

# The Global Outlook on Financing for Sustainable Development: Time to face the challenge

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# What is the Global Outlook on Financing for Sustainable Development?

*The first of a kind...*



- **A collective effort;**
- **A stock-take of our progress** in the implementation of the 2030 and Addis agendas;
- **A compass** to navigate the increasing complexity of FSD;
- **A toolbox** for reforms necessary to reach our objectives;
- **An input** into the multilateral agenda.

# FINANCING THE SUSTAINABLE DEVELOPMENT GOALS

## TIME TO FACE THE CHALLENGE



The SDGs: The plan for a better world by 2030

2015

Who will help developing countries **finance** the SDGs?

Foreign aid is **not enough**

The Addis Ababa Action Agenda (AAAA) **calls on all actors** –public and private– to **co-ordinate better** and **mobilise more financial resources**

After surging from 2000 to 2013, total external finance declined by

**12%** between 2013 & 2016

Over 2016 to 2017 foreign direct investment alone dropped by

**30%**

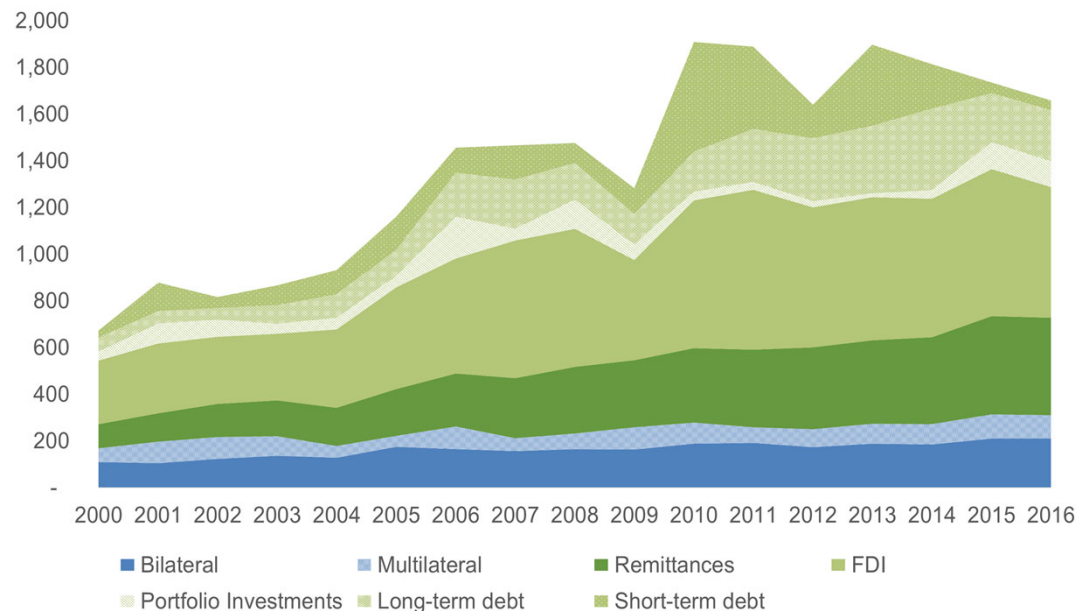
And co-ordination remains **poor**

2018  
