



The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search

<http://ageconsearch.umn.edu>

aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

No endorsement of AgEcon Search or its fundraising activities by the author(s) of the following work or their employer(s) is intended or implied.

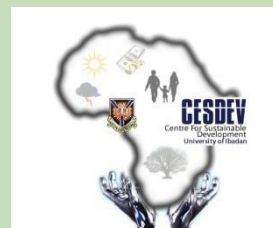
CESDEV MONOGRAPH SERIES

Achieving the Sustainable Development Goals in Africa in the Context of Complex Global Development Cooperation

Ayodele F. Odusola

August, 2017

CESDEV Issue Paper No. 2017/2



**CENTRE FOR SUSTAINABLE
DEVELOPMENT**

www.cesdev.ui.edu.ng



UNIVERSITY OF IBADAN
Ibadan, Nigeria
www.ui.edu.ng

Achieving the Sustainable Development Goals in Africa in the Context of Complex Global Development Cooperation¹

Dr. Ayodele Odusola
Chief Economist and Head of Strategy
United Nations Development Programme
Regional Bureau for Africa, New York

CESDEV Issue Paper No. 2017/2

Centre for Sustainable Development
University of Ibadan, Nigeria

August 2017

¹ Being a paper presented at the 8th Annual Ibadan Sustainable Development Summit, Ibadan, Nigeria, 22-24 August 2017. Thanks for the editorial and design work of James Neuhaus and to Ojijo Odhiambo Rogers Dhliwayo, Alka Bhatia, Yemesrach Workie, Isiyaka Sabo, James Wakiaga, Julius Chokerah, Nicholas Kipyego, and Rikke Sig Hansen for their useful feedback. All views expressed are mine and do not represent my organization's perspectives.

Achieving the Sustainable Development Goals in Africa in the
Context of Complex Global Development Cooperation

Published by:
Centre for Sustainable Development
University of Ibadan Ibadan, Nigeria

ISBN 979-978 89598-6-9

All rights reserved.

This paper is the address presented by Dr. Ayodele Odusola during the CESDEV organized Sustainable Development Policy Discourse which held at the Trenchard Hall, University of Ibadan on 22 August 2017

Dr. Ayodele Odusola is the Chief Economist and Head of the Strategy and Analysis Team for United Nations Development Programme (UNDP), Regional Bureau for Africa, New York.

© 2017 Centre for Sustainable Development University of Ibadan

TABLE OF CONTENTS

Institutional, policy, and programmatic actions to achieve the SDGs in Africa	v
1. Introduction.....	1
2. Why are the SDGs important to Africa?	4
3. Implementing the SDGs in Africa: Opportunities and challenges	10
3.1 Emerging opportunities	10
3.2 Perennial and emerging challenges.....	17
4. Emerging development cooperation and its implications on SDGs implementation.....	30
5. Towards attaining the SDGs in Africa: Emerging lessons	42
6. Key messages, summary and conclusions	64
References.....	71

LIST OF FIGURES

Figure 1. Africa still lags on the SDGs scores, but the gap is closing	9
Figure 2. Twenty-seven (27) of the 30 countries with the largest proportion of population in poverty are in Africa	18
Figure 3. Ten of the 19 most unequal countries globally are in Africa	19
Figure 4. Countries with low tolerance for corruption tend to have low level of poverty	22
Figure 5. All countries with a poverty rate of more than 50% have very high fragility index	24
Figure 6. The average SDGs spending per capita is inversely related to countries' economic capacity	33
Figure 7. Total investment needs of low income countries are huge relative to the size of their economies.....	34
Figure 8: Institutional imperatives for implementing the SDGs in Africa	44
Figure 9: Access to electricity, quality primary education, improved water sources are among critical pathways to prioritize SDGs in Africa	49
Figure 10. Good governance reduces poverty while conflict and inequality accelerate it	50

LIST OF BOXES

Box 1. The low investment in CDM in Africa is denying the continent access to development funding and clean electricity	27
Box 2. Ten principles of Global Compact	57

INSTITUTIONAL, POLICY, AND PROGRAMMATIC ACTIONS TO ACHIEVE THE SDGs IN AFRICA

Institutions

What actions can institutions take?

- 1 Demonstrate**
 - virile bureaucracy
 - opportunistic private sector
 - governance anchored on rule of law
 - citizen engagement
- 2 Spearhead a new model of African development** anchored on
 - social inclusion
 - mutual accountability
 - collaborative solidarity
 - institutional and technological innovationsthat promote **shared prosperity, people's empowerment** and a **regenerative planet**
- 3 A sustainable business model** must
 - create economic opportunities
 - address negative spillover effects
 - incorporate such factors into corporate strategies
- 4 Turn the African Union from an engine of symbolic declarations** to a powerhouse of development solutions

Policies

What policies would assist?

- 5 African countries must** identify the SDGs with the strongest multipliers – those that catalyze achieving **No Poverty, Zero Hunger, Reduced Inequalities, etc** – and integrate these multipliers into their national development plans and strategies
- 6 Africa must stop the age-old economic hemorrhage**
Africa is a net creditor to the world:
in 2015, it subsidized the rest of the world to the tune of **\$41.3 billion** while more than **40%** of Africa's people lived in poverty
- 7 Africa must learn to walk away from bad deals**
Most trade and investment agreements are inconsistent with national and continental development agendas.
Bilateral and multilateral agreements must align with priorities articulated
in national development plans, the SDGs, and Agenda 2063
- 8 Although some of the SDGs can be mutually reinforcing** (e.g. infrastructure and climate change efforts) **Africa must develop capacities to manage trade-offs and complexities** associated with implementing the SDGs
- 9 Unless counter-productive influences, such as greenhouse gas emissions and tax havens, are globally and effectively addressed through innovation and corrective taxation,** African countries will struggle to accelerate progress on the SDGs

Programmes

What programmes would help?

- 10 Strengthening national capacities** for data collection, analysis, and use
- 11 Strategically managing globalization and promoting financial stability** – because a shock in one country can create vulnerabilities in others
- 12 Information sharing and collaboration** within and between governments, the private sector, CSOs, citizens, and international development partners
- 13 Resources needed to finance the SDGs are within Africa's reach:**
Halting corruption, expanding resource mobilization, private sector financing, Diaspora funds, exporting renewable energy, and using idle foreign reserves and pension funds
- 14 Implementing the UN Agenda 2030** is synonymous with executing the African Union's Agenda 2063: alignment between the two agendas stands at nearly 90%

1. Introduction

In September 2015, the international community adopted the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) – an agenda that views human advancement as a combination and interconnectedness between economic development, social inclusion and environmental sustainability. In this regard, the Agenda sees development as a collective responsibility that addresses the interests of all nations by upholding principles of human dignity, shared prosperity and global equity. The SDGs are an action plan for people, planet, peace, prosperity and partnership that reflect the core values enshrined in the charters of the African Union and the United Nations. The Agenda focuses on the sustainability of development anchored in the interlinkages of the economic, social and environmental pillars. Its 17 Goals, 169 targets and 230 indicators reinforce the interdependence of domestic and international policymaking, which underpins the imperative of global public goods as a key strategy of continental and global development management.

The adoption of the SDGs came at an inflexion point for Africa. The resounding high economic growth of the past 15 years of about 5.0 percent, which ranked Africa as the second-fastest growing region, after Asia, had started to decline – it was put at 2.2 percent for 2016, the lowest during the period (AfDB, OECD and UNDP, 2017). A dip in international commodity prices has seriously affected growth with attendant fiscal and macroeconomic pressures. A major lesson for the implementation of SDGs is the need for Africa to learn how to successfully modernize its agriculture and structurally transform its economy through value

addition that promotes inclusive and sustainable development. Other development contexts are also challenging: the excruciating impact of climate change in the form of recurring droughts, which lead to serious food security challenges in the Sahel and Horn of Africa; the ravaging heat waves in Southern and East Africa; and a rising wave of conflicts and terrorism. These transboundary issues, among others, produce a highly difficult operating environment in Africa.

Cooperation in international development is becoming more convoluted and challenging than ever. While nations are the primary units of identity, welfare and human development are, however, influenced by trans-border global phenomena and activities of non-state actors. Global issues that are significantly shaping national and global welfare include financial crises, climate change, conflicts and security, international migration, and disease pandemics. The rising wave of globalization (whose associated costs and benefits are unevenly shared), also makes the task of increasing African countries' capacity to tackle these global challenges very daunting.

The global economic architecture is also changing quite fast with attendant effects on international cooperation and coordination. The rise of various emerging powers is changing the global governance architecture from a bipolar to a multipolar system. Countries like Brazil, Russia, India, China and South Africa (BRICS) and the growing influence of multinational companies (MNCs), foundations, transnational networks and non-state actors have become key features of the global governance system. Apart from changing the hegemonic nature of global partnerships from historical, colonial relationships, the role of such organizations as the Bretton Woods institutions and the Group of 7 largest economies (G7) is being redefined by

the rising influence of the BRICS, G20 and G77 – which has led to the establishment of such institutions as the New Development Bank and the Asian Infrastructure Investment Bank.

These shifts in dynamics are further complicated by the pace and scope of globalization, which has transformed the entire world into a borderless entity, making it very difficult to separate domestic policies from foreign ones. The interdependency of economies has made African countries more vulnerable to any given policy error or economic shocks in a foreign country. Domestic policy decisions have global repercussions. Besides, the unsustainable production and consumption systems (including greenhouse emissions associated with industrialization and urbanization) in the largest economies of the world unequivocally contribute to the rising impact of climate change in Africa – the continent that contributed to climate change the least, yet has the weakest capacity to manage its impacts.

How does this dynamically changing development context affect the implementation of SDGs in Africa? What are the emerging opportunities and challenges associated with the implementation of SDGs in Africa? What specific actions should Africa and the rest of the world take to ensure the objective of ‘leaving no one behind’ in Africa by 2030 is realized? These are some of the questions this paper will address. However, it is first important to know: why are the SDGs important to Africa?



2. Why are the SDGs important to Africa?

The SDGs provide the best global framework, which Africa can use to close gaps between its own development and the rest of the world

Africa is one of the developing regions considerably below world averages on key development outcomes and indicators, particularly those relating to levels of poverty, inequality and hunger; access to quality health and education, water and sanitation; levels of industrialization and infrastructure; access to modern energy; and progress on development of ecosystems – including climate change and biodiversity. Working towards convergence on these indicators is therefore an imperative if the goal of ‘leaving no one behind’ is to be achieved.

The SDGs are a social contract between African governments and the governed

They do not only seek equal treatment of the unequal, but also preach leaving no one behind on the development spectrum by 2030 through eradication of extreme poverty and substantial reduction of all forms of exclusion. This objective resonates with the aspirations of the African Union Agenda 2063. The objective of the SDGs is to reach the last milestone of marginalization and exclusion, arguing that the focus of development should be on marginalized people in hard-to-reach communities, on vulnerable groups like children, women and youth, on slum dwellers and on internally displaced people or victims of natural disasters – as was experienced in Sierra Leone in August 2017, when mudslides led to the deaths of more than 400 people.

Developments in Africa have a strong impact on the world's ability to achieve the SDGs

Looking back on the experience of endeavouring to achieve the MDGs, Africa shaped the dynamics of the achievements on this previous agenda. Africa's poor performance in some Goals, especially poverty, dragged down global progress. Based on this history, Africa holds the key to real progress on the SDGs over the next 14 years. It is in Africa's interest to ensure the Continent positively drives the progress of the SDGs globally, which hinges on the extent to which the international community supports the continent in shaping the contours of the development agenda in Africa. In this regard, it is in the interest of both Africa and the international community to partner, cooperate and collaborate towards the success of the 2030 Agenda in Africa.

Achieving the SDGs calls for African solidarity in driving continental progress and development

Individually isolated policies and programmes cannot address cross-boundary, continental and global challenges (such as terrorism, armed conflicts, infectious and communicable diseases such as Ebola, and climate change threats) and opportunities like regional integration, globalization, climate change adaptation, and global public goods. Goals relating to stable climate, sustainable consumption and production, global health, and peace and security, among others, require collective, coordinated actions and integrated partnerships within and outside countries – including government, CSOs, private sector, foundations and international organizations – with each leveraging its comparative advantages and strengths to

achieve synergy and better development results. The SDGs, a global agenda with national appeal, require integrated and collective actions to achieve effective implementation.

Implementing the SDGs reintroduces the imperatives of development planning towards managing development outcomes

In most African countries, development often occurs in silos – as opposed to occurring in a manner interlinked among economic, social, and the environment towards creating pathways for inclusive and sustainable development. The resurgence of development planning – after it was eclipsed by the Structural Adjustment Programmes in the 1980s and 1990s – builds on adherence to a plan-budget link anchored to result-based budgeting, which is central to implementing the SDGs in Africa. The SDGs, therefore, provide the framework for rekindling development planning as an instrument for managing national and continental development.

The varied global interests in Africa present a myriad of opportunities for Africa's unified position in implementing the SDGs

Almost all regions of the world, overtly or covertly, are interested in Africa. First, the interest of some groups hinge on the abundance of natural resources, which the groups want to maximize to invigorate their economic transformation and sustenance. Second, in the face of aging populations across developed and developing regions (Europe, Asia and Latin America), Africa is the most youthful continent – projected to contribute about 83 percent of the world's net population change by 2100. Africa's youthful population constitutes a potential asset in lubricating economies of the rest of the world,

either in the form of production or consumption (Odusola, et al, 2017a). Third, being home to about 60 percent of uncultivated arable land globally, Africa could become the powerhouse of global food security and for promoting a Clean Development Mechanism (CDM) to reduce carbon footprints (Odusola, 2014). Fourth, as the continent with the largest number of countries (e.g. 28% of UN membership), the SDGs become an important asset for political support on global issues. It is therefore in Africa's interest for its members to develop a unified position to implement the SDGs, ensuring that international cooperation and partnerships are used to maximize the promised benefits of the SDGs for Africa.

