



Remarks on Measurement and Allocation of Financing

Conference on Financing for Development

IHEID

Geneva, April 15-17, 2015

Aspects of Increased Measuring

‘Production function’ approach welcome (but will not solve collective action issues for global problems)

Measuring can help with

- MRV necessary for new climate architecture.
- Mobilize funding (e.g. AfT initiative-see below)
- Sharpen tensions (target extreme poverty or median income)
- Help resolve tensions?

Reflected in new lending window ‘Program for Results’ at WB: up to 5% of lending.

Tensions in AfT financing

AfT initiative \approx \$60 billion p.a. Two objectives:

(i) Provide TA to LDCs to 'implement and benefit from' WTO agreements

(ii) Raise & disburse funds to support Doha negotiations

(ii) took precedence over (i) \Rightarrow Haste: Disbursements through existing channels + new issues to keep momentum: «gender empowerment», «green growth», «Climate change», «GVC»...

\Rightarrow Biennial OECD- WTO reviews: progressive to move towards 'Manage for development Results (MfDR)'

\Rightarrow Narrow the focus (5th. Review (06/15): trade costs)

The Trade Facilitation Agreement (TFA)

Signed by all WTO members in 12/13: Bringing customs management towards best practice. Quantifiable and easily monitored objectives.

Focus on LDCs and LL-LDCs: a contribution towards ‘inclusive growth’

Table 1: Summary statistics, average over 2005-2011.

Categories	Poverty Headcount Ratio ^a	Poverty Gap ^b	GDP _{pc}	GDP _{pc} growth	AFT per capita	AFT / GDP	WGI ^c
Landlocked LDC (16)	72,3	35,3	507	3,9%	21,5	3,7%	-0,72
Non-landlocked LDC (33)	66,5	31,9	1192	2,3%	34,2	3,4%	-0,78
Landlocked non-LDC (14)	20,7	7,7	2067	4,5%	19,7	1,2%	-0,65
Other Developing (87)	21,4	8,2	4833	2,6%	29,2	0,8%	-0,17

Source: OECD-DAC, WDI and Povcal.net

A move towards ‘MfDR’ to be expected for SDGs. TFA provides the opportunity on a small scale. Will it happen?

Tensions between financing goals

- Traditional donors have moved away from national development goals (NDGs)
- MDGs focussed on extreme poverty: support for aid in 'post-materialist' constituency of traditional donors)
- « Eco-modernist manifesto »: Use nature more intensively to reduce human footprint.
- BRICs financing focus is on NDGs (e.g. infrastructure to benefit the median individual). China participated in 63 per cent of the 168 infrastructure projects in SSA during 2001-10

MDGs⇒SDGs raises 'infrastructure' vs 'safeguards' tension

What Financing Mix

Financial system to serve 'real economy' (reduce negative externalities; solve 'tragedy of the horizon'). Choices include:

- Vertical (health, education, climate) vs. Horizontal allocation.
- What criteria (geography—SIE, LL-LDC; structural (HAI, EVI); financial--creditworthiness, 'missing middle')
- Climate Change funding: Adaptation vs. Mitigation (grant aid for adaptation only?)

⇒ Need to pursue quest for better measures (along lines of Roodman (2015) and others)

- Review DAC (2014) communiqué of ODA for SDGs
- New measure for contribution to global public goods

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