

Human Rights Council
European and Central Asian Seminar
“THE CONTRIBUTION OF DEVELOPMENT TO
THE ENJOYMENT OF ALL HUMAN RIGHTS”

Re. HRC Resolution 47/11

2 September 2022

The Contribution of Official Development Assistance (ODA) and other forms of finance for development to the enjoyment of human rights

Introduction : The Context

“We will not enjoy development without security, we will not enjoy security without development, and we will not enjoy either without respect for human rights.” (In Larger Freedom – A/59/2005, para.17)

“The 17 Sustainable Development Goals ... seek to realize the human rights of all.” (Transforming Our World: the 2030 Agenda on Sustainable Development – A/RES/70/1, 2015)

“These goals [SDGs] are ambitious, and they demand equal ambition in using the “billions” in ODA and in available development resources to attract, leverage, and mobilize “trillions” in investments of all kinds: public and private, national and global, in both capital and capacity.” (From Billions to Trillions: Multilateral Development Banks Contributions to Financing for Development – 2015)

- ⇒ “There is no sustainable development without respect of human rights and without sustainable financing for development.”
- ⇒ What part does ODA play in this equation?
- ⇒ What is ODA?

The OECD-DAC defines ODA as “those flows to countries and territories on the [DAC List of ODA Recipients](#) and to [multilateral institutions](#) which are:

- i. provided by official agencies, including state and local governments, or by their executive agencies; and
- ii. each transaction of which:
 - is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
 - is concessional in character and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

⇒ With this in mind, allow me to argue three points:

1. While financing is, ODA per se may not be an absolute requirement for sustainable development or the respect of human rights. However, it would be unwise to deprive the international community of the potential benefits of ODA for sustainable development and the respect of human rights.
2. ODA is a very important enabler of effective development and human rights policies, wherever and whenever the risk assessment of an investment does not allow other sources of financing – namely private sector investment – to kick in.
3. The potential leverage of ODA to de-risk private sector financing for sustainable development – and hence better respect for human rights – can hardly be overstated.

Part I : The Promise of Patience

- Sustainable development does not happen at the turn of a key or at the push of a button. Sustainable development takes time, no matter where it is supposed to happen.
- Allow me a brief glance back at Luxembourg's political, economic and social development over the past 180 years.
- Of course, back then, the concept of ODA had not been coined yet. However, the narrative allows to show that early economic and social development can well go in parallel with burgeoning political and civil rights.
- Luxembourg's independence dates back to 1839. Back then, the Grand-Duchy was a poor agrarian country, with economic perspectives so bleak that one third of the population emigrated, mainly to the US and to Brazil.
- As of the late 19th century, the discovery and exploitation of iron ore in the Southern part of the country triggered the economic development of Luxembourg, which quickly went hand in hand with **both** social progress **and** new political rights.
 - The Education Law of 1912 introduced 7 years of mandatory schooling and abolished the oversight of teachers by the church.
 - Universal suffrage, including women's right to vote, dates back to 1919.
 - ⇒ So much so for the question about the preeminence of one type of rights over another one.
 - ⇒ Human rights are rooted in the dignity of the individual, and they can only be enjoyed when implemented and respected collectively.

- This being said, sudden profitable business for the private sector and higher tax income for the State alone are insufficient to prompt sustainable development and respect of human rights. Although held back twice by two World Wars, Luxembourg's development during the 20th century was also favored by a temperate climate, democratic decision making, hard work at all levels of the population and the European economic – and later political – integration process.
 - Still it took over a century from the independence of a poor emigrating nation to one of the countries with the highest GDP per capita.
 - So after the Second World War, foreign public financial assistance did play a certain role – albeit marginal – in the development and the respect of human rights in my own country, namely through the sectoral help for agriculture through the Marshall Plan and first concessional loans by the World Bank.
- ⇒ Overall, I read a lesson of patience into our development trajectory, even more so when we consider that a large number of countries enjoy their independence only for a much shorter period of time than Luxembourg.