The era of the MDGs, focusing attention only on developing countries, particularly those in Africa, with limited attention to high income countries – except when allocating ODA – is over. During this era, the responsibility for implementing the MDGs was viewed as that of developing world. In contrast, the SDGs, being a universal agenda, require actions from poor and rich countries to achieve its objectives. There are multiple actions of advanced economies that weaken the ability of developing countries, especially low-income countries, to implement the SDGs. Some of these actions produce negative spillover effects on Africa's capacity to deliver on the SDGs, including: unsustainable consumption and production levels, carbon emissions, tax havens, a financial system that accepts illicit financial flows, weapons exports, restrictions on remittances, hiking of rates of remittances, restrictions to market access, currency adjustments, and unbalanced trade liberalization. Each of these actions weaken the capacity of Africa to manage its economies and deliver

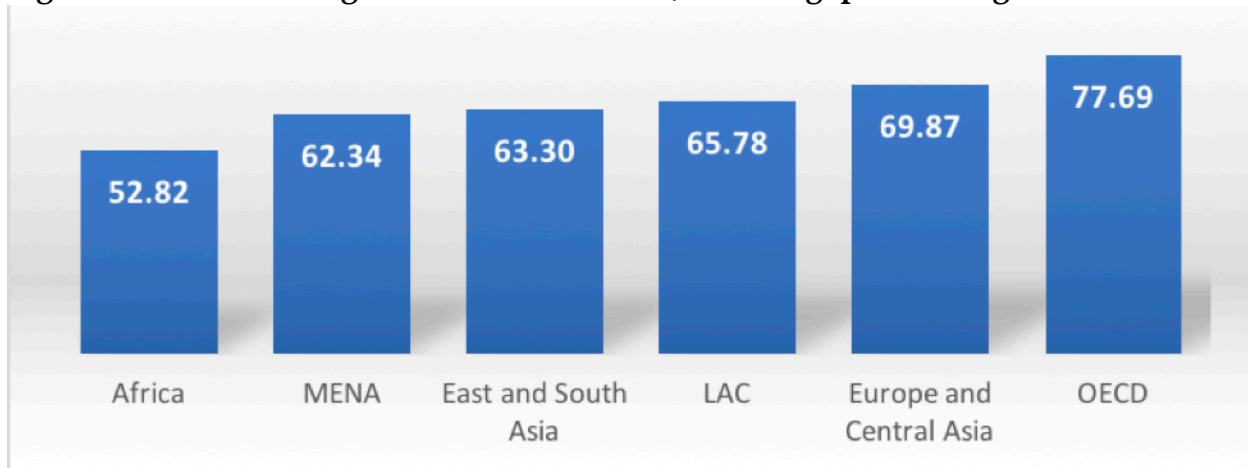
on the SDGs. Most countries, in the developed world, which generate high negative spillover effects, boast high per capita incomes and higher prospects to achieve the SDGs for themselves (BS and SDSN, 2017). The SDGs have, therefore, brought these countervailing actions of wealthy countries under global scrutiny.

Achieving the SDGs in Africa is an imperative for the global sustainable development agenda

The alignment between the global 2030 Agenda for Sustainable Development and the African Union's Agenda 2063 – by about 90 percent – also makes the SDGs central to Africa's development priorities and aspirations. In this regard, implementing the SDGs is synonymous to executing the Agenda 2063.

Bearing in mind Africa's trailblazing economic growth since 2000, one would have expected sturdy progress on the SDGs as well. Even so, progress on the SDGs is not as strong as those recorded on economic growth; Africa's progress towards achieving the SDGs still lags other regions (Figure 1). Africa is behind the OECD performance by 24.9 percentage points compared to the Middle East and North Africa (15.4), East and South Asia (14.4), Latin America and the Caribbean (11.9) and Europe and Central Asia (7.9). No African country made the list of the best 50 countries on progress towards the SDGs, but five of African countries rank among the best 100 (BS and SDSN, 2017).²

² These countries are Algeria, Tunisia, Morocco, Gabon and Egypt. Mauritius and South Africa also made 103rd and 108th positions, respectively.

Figure 1: Africa still lags on the SDGs scores, but the gap is closing

Note: MENA=Middle East and North Africa, LAC=Latin America and the Caribbean, and OECD=Organization of Economic Cooperation and Development.

Source: Author's computation from BS and SDSN (2017).

Algeria, the best performing country in Africa, is ranked 64th – having accomplished 68.8 percent of the progress, followed by Tunisia (68.7%) and Morocco (66.7%). Twenty of the 29 countries with SDGs scores between 50 and 60 percent are from Africa, while 19 of the 21 countries scoring less than 50 percent are also from the continent. The SDGs are, therefore, a call to action on sustainable development in Africa. Ensuring economic growth positively impacts social and environmental pillars commensurately should be Africa's shared vision on SDGs' implementation.

3. Implementing the SDGs in Africa: Opportunities and challenges

3.1 Emerging Opportunities

Opportunities that could help accelerate progress on the SDGs abound. However, such opportunities must be fully explored and harnessed for their impact to be maximally felt. Some of these opportunities are enumerated below.

The coming into force of the 2015 Paris Agreement and the development of associated partnerships and platforms

The Paris Agreement on climate change is a milestone of a universally and legally binding instrument requiring developed and developing countries to tackle climate change as a collective responsibility. This agreement offers a good opportunity for joint action on a global challenge. Its effectiveness is, however, dampened by the withdrawal of the United States of America from the agreement. This situation notwithstanding, the proposed EU-China-Africa trilateral cooperation in the fight against climate change is a good development in this direction. China's establishment of the South-South Cooperation Climate Fund (USD3.1 billion), focusing on Africa, provides an additional opportunity. The development of 53 African national plans on the Intended Nationally Determined Contributions (INDCs) also offers another opportunity. The UN Secretary General's Sustainable Energy for All (SE4ALL) and the establishment of Africa's Renewable Energy Initiative (AREI) by the African Union³ also serve as important platforms for generating momentum to accomplish SDG 7, on energy.

³ AREI aims at installing at least 10 gigawatts (GW) of new and additional renewable energy by 2020 and establishing the Africa Renewable Energy Institute. For more information see Demissie, A. and M. Weigel (2017).

The alignment of the global agenda with continental agenda

UNDP Regional Bureau for Africa found nearly 90 percent congruence between the African Union Agenda 2063, the 2030 Agenda for Sustainable Development, and the African Development Bank Strategic Agenda (High Fives) (UNDP, 2017). Ensuring that various regional and international initiatives on Africa are harmonized also offers a good opportunity for synergistic implementation of development actions. A good example is the (Tokyo International Conference on Africa's Development) TICAD VI and the Sixth Forum of China-Africa Cooperation (FOCAC) that pledged USD 30 billion and USD 60 billion, respectively, both of which are aligned with the SDGs and Agenda 2063. The need to ensure African development priorities guide the implementation of these partnerships is pivotal.

The establishment of inclusive global knowledge networks and institutions for knowledge creation, management and sharing to address global development challenges

These offer opportunities for implementing the SDGs in Africa and other developing regions. An example is the establishment of the Technology Bank that is seriously needed by low income countries. Created by the UN General Assembly on 23 December 2016, the Technology Bank is designed to help the least developed countries strengthen their capacities on science, technology and innovation with a view to eradicating poverty, structurally transforming economies, and building resilience as enshrined in the SDGs. Building national and regional intellectual property rights and technology transfer on voluntary and mutually agreed conditions would help facilitate

knowledge-based economies in low income countries.

The changing economic, social and political landscape is altering development management

Since the turn of the 21st Century, Africa has witnessed economic, social and political changes that shape the way the rest of the world engages with the continent. The emergence of Africa as the second fastest growing region, between 2000 and 2015, with economic growth averaging about 5.0 percent compared to the low growth and stagnation experienced in the preceding two decades – thanks to the primary commodity boom, improved macroeconomic governance and the rise of the middle class – offers good opportunities. This growth has started to yield some dividends in terms of decreases in poverty from 56.0% in 1990 to 41.0% in 2013 and the corresponding fall in income inequality (3.4 Gini points) over the same period (see Odusola et al, 2017b). Weak structural transformation, and to a substantial extent, the bypass of the industrial sector to the services sector (which is mostly informal), is one of the reasons for marginal progress in reducing poverty, inequality, and unemployment. The political landscape is also changing in Africa, with democracy and multiparty politics taking root on the continent. The socio-economic and political developments in Africa are also changing the landscape of development management, where partnerships between governments, private sector and CSOs are becoming stronger.

The African Union's huge political capital, which includes synergy associated with reaching consensus by these group of 54 countries, can drive continental development solutions around the Agenda 2063

AU's political capital is immense, but a small fraction of it is fully explored. The political momentum built

around the Campaign for the Accelerated Reduction of Maternal Mortality in Africa (CARMMA) contributed substantially to rapid progress towards MDGs 4 and 5, on child and maternal health. Despite some challenges, the Union has made tremendous impact on political development, peace and security, advocating for gender and youth, and regional integration on the continent. It focuses more on developing frameworks than on promoting development solutions. For instance, as of January 2017, the African Union has adopted more than 1500 resolutions (Kagame, 2017). This translates to an annual average of about 28 declarations. Yet, not much has been achieved on effective follow up mechanism to monitor their implementation. This keen focus on declarations while experiencing a limited ability to translate declarations into concrete development actions has led to crisis of ownership, trust and credibility – with African leaders, citizens and partners (*ibid.*). This crisis is further complicated by a fragmented structure,⁴ whose focus is so broad as to impede prioritization and an overdependence of external funding.⁵ Achieving the 2030 Agenda and Agenda 2063 calls for the Union to focus more on implementation and follow up mechanisms, using monitoring frameworks that are robust enough to translate strategies into concrete development outcomes.

⁴ As indicated in the Kagame Report, the fragmented nature of the Union hinders its ability to make decisions and to implement its resolutions. For instance, the African Union is comprised of eight Directorates, 31 Departments, 31 specialized technical agencies, and 20 High Level Committees.

⁵ For instance, between 2015 and 2017, 65.6 percent of its budget and 97.0 percent of its programmes are funded by donors. See Page 24 of Kagame Report.

Emergence of South-South Cooperation (SSC) is shaping partnerships in Africa

The emergence of non-traditional donors such as the BRICS (Brazil, Russia, India, China and South Africa), which is changing development cooperation from the hegemonic colonial pattern, is altering the development landscape on the continent.⁶ This changing partnership also infuses the private sector from these emerging countries into Africa. For instance, 90 percent of the 10,000 active Chinese companies in Africa are privately owned (African Business, 2017). This paradigm shift has also fomented a change from traditional Japanese humanitarian development assistance support to a growing commercial approach based on the engagement of the Japanese private sector in Africa. For instance, of the \$30.0 billion pledged for TICAD VI, two-thirds comes from private sector investments. This could be a good development for Africa, if the funds are directed to sectors of urgent priority to the continent, such as those that could help accelerate entrepreneurship and structural economic transformation, as opposed to the current overconcentration on the extractive sector.

The emerging trend of trade diversification in Africa, for example, is a good development in this regard. In 2015, trade between Africa and China, India, Japan and Singapore stood at \$188.0 billion, \$51.1 billion, \$24.0 billion and \$11.5 billion, respectively. The rekindling of the long-term economic relationship between Asia and Africa through China's One Belt, One Road Initiative, and the Indian and Japanese Asia-Africa

⁶ For instance, China has emerged as the largest trading partner to Africa. Since 2000, its trade with Africa has been growing at an annual average of 20.0 percent, reaching \$188.0 billion in 2015. Also with about \$35.0 billion FDI stock in Africa in 2015, China was the fourth largest investor globally behind the USA, UK and France. The strategic role of India has also improved to become the second largest trading partners (with \$51.0 billion) and the seventh largest investor with \$17.0 billion in 2015. See African Business (2017) for more information on this changing role of the Asian countries in Africa.

Growth Corridor⁷ also offers opportunity for Africa's development's prospects, if they are linked to the continent's structural economic transformation.⁸

The establishment of the European External Investment Plan, which aims to facilitate private investments through access to finance and risk-sharing in Africa and EU neighbours, could also be linked to the changing partnership landscape in Africa.

Africa must develop a collective strategy that ensures that such partnerships promote mutually balanced and beneficial trade, small scale enterprises, business services and real integration with African businesses, especially from the production side. The rising competition among these countries should be turned into an African development strategy that helps insulate African economies from the vicissitude of each of the emerging and developed countries' economies. This strategy would obviate the current development challenge, where the rest of the world has a strategy for engaging Africa, but Africa neither has any clear goal, nor strategy to engage with the rest of the world. Developing a robust strategy to productively engage African partners towards driving the structural transformation agenda of Agenda 2063 – not simply

⁷ This initiative targets four strategic areas: infrastructural improvement, people-to-people link, skill upgrading and development assistance. This initiative, if well managed, offers the opportunity to combine Japanese economic strengths (finance, supply chain efficiency, quality orientation, infrastructural development and disaster management) with India's economic fortes (developmental experience, agricultural prowess, health and pharmaceutical, and adaptable technology) (see *African Business*, 2017: p.18).

⁸ The ageing population, the rising cost of production and the slowing down of return on investment in Asia, high profitability index in Africa and the need to further integrate to the world economy in the context of globalization makes Asian countries partnership with Africa an economic imperative. The later explains why both the One Belt, One Road initiative and the Asian-African Growth Corridor are emphasizing new connectivity in the form of transport, trade facilitation and regulatory activities. In this regard, Africa should not see this as a favour. Rather, African governments should take advantage of this to effectively transform their economies.

serving as a source of primary commodities – is vital to making progress on the SDGs. Using the South-South Cooperation and the North-South partnership to drive the implementation of local content policy and structural economic transformation is critical to progress.

The rising trend of national ownership in bilateralism and multilateralism provides opportunities to deepen SDGs implementation

The national ownership focus of the Paris Declaration, Accra Action Agenda, Bussan initiative (the New Deal for Foreign Assistance) and Addis Ababa Action Agenda on aid effectiveness remain valid for Africa. The issue of national ownership, alignment with national processes, and harmonization of support and elimination of tied aid are critical to promoting beneficial development cooperation in Africa. The example of UN Delivering as One (DaO), complemented by national ownership and alignment with national processes, are relevant to all partners in Africa.

The multiplicity of sectoral support that is not aligned with budget support remains a concern in Africa. More than 85 percent of the bilateral and multilateral assistance should be integrated into the national budget support process, with clear emphasis on building capacity for sound economic and good governance. Shifting resources from multilateral to bilateral mechanisms, or shifting pledged resources around without any new commitment, is also concerning for the implementation of the SDGs in Africa.

The expansion of IDA 18 replenishment facility is highly commendable for the implementation of the SDGs in Africa. The SDGs focus is also commendable.

However, efforts to build the capacity of African governments to be able to access such funds remains critical. The United Nations System also needs such an initiative to help accelerate the implementation of the SDGs in Africa and the rest of the developing countries. More resources should be at the disposal of the United Nations and the World Bank to implement trans-border issues such as climate change, energy, food security, conflicts, and pandemics such as the Ebola Virus Disease.

3.2 Perennial and emerging challenges

Certain challenges deserve considerable attention if the continent is to accelerate progress on achieving the SDGs. These challenges include high levels of poverty and inequality, pervasive corruption, illicit financial flows, recurring cycles of conflicts, the rising wave of violent extremism, and weak data generation and management capacity. The salient features of these aspects are enumerated below.

