

Time to decolonise international development

by Biman Prasad

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Fiji's Deputy Prime Minister Biman Prasad at the High-Level Regional Consultation on Financing for Development in Asia and the Pacific, December 2024

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The Fourth International Conference on Financing for Development is being held at one of the most difficult moments in recent history. At no time in post-Second World War history has the international environment been as challenging as it is today, and never has it been more unwelcoming for small island states.

Some of the most severely debt-stressed countries are the island states of the Pacific. The harshest impacts of global economic re-engineering are being felt by the poorest communities across the Pacific. The adaptation challenges arising from runaway climate change are the steepest across the atoll states of the Pacific — Kiribati, Tuvalu and Marshall Islands.

At no time outside of war have economies had to face a 30 to 70% contraction as a consequence of a single cyclone. Fiji, Vanuatu and Tonga have faced this situation within this decade.

The world is failing on its Global Goals — the SDGs. This is the one plan we have for people, communities and for our planet. There is no Plan B. The two options before the world are to either secure the goals, or face extreme chaos. There is nothing in the middle. Not this time.

We have seen a worrisome step back in solidarity and compassion. Ours is not only a world that is more unequal — but one that has become less inclusive. Only a handful of rich countries have delivered on the 0.7% target for their Official Development Assistance agreed to decades ago in Addis Ababa.

Last year alone, the rich world earned over US\$1.4 trillion through interest and loan repayments from the developing world. This figure is set to rise to well above US\$2.0 trillion per year by 2030.

The SDG and the climate change financing gap is well in excess of US\$1 trillion annually. We cannot continue to expect more talk that does not lead to solutions and listen to more expressions of solidarity that mean little to communities living on the frontlines of climate change.

A fundamental shift is needed in how existing international development assistance is delivered. We can make existing international development assistance more effective and more impactful.

I encourage a rapid shift to aid on budget. If international development assistance is not on budget — then please do not hold developing countries to account for weak performance and the poor results of international development assistance.

By 2030, 50% of all development assistance should be on budget and delivered through budget support measures. But in the transition to this target, my message to all development partners is ensure that development is locally led. To multilateral development banks, bilateral development partners and the UN — build our national systems to accelerate our development efforts.

Stop creating expensive parallel systems for the delivery of international assistance. In some countries, we already have what is effectively a second civil service — a civil service paid for by donors that extracts talent from our governments and that is accountable solely to donors rather than to governments and local communities.

Most of the development resources used by donors for capacity building are actually spent on building donor capacities — not our national capacities. This applies to the international financial institutions, the UN and bilateral donors. The continued tyranny of expensive capacity building for parallel systems must end.

Climate change cuts across the whole of our development pathways. No sector of our economy is left untouched by climate change. The Pacific islands need the world to return to the pathway toward a 1.5 degrees Celsius temperature increase. We agreed to this in Paris. We need to get on with this.

At 1.5 degrees, the Pacific island states will be able to maintain stable societies and economies. Breach 1.5 degrees and the stability and viability of state systems can no longer be guaranteed.

We have agreed on a foundation for climate finance at the recently concluded

COP29. We were deeply disappointed but we have secured a positive foundation. The world will need to commit to and deliver climate finance on a far more substantial scale than the US\$300 billion agreed to in Baku.

Climate finance at scale and speed matters to the Pacific because time is what we do not have. We can adapt now. We can adapt in the next decade. Beyond that adaptation options become far more complicated and perhaps no longer feasible.

The sad reality today is that climate funds are largely given to us through internationally accredited agencies and the UN system. They extract resources that are earmarked for our countries. They extract talent from our governments to deliver their programs. They often bypass our governments and ignore our communities.

The Pacific has called for significant international support to the Pacific Resilience Facility — our homegrown, region-specific initiative aimed at building our financial reserves for disaster preparedness and to fund our resilience. Support us to help ourselves. Why should this be so difficult?

We know that ODA and climate finance alone cannot meet the scale of the challenges before the world. A game-change is needed across the “development-scape”. This will need be multi-pronged — involving both private and public sector solutions.

Mobilising private sector investment is less of a constraint to large developing countries such as Egypt and India. It is a far greater challenge for small island states — lacking in market size. Tailored financing mechanisms that empower our small and medium enterprises to take greater charge of delivering our SDGs must be an important part of the global response.

Debt sustainability is a major issue across small island developing states. In Fiji, our debt-to-GDP ratio sits at about 78% — a reduction of nearly 15% over the two short years in which I have been finance minister.

Debt management will remain challenging for small states on the frontlines of climate change. We need resources to expand opportunities for human development. We need resources to respond to the ever-growing impacts of climate change concurrently. We need to service our debts.

The International Conference on Financing for Development must support a significant increase in highly concessional financing that is rooted in vulnerability rather than debt levels or income, and a consensus to at least double grant-based budget support by 2030.

The conference must deliver a comprehensive outcome for debt restructuring. It will be a monumental failure without this. Fiji will encourage greater consideration of medium-term debt suspension agreements in response to external shocks and in the aftermath of catastrophic climate events.

A crucial starting point for the decolonisation of international development is fundamental reform of the international financial architecture. The compounding and cascading challenges faced by developing nations, including frequent economic shocks, debt distress and heightened climate vulnerabilities calls for an international system in which small states have real voice and weight.

The conference is our global moment to reset the global economy – in ways that make it inclusive and sustainable. We need to get this right or we lose our one shot to return the international system to a pathway of security and sustainability.

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