Part II : The Power of Public Policy

- Of course, patience alone does not do the trick. Sustainable development and the respect of human rights do not auto-ignite.
- The political decision to engage in pro-active development cooperation and make Official Development Assistance available for that purpose may be triggered by a number of factors. In Luxembourg, two factors undeniable came into play:
 - The first reflects the intention to identify and explore foreign markets, in search of opportunities for economic actors from Luxembourg; an effort to boost Luxembourg's own development, so to speak;
 - The second factor, on the other hand, was the expression of a deeply felt sense of international solidarity and a strong commitment to sound international relations through multilateralism and on the basis of international rule of law. Those have proven to be a sound basis to live up to the industrialized countries commitment to provide ODA of 0,7 per cent of GDP, as agreed to in the UNGA, back in 1970¹.
- At the Earth Summit of 1992, in Rio, Luxembourg's Prime Minister declared that the Grand-Duchy's ODA should hit the 0,7 per cent mark in the year 2000.

¹ UN General Assembly resolution A/RES/2626(XXV) of 24 October 1970 states (para. 43): "Each economically advanced country will progressively increase its official development assistance to the developing countries and will exert its best efforts to reach a minimum net amount of 0.7 percent of its gross national product ... by the middle of the Decade."

- Budgetary allocations in that sense throughout the 1990's allowed us to reach the target, as promised. The main challenge during that decade was less of a quantitative than of a qualitative nature.
- Spending that kind of tax payers money on people centered development programs in the Global South called for sound and coherent public policies and strategies, in order to muster political consensus in Parliament and wide support in public opinion and in organized civil society.
- Geographic and sectoral focus in programming coupled to a straightforward political dialogue with partner countries from the South provided the basis for partnerships and for ODA spending that for many years now is priding itself to be almost entirely, but no longer exclusively, grant based.
- As of the first multiannual bilateral development agreements with partner countries, development issues, human rights and rule of law questions were discussed and dealt with on equal footing. ODA funded programs in the social sectors of education and public health helped bolstering the related human rights of poor populations, with a special focus on the situation of women and girls.
- On the basis of that understanding and cooperation, in 2012, Luxembourg decided to step up its ODA effort from 0,7 to 1 per cent of its gross national income. But even though this financial effort represents today some annual 400 million euros, we are acutely aware that the combined ODA of all industrialized countries will not allow to align the trillions required to implement the SDGs and foster the respect of human rights.

Part III : The Potential of Partnerships

- Partnerships are crucial to tackle the challenges of poverty and human rights violations. Indeed, sustainable development and the internationally agreed set of human rights are of a multifaceted nature, and need joint efforts of many different actors in order to be implemented.
- This is also true when it comes to mustering the right balance of funding and financing of the implementation activities.
- ODA is merely one type of funding that comes into play.
 - It can play a unique role to contribute to the development efforts of a given country, in areas and sectors or at a time when the risk perception for other forms of funding and financing is not acceptable for other financial partners to come on board (partners from the private sector f.e.). This happens ever so often when funding for technical cooperation and capacity building is necessary, and no business case can be credibly designed around those needs.

- ODA, in grant form or as concessional loans, is also the funding option of choice when over-indebtedness is a concern, as may be the case with commercial loans to finance development programs.
- On the other hand, in combination with funding resources locally generated by tax income and channeled through the state budget for development or human rights purposes, ODA has proven its complementarity and effectiveness. That scenario often presupposes strong leadership from the government of the developing partner country in defining its sectoral priorities and allocating adequate national resources.
- Finally, faced with the extraordinary financial needs for effective climate change action and against climate change's negative effects on the human rights of women, men and children in the Global South, ODA has been put to use to mitigate the first loss risk of financial partners from the private sector. As a matter of fact, certain climate change activities – like setting up solar farms or windparks – can produce renewable energy as a commercial commodity. More and more often, investors recognize therein the opportunity for a mutually beneficial business case. When that happens, ODA can serve as seed money for the infrastructure to put in place or as a first loss guaranty convincing more risk adverse private sector investors to come on board.

Conclusion

- All of these examples deserve more detailed explanations (for which we unfortunately do not have the time today...). They have in common to demonstrate the potential of ODA in financing sustainable development and help fostering the respect of human rights, be it in grant form, as concessional loans, as risk friendly funding in complement to national budget resources or as a potent leverage for private sector investment.