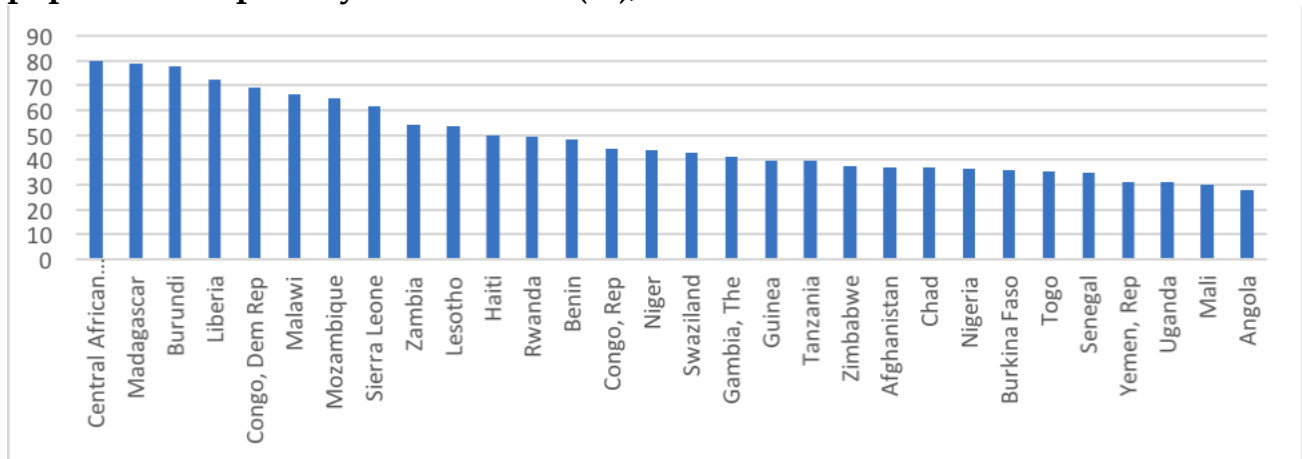
High-levels of poverty and inequality hinder continental progress

Despite the fall in poverty (\$1.90 / day) from 56.0 percent in 1990 to 41.0 percent in 2013, poverty is still endemic in Africa. All the 10 countries with over 50.0 percent of their population living in poverty are in Africa. In addition, 27 of the 30 countries with the largest proportion of population in poverty.⁹ globally are in Africa (Haiti, Afghanistan and Yemen are the only three outside the Continent) (Figure 2). This endemic nature of poverty has substantial implications on accelerating

⁹ This refers to countries where population living in poverty is more than 27.0 per cent.

progress on the achieving the SDGs in Africa. Globally, countries that are closer to eliminating poverty are most likely to achieve all other SDGs faster than those that have large proportions of their population living in poverty. This is evident in the correlation indexes of 0.752 (Africa) and 0.775 (world) between the SDGs scores and progress towards achieving the poverty goal. The high-level of poverty in Africa is therefore an impediment to accelerating progress on all other SDGs in Africa.

Figure 2: Twenty-seven (27) of the 30 countries with the largest proportion of population in poverty are in Africa (%), 2016

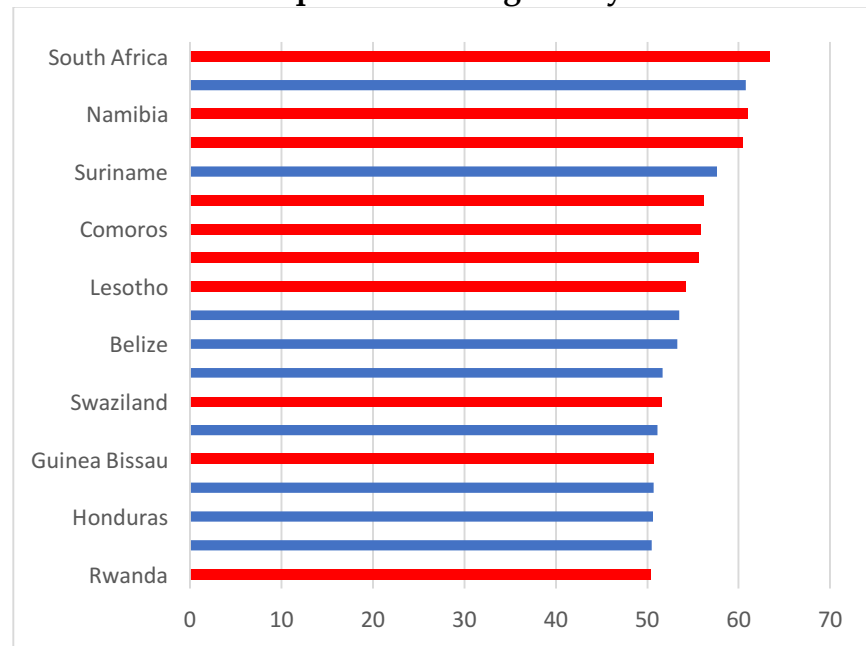


Source: Author's computation from BS and SDSN (2017, p. 389).

High income inequality is a key factor that explains the low poverty-reducing power of growth in Africa (Odusola et al, 2017b). Africa remains one of the most unequal regions, globally, with 10 of the 19 most unequal countries residing on the continent (Figure 3). Six of these 10 countries are from the Southern African region. And South Africa, itself, with a Gini of 0.634, is the most unequal country in the world. Inequality is driven by lopsided economic structures, proxied by a dichotomy between formal and informal economies;

overconcentration of national assets including land, economic and social infrastructures, and economic opportunities; a weak distributive capacity of the state in terms of regressive taxation; and inefficient and untargeted social protections, among other factors.

Figure 3. Ten of the 19 most unequal countries globally are in Africa



Source: Odusola (2017a).

Inequality is a global phenomenon – not peculiar to Africa. As pointed out in Wealth-X (2017), only 226,450 ultra-wealthy individuals owned \$27.035 trillion in 2016. This reality indicates that 0.0031 percent of the world population owned 22.5 percent of the world income in 2016. These ultra-wealthy people are

concentrated in North America, Europe and Asia.¹⁰ This statistic confirms an Oxfam (2016) conclusion that the world economy has been captured by the richest 1 per cent of the world population, with 46 per cent of the total growth in global income between 1998 and 2011 going to the top 10 per cent; in 2016 alone, just 62 individuals had the same wealth as 3.6 billion people – the bottom half of humanity. The lopsidedness of wealth between regions and countries could serve as a major impediment to addressing the endemic nature of poverty in Africa, given that the resources needed to address poverty seem to be concentrated where poverty is least endemic. Generating adequate, decent jobs, having access to quality education, healthcare, and living in decent houses, among others, would require redistribution of the world resources to Africa in the form of ODA, concessional loans, FDIs and remittances, to mention a few.

The high-level of corruption and illicit financial flows impedes progress

Corruption is very high and endemic in Africa; it has been linked to horrendous economic hemorrhages. The best performing African country on the Corruption Perception Index in 2015 (Botswana) was ranked 28th globally, while only six countries in Africa are ranked among the best 50 countries (Botswana, Cabo Verde, Seychelles, Rwanda, Mauritius and Namibia). However, eight of the world's 20 worst rated countries are African (including Somalia, South Sudan, Angola, Libya, Guinea-Bissau, Eritrea, Zimbabwe and Burundi). Corruption is a multi-headed problem that impedes development through multiple channels: it robs society

¹⁰ The largest concentration is in North America with 36%, followed by Europe (28%) and Asia (26%). The share of others are: Middle East (4%), Latin America and the Caribbean (3%) and Africa and the Pacific (1% each). See Wealth-X (2017) for detailed analysis of the concentration of the world's wealth.

of deserved tax revenues, discourages national savings and investment, undermines social values and cohesion, and erodes government legitimacy. Evidence from Figure 4 reveals the negative impact of corruption on development through its inverse relationship with poverty. In fact, corruption destroys the economic, social and institutional foundation of African societies. Most of the least corrupt countries have the lowest levels of poverty in Africa.

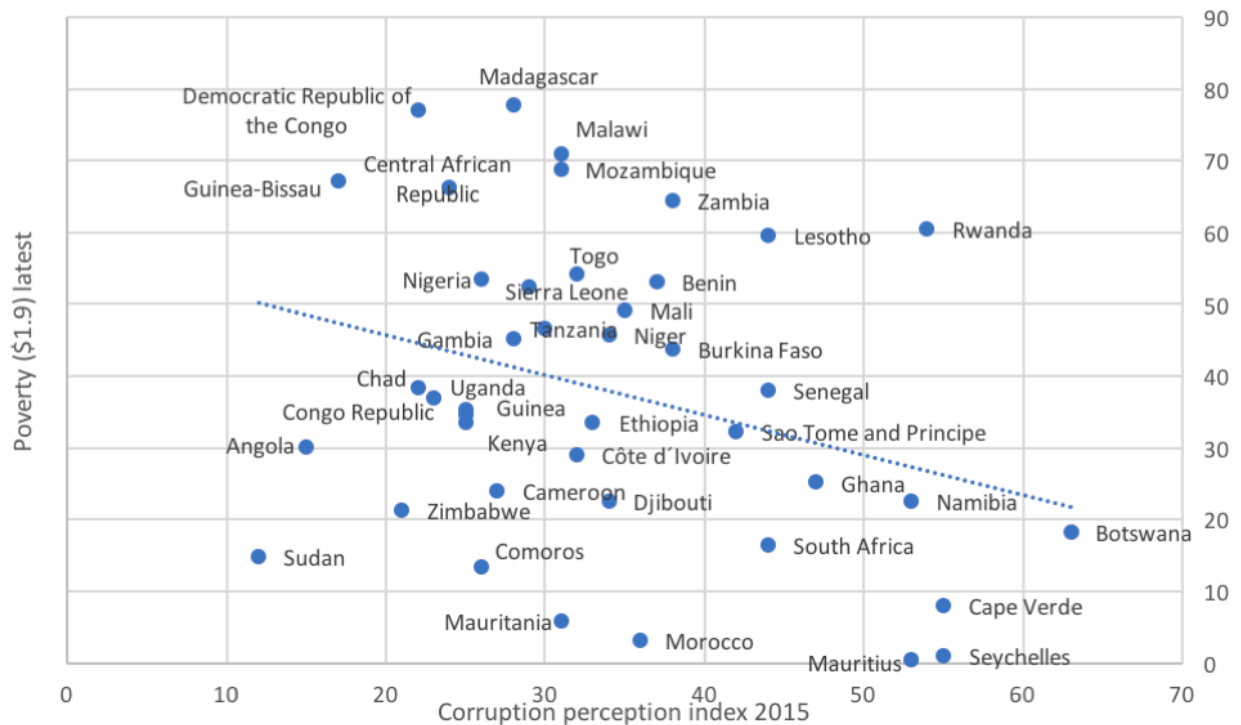
In this regard, achieving the objective of eradicating extreme poverty and leaving no one behind by 2030 will be difficult if corruption is not seriously tackled. This includes appropriate remuneration of public servants; ensure open, transparent public financial management; cut red-tapism through smart technology; institutionalize penal and reward systems on infractions or exemplary actions. Others include to end the culture of impunity, empower citizens to hold government accountable and commit global efforts to anti-money laundering.

The report of the High-Level Panel on Illicit Financial Flows from Africa, chaired by former President Thabo Mbeki, concluded that, each year, an average of \$50.0 billion to \$60.0 billion leaves Africa in the form of illicit financial flows (IFFs) (ECA, 2015)¹¹. As argued by the panel, key drivers of IFFs in Africa include: poor governance, weak regulatory structures, double taxation agreements, unnecessary tax incentives, undue dependence on the extractive sector, financial secrecy or tax havens, and incomplete global architecture for tackling IFFs. IFFs lead to massive losses

¹¹ The top 10 African countries by cumulative IFIs (1970-2008) are: Nigeria, Egypt, South Africa, Morocco, Angola, Algeria, Cote d'Ivoire, Sudan, Ethiopia and Congo Republic (See ECA, 2015).

of revenues and investment, undermines state institutions and weakens rule of laws, among other negative development impacts.

Figure 4. Countries with low tolerance for corruption tend to have low level of poverty



The recurring cycle of conflicts and the rising wave of violent extremism could impede progress on the SDGs

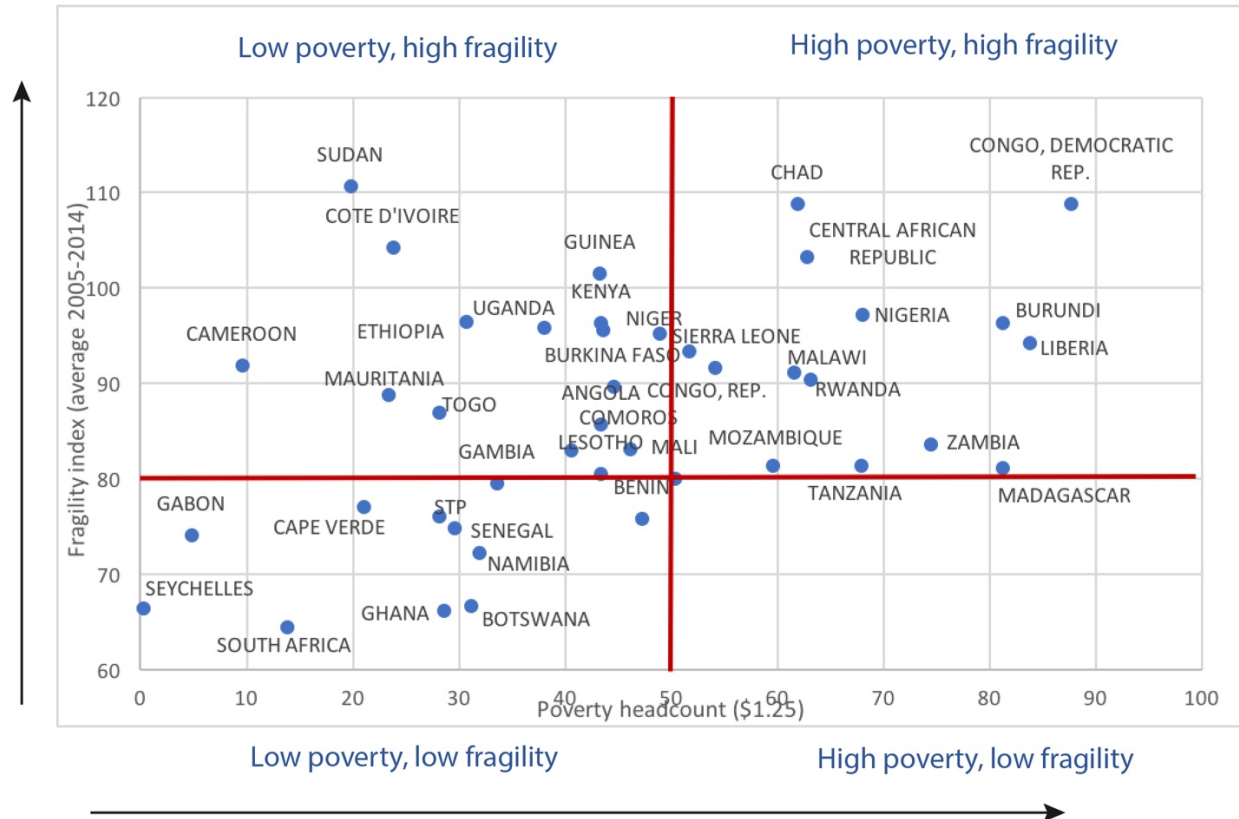
Africa is prone to conflicts - with 11 of the world's top 20 countries with the highest likelihood of conflict located on the continent. It is important to note, however, that the intensity of conflict is falling. For instance, SSA accounted for 55.0 per cent of the world's conflicts in 2002, but this figure declined to 24.0 per cent in 2011 (Odusola, et al, 2017c). This notwithstanding, conflict and fragility remains a grave concern in Africa

with 71.0 percent of countries categorized as alert, high alert, and very high alert. The rising wave of violent extremism such as Boko Haram, Al Shabab and the Movement for Unity and Jihad in West Africa, to mention a few, is complicating the security situation in Africa.

