agriculture because he will have to expect lower yields and higher costs in the first few years. Our solution is twofold: Initially, farmers continue to sell their biodynamic products at market price. After a year, they begin to sequester carbon in the soil, plant trees, produce compost and reduce methane emissions. In return, they receive carbon credits that increase their profitability by 40 to 50 %.

This example shows how international sustainability regulation can actually have a positive impact. Do you know of other regulatory changes that have been particularly effective in fostering economic growth?

Abouleish: At COP27, we successfully lobbied for a voluntary carbon market law in Egypt. Our financial regulatory authority now recognises carbon credits as financial instruments. It has also created an accreditation and governance system and established a platform on the Egyptian stock exchange for trading carbon credits. Ecosystem service payments can be sold domestically. Instead of relying on global buyers, Egyptian companies can now balance their emissions with local carbon sequestration, thereby creating a circular sustainability model within our own economy. As a result, our initiative can expand.

Bruno Wenn: Many governments have also enabled private sector engagement in energy production. An example is Senegal, where German development cooperation has supported the government in creating the necessary legal conditions for private sector investment in the energy sector. The result has been a huge increase in off-grid solutions in rural areas, which have mainly been financed by the Senegalese private sector.

James Shikwati: Kenya's most cited example is M-Pesa, the mobile money solution developed by Safaricom. The Kenyan government decided to give the private sector an opportunity to innovate in order to improve access to finance. Though the Central Bank of Kenya was sceptical at first, M-Pesa now facilitates millions of transactions a day. People who work in Nairobi no longer have to travel to deliver cash to relatives living in very remote parts of the country. Instead, they can send money using a solution that works riding on the community's existing cultural practices of extended family support systems. It is important that the private sector be provided with an environment that enables flexibility and innovations to address the challenges that local communities, governments and countries face.

> "If a local bank could provide financing in Kenyan Shillings, it would be a game-changer."

What else does the private sector need to thrive?

Wenn: Governments can create markets, which in turn mobilise significant financial resources within countries. In West Africa, for example, there are large pension funds and insurance companies with substantial capital, but limited investment opportunities in the region. If there were well-developed capital markets, these institutional investors could finance infrastructure projects, especially in the power sector, by purchasing infrastructure bonds.

This would tap into local currency reserves, thereby avoiding the currency mismatches that sometimes create financial problems and unsustainable foreign debt levels. Take, for example, Mr Rugendo's situation: When he wants to purchase new machinery from Europe, he typically needs foreign currency. However, his income is in the local currency, meaning that he immediately confronts a currency mismatch. If a local bank could provide financing in Kenyan Shillings, it would be a game-changer.

Shikwati: African countries' currencies mostly can't be directly exchanged in international transactions, which makes them practically worthless in global markets. It is difficult to achieve financial sustainability if local currencies cannot be traded internationally. This situation restricts the growth of small and medium-sized enterprises (SMEs) because it makes it harder for entrepreneurs to import necessary equipment or expand their businesses.

Richard Rugendo: We also need to invest in human capital. A healthy, well-educated population is a prerequisite for boosting productivity and innovation. Without it, even the best financial mechanisms will have a limited impact.

What role do regional economic communities play in these processes?

Wenn: A significant one. Access to markets is essential for business growth, therefore infrastructure that connects countries is essential. But even if cross-country infrastructure is available, trucks in East Africa often spend days at border crossings due to differing regulatory standards between neighbouring countries like Kenya and Tanzania. Regional economic communities could help by introducing uniform standards. And by doing so, reduce the bureaucratic inefficiencies that drive up costs for the consumers.

Rugendo: As a company owner, I think initiatives like the African Continental Free Trade Area (AfCFTA) are promising. In the food industry, bureaucratic hurdles often create excessive border delays that can spoil perishable goods.

> "Governments in Africa mirror generic policies and solutions from Europe and the USA in total disregard of local cultural and ecological realities."

Climate and development financing schemes are often criticised. Mr. Shikwati, where does international development financing go wrong?

Shikwati: The existing models of financing seem to be designed to develop markets for wealthier countries instead of enabling poor countries to develop their own markets for their own products. Take the example of food security: Development finance tends to prioritise the cultivation of large-scale cash crops like wheat, sugarcane or cotton. However, planting these crops in sub-Saharan Africa sometimes requires significant ecological alterations, which ultimately accelerate climate change. Indigenous crops are naturally adapted to local conditions. Yet, when we advocate for African vegetables like cowpeas or jute mallow, financing institutions often dismiss them. This raises a critical question: Who is development actually serving? Are we creating markets for industrialised nations, or are we helping poor countries develop their own? Development finance must undergo a fundamental mindset shift to support self-sustaining, locally driven growth.

