

Workshop 1: Development Finance Facing the Mega Crisis

24 May 2022

Facilitator: Nerea Craviotto (Senior Policy and Advocacy Officer – Aid Effectiveness, Eurodad)

Co-facilitator: Oskar Chmiel (Specialist in Social Sciences, CASE)

Context

In the midst of the Covid-19 pandemic, the United Nations (UN) estimated that developing countries would need an extra US\$ 2.5 trillion in external finance to cope with the consequences of the crisis – from health and social protection needs to addressing the increasing levels of extreme poverty and the economic recovery – while also staying on track with the sustainable development goals (SDGs). At a time when the recovery from the Covid-19 pandemic is still fragile, the international community is facing widening humanitarian crises - such as in Ukraine and elsewhere - due to extremely volatile geopolitical situations, conflicts, and climate-related events. In this context, Official Development Assistance (ODA) has a crucial role to play in tackling the impacts of the current crisis and supporting a recovery centred on human rights, gender equality and a just transition.

The historical trend in ODA has been remarkably flat. After an initial surge driven by post-war optimism and, apart from a brief dip in the 1990s, ODA has remained at roughly 0.3 percent of rich-countries gross national income (GNI) since the beginning of the 1970s. The assumption for the years to come announces a rather similar trend - the ODA is going to continue to grow roughly in line with donor country GNI, around 2 percent a year on average. Taking a regional perspective, the Central and Eastern European (CEE) countries are far from reaching the target of 0.33 percent ODA/GNI ratio by 2030 as adopted at the European Union (EU) level. Their total ODA remains low, both in absolute terms and as a percentage of GNI, and even in Poland – the largest CEE country – it amounts to 0.1 percent of GNI.

In the last years, we have seen a series of rule changes in ODA statistics as part of a process of modernising “the measuring and monitoring of external development finance provided by its members” and of reviewing the ODA concept to “better reflect the development finance landscape” – these changes going from how to measure donors’ efforts in using private sector instruments, to adjustments to the reporting of in-donor-country refugee costs. Although this modernisation process may appear to be just a set of technical changes in the DAC statistical system, its implications will influence the whole development sector, affecting a wide range of activities and stakeholders, as well as the overall ODA figures.

Since the start of the ODA modernisation process, civil society organisations (CSOs) have been actively engaging in this discussion, raising key issues which address the far-reaching implications of these changes on the quantity and quality of ODA, including the erosion of the fundamental ODA criterion of concessionality (i.e. the requirement that all ODA transactions must give something of value away). Eurodad has also contributed to this discussion raising issues around the inclusion of debt relief in ODA. And in February 2021 it released the report [“Time for action: How private sector instruments are undermining aid budgets”](#), which shows the key issues at stake with regards to the implications for the quantity and quality of ODA raised by the present interim private sector instruments (PSI) agreement.

At a time where stronger ambition is required from the donor community to increase their development cooperation budgets with fresh and much needed ODA in the form of grants, to leave no one behind, the

CSOs pressure, in coordination with other relevant actors monitoring ODA, is needed to hold them accountable.

Objectives of the workshop:

- Understanding the current ODA context and issues at stake;
- Understanding general ODA figures as well as the trends, globally and in the CEE region
- Identifying key areas of engagement for CSOs, and other relevant actors, in the region vis à vis their own national governments; and strategies;
- Formulation of recommendations and identification of national and EU policies to be adjusted in order to improve the system of financing of ODA

Format and participants

Eurodad, in collaboration with Ambrela, is organising an hour and half workshop on Development Finance in the framework of the Ambrela Development Forum on 24 May 2022. The audience of this workshop will consist of the Ambrela Development Forum participants, particularly CSO representatives and the officials of the state ODS structures from various countries of the region.

Proposed workshop overview

- Welcome and opening remarks by Ambrela introducing the theme of the workshop, its facilitators and format (5 minutes)
- Round of introductions, who is who? (10 minutes)
- Key-note presentation(s) by facilitator(s) (8 minutes each) + Q&A 14 minutes)
- Breakout groups (2/3 depending on number of participants) (25 minutes)
- Discussion in plenary (15 minutes)
- Closing remarks (5 minutes)

AGENDA

Time	Agenda Item	Lead
	Welcome and opening remarks	► Ambrela
	Round of introductions, who is who?	► Ambrela
	Key-note presentation(s)	► Nerea Craviotto, Eurodad ► Oskar Chmiel, CASE
	Breakout groups - instructions	Following the presentations and discussions in plenary, please: <ol style="list-style-type: none"> 1. Identify key areas of engagement / thematic priorities; 2. Identify 2 / 3 key messages; 3. Identify strategies to carry your messages.
	Report back to plenary	► Rapporteurs

	Plenary discussion	▶ Facilitators
	Closing remarks	▶ Ambrela ▶ Facilitators