The cyclical relationship between conflicts, poverty and governance could derail any government from effectively implementing a serious development agenda.¹² Conflicts and fragility reduce a country's capacity to produce enhanced development outcomes while low development, as manifested in ungoverned states, breeds tension, conflicts and violent conflicts. Countries entrenched in violent conflicts were unable to make any considerable progress on the MDGs. Figure 5 provides a good example of the positive correlation between fragility index and poverty rates in Africa. The most intriguing part of conflict is its trans-border effects.

¹² See World Bank (2011) for more information on conflict, security and development globally.

Figure 5: All countries with a poverty rate of more than 50% have very high fragility index



Source: Odusola, et al (2017c)

Apart from serving as the breeding spots for violent crimes and extremism for neighbouring countries, it creates refugee camps that crowd out their development resources. The refugee camps in Cameroon, Kenya, Rwanda, Tanzania and Uganda, for examples, are mostly from their neighbours. Providing for the needs of these refugees and integrating them into host communities is resource-intensive, which diverts from the SDGs the resources needed for effective implementation. Conflicts and violent extremism, to a considerable extent, create spillover effects that hinder

neighbouring countries' capacities to implement development programmes with necessary resources. Reconstruction and recovery in the primary countries also drain development resources that could have been used to support implementation of the SDGs in the absence of conflicts.

The data requirement of the SDGs surpasses the capacity of many developing countries

Developing strong statistical systems that can effectively measure progress on the SDGs, across the 169 targets and 230 indicators, could be challenging even for several advanced countries – not to mention most of the African countries. A report of the UN Sustainable Development Knowledge Platform (UN, 2015) estimated that a total of US\$1 billion per annum will be required to enable 77 of the world's lower-income countries to catch-up and put in place statistical systems capable of supporting and measuring the SDGs. This will require substantial support from donors to low income countries, which the report estimated to be about \$300.0 million in addition to other forms of ODA. Whoever controls the statistics dictates the narratives. In this regard, African countries must also commit to fill the gap by mobilizing domestic resources for the development of statistics.

The data requirement for the SDGs is beyond the traditional sources of statistics. The role of data revolution becomes ineluctable. The unprecedented rate of innovation in data collection techniques and technologies and the capacity to distribute data widely and freely has expanded the horizon of possibility (UN, 2015). The lack of quality data to inform evidence-based policymaking could be costly, particularly as it relates

to avoidable wastages, gross inefficiency, missed opportunities and early warning signals. Implementing the SDGs, therefore, calls for heavy investments in strengthening statistical capacity in African countries including data collection and management, integrating SDGs indicators into national statistical systems, promoting evidence-based policymaking, and institutionalizing regular and rigorous monitoring of the SDGs at sub-national, national, regional and continental levels.

African governments' capacity to manage trade-offs associated with the SDGs is limited

While the MDG era focused on maximizing synergies, the SDGs era is characterized by the ability to manage trade-offs and complexities. However, capacity of African governments to manage this is a challenge. For instance, although sustainable development and climate change agendas can be mutually reinforcing, they could however generate trade-offs that counter other relevant SDG targets. A good example is the implementation of the Clean Development Mechanism (CDM) (especially protected areas, forestry and renewable energy) that could threaten local livelihoods due to restricted access to natural resources and displacement. Managing these trade-offs and developing innovative ways of minimizing them are crucial. These management strategies may include establishing strong continental and global safeguards and appeal mechanisms; developing enhanced sustainable development impact criteria, indicators and reporting; guaranteeing the involvement of heavily affected people; and developing value for money criteria for project identification and selection to avoid a 'race to the bottom' between high quality activities and low abatement-cost activities. Establishing multipliers is therefore central to managing

trade-offs and complexities in Africa. See Box 1 for Africa's potential of using CDM to accelerate SDGs implementation.

Box 1: The low investment in CDM in Africa is denying the continent access to development funding and clean electricity

Carbon financing mechanisms such as the Clean Development Mechanism (CDM) are important strategies for developing a carbon market, financing African infrastructure and implementing the SDGs in Africa. The implementation of CDM projects in Sub-Saharan Africa (SSA) excessively lags other regions because of the premise that the region contributes very little to global greenhouse gas emissions. This erroneously presents SSA as a region that offers few opportunities to reduce these emissions. On the contrary, several studies have found this to be untrue. For instance, Timilsina et al (2010) find that the region could develop 3,227 CDM projects, which could reduce approximately 9.8 billion tons of GHG emissions during the CDM project cycles. This could attract more than US\$200 billion in investment that could generate US\$98 billion of CDM revenues and has the potential to double the supply of clean electricity.

Despite this potential, the implementation of CDM in SSA is still very limited and mostly constrained by financial, technical, regulatory and institutional bottlenecks. For instance, Africa accounts for less than two percent of over 2,060 registered CDM projects in 63 countries globally – rising from 42 in 2007 to 122 in 2010 (Gordon, 2010). Even when the number of registered or intended to be registered projects rose to 4,832 in 2012 (Spalding-Fecher, et al, 2012), SSA's share has not changed. Globally, large-scale renewable power is the largest CDM project category (e.g. wind, hydropower and biogas). CDM accounted for more than 110,000 MW of renewable electricity capacity over 2002-2011 period, which is roughly the total power generation capacity of Africa. Yet, more than 90 percent of this renewable electricity capacity is in five countries: China, India, Brazil, Vietnam and Mexico (Spalding-Fecher et al, 2012) – not even one in Africa. This is very concerning because the use of CDM to generate electricity includes substantial investments in natural gas (27,000 MW), high-efficiency coal (16,000 MW), and waste heat and waste gases (6,000 MW) (Ibid), resources that are in large quantity in Africa. This limits the capacity to enhance the efficiency of fossil fuel production, thereby limiting possibilities for technology transfer.

Deepening CDM implementation in Africa needs strong institutional capacity, reduction in transaction costs and making seed funds available for CDM. Simplification of CDM rules is key to accelerating access to CDM for African countries. Building a technology transfer requirement into CDM activities in Africa is vital for it to drive SDG implementation on the continent.

The non-alignment of interests between African governments and foreign land investors make land grab an impediment to achieving the SDGs in Africa

Land is an important asset that needs to be fully explored to achieve the last miles of the 2030 Agenda. Apart from using land as a factor of production with substantial impact on Goals 1, 2, 5 and 10, it is also an environmental resource with strong bearing on Goals 11 to 15. Specifically, land is an important driver of income inequality in Africa. While Africa accounts for 60 percent of the global arable but uncultivated land, rural poverty remains endemic on the continent. In 2015, about 62 percent of SSA lived in rural areas, while rural poverty affects more than 60 per cent of the population in 17 countries; rural poverty affects between 50 and 60 per cent in 14 countries and more than 80 percent in such countries as Zimbabwe and Madagascar (Odusola, 2017b).

In the urge to address this development challenge and use land as the springboard for economic transformation, many African governments have been attracting foreign investors into African land resources. For instance, as of 2012, out of the 1,217 publicly reported land deals for foreign investors, 62 per cent took place on the continent. This translates to 56.2 million hectares for Africa, 17.7 million for Asia and 7.0 million for Latin America (Odusola, 2014). This corresponds to 4.8 percent of Africa's total agricultural area, compared to 1.1 per cent and 1.2 percent for Asia and Latin America, respectively. The volume of foreign land acquired in Africa is almost equivalent to the landmass of Madagascar, or Kenya, or Botswana. Out of 11 countries accounting for 70 percent of the targeted lands, 7 are from Africa.¹³

¹³ Countries heavily targeted in Africa are Democratic Republic of the Congo, Ethiopia, Madagascar, Mozambique, Sudan, Tanzania and Zambia (see Odusola, 2014).

The divergent interest between African governments (raising productivity, increasing food supply, reducing poverty and expanding livelihoods) and foreign investors (increasing investors' countries supply chains, meeting demand for bio-fuels in their countries, and mineral resource exploitation for transforming their economies) remains a critical development challenge associated to land grabs in Africa. There have been complaints about low or non-compensation for acquired land, displacement of traditional occupants, violation of traditional land rights, pressure on land and water resources, and low access to quality farmlands by poor farmers and households. All these tend to deepen poverty and inequality in Africa, particularly when land concentration is known to be an important driver of income inequality. Enhancing the wellbeing of the lowest 40 percentiles of the African population would therefore depend on poor farmers' access to land and efficient utilization of land resources for enhanced productivity, economic diversification and environmental services.



4. Emerging development cooperation and its implications on SDGs implementation

The SDGs are universal goals with national appeal. Even when African leaders creditably discharge their function, the SDGs may not be achieved. The universal element of the SDGs and the interdependency of the global economies make the achievement of the 2030 Agenda for Sustainable Development in Africa dependent on the extent to which the rest of the world is ready to cooperate with the continent and how African governments effectively manage such cooperation and partnerships. Pertinent aspects of development cooperation in Africa that could accelerate or weaken SDGs achievement on the continent are enumerated below.

Absence of a coherent and integrated coordination in a deeply fragmented system – both at national and global levels – remains a weighty impediment

The implementation of SDGs requires cooperation and collaboration among actors. But national and international cooperation is so fragmented to the extent that actors often work at cross purposes rather than in complementarity and synergy. At the national level, various ministries, departments and agencies (MDAs) do not carry each other along on development policies and programmes to the extent that their efforts become counter-productive. For instance, the Ministry of Water Resources starts laying water pipes six months after the Ministry of Communications completed laying communication backbone cables – an action that was undertaken a year after the Ministry of Public Works completed expansion of old roads that the Ministry of Environment planted canopy walkways five years before the roads were expanded – a development

leading to multiple destruction of existing infrastructure and assets due to poor coordination. This is even more complex in a federal system like Ethiopia, Nigeria and South Africa, where the activities of local, state/provincial and federal governments may not be symmetrically aligned and seamlessly coordinated.

The fragmentation of international cooperation is even more complex. There are so many bilateral and multilateral agreements the rest of the world has made with African countries that may not be in harmony with several parts of the 2030 Agenda for Sustainable Development. Even among international entities, the proliferation of global programmes and cooperation mechanisms has increased the complexity of international cooperation. Besides, the existing global economic architectures are not aligned with the SDGs. The architecture of the global economic governance system (e.g. the World Bank, the IMF, and WTO) should be aligned with the SDGs. These are calling for urgent reform to be in sync with the SDGs. While IDA 18 Replenishment fund is a proactive gesture from the World Bank Group, the need to ensure global trade policies do not impede elimination of poverty and reduction of income inequality in Africa calls for the reform of the World Trade Organization (WTO). The reformed WTO must have simple and generous rule of origin for African countries and must support African continental free trade initiatives.

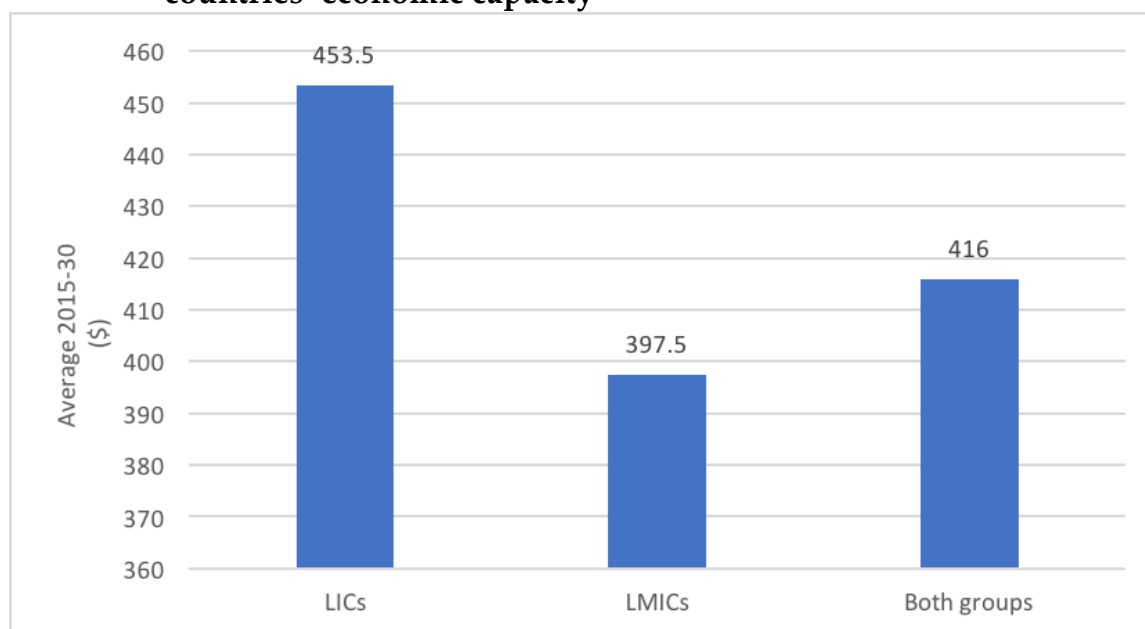
SDGs' financial requirement is huge; while globally achievable, it is beyond the reach of low income countries. But with strong national commitment and unalloyed support from the international community it is achievable in Africa, too.

Given the experience of the past 15 years in the implementation of the MDGs, the key question is: how can Africa finance the implementation and monitoring of a much more ambitious SDG agenda? There are diverging views about the cost of financing implementation of the SDGs. The Sustainable Development Solution Network (2015) puts the annual cost at \$1.4 trillion¹⁴ while the DFI and Oxfam (2015) estimated it to be \$1.5 trillion – both at market prices. UNCTAD estimated it to range between \$3.3 –\$4.5 trillion; at the current level of investment, this leaves a funding gap of \$2.5 trillion per year (UNDG, 2017). The 69 IBRD countries need between \$26.5 and \$27.6 billion to produce SDGs indicators (Global Partnership for Sustainable Development Data, 2016). An important lesson is that the cost of achieving multi-dimensionality and complexity of the SDGs is huge. The preliminary estimation from SDSN (2015) put the incremental cost of funding the SDGs in LICs and LMICs to be equivalent of 11.5% of their GDP in market prices – with about 55.0-61.0% of the resources expected to come from public sources (national and international) while the balance comes from the private sector (local and foreign).

While the financial capacity of developing countries to implement the SDGs is very limited, especially for low-income countries, the potential capacity of the world to mobilize the needed resources is huge – and the SDGs are affordable globally. Given the level of development and related needs, per capita SDGs spending is inversely related to countries' financial capacities (Figures 6 and 7).

¹⁴ It is important to note that this is not a holistic estimation; it excludes investment such as social protection, large scale water infrastructure, and climate change adaptation and mitigation.