Can you elaborate on this point? How can development finance help build sustainable economic structures and act as a catalyst for positive economic development?

Shikwati: Development finance frequently relies on external guidance from industrialised countries, which often monopolise expert advice to companies on climate change and sustainability strategies. This approach leads to superficial compliance rather than genuine adoption and integration. Governments in Africa mirror generic policies and solutions from Europe and the USA in total disregard of local cultural and ecological realities. To be effective, sustainability strategies must be context specific, tap into indigenous knowledge insights on climate change challenges and be tailored to local conditions rather than imported wholesale from developed economies.

Wenn: Policies, as decided by European or German policymakers, can become a nightmare for local businesses in developing countries. The sheer number of standards and compliance requirements creates major cost barriers, stifling private sector growth. The most important private sector companies are local. The key question for development finance should be: How can we help them to scale up the services and to grow? The answer is by supporting legal stability, predictable taxation, good business environment and investment in infrastructure like roads, energy and water supply.

Mr. Rugendo, you have received support from development financing institutions, including German DEG (Deutsche Investitions- und Entwicklungsgesellschaft). What challenges have you encountered?

Rugendo: We need to address distortions in development finance. Even when a development financing institution provides funding at reasonable conditions, by the time it reaches entrepreneurs through commercial banks, the interest rates have often become inflated. Banks, of course, aim for maximum profit – but when part of their funds come from development money, we should question whether they're being used as intended.

Wenn: Development finance depends on the strength of local banking systems in developing countries. The important question is whether these banks are both willing and able to support SMEs. However, this is not just about the banks – it's also about government policies. Take the example of some African countries, where finance ministers frequently issue treasury bills at very high interest rates. How can we expect local banks to take on the higher-risk, more complicated task of issuing small loans to SMEs when they have the option of buying treasury bills instead? This is why policy matters. Governments must implement prudent fiscal management that does not absorb all domestic financial resources, but instead ensures that capital remains available for the private sector.

Can you give an example of how this might work?

Wenn: In India, banking regulation incentivises banks to provide more financing for SMEs. The Reserve Bank of India mandates that a specific portion of bank portfolios be allocated to SMEs. Domestic resource mobilisation is an area that is often overlooked by policymakers in donor countries. There is significant capital available within developing economies, but the real question is how to effectively mobilise and utilise these resources for development. Wherever there is a market demand, entrepreneurs emerge to address it. I often wonder why governments do not leverage this more effectively: Why not actively engage entrepreneurs in providing essential services like clean water, quality education and healthcare? Profit-driven models and development goals are not necessarily at odds.

In many low-income countries, there is already a whole range of public-private financing models that support health and education services, for example. But this privatisation of health and social services creates problems because the poor are not able to pay for them. How can development finance institutions and the private sector ensure that the services provided by private companies are accessible to all?

Shikwati: The key is a strong regulatory framework that ensures transparency and accountability. Take M-Pesa again – the Central Bank of Kenya stepped in to establish regulatory safeguards to ensure fair competition and consumer protection. Governments must always regulate companies, not the other way around.

Wenn: I agree, but the private sector can contribute to public services only if a robust and independent regulatory environment is in place. This means government interference should be limited once the rules are set. Regulation must include transparency, procurement oversight, and checks and balances to prevent exploitation.

Despite all these obstacles, the private sector continues to defy the odds. What motivates both emerging and seasoned entrepreneurs to take this path?

Abouleish: The key to making a real impact is to have a clear vision of the future you want to achieve. If you know what you want things to look like in 20 years, that vision gives you purpose, drive and courage. You create the world around you. Taking ownership – of your future, your destiny and your impact – is a crucial starting point.

Rugendo: Overcoming barriers requires a combination of market evolution, leadership, commitment, innovation and consumer engagement. A sustainable and socially responsible business environment doesn't emerge on its own – it has to be shaped. There's a lot that both the private sector and regulators can do. We live in a global village, and markets are interconnected.

Mr. Wenn, what should the international development community keep in mind?

Wenn: The private sector is crucial for development because it can create both income and jobs. What we need is dialogue: Development cannot be achieved by governments alone; solutions must be created in cooperation with the private sector. The issue isn't a lack of money – it's about designing an environment where money drives meaningful change.

