



**AFRICAN FORUM AND NETWORK
ON DEBT AND DEVELOPMENT**

Reaction: African Development Bank Annual Meetings 2023 – Progressive Reform Rhetoric and Over reliance on Private Sector Climate Finance a Major Risk to Africa’s Debt Sustainability.

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Themed, ‘*Mobilizing Private Sector Financing for Climate and Green Growth in Africa*’ the African Development Banks (AfDB) Annual Meetings were convened in Sharm El Sheikh with euphoria over the potential ‘**progressive**’ role private sector financing will have when mobilised for climate and green growth.

Whilst there is no doubt that a lack of adequate financing for tackling climate change in Africa has become dire and is “choking” the continent. It is characterised by the fact Africa accounts for 3% of global carbon emissions and loses between [\\$7-15 billion annually due to climate change yet it has only received at least 3% of global climate finance \(USD\\$18.3 billion\)](#). This is a situation that undermines Africa’s efforts to support sustainable climate resilience and curbing the debt crescendo Africa faces, thus it largely exhibits the inequalities characteristic of the global financial architecture.

AFRODAD commends the AfDB President Dr Akinwumi Adesina on calling out the global financial architecture on its failure to ensure equality when dealing with Africa’s multifaceted challenges, access to development finance, largely climate finance and its failure in tackling and making the debt architecture work for the African continent. [He called for an urgent need for reform of the current international financial architecture to have it fit for orderly debt restructuring, minimize debt resolution costs, and ensure transparency and global coordination among creditors](#)¹ sentiments that resonate with AFRODAD’s Harare Declaration of 2021. Whilst calls for the global financial architecture reform are plausible, they are rhetoric if not followed up by strategic action and sustainable propositions that do not perpetuate the very same vices that keep Africa in the vicious cycle of limited financial access, high interest rates and a debt conundrum.

Whilst the conception of financing gaps is a contended philosophy, it is no doubt that large financial endowments are needed to ensure that Africa’s development needs are catered for. However, the Annual Meetings theme, *Mobilizing Private Sector Financing for Climate and Green Growth in Africa*’ and President Adesina’s call for leveraging private finance for green growth and climate propagates the [Maximising Finance for Development, the Cascade Approach and the proposals under the World Banks Evolution Road Map](#) that are geared at promoting profit over people via blended instruments whose effectiveness are not truly known.

¹ <https://www.afdb.org/en/news-and-events/speeches/speech-dr-akinwumi-adesina-president-african-development-bank-group-presidential-dialogue-changing-global-financial-architecture-and-role-multilateral-development-banks-2023-bank-group-annual-meetings-23-may-2023-61392>

Evidence on the failure of the proposed greened instruments have shown that the form of public and private partnerships similar to what the Bank is proposing increase country [debt vulnerabilities, undermines domestic private sector and crowds out public regulation of public goods by governments.](#)

More importantly, AFRODAD is concerned by the non-comprehensive inclusion of civil society in the AfDB Annuals of 2023 where they were largely mere spectators/participants who could not contribute meaningfully to the discussions pertinent to the constituencies they represent who may suffer from the vagaries of profit-oriented development interventions not people centre development.

To this end, AFRODAD commends the AfDB's call for the global financial architecture reform and calls for the Bank, member countries and the premier continental political body the African Union to see through that:

- i. **Reforms of the global financial architecture that governs public debt** are revisited based on suspension, renegotiation, restructuring and cancellation. This includes considering changing of the creditor landscape and the proliferation of debt instruments available to African governments.
- ii. **Meaningful debt solutions for Africa are sought through support** to the United Nations Conference on Trade and Development's (UNCTADs) proposal for an International Developing Country Debt Authority that would oversee comprehensive temporary standstills.
- iii. **Efforts to Seal financial leakages are comprehensively made** to ensure that the skewed global finance architecture resolves illicit financial flows it harbors, which represent a double theft from Africa: an expropriation of funds that also robs billions of a better future.

About AFRODAD The African Forum and Network on Debt and Development (AFRODAD) is committed to contributing to the long-term development of the African continent through its contribution to finding sustainable solutions to Africa's challenges in debt, resource management and financial development.

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