Figure 6: The average SDGs spending per capita is inversely related to countries' economic capacity

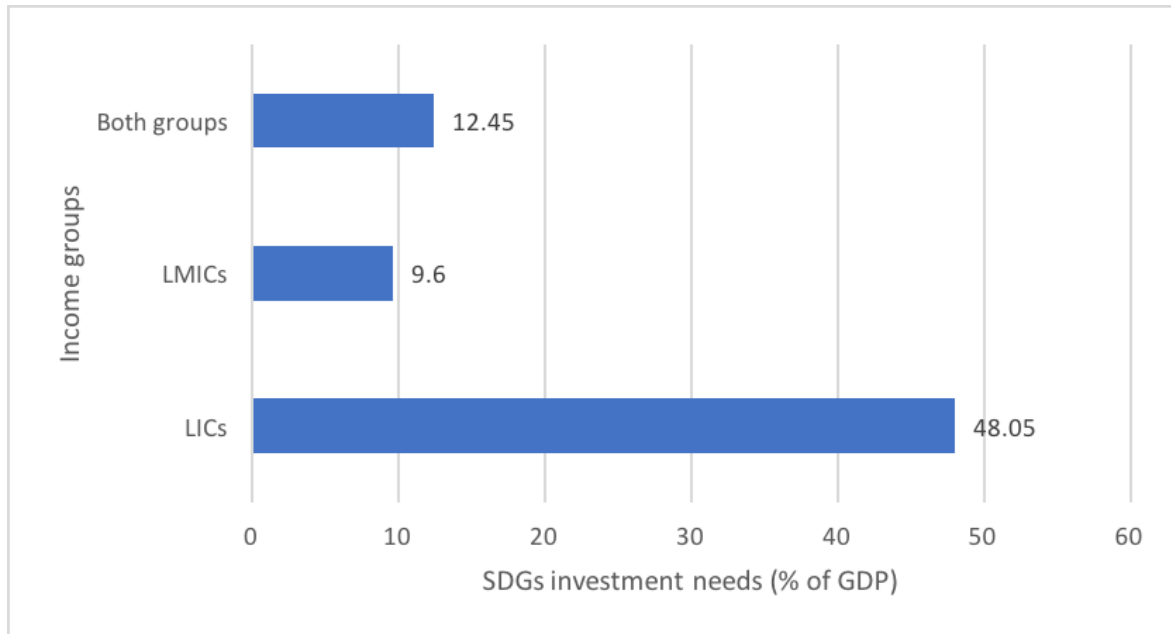


Source: Computed and compiled by author from SDSN (2015), pages 104 - 107.

With strong commitments to stop illicit financial flows, end ubiquitous tax havens, harness pension funds, use remittances productively, and harness innovative financing mechanisms such as carbon tax, bunker fuels, air travels, currency and financial transactions, mobilizing resources to achieve the SDGs is possible. Several studies have observed that this is achievable (e.g. DFI and Oxfam, 2015). For instance, on concessional international public finance, about one trillion USD could be mobilized. A commitment to the implementation of the 0.71 GNI of DAC ODA alone, could raise ODA from about \$150.0 billion to about \$400.0 billion. When concessional funding from South-

South Cooperation is fully mobilized, it could generate as much as \$85 billion annually. When the 0.7 GNI is extended to all high-income countries, the result could be phenomenal. The potential from innovative financial mechanisms could also generate as much as \$550 billion.¹⁵

Figure 7: The total investment needs of low income countries are huge relative to the size of their economies



Source: Computed and compiled by author from SDSN (2015), pages 104 - 107.

Mobilizing adequate resources globally in the context of limited capacity (low-income and lower-middle income) countries is not automatic: it requires adjustment at the global and national levels. A recent study (GFI, 2017) estimated the global illicit financial

¹⁵ This includes between \$250.0-300.0 billion from carbon tax, bunker fuels and air travel; \$100.0-150.0 billion from currency and financial transactions; and at least \$100.0 billion from issuance of IMF's Special Drawing Rights, among others (DFI and Oxfam, 2015).

flows (to and from developing countries) to be between \$2.0 to 3.5 trillion in 2014. This is more than what UNCTAD estimated as the SDGs financing gap (\$2.5 trillion), based on current investment. ODA must focus on countries in special needs such as the least developing countries, small developing island states and countries in fragile situations. More than three quarters of ODA should go to countries belonging to these groups and more than four-fifths must be dedicated to government budgets, provided that an accountable and effective tracking system is in place. Accountability and predictability of ODA allocation are important.

Mobilizing adequate domestic resources in Africa is key. But this cannot be achieved without staunch support from the international community. This calls for:

(i) Strong and effective tax systems that promote equity and state building (fiscal responsiveness and citizenship); this can only happen when there are: strong political commitments to tax reforms; coherent revenue strategies; strong coordination on tax matters within and across stakeholders; regional collaboration and more roles given to developing countries in setting tax norms.

(ii) Deepening international cooperation on tax issues: The rising collaboration between the UN and the OECD on tax matters is commendable. Strengthened partnerships on norm setting, oversights, policy analysis and capacity building is central to boosting domestic resource mobilization in Africa. The establishment of the Platform for Collaboration on Tax (PCT) and the Addis Tax Initiative is novel and should

be strengthened.

(iii) The urgent need to overhaul global tax rules, especially those of G20 and OECD tax initiatives; among other issues requiring urgent attention are: allocating tax rights primarily to countries from which raw materials originated; redesigning tax treaties; reducing tax exemptions, and reinforcing UN Tax Committee.

(iv) The scaling up of the Tax Inspectorate Without Borders: The UNDP and OECD jointly launched this initiative in July 2015 aimed at working with countries to build their tax audit capacity – particularly in curbing tax avoidance and evasion of multilateral corporations. This initiative is helping countries to address base erosion and profit shifting (BEPS) actions in 25 countries in Africa, Asia, Eastern Europe, and Latin America. This has led to about \$328 million increase in tax collections.¹⁶ Scaling up this initiative and broadening participation through the involvement of more international organizations would help bridge tax capacity gaps in Africa.

The new sources of financing are altering the financial structure for funding development initiatives

The landscape of development financing has been changing since the beginning of the 21st Century. For instance, private capital flows to developing countries rose from less than \$600.0 billion in 2005 to more than \$1.0 trillion in 2013. The bulk of this private capital flow goes to middle income countries while low income countries are orphans of private capital flows. As a result, low income countries relied heavily on ODA.

Other risks associated with the rise in capital flows abound. The short-term orientation of private funding is at variance to the long-term dimension of the

¹⁶ See Briefing Note on Tax Inspectors Without Borders

SDGs. This fund mismatch will require debt restructuring which could be more expensive and could complicate SDGs financing at a later stage. Several countries have started experiencing high debt-GDP ratio and rising cost of debt servicing that could jeopardize growth prospects and SDGs implementation.¹⁷ Evidence from DFI and Oxfam (2015) observed that the rise in debt services crowded-out MDGs spending in 21 of the 66 countries examined – with debt services rising to about 40% of the budget while spending on the MDGs was just 25%.

In a similar vein, most developing countries have access to private funding because of the global financial crisis that reduced long term yields in advanced countries. When this condition improves, access to more private capital may be restricted. As further argued by Bordon and Schmitz (2015), when economic situations in advanced countries improve, which can lead to a rise in foreign interest rates and depreciation of local currencies (especially in Africa), the cost of financing could be badly affected – with a militating impact on SDG financing in low-income countries – thereby making economies more vulnerable (*ibid*). This is further complicated by thin financial markets in Africa, which could further expose the financial system to the political risks associated with high leverage of national governments. The long-term orientation of the SDGs makes grants and concessional financing more

¹⁷ Since the bust in primary commodity prices in the last quarter of 2013, public debt-GDP ratios have risen sharply. It increased by more than 10 percentage points between 2014 and 2016 in commodity exporters such as Angola, Mozambique, Republic of Congo, and Zambia and in such commodity importers as Burundi, Ethiopia. For instance, the debt levels rose sharply to 125 percent of GDP in 2016 in Mozambique. On average, in SSA, debt servicing costs have risen but remain sustainable for most countries. However, Nigeria is an outlier with the federal government's interest-to-revenue ratio rising from 33 percent in 2015 to 59 percent in 2016 (World Bank, 2017).

appealing to developing countries. For countries to successfully reduce their exposure, a mixture of financing sources is desirable to finance the SDGs – domestic resource mobilization, public, private and innovative financing mechanisms – blended financing.

Achieving the SDGs in the context of the changing partnership also calls for some caution: the rise of the emerging global South should not be a replacement for the cooperation with the global North. Rather, complementarity should be developed between the North and the South – based on comparative advantages. The expanding partnership with emerging economies is a good development. However, the rising trend of over-concentration of bilateral trade among emerging economies, for instance, is an issue that must be handled with caution to avoid unnecessary exposure and vulnerability of African economies.

The traditional business models in Africa, though improving, are unsustainable for achieving the SDGs

Markets, states and other non-state actors have strong roles to play in accelerating the achievement of the SDGs. But a compartmentalized role, where an absolute profit objective is the only goal of the private sector, is antithetical to realizing the SDGs. Starting from the MDGs era, some businesses have started to grasp the relationship between social goals, commercial successes, and sustainability. This explains why some businesses have started to promote impact investment and corporate social responsibilities that are anchored on giving back to the society some of the proceeds of their investments. Globally, the activities of the oil companies are still far from being a sustainable one. Sustainable business¹⁸ is therefore gaining currency in

¹⁸ Sustainable business minimizes negative impact of their investments on the local environment, community, society and economy by promoting inclusiveness, committing to

the continent. Businesses have now realized that contributing to environmental degradation and to the exclusion of the marginalized from their activities are not sustainable.

Africa's success on the SDGs will depend on the G20 willingness to transform its economic global powerhouse to become the guardian of global wellbeing

The G20, as it stands today, strengthens the cohesion of the global system by promoting common problem-solving and mobilizing global political will on global economic issues, especially the Financial Stability Board, and the urge to limit corporate tax evasion through 'base erosion and profit sharing'. Even so, these economic and political weights are yet to be fully directed at promoting the global well-being, particularly regarding the implementation of the SDGs. And as argued by Makokera (2016) and, Fues and Messner (2016), the SDGs cannot be achieved in low- and middle-income countries without strong commitment, integrated support and coherent actions from the G20. Apart from committing to comprehensive reports to the United Nations High-Level Political Forum (UN-HLPF), they need to align their bilateral partnerships around the SDGs and enjoin multilateral financial institutions to work in full coherence with the 2030 Agenda. The urgent need to establish a unified framework for multinational companies and multilateral financial institutions to adhere to social and environmental standards as well as corporate governance is also critical. Promoting international

human rights policies and respecting environmental principles. For instance, on inclusiveness, the marginalized and the poor are viewed as not only mere consumers but also as producers and beneficiaries of their investment actions.

trade, investment and finance regimes that prod private businesses and individual citizens towards sustainable consumption and production pathways is also needed from the G20.

The rise of populism across the world is a threat to the global agenda

The overarching objective of the SDGs is leaving no one behind by 2030 – an objective that is underpinned by collective efforts and collaboration in the implementation of the Agenda. The SDGs, therefore, view respect for rights as the basis for freer, safer, and more prosperous societies. The feeling of being left behind by technological change, growing inequality, the bailing out of elite at the expense of the poor during the 2007-2008 financial crisis, and being affected by rising terrorism are leading to a situation where mounting public discontent is overriding the status quo (HRW, 2017) and impeding the growth of a welfarist, compassionate, and tolerant world. This is generating uneasiness in societies that have become more ethnically, religiously and racially diverse like the United States of America, South Africa and Europe.

The rising trend of nativism, xenophobia, racism, and Islamophobia has displaced the assumption of steady global integration and collaboration. And it is leading some people to become marginalized in societies where they were born or lived for decades. This rise of populism is undermining government's institutional capacity to defend the rights of refugees, immigrants and minorities, and their communities, thereby leading to selective enforcement of rights and breaches of basic principles of human rights, dignity and equality (HRW, 2017). The recurring xenophobic attacks in South Africa, anti-immigrants campaign in Europe and the 'White Supremacy campaign' in the

United States of America are good examples of human rights violations that are threatening the implementation and the achievement of each of the SDGs across the globe.

Incidentally, these are societies that contributed immensely to promoting diversity as a tool for global development in the past. Ensuring they continue to play this unique role is vital to achieving the SDGs globally.

Negative spillover effects from the rest of the world impede SDG progress in Africa

There are some actions imbedded in international trade, global financial and fiscal instruments, international supply chains, transboundary resource use, and the use of the global commons that generate negative development impacts on African countries. Some of these actions include: unsustainable consumption and production levels, carbon emissions, tax havens, a financial system that accepts illicit financial flows, weapons exports, restrictions on remittances and hiking of rates of remittances, restrictions to market access, currency adjustments, and trade liberalization. Most countries in the developed world, which generate high negative spillover effects, boast high per capita incomes and higher prospects to achieve the SDGs for themselves (BS and SDSN, 2017). The success on the achievement of the SDGs will depend essentially on African governments' knowledge and capacity to management these issues.

5. Towards attaining the SDGs in Africa: Emerging lessons

The SDGs would remain a still birth in many LDCs, LLDCs, SIDS and countries in fragile situations unless something serious is done at national, regional and global levels. A business-as-usual approach will not work. This will require substantial improvements in national policies, significant improvement in international cooperation, and extensive mobilization of public and private sector resources to finance the SDGs.

Policy and institutional environment must be conducive, consistent and coherent to maximize synergies and minimize trade-offs across the SDGs. The formulation, implementation and tracking of SDGs in Africa requires creating strong alliances among various development actors – government, private sector, CSOs, citizens and the international community.

Some of the critical actions needed for accelerated progress on the SDGs on the continent are examined below.

Africa must develop the right institutions to implement the SDGs in a more results-oriented manner

It is vital to develop sustainable institutional frameworks that help mainstream the SDGs into national development plans, implement and monitor national budgets and plans more efficiently and effectively. The way plans and budgets are implemented in Africa does not portend excellent prospects for the implementation of the SDGs.