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FINANCING FOR DEVELOPMENT CONFERENCE

Ideas to reform debt policy

Spending more on interest payments than on education or health is normal in many poorer countries today. How international debt policy should change – and why the Fourth International Conference on Financing for Development (FfD4) is the right place to do so.

BY KATHRIN BERENSMANN

The debt situation of developing countries has worsened in recent years, not least because of multiple crises like the Covid-19 pandemic, the war in Ukraine and the climate crisis. The International Monetary Fund (IMF) and the World Bank estimate that over half of low-income countries are heavily indebted. Ten years ago, it was only 30 %.

These crises have created an urgent need for substantial public spending. At the same time, they have also changed the macroeconomic environment and led to higher interest rates. Developing countries have to shoulder interest costs on external borrowing that are three times higher on average than those of industrialised countries (Spiegel and Schwank 2022). This limits their access to international financial markets and raises debt service payments.

The money that developing countries use to pay their debts is lacking elsewhere – particularly for investments in sustainable development. According to the United Nations, in 2023, 54 developing countries, including 25 African countries, spent over 10 % of their state revenue on net interest payments (UNCTAD 2024). Experts estimate that in 2024, 92 countries paid more for external public debt service than for investments in the UN Sustainable Development Goals (SDGs) (OECD 2025).

The Fourth International Conference on Financing for Development (FfD4) in Seville (Spain) in June offers an opportunity to reform global debt policy. Given that a broad spectrum of interest groups will attend, there is an opportunity to discuss solutions and arrive at a common understanding of possible reforms. It would be particularly beneficial to, first, improve existing instruments and, second, establish uniform principles for a global approach to debt.

> "The money that developing countries use to pay their debts is lacking elsewhere – particularly for investments in sustainable development."

IMPROVING EXISTING INSTRUMENTS

The G20 Common Framework for Debt Treatments is currently the only instrument to comprehensively restructure state debt. The G20 set up this shared framework in 2020. It lays out guidelines for restructuring and relief for heavily indebted low-income countries.

What could be financed instead of debt: Many countries spend more on interest payments than on education.

Illustration: D+C, AI generated

An important goal was to include all G20 countries. Previously, debt restructuring was primarily agreed upon within the Paris Club, which consisted only of western industrialised countries. Other G20 countries like India, China and Saudi Arabia were excluded. In the past 15 years, however, these countries have become important creditors to developing countries.

Despite the introduction of the G20 guidelines, so far only four debtor countries have taken part: Chad, Ethiopia, Ghana and Zambia. The main reasons for low participation are the typical challenges of debt restructuring mechanisms. These include coordination problems between creditors, a lack of transparency about the debt situation and unequal participation from various creditor groups. According to a World Bank study from 2021, close to 40 % of low-income developing countries had either never published debt data on their websites or had not updated their data in the previous two years.

GREATER TRANSPARENCY

A key reform that ought to be made to the G20 Common Framework is increasing the transparency of debt agreements: Information about debt agreements should be better coordinated between creditors and debtors (Berensmann 2024). The zero draft outcome document of the FfD4 calls for the creation of a central international debt data registry (UN 2025). This registry could be housed in the Bank for International Settlements (Berensmann 2024).

Furthermore, incentives should be created for private creditors to take part in restructurings. These could include the implementation of anti-holdout laws, which limit the ability of creditors to disrupt negotiation processes and outcomes. Since some middle-income countries are also heavily indebted, countries with low middle incomes should receive access to the G20 Common Framework, too (Berensmann 2024).

To combat the debt and climate crisis at the same time, restructuring should be better linked to development and climate goals:

1. Debtor countries should be obliged to use debt relief to create fiscal leeway to reach the SDGs (or climate goals in particular).

2. The World Bank and IMF debt sustainability analysis should better incorporate climate risks – and the volume of a country's investments in climate adaptation.

3. Climate-resilient Debt Clauses should be integrated into sovereign bond contracts. This means that countries could defer debt payments if a previously defined climate shock

or natural disaster occurs (Berensmann 2024). The zero draft outcome document of the FfD4 also mentions clauses that allow countries to defer debt service in times of crisis.

UNIFORM PRINCIPLES FOR MANAGING DEBT

The FfD negotiations are an inclusive process involving many public and private actors. For that reason, the FfD4 conference in Seville offers a good opportunity to develop universal principles for sovereign lending and borrowing and to make recommendations for their implementation. The zero draft outcome document of the FfD4 suggests creating a working group for this purpose.

