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Green Deal: Modelling Partnership for Development and Growth in Africa

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Six year ago, the World agreed on a new sheared path for development, encompassing and impacting on every nation - including low, middle and high income countries equally - and on each person. The Sustainable Development Goals, based on the UN 2030 Agenda, the Paris Agreement and the Addis Ababa Action Plan created a common language and integrated the fundamental pillars of development that have to walk hand-in-hand if we are to deliver on the promises we solemnly agreed in 2015.

On the SDG, we formalized the link between Economic Growth, Social Development and Environmental Sustainability. And the only truly surprising news from the 2030 Agenda is that took us all this time to recognize the obvious: without economic growth, we will not have social development and without social development our economic growth will be limited and unfair.

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The third pillar of the SDG is, or should be, undisputed: science tells us that the Planet will not endure a new round of unsustainable growth. We just cannot carry on as if climate change wasn't upon us. All of us, regardless of where we live.

We need, therefore, to implement the balance between the 3 pillars of the SDG. We need to deliver the collective promise we made in 2015. And we need to do it together in a renewed partnership. A Partnership that is particularly relevant when we discuss the relations between Europe and Africa. A partnership inspired by our common aspirations.

To reach the general goals of environmental sustainability, social development and economic growth for all, the World needs to invest US$5 trillion every year and, according to the OECD, the existing Official Development Aid coverd only 1/3 of that amount, not considering the impact of the pandemic.

There are, indeed, significant challenges to financing the SGD agenda and we can no longer rely on a "business as usual" approach to development. We need to bring in new actors, as the International Community also recognized in the 2015 Addis Ababa Action Agenda and, in particular, on the role of the Private Sector. The Agenda is unique in the way the International Community decided to incorporate the private sector, that is called upon to work side-by-side with the States, the International Organizations, the NGOs and the Not-For-Profit Organizations.

Consider for a moment the motivations of business and corporations to incorporate the Sustainable Development Goals in their agenda, their investments and their impact: Business and Corporations, large and small, need to make money, for without profit the private sector fails. But business and corporations are a key element for long-term sustainable development, for there is honorability in individual progress generated by a well-payed job, allowing children to go to school and not to work. And there is virtue in collective advancement induced by business paying their taxes, allowing governments to provide for public policies.

Regardless of motivations - be that a modern understanding of Corporate Social Responsibility, or because legislation and consumers so impose it or even because there are profits to be made and financing available in sustainable business - we expect and we encourage the role of the private sector in our Sustainable Development Agenda for all.

Let me return to the SDG for a moment. Although the traditional approach to the Sustainable Development Goals places Good Governance in a different level then economic growth, social development and environmental sustainability, I would argue that we should consider it when debating sustainable development as well. And we should do it for two reasons: On the one hand, Good Governance in all its dimensions is fundamental to any functioning state and history is full of tragic examples of state failure. On the other hand, a well regulated, predictable, enabling businesses environment is as key as a good business opportunity.

We must also remeber that the international competition for Foreign Direct Investment is fearless and business will choose where to invest based as much as on expected Return on Investment as on the overall foreign investment legal and administrative realities.

By recognizing that the private sector is a key partner for sustainable development, the UN is adding yet another reason for combining good governance to economic growth, social development and environmental sustainability.

Finally, we should also consider a fifth key element for sustainable development. We all remember the 2008 crisis and how Governments had to step in to save the global financing sector from collapsing and dragging the World economy with it. The global financial crisis prompted the Finance Regulation Authorities across the World to take a long and hard look at the way that the finance sector did business and to impose a number of measures to ensure that a crisis of that scale and magnitude cannot happen again. And rightly so! After all, it became only too obvious that a deregulated banking system is a World systemic risk.

But the fact is that the understandable and desirable reinforcement on risk assessment that regulators imposed on the financial sector is impacting on the banking sector's capacity to support and invest in sustainable development relevant projects, for the financial sector is still looking for a formula that will allow to incorporate the SGD into banking risk modelling.

It is true that some elements of the Sustainable Development Goals are already being incorporated, particularly investments on climate change resilience are easy to assess and insurance companies do it all the time, even though are chiefly from a banking rather than a sustainability perspective. But other areas of development, notably those areas more closely related to social development are still very difficult to consider when assessing the risk involved in lending for private investments.

We need to look at financing development in a holistic way. On the one hand, by including sustainable development into risk analysis and by blending grants and loans in coordinated funding. On the other hand, we need to revisit the burden of debt in developing countries as key mechanism to generate further financing streams for public policies and sustainable development.

Finally, we need to do it within the joint effort to fight and recover from COVID-19 world impact, where economic growth, social development, environmental sustainability, good governance and financing for development are all integrate parts of "building back better".

Ladies and Gentlemen

The Portuguese Presidency of the Council is organizing a High-Level Green Investment Forum EU - Africa, bringing together leading government and business figures, international and development financial institutions and academia from Europe and Africa, to debate the perspective of both the public and private sectors on sustainable development and green investment, to be held in Lisbon on April 23rd.

As a pathway, in the month leading up to the Forum, the Portuguese Presidency is also organizing several local and regional dialogues in Africa and Europe, open to local decision-makers, financial institutions, business, academia and general public to contribute to the high-level meeting. Our Green Talks.

Paving the way for the next EU-AU Summit, we will share experiences, innovative approaches and opportunities to mobilize private and public capital towards the Green Transition in Africa, as well as showcase how green and sustainable business models are profitable, create jobs and generate wealth, while contributing to achieving the world's climate goals.

Ladies and Gentlemen,

The International Community set an ambitious but clear goal in 2015: that by 2030 we should all live in a World where economic growth, social development and environmental sustainability would be part of an integrate system. To do so, we need to add good governance and sustainable development finance to the SDG's toolbox. The Portuguese Presidency of the Council is happy to contribute to that goal.