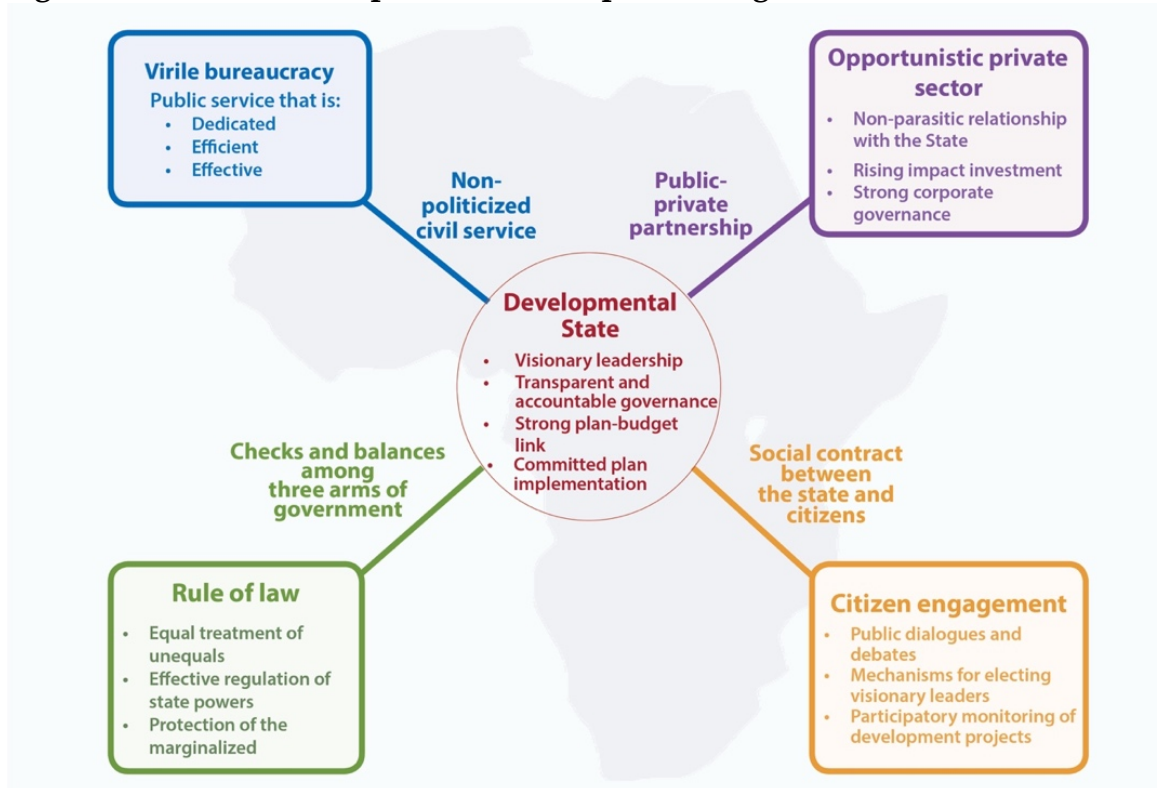
Some institutional desiderata in development management abound. These are provided in Figure 8. These required actions are stand-alone and interactive, demanding urgent actions from all – governments (the three arms of government – executive, legislative, and

judiciary of government), private sector actors, citizens and other partners. The stand-alone actions are: (1) **developmental states** anchored on visionary leadership, transparent and accountable governance and adherence to plan-budget implementation; (2) **virile bureaucracy** characterized by dedicated, efficient and effective public service management; (3) **opportunistic private sector** that is non-parasitic, promotes impact investment and values corporate governance; (4) **rule of law** that adheres to equal treatment of the unequal and promotes effective regulation of state powers; and (5) **citizen engagement** that promotes effective public dialogues and debates, enforces people's monitoring of development projects and enthrones mechanisms for electing visionary leaders.

The interactive institutions, on the other hand, establish best practices and relationships between the State and other actors in the system. These include public private partnership (PPP), non-politicized civil service (NPCS), effective checks and balances between and among the three arms of government, and results-oriented social contracts between government and the governed (SC). Building these institutions in such a way gears towards enhancing government, enterprise, people and the capabilities of CSOs to drive development in the right trajectory are pivotal. These sets of institutions would help advance good domestic policies; respect the rule of law; increase efficiency of public investments in public goods (e.g. quality basic education, quality healthcare delivery, and quality infrastructure such as roads, water and energy); and produce an effective regulatory framework. They would also be able to attract and nurture a strong

private sector that promotes beneficial ownership, social entrepreneurs and impact investment that create decent jobs and mobilize the resources needed to finance the SDGs.

Figure 8: Institutional imperatives for implementing the SDGs in Africa



Source: Author's formulation.

Success will depend on countries' capacity to adapt and respond positively to changes

As a corollary to the institution-building mentioned above, countries' capacity to anticipate, manage and respond to diverse drivers of change will be a pioneering advancement towards achieving the SDGs in Africa. As a prerequisite, countries must be willing to adapt to changes in economic, social, political and

environmental conditions by taking spontaneous actions to improve government policies, inform investment decisions, build and share knowledge, and build optimal public-private-CSO partnerships for the SDGs. Using the 2017 Change Readiness Index as a guide, Rwanda is likely to be a game changer, not only in Sub-Saharan Africa but also among the low-income countries, globally. Rwanda outperforms some high income and many middle-income countries and was ranked 46th position in the change readiness index. Strong government capacity, coupled with strong security, transparent budgeting, and fiscal systems, strong regulations and enhanced enterprise sustainability explains Rwanda's outstanding performance. Other African countries that performed well include Botswana, Tunisia, Morocco, Ghana and Namibia. Botswana is considered strong in government capability; Morocco in enterprise and government capabilities; and Ghana in government capability (KPMG, 2017).

Integrating the SDGs into national development plans and strategies is key

Within the first two years, the starting point of implementing the SDG is ensuring the SDGs are integrated into national development plans. Countries starting a new development plan between 2015 and 2017 have an opportunity to integrate the SDGs faster than those countries whose new plans come much later. The United Nations Development Group, through UNDP, has developed a tool to help governments undertake this exercise, called MAPS (M = Mainstreaming; A = Acceleration; and PS = Policy Support). This provides guidelines and checklists for integrating the SDGs into

national plans, identifying and tackling bottlenecks that impede acceleration, and provides strategic options for pooling UN and development partners' expertise to support national governments to implement the SDGs.

However, while mainstreaming is very important, ensuring the plan is well resourced and efficiently implemented is even more important. In this regard, a strong adherence to plan-budget links is crucial. African governments must do away with incremental budgeting and genuinely adopt performance-based budgeting. The SDGs are highly interconnected, integrated, and interdependent. In this regard, each country should identify the SDGs with the strongest multipliers – that could generate catalytic effects on other goals and targets – for prioritization and sequencing. Coalitions, alliances and partnerships should be built around the SDGs with the strongest multipliers.

Strengthening national capacities for data production, dissemination and utility should be a priority

Promoting partnerships between national statistical organizations and development partners to strengthen capacities for data generation, analysis and knowledge-sharing is vital to accelerating SDG progress at the national level. This includes investing in collecting baseline data on the various SDGs at the national level to effectively monitor progress. So also is the capacity to mobilize domestic and foreign resources to implement the SDGs. Investments and partnerships on data revolution and big data should be prioritized. The era of denying national statistical agencies funds for national surveys should end for countries that want to drive progress on the SDGs in Africa. Generating data on the SDGs is an integral part of research and development,

which calls for heavy investment and strong political will – to support and drive the SDGs.

Alignment of regional and global development initiatives around SDGs implementation is vital.

Good news: there is evidence that both the SDGs and Agenda 2063 are about 90 percent aligned. This is, however, just a starting point. The European Union Emergency Trust Fund for Africa (which is currently limited to destabilization, forced and irregular migration – budgeting euro 1.881 billion); the Tokyo International Conference on Africa's Development – TICAD – (e.g. TICAD VI, pledging \$30.0 billion); and the Forum on China - Africa Cooperation (FOCAC) (e.g. 6th FOCAC, pledging \$60.0 billion); among other partnerships and development cooperation initiatives targeting Africa should be consistent with implementing Africa's priorities of the 2030 Agenda for Sustainable Development.

African governments must ensure the continent's development priorities are addressed in all external partnerships in which they are engaged, including trade and investment agreements. A business-as-usual approach will not deliver to Africans the dividends of the SDGs. Such partnerships must be evaluated on the basis of Africa's development priorities and should address: the extent to which they are aligned to local priorities, knowledge and capacities; how transparent and consultative are the associated projects developed; how robust and innovative are the feedback mechanisms; and how deeply involved are local actors at all stages of such partnerships?

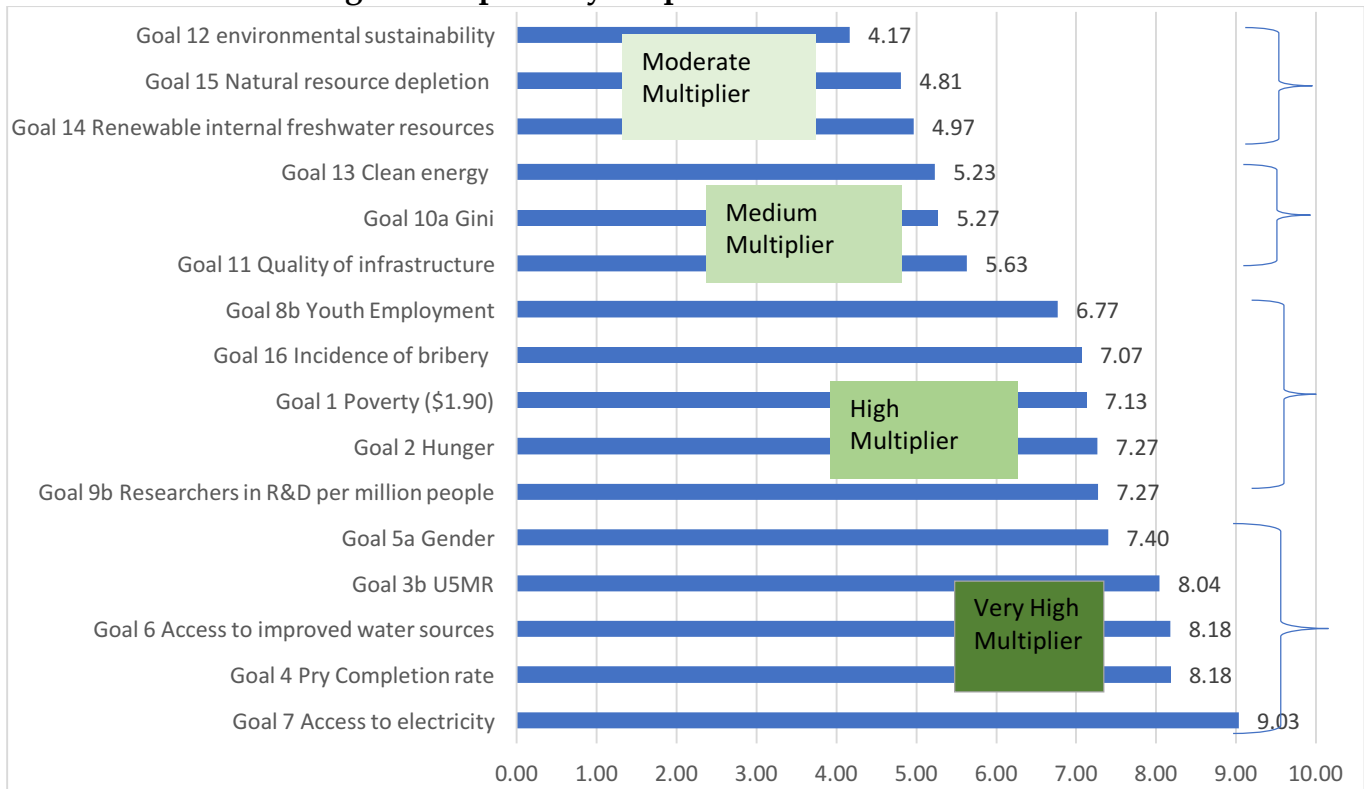
Africa must develop capacities to manage multipliers, trade-offs and complexities

Because the SDGs are complex, multi-dimensional, integrated, and universal, a country cannot implement all 17 Goals and 169 targets at the same time. To optimize impact and accelerate progress, countries must identify multipliers across the goals, then determine the nexuses and the most optimal sequencing.

Figure 9 provides the multipliers of selected goals and the critical pathways to prioritize the SDGs in Africa. This figure indicates that Goals with the highest multipliers should be prioritized first because they have highest power to influence other relevant goals, which could be in the form of synergies or trade-offs. For example, Goal 7 (access to electricity) with a gross multiplier of 9.03 has the greatest impact, which could be positive or negative – a synergy or a trade-off.

Two key policy instruments that could help create a synergistic nexus across the three pillars are 1) accelerated green growth [Prosperity and the Planet] and 2) effective distribution of such growth benefits to people who lost out in the growth process [Peace and People focused development based on poverty and inequality reduction]. This relationship creates three nexuses: Growth-Poverty-Environment Nexus; Growth-Poverty-Inequality Nexus; and Poverty-Peace-Inequality Nexus. This underpins the imperative of rapid and inclusive growth, accelerated reduction in poverty and exclusion, and enhanced environmental protection and friendliness of development actions.

Figure 9: Access to electricity, quality primary education, improved water sources are among critical pathways to prioritize SDGs in Africa



Source: Author's computation.

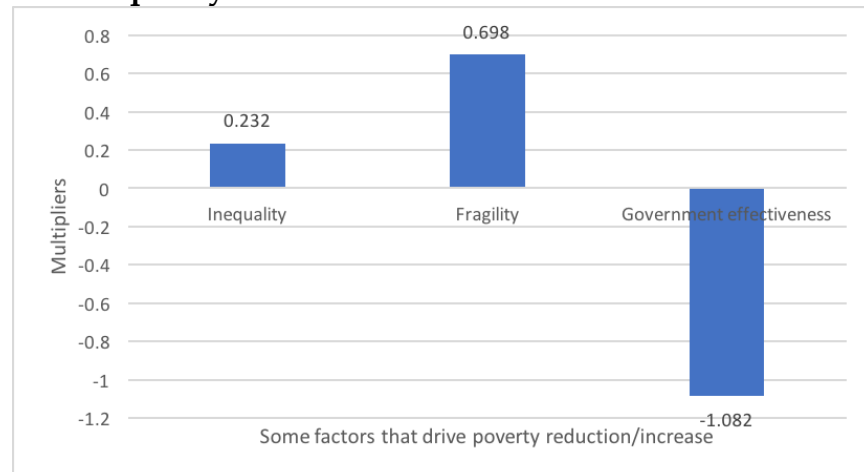
Note: This is computed based on gross multipliers while priority is based on higher order of multipliers.

Evidence shows the multi-dimensionality of managing the SDGs in Africa, using one of the nexuses as an example: conflicts are driven by multi-dimensional poverty and inequality. Key among the drivers of intense conflicts are non-economic inequality, religious and ethnic polarization, exclusion, and marginalization (Odusola et al, 2017c). In Figure 10, the multipliers of inequality, conflict and good governance

on poverty reduction are shown. Good governance, proxied by governance effectiveness, is an important accelerator of poverty reduction, while fragility or conflict and inequality increase poverty.

Assessing the complexity around reductions in poverty and inequality in Africa reveals that policies which reduce poverty are not necessarily the same as those that reduce income inequality. This is a major policy message from the recent study on inequality in Africa (Odusola et al, 2017b). For instance, quality education and enhanced productivity help accelerate reductions in poverty, but can raise income inequality – if not accompanied by a progressive tax system and effective social protection programmes. Fighting inequality in all its ramifications provides a pathway to reach the last mile of the SDGs. Government and donor financing must be targeted at addressing multidimensional poverty, income inequality, and exclusions.

Figure 10: Good governance reduces poverty while conflict and inequality accelerate it



Source: Author's computation.

Strengthening the African Union to become a powerhouse of development solutions is an imperative to accelerating progress.

Leveraging the African Union's capacity to build political capital around the SDGs and Agenda 2063 calls for a total turnaround from just rolling out an average of 28 declarations every year to developing robust follow-up and implementation mechanisms that translate continental strategies into development solutions. This includes developing an implementation framework for the SDGs and Agenda 2063 in the form of an African High Level Political Forum and appointment of champions for each Goal. The Africa Peer Review Mechanism (APRM) and NEPAD should be overhauled and empowered to facilitate accelerated progress on these agendas. This would ignite the needed technical and political capital to accelerate SDGs implementation.