These principles should demonstrate, for example, how negotiations over debt restructurings can be led, how information can be exchanged and how fair treatment of creditors can be ensured. They would apply to all market participants before and during a debt crisis and should also be incorporated into other instruments, like sovereign bonds. They could help solve debt crises by improving cooperation between creditors and debtors and showing how restructurings work. The G20 Common Framework should also be connected to these universal principles.

Two main problems stand in the way of implementation: first, many sets of principles currently exist alongside each other, some of which have simply been proposed and others of which have already been implemented. They include the principles of the United Nations, the G20, the OECD and the Institute of International Finance, a global association of international financial institutions. The application of different principles to actions before and during a debt crisis creates uncertainty for both creditors and debtors, however. Thus, a unification of principles based on existing recommendations is needed.

Second, there are currently no appropriate incentives to encourage creditors and debtors to adhere to such principles. This problem could be addressed by:

- publishing a list of countries that adhere to these principles,
- encouraging rating agencies to consider compliance with these principles in their macroeconomic analyses,
- incorporating these principles into sovereign bond contracts and
- including these principles in the lending policies of the international financial institutions, like the IMF (Berensmann 2024).

As a broad-based and inclusive process, the FfD4 conference offers an excellent opportunity to discuss and initiate reforms to the global debt architecture. Against the current backdrop of geopolitical tensions, this chance should not be wasted.

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Glossary: Development finance

Never heard of "blended finance"? And what does "domestic resource mobilisation" actually mean? With the Fourth International Conference on Financing for Development (FfD4) just around the corner, we explain some of the key terms used in development finance.

BY YABIBAL M. WALLE

DEVELOPMENT FINANCE

is the financing of projects, policies and private sector activities that promote social, economic and environmental development. Funds come from public and private, domestic and international sources:

1. The largest source of domestic public finance is often taxes. Non-tax revenues include fees, rents and fines, as well as revenues from state-owned enterprises. Another source is domestic borrowing. Examples include the sale of government bonds and securities to domestic banks, pension funds, corporations and the public.

2. Domestic private finance encompasses all domestic investment and borrowing by private entities.

3. International public finance covers official development assistance (ODA), south-south cooperation (SSC) and foreign borrowing.

4. International private finance includes foreign direct investment (FDI) by private companies, portfolio investment, migrants' remittances to families and friends at home, international borrowing and philanthropic resources.

CLIMATE FINANCE

refers to financing that supports activities to mitigate and adapt to climate change. Instruments include carbon finance, risk insurance, catastrophe bonds, climate resilience funds and debt swaps. In 2009, at the 15th UN Climate Change Conference (COP15) in Copenhagen, industrialised countries committed to collectively mobilising $ 100 billion per year by 2020 for climate action in developing countries. This target was reached in 2022. However, the financing gap for climate action remains significant, amounting to trillions of dollars. In addition, developing countries want international assistance for climate action to be additional to, but not a substitute for, development finance (ODA).

OFFICIAL DEVELOPMENT ASSISTANCE (ODA)

is financial assistance from public donors, including multilateral organisations such as the World Bank, provided to low- and middle-income countries to support development. Development sectors include health, education and infrastructure – but not, for example, the military. ODA consists of either grants or concessional loans, also known as "soft" loans. The latter must contain a grant element of at least 10 % for middle-income countries and 45 % for low-income countries. ODA is a robust but slowly growing source of development finance, reaching $ 223.3 billion in 2023. At 0.37 % of donor countries' gross national income (GNI), however, it remains far below the longstanding UN target of 0.7 %. Developing countries have long called for an increase in ODA to meet this target. There have also been concerns that a significant share of ODA has recently been allocated to Ukraine, leading to calls on donors to meet the other UN target of allocating at least 0.2 % of their gross national income (GNI) to the least developed countries.

DOMESTIC RESOURCE MOBILISATION (DRM)

is by far the largest source of development finance. Efforts to increase domestic public resources include broadening the tax base, bringing the informal sector into the formal economy and strengthening tax policy and administration. To increase domestic resources on the private side, it is necessary to develop a domestic financial sector and build a domestic savings base. An enabling environment also needs to be created for investment in sustainable development, for example by improving transparency and implementing good governance, anti-corruption measures and the rule of law. In a globalised world, however, national efforts alone may not fully realise the potential of domestic resource mobilisation. They need to be backed up by international tax cooperation that ensures a fair distribution of taxes among countries and effectively combats tax evasion and avoidance.