For the African Union to become the powerhouse of development solutions, it is imperative for the Union to: 1) prioritize into very few transboundary and continental actions, 2) realign its various institutions to effectively deliver on the continent's priorities, 3) ensure the Union is efficiently managed at the operational, technical and political levels, and 4) Africans must be ready to sustainably resource and finance the activities of the Union. The African Union should focus on continental public goods with substantial multipliers on Africa's development, such as economic integration, climate change, peace and security, and Africa's global representation and voice. Africa must continue to have a uniform position on global issues as was done on the Post-2015 Development Agenda. Developing robust implementation, follow-up and monitoring frameworks

that are regularly monitored and actioned is a necessity. This would help address implementation; leadership and ownership challenges; low citizen-government trust; and government-partners credibility challenge.

Africa must stop the age-old economic and resource hemorrhage that created today's development paradox of 'poverty amidst plenty'

Africa is richly endowed with mineral wealth, human capital, and environmental resources, but such collective wealth eludes African economies and its people at-large. Along the evidence from the report of the High-Level Panel on Illicit Financial Flows from Africa, the findings from The Honest Account 2017 also confirm that Africa is a net creditor to the rest of the world. The later report reveals that more resources leave the shores of Africa than the amount entering it from the rest of the world, including from the wealthiest nations. The report concludes that the continent subsidized the rest of the world to the tune of USD41.3 billion in 2015, alone. While the continent received about \$19.0 billion in the form of net aid, more than three times (\$68.0 billion) was taken away through capital flight in 2015 (THA, 2017).

Illicit financial flows associated with over-exploitation of the extractive sector; uncontrolled tax havens that bleed Africa of its tax revenues; illegal logging, fishing and poaching that depletes its biodiversity endowments; and the overbearing impact of climate change (to which Africa contributed the least) are among the factors explaining why Africa is a net creditor to the rest of the world.

To combat this dynamic, adequate resources must be mobilized to implement both the continental and global agendas and illicit financial flows must be stopped or controlled and repatriated. These actions

underpin the imperative of tackling corruption in Africa (where the givers reside) and in the rest of the world (where the receivers are located). Strong political commitment to prevent and stop corrupt practices and sanction culprits should be put in place, including establishing whistle-blowing mechanisms protecting the whistle blowers.

Whoever pays the piper dictates the tune. Africa must put in place mechanisms for the African Union to fund most of its operations and programmes through internal incomes. The current over reliance on foreign support is flawed. Prompt payment of membership dues is key while establishing innovative financing including air ticket tax, foreign exchange or currency transaction levy and financial transaction tax is important. Such innovative mechanisms must adhere to extant principles of scalability, additionality, complementarity and sustainability.

Africa must learn to walk away from bad trade and investment deals.

Africa is strategically placed to benefit from the rest of the world given the ageing population, high costs of production, and declining returns on investment outside of Africa. Most of the African countries' trade and investment agreements are at variance with the national and continental development agenda, including the structural transformation aspiration of Agenda 2063. A thorough review of existing trade and investment agreements is urgently needed to align them with Africa's industrial and development goals. Such agreements must support the continent's industrialization goals and local content policies; respect communities' developmental objectives; adhere

to national labour and environmental laws and regulations; promote quality execution of development projects; be ethnically minded; and safeguard against pressure on natural resources.

African governments must walk away from deals that violate any of the criteria enumerated above. The philosophy of such agreements should be '*doing business in Africa for Africa*' with a view to addressing unbalanced power in the existing trade and investment agreements at both bilateral and multi-lateral levels. To maximize the associated benefits, however, African governments must address aspects of logistics: supply chains such as roads, rail and port access, as well as energy deficiencies, corruption, contract enforcement and security challenges.

A new model of development anchored on social inclusion, mutual accountability and collaborative solidarity is an imperative

Ensuring no one is left behind on economic, social, and environmental dimensions of development suggests a complete overhaul and transformation of the way national, regional and global economies work. Bottlenecks associated with the negative spillover effects call for more integrated and interdependent policy decision-making that is routed in social and solidarity development management.

A new model of economic and development management must be centered on social and environmental objectives with the state, market and other non-state actors collaborating and partnering to collectively achieve the overarching goal of inclusive and sustainable development. This new model of development management must be anchored on social, institutional and technological innovations and practices that promote shared prosperity, enduring

peace, and collaborative partnerships in the context of the people and the planet.

This new model of development must be viewed through the lens of social inclusion and mutual accountability. National, regional, and global solidarities are needed to address the needs of marginalized people and hard-to-reach communities to ensure that no one is left behind. At all levels, partnerships between state-private-CSOs for solidarity actions for the bottom 40 percent of the population is vital.

A new business model, based on social entrepreneurship and impact investment, is key to accelerate progress

The traditional business model is flawed – it is exclusive and territorial in nature. It impedes progress in achieving “leaving no one behind” with the associated discontent from stakeholders all over the world. The SDGs are not only a growth strategy, but also an imperative for business. In this regard, the SDGs should be integrated into corporate strategies. As pointed out by the Business and Sustainable Development Commission’s (2017) report on ‘*Better Business, Better World*’, a sustainable business model could lay the foundation for implementing the SDGs in 2030 by: (i) creating economic opportunities worth up to US\$12 trillion – about 10 percent of the current global GDP; (ii) expanding employment by up to 380 million jobs; and (iii) increasing overall value of opportunities (about \$8.0 trillion) by 40 percent if businesses are able to factor how to address the negative spillover effects such as carbon emissions into their strategies.

In fact, regaining the public trust will require governments and businesses to turn SDGs goals and

targets, such as low carbon, no poverty, low inequality and financial access, into new market opportunities in Africa. This will require heavy investment in unlocking the potential in energy, agriculture and food security, cities and health, including investments in programmes that could help address the negative spillover effects.

Besides, businesses must pay their taxes fully by avoiding tax evasion, illicit financial flows and race to the bottom tax practices while at the same time abiding by environment and labour standards; respecting national laws, and integrating social objectives into business strategies. This is the hallmark of social contracts that build public trust and confidence in businesses. It also requires breaking silos by promoting partnerships and collaboration between businesses, governments, CSOs, communities and international organizations like the United Nations System. Being SDG-compliant is the business of the future. To be part of this unstoppable force of social entrepreneurship, it is therefore important for businesses to sign up on the 10 principles of the UN Global Compact (Box 2).

Box 2: The ten principles of Global Compact are imperatives for sustainable business

These are principles that enshrine fundamental responsibilities in the areas of human rights, labour, environment, and anti-corruption into business strategies, policies and procedures. They do not only help establish a culture of integrity and social values, but also promote sustainable businesses and development. The ten principles are: Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; Principle 2: Businesses must make sure that they are not complicit in human rights abuses; Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Principle 4: the elimination of all forms of forced and compulsory labour; Principle 5: the effective abolition of child labour; Principle 6: the elimination of discrimination in respect of employment and occupation; Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: Undertake initiatives to promote greater environmental responsibility; Principle 9: Encourage the development and diffusion of environmentally friendly technologies; and Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Source: <https://www.unglobalcompact.org/what-is-gc/mission/principles>

Strategic approaches to manage globalization and promote financial stability are ineluctable

The experiences from the 2007/08 financial crisis, cyber-attacks, election hacking, the Ebola Virus Disease, and the immigration crisis in Europe, to mention a few, have shown the imperative of strategic actions to manage globalization. A shock in one country can create vulnerabilities in the rest of the world, especially in Africa. This calls for a reform of the global economic

architecture including the World Bank, the IMF and the World Trade Organizations. While the G20 is attempting to rise to this occasion, some pertinent challenges exist, namely, the political will to further strengthen the global economic architecture by promoting common problem-solving and mobilizing global actions on world economic issues like financial stability, illicit financial flows by tackling tax havens and promoting global well-being. They also have a strong role in ensuring consistency when regulating and coordinating cross-border financial markets. Efforts to ensure effective implementation of the Paris Agreement on Climate Change is sine qua non to progress.

Innovative approaches to finance the SDGs are key to their implementation, including non-traditional sources, expand fiscal space and promote financial stability.

The Addis Ababa Agenda for Action (AAAA) on financing development identifies multiple strategies for financing the 2030 Agenda. The Common African Position on the SDGs underscores the importance of relying heavily on domestic resources, through revenue diversification, as a way of empowering Africa to achieve full control of its own development. This initiative becomes important because traditional monetary sources are inadequate to: 1) finance the SDGs; 2) bridge the ODA gap; 3) avoid external shocks; 4) escape Dutch disease; and 5) promote fiscal citizenship.

An emerging financial structure denotes middle-income developing countries are benefitting from private funding, while low-income countries are relying on ODA, which remains catalytic to the least developed countries. Non-traditional financial sources in Africa include: private sector financing, the use of a Diaspora fund (for example, the construction of the Ethiopian

Grand Renaissance Dam, funded entirely through a Diaspora Bond), carbon sequestration and trading, export of renewable energy, and property taxes. Sound macroeconomic governance and efficient public financial management are additional means of expanding the tax bases of countries.

Other innovative financing systems include: 1) idle reserves of central banks outside Africa, which should be kept on the continent to finance its development; 2) idle pension funds in some African countries (e.g. South Africa) could be activated;¹⁹ and 3) remittances could be put into more productive use.²⁰ To leverage emerging funding structures, a mixture of financing sources is more desirable to finance the SDGs – domestic resource mobilization, public, private and special financing mechanisms like Green Climate Financing. National governments should carry out debt sustainability analyses on a regular basis and strengthen policies and institutions to regulate and monitor financial stability and systemic risks.

Successful implementation of the SDGs requires cooperation, combined efforts, and contributions from all international partners

The SDGs are so complex in scope and ambition that they are beyond what any single development actor can

¹⁹ In 2015, South African pension fund was estimated to be \$181.0 billion (Global Pension Assets Study 2016).

²⁰ In 2016, remittances (US\$ 66.2 billion) exceeded FDI (US\$ 56.5 billion) (AfDB, OECD and UNDP, 2017). Remittances, if directed at productive activities, represent an increasingly important source of financing sustainable development. The potential to increase FDI is also high because Africa offers, on average, the highest return on inward FDI with an annual average rate of return of 11.4% (2006-2011), compared to the world average of 7%. African countries among the top 20 economies with highest inward FDI rates of return are: Angola, Nigeria, Namibia, and Zambia (UNCTAD, 2013).

deliver – both at the national and international levels. The implementation of the SDGs requires seamless information sharing, collaboration, and partnerships on development initiatives between various ministries, departments, and agencies and among governments, private sector actors, CSOs and citizens, in addition to international development partners. At the national and international levels, the need for social contracts that stipulate roles and responsibilities across various actors and timelines of results is long overdue.

The role of the international community in accelerating the implementation of the SDGs in Africa is multi-dimensional. First, this role depends on the extent to which international policy frameworks are consistent and coherent with Africa's development priorities. Partnerships with Africa on such international policy frameworks such as trade, financial regulation, transfer pricing, tax evasion or havens, money laundering, and transnational crime are central to achieving the SDGs in Africa.

Second, partnerships are needed for capacity-building and development exchange through South-South Cooperation and Triangular Cooperation regarding experience sharing, science, technology and innovation. Establishing a Technology Bank for low income countries by the United Nations General Assembly in 2016 is commendable. Aspects central to the Bank's success include supporting patents for intellectual property rights and technology sharing and diffusion.

Third, the financing gap is huge – more than one third of the total resources needed for the SDGs in developing countries. As estimated by SDSN (2015), the financial outlay for SDGs in low and middle-income countries is estimated to be at least \$1.4 trillion per year. The incremental international public finance alone is

estimated to be \$220–260 billion per year (including concessional and non-concessional financing). This further underpins the centrality of the 0.7 per cent of donors' Gross National Income (GNI) commitment to the implementation of the development agenda in developing countries, as well as 0.15–0.20 of GNI to LDCs. Given the changing global development cooperation landscape, the need to adopt mechanisms to share the financial burden is imperative. In this regard, instead of limiting this to the GNI of members of the Development Assistance Committee of the OECD, the financial burden should be spread to all high-income countries. Ensuring high income countries provide concessional international financing to low income countries is a moral imperative to promoting shared prosperity and global peace.

Fourth, globalization has made international co-financing a key factor in accelerating progress on the SDGs. Investment in global public goods such as accelerating climate change mitigation and adaptation, fighting financial crimes and promoting peace and security is especially important. The need to mobilize global actions on the effective operation of the Green Climate Fund, which aims to raise \$100 billion a year by 2020, is vital.

However, for the international community to deliver its duties more effectively, as suggested by DFI and Oxfam (2015), it must be committed to overhaul the global tax rules, double its concessional development cooperation, improve allocation and effectiveness of ODA, and ready to raise at least \$500 billion through innovative public financing mechanisms.

The changing global development architecture is making the distinctive roles of governments, private

sector, and international organizations to become quite blurry. This dynamic, therefore, calls for transnational networks (otherwise called orchestration) to play key roles in global governance (Klingebiel and Paulo, 2015). These networks of transnational and trans-governmental entities could help facilitate financing, knowledge building and sharing, setting of standards and compliance, and monitoring in a way that builds trust and a culture of cooperation which supports the achievement of the SDGs at the national, regional and global levels. A good example is the UN High Level Political Forum on Sustainable Development, established using the APRM principles, which could be cascaded to regional and national levels.

A responsive global governance architecture is needed to achieve the SDGs

All African countries must play their roles efficiently and effectively, yet the global governance architecture must respond swiftly and resourcefully to trans-border global phenomena. This demonstrates that the role of international community is far beyond providing aid.

Urgently needed are: collective policy actions on trade, investment, climate change, conflict and security, international migration, and global tax cooperation which is committed to tackling tax havens and illicit financial flows. All countries, advanced or developing, must integrate global public goods into their national strategies and programmes to ensure such policy actions are not only pro-poor and sustainable but are also genuinely implemented under the principle of 'common but differentiated responsibilities'. In addition, a global governance architecture must ensure that development policies are coherent and consistent with the SDGs.

Global policy actions to address negative spillover effects generated by advanced and powerful economies are urgently needed.

Unless the negative externalities associated with unsustainable consumption and production are effectively addressed through corrective taxation and innovative mechanisms, developing countries, particularly the low-income countries, would not be able to accelerate progress on the SDGs.

Taxes on carbon footage, international air tickets and financial transactions are potential corrective taxes that could balance the inequality generated through negative externalities and enhance the capacity of low income countries to implement the SDGs. These are actions that have not been fully addressed in the AAAA and in the means of implementation of the SDGs. Concerted efforts are needed at the level of the African Union, the G20, G77 and the United Nations System to accelerate progress on these vital corrective actions.



6. Key messages, summary and conclusions

6.1 Key messages towards achieving the SDGs in Africa

These key messages cover institutional, policy and programmatic interventions that will shift the frontier of SDGs implementation and achievement in Africa.

Institutions

1. To implement the SDGs in a more results-oriented manner, African governments must develop institutions that demonstrate a virile bureaucracy, an opportunistic private sector, governance anchored on rule of law, and citizen engagement.
2. A new model of African development must be anchored on social inclusion, mutual accountability, collaborative solidarity, and technological innovations that promote shared prosperity, people's empowerment and a regenerative planet.
3. The traditional business model is flawed: it is exclusive and territorial in nature. Instead, a sustainable business model must be inclusive, create economic opportunities, address negative spillover effects (e.g. carbon emissions), and incorporate such factors into their corporate strategies.
4. African Union political capital is immense but under-utilized. Turning the African Union from an engine of symbolic declarations to a powerhouse of development solutions is vital to accelerating progress on the SDGs.

Policies

5. African countries must identify and prioritize the SDGs with the strongest multipliers – those that catalyze achieving No Poverty, Zero Hunger, Reduced Inequalities. The SDGs with the strongest multipliers are (in descending order): access to electricity, quality education, access to improved water sources, good health and well-being, and gender equality.
6. Africa must stop the age-old economic hemorrhage that created today's paradox of 'poverty amidst plenty'. Africa is a net creditor to the world: it subsidized the rest of the world to the tune of \$41.3 billion in 2015 while more than 40 percent of its people lived in poverty.
7. Africa must learn to walk away from bad deals. Most trade and investment agreements are inconsistent with national and continental development agendas. Such bilateral and multilateral agreements must align with priorities articulated in national development plans, the SDGs, and Agenda 2063.
8. Although some of the SDGs can be mutually reinforcing, Africa must develop capacities to manage trade-offs and complexities associated with its implementation.
9. Unless counter-productive influences, such as greenhouse gas emissions and tax havens, are globally and effectively addressed, including through innovative and corrective taxation, African countries will struggle to accelerate progress on the SDGs.

Programmes

10. Strengthening national capacities for data collection, analysis, and use is essential to inform development policies that catalyze SDG implementation and progress monitoring.

11. Events such as global financial crises, cyber-attacks, election hacking, and the Ebola Virus Disease show that Africa must strategically manage globalization and promote financial stability because a shock in one country can create vulnerabilities in others.

12. Seamless information sharing and collaboration within and between governments, the private sector, CSOs, citizens, and international development partners is essential to successfully implement the SDGs.

13. The resources needed to finance the SDGs are huge, yet they are within Africa's reach. Halting corruption and illicit financial flows, expanding resource mobilization, financing through private sector, Diaspora funds, renewable energy exports, and putting into use idle foreign reserves and idle pension funds can fund SDG achievement.

6.2 Summary and conclusions

The complexity, interdependence and universality of SDGs make them quite challenging for most developing countries to manage, especially in the context of a dynamically changing global governance architecture and negative externalities. Yet, the SDGs are very relevant to Africa in many respects: to ensure that development policy is consistent across the continent

and to have an effective strategy of engaging the rest of the world in a more coherent manner.

In Africa, some opportunities are catalyzing actions on the SDGs: ongoing efforts to integrate the SDGs into national development plans and strategies; the 90 percent congruence between SDGs and African Union Agenda 2063 and alignment with other partnership frameworks; the potentially huge political capital of the African Union; the Paris Agreement on climate change; and the establishment of inclusive global knowledge networks of the HLPF and Technology Bank for LDCs.

Despite these opportunities, challenges impeding effective implementation of the SDGs abound. These challenges include: 1) the high level of corruption and illicit financial flows; 2) the absence of coherence, integration, cooperation and coordination among development actors in a deeply fragmented system – both at national and global levels; and 3) new sources of financing are altering the financial structure for funding development initiatives, where MICs depend on private flows – though short-term funding orientation mismatches long-term needs of SDGs funding – while LICs rely on unpredictable ODA. Other challenges include a limited capacity of African governments to manage trade-offs associated with the SDGs; the high data requirements of the SDGs compared to low capacity of many developing countries to collect data; and the slow progress on the need for the G20 to transform its economic global powerhouse into a guardian of global well-being. The overbearing influence of negative spillover effects from advanced

economies is impeding progress on Africa's ability to achieve the SDGs.

There is no panacea for Africa to successfully achieve the SDGs. Success depends on countries' contexts and their adaptive capacity to manage change. Countries that will drive progress on the SDGs will be those that are ready to adapt to change progressively – anticipate, manage, and respond to change drivers. These are countries that are willing to adapt to changes in economic, social, political and environmental conditions by taking agile, corrective actions to improve government policies and practices, inform investment decisions, build and share knowledge around good practices and lessons, as well as identify and build optimal public-private-CSO alliances and partnerships to achieve the SDGs.

African countries must: integrate SDGs into national development plans, stop age-long economic and resource hemorrhage, and promote expanded fiscal space and financial stability. They must also deepen their tax bases and promote progressive taxes, where the incidence of taxes is highest on the wealthy. African governments must also be committed to prosecuting tax evaders, eliminate unnecessary fiscal exemptions and holidays to multinational companies that deprived many low-income countries revenues, address illicit financial flows, and stop the race to the bottom on fiscal incentives. The opaque mineral extraction contracts must be made transparent and must be renegotiated from time to time. Strong and effective tax systems that promote equity and state building are critical.

The SDG-based financing framework is achievable through: 1) enhanced domestic resource mobilization (coupled with transparent and accountable governance), 2) strategic engagements with the private sector to re-orient itself towards social entrepreneurship

and impact investments that promote beneficial ownership, and 3) a strong commitment of the international development community to bridge financing gaps through Official Development Assistance, concessional and market-based credits, enhanced market access, a fight against illicit financial flows and proactively support global innovative financial mechanisms. This also includes deepening international cooperation on tax issues and overhauling global tax rules and systems.

This plan of action requires a new business model – a model of efficient, accountable, and transparent governance from the public sector; a model of beneficial private-sector ownership and inclusive business; and a model of mutually respectful and beneficial development cooperation. In addition, Africa must develop capacities to manage multipliers and complexities with overarching focus on rapid inclusive growth, accelerated reduction in poverty and inequality, improved peace and security, and strengthened environmental friendliness of development actions.

The SDGs cannot be achieved unless committed efforts are taken to address the negative spillover effects imbedded in international trade, global financial and fiscal instruments, international supply chains, transboundary resource use, and the use of the global commons. Success will depend essentially on African governments' knowledge and capacity to manage these issues and the international community's unalloyed support to correct and compensate for spillover effects. In this regard, stopping unsustainable consumption patterns, banking secrecy, and tax havens; dealing with proliferation of weapons; heavy compensation for

imported ground water depletion; net imported sulfur dioxide (SO₂) emissions; net imported emissions of reactive nitrogen; imported biodiversity impacts (species lost per million people); and ensuring all advanced countries keep the promise of 0.7 GNI and 0.15-0.20 GNI to LDCs. Regular monitoring of the implementation of these actions by relevant international organizations and inter-governmental processes must be ensured.

The effectiveness of policy environment matters. For the overarching objectives of the SDGs to be achieved, policies and institutions must be conducive, coherent, and consistent. The policy environment must incentivize the various actors to discharge their functions optimally. The framework for promoting transparent, accountable, and responsive governance at the public and private sector levels is sanguine.

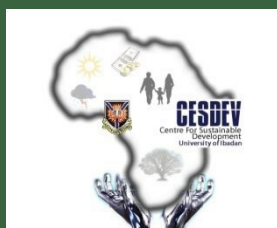
REFERENCES

- African Business (2017), *Asia-Africa: It is not just about China*, No 444, August/September 2017.
- African Development Bank, Organization of Economic Cooperation and Development and United Nations Development Programme (2017), *African Economic Outlook 2017: Entrepreneurship and Industrialization*. AfDB, OECD and UNDP.
- Bordon, I. and B. Schmitz (2015), "Financial Stability as a Precondition for the Financing of Sustainable Development in Emerging and Developing Countries", German Development Institute Briefing paper 23/2015.
- Business and Sustainable Development Commission (BSDC) (2017), *Better Business, Better World*. January 2017.
- Demissie, A. and M. Weigel (2017), 'New Opportunities for EU-China-Africa Trilateral Cooperation on Combatting Climate Change' German Development Institute Briefing Paper (3/2017).
- Development Finance International (DFI) and Oxfam (2015), *Financing the Sustainable Development Goals: Lessons from Government Spending on the MDGs – Government Spending Watch 2015 Report*. Research Report, April 2015.
- ECA (2015), *Illicit Financial Flows*. Report of the High-Level Panel on Illicit Financial Flows from Africa. Addis Ababa: Economic Commission for Africa.
- Fues T. and D. Messner (2016), 'G20: Concert of Great Powers or Guardian of Global Well-Being?' German Development Institute Briefing paper (9/2016).
- Global Financial Integrity (2017), *Illicit Financial Flows to and from Developing Countries, 2005-2014*, April 2017.
- Global Partnership for Sustainable Development Data (2016), *The State of Development Data Funding 2016*. Global Partnership for Sustainable Development Data.

- Gordon, O. (2010), Exploring Clean Development Mechanism (CDM) in Africa, August 2010. African Sustainable Energy Association. <http://afsea.org/exploring-clean-development-mechanism-cdm-in-africa/>
- Human Rights Watch (HRW) (2017), World Report 2017: Events of 2016. Human Rights Watch.
- Kagame, P. (2017). The Imperative to Strengthen Our Union: Report on the Proposed Recommendations for the Institutional Reform of the African Union, 29 January 2017.
- Klingebiel, S. and S. Paulo (2015), "Orchestration: An Instrument for Implementing the Sustainable Development Goals", German Development Institute Briefing Paper 14/2015.
- KPMG (2017), 2017 Change Readiness Index: Assessing countries' ability to manage change and cultivate opportunity. KPMG.
- Makokera, C. G. (2016), G20 Development Agenda and African Priorities: An Update. Johannesburg: South African Institute of International Affairs.
- Odusola, A. (2014), "Land Grab in Africa: A Review of Emerging Issues and Implications for Policy Options", International Policy Centre for Inclusive Growth Working Paper Series No 124, April 2014.
- Odusola, A. F. (2017a), "Fiscal Policy, Redistribution and Inequality in Africa", in Odusola, A., G.A. Cornia, H. Bhorat and P. Conceicao (ed.) *Income Inequality Trends in Sub-Saharan Africa: Divergence, Determinants and Consequences*, 2017. UNDP Regional Bureau for Africa: New York.
- Odusola, A. (2017b), 'Agriculture, Rural Poverty and Income Inequality in Sub-Saharan Africa' in Odusola, A., G.A. Cornia, H. Bhorat and P. Conceicao (eds.), *"Income Inequality Trends in Sub-Saharan Africa: Divergence, Determinants and Consequences"*, UNDP Regional Bureau for Africa: New York.

- Odusola, A., F. Mugisha, Y. Workie and W. Reeves (2017a), Chapter 9 'Income Inequality and Population Growth in Africa', in Odusola, A., G.A. Cornia, H. Bhorat and P. Conceicao (ed.) *Income Inequality Trends in Sub-Saharan Africa: Divergence, Determinants and Consequences*, 2017. UNDP Regional Bureau for Africa: New York.
- Odusola, A., G.A. Cornia, H. Bhorat and P. Conceição (2017b), *Income Inequality Trends in Sub-Saharan Africa: Divergence, Determinants and Consequences*. UNDP Regional Bureau for Africa: New York.
- Odusola, A., A. Bandara, R. Dhilwayo and B. Diarra (2017c), 'Inequalities and Conflict in Africa: An empirical investigation', in Odusola, A., G.A. Cornia, H. Bhorat and P. Conceicao (eds.) *"Income Inequality Trends in Sub-Saharan Africa: Divergence, Determinants and Consequences*. UNDP Regional Bureau for Africa: New York.
- Oxfam (2016). *An Economy for the 1%: How privilege and power in the economy drive extreme inequality and how this can be stopped*. 210 Oxfam Briefing Paper, 18 January 2016.
- Spalding-Fecher, R., A.N. Achanta, P. E. E. Haites, M. Lazarus, N. Pahuja, N. Pandey, S. Seres and R. Tewari (2012), *Assessing the Impact of Clean Development Mechanism, Final Report, CDM Policy Dialogue*, 15 July 2012.
- Sustainable Development Solutions Network (SDSN) (2015), *Investment Needs to Achieve the Sustainable Development Goals: Understanding the Billions and Trillions* (ed. Guido Schmidt-Traub), SDSN Working Paper Version 2, 12 November 2015.
- The Honest Accounts (THA), 2017, "How the World Profit from Africa's Wealth". Global Justice Now: London.
- Timilsina, G. R., C. de Gouvello, M. Thioye, and F. B. Dayo

- (2010), "Clean Development Mechanism Potential and Challenges in Sub-Saharan Africa", *Mitigation and Adaptation Strategies for Global Change*, Volume 15, Issue 1, pp 93-111.
- UN (2015), "Data for Development - A Needs Assessment for SDG Monitoring and Statistical Capacity Development" A report of the Sustainable Development Knowledge Platform.
- UNCTAD (2013), *World Investment Report 2013: Global Value Chains: Investment and Trade for Development*.
- UNDG (2017), *Funding to Financing: UNDAF Companion Guidance*.
- UNDP (2017), "Strengthening Strategic Alignment for Africa's Development: Lessons from the UN 2030 Agenda for Sustainable Development, the African Union's Agenda 2063 and the AfDB's High Fives", *UNDP Africa Policy Brief*, 2017, Volume 1, No. 1 January 2017.
- Wealth-X (2017), *Exclusive UHNWI Analysis: The World Ultra Wealth Report 2017*, 27 Jun 2017
- World Bank (2011), *World Development Report 2011: Conflict, Security, and Development*. World Bank, Washington DC.
- World Bank (2017), *Global Economic Prospects: A fragile recovery*. Washington DC, The World Bank.



Centre for Sustainable
Development

Centre for Sustainable
Development
20, Awolowo Avenue,
Old Bodja Estate, Ibadan,
Nigeria

Tel: +234-708-077-1393
Email: cesdevul@gmail.com

ABOUT CENTRE FOR SUSTAINABLE DEVELOPMENT (CESDEV)

The Centre for Sustainable Development (CESDEV) was established by the University of Ibadan through Senate paper 5386 in May 2010 as a demonstration of the University's commitment to Sustainable Development. It was based on the need to provide intellectual platform for identification of issues germane to sustainable development, critically analyse them, and provide leadership in finding enduring solutions that will enhance sustainable development.

The establishment of CESDEV was sequel to series of events paramount among which was the winning of a USD 900,000 grant from the MacArthur Foundation to establish the Master's in Development Practice (MDP) Programme. The University of Ibadan was one of the ten original Universities that won the grant in a global competition involving over 70 Universities. Further brainstorming led to defining the composition of the emerging Centre beyond the MDP Programme. It was resolved that a number of development programmes that were "hanging in the balance" be moved to the Centre. The **Centre for Sustainable Development** (CESDEV) thus became a Teaching and Research Centre with a mandate in multi- and inter-disciplinary approach to Sustainability issues affecting not just our continent but the whole universe. The Centre is designed to be a Teaching, Research and Development unit in the University. Presently, CESDEV has the following academic outreach programmes:

- Development Practice Programme (DPP)
- Tourism and Development Programme (TODEP)
- Indigenous Knowledge and Development Programme (IKAD)
- Sustainable Integrated Rural Development in Africa Programme (SIRDA)
- Climate and Society Programme (CSP)
- Environment Protection and Natural Resources Programme (EPNARP)
- Leadership and Governance Programme (LGP)
- Annual Ibadan Sustainable Development Summit (ISDS)

ISBN: 979-978 89598-6-9