PRIVATE SECTOR (IN DEVELOPMENT FINANCE)

Private development finance encompasses both domestic and foreign private investment, including both equity and debt. With the exception of remittances, private finance is primarily profit oriented. However, it makes vital contributions to sustainable development. For instance, it creates jobs and increases economic growth and tax revenues – which in turn increase public development finance. The private sector can also invest directly in sectors that are relevant to achieving the Sustainable Development Goals (SDGs), such as agriculture, industry, technology, infrastructure and energy.

BLENDED FINANCE

is the practice of using public or philanthropic finance as a catalyst to mobilise private-sector investment for sustainable development. Investments that would otherwise not be viable are made less risky and more attractive through public participation. Blending can take the form of concessional loans, first-loss capital, guarantees, insurance, technical assistance funds and design stage grants. There has been great hope that billions in public funding could leverage trillions in private capital through blending techniques. So far, however, this ambition has remained a dream: Blended finance only mobilised about $ 231 billion in capital for sustainable development in developing countries between 2015 and 2024, with a negligible share going to low-income countries.

INTERNATIONAL FINANCIAL ARCHITECTURE (IFA)

is the set of international financial frameworks, rules, institutions and markets that has been put in place to ensure the stability and functioning of the global monetary and financial system. It includes the International Monetary Fund (IMF), the multilateral development banks (MDBs) and fi-

How does international money flow? Our glossary on development financing.

Illustration: D+C, AI generated

nancial standard-setters such as the Bank for International Settlements, as well as creditor groups that address sovereign debt issues, such as the Paris Club. Reforming the IFA has been a focus of the financing for development process since 2002. This includes addressing the debt crisis, facilitating greater access to sufficient MDB financing, strengthening the global financial safety net through an inclusive and responsive IMF and improving the fairness and transparency of credit rating agencies.

MULTILATERAL DEVELOPMENT BANKS (MDBS)

are international financial institutions set up by a group of countries to provide financing and expert advice in order to promote socio-economic development in low- and middle-income countries. They include the World Bank and regional development banks such as the African Development Bank. MDBs are a major source of concessional finance and have helped to finance projects in key sectors such as health, education and infrastructure. Due to their high credit ratings, MDBs can access capital from the commercial market at significantly lower interest rates than those available to most developing countries. MDB loans tend to have longer time horizons and are more likely to finance riskier projects than private investors. In addition, they provide counter-cyclical support, which means that they provide more financing during crises than they would otherwise. Collectively, the major MDBs disbursed some $ 96 billion in loans in 2022 alone.

SPECIAL DRAWING RIGHTS (SDRS)

are an interest-bearing international reserve asset created by the IMF in 1969 to help member countries in times of economic difficulty. The SDR value is based on a basket of five currencies – the dollar, the euro, the Chinese renminbi, the Japanese yen and the British pound sterling. There have only been four general allocations: in 1970-72, 1979-81, 2009 and 2021. In the most recent allocation, the IMF approved a general allocation of about SDR 456 billion, equivalent to $ 650 billion, to increase global liquidity during the Covid-19 pandemic. SDR allocations are distributed in proportion to member countries' quota shares in the IMF. However, IMF quota shares are so heavily dominated by richer countries that low-income countries have received only about $ 21 billion (3.2%) of the recent SDR allocations. Nevertheless, even these SDRs proved beneficial to LICs, while many richer countries had no need to use their allocations. To redress the unequal allocation of SDRs, richer countries have channelled or donated more than $ 100 billion of their unused SDRs to developing countries. Any country using its SDRs has to pay interest, albeit at lower rates than those available to developing countries on the commercial market.

DEBT DISTRESS AND DEBT INSOLVENCY

Borrowing is an important way for governments to finance investments in growth and development. However, it is also important for them to ensure that they can continue to service their debt – that is, to maintain a sustainable debt burden. A country is said to be in debt distress when it faces difficulties in meeting its debt obligations. Indicators include missed payments or arrears. If the situation deteriorates, a country enters debt insolvency: It cannot meet its obligations even with policy adjustments. Unlike debt distress, where repayment is still possible with external support, debt insolvency suggests that debt relief or restructuring is inevitable. According to the International Monetary Fund, by 2024, more than 50% of low-income countries were either at high risk of debt distress or already in debt distress, with 25% of middle-income countries also being at high risk.

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