TODAY

**BUT** in reality **external finance** for sustainable development has been **going down**

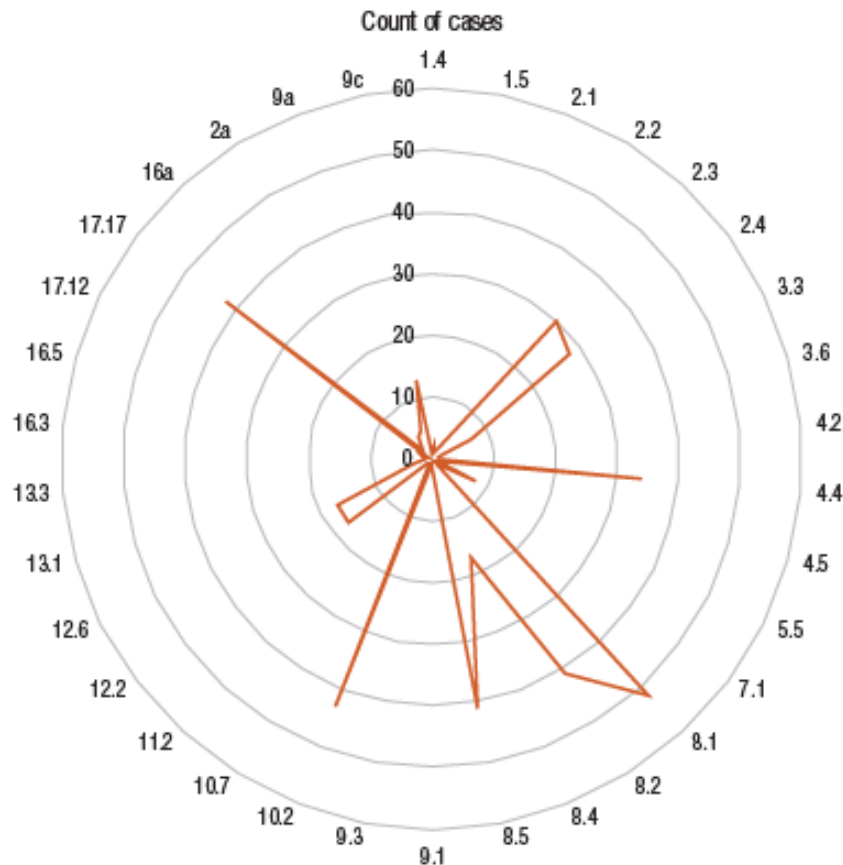


# Is the glass half full or half empty?



- **Remittances** by migrants reached a record high of USD 466 billion in 2017;
- **Official development assistance** is steady at USD 146.6 billion in 2017;
- **Philanthropy** contributes an average of USD 7.9 billion a year over 2013-2015;
- **Government revenues** remain below the 15% of GDP threshold necessary for effective state functioning.
- **FDI** dropped by 30% over 2016-17 to USD 750 billion;

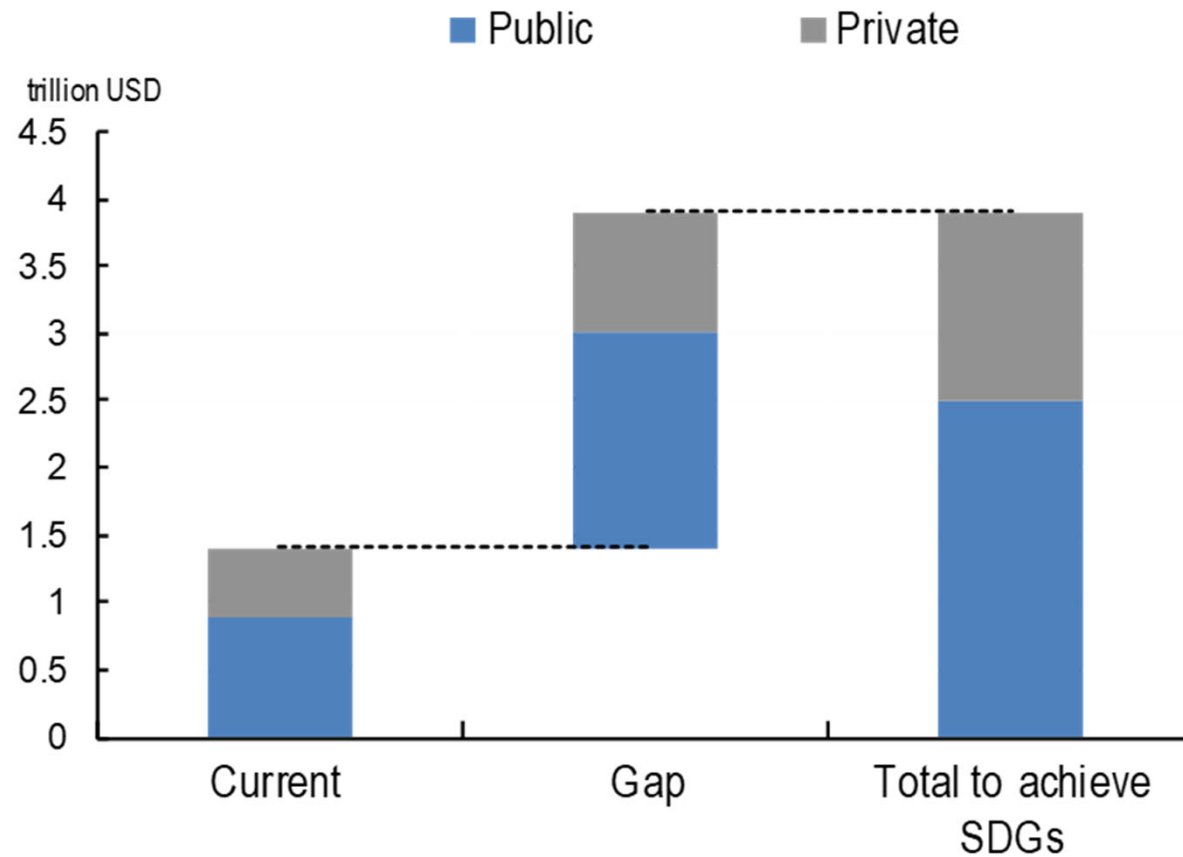
# The main risk is one of dilution of responsibilities



## Private resources are not necessarily aligned with SDGs

- **Only 40 out of 169 SDG targets were hit by businesses**
- 129 SDG targets were never hit
- The ones hit are SDG 8 (Economic growth and decent work), SDG 4 (Education), SDG 2 (Less Hunger) and SDG 10 (Reduced Inequalities), SDG 17 (Partnerships)

## The narrative we need to change: the trillion dollar gap



# From mobilising to maximising: Shifting the trillions

## *Factors of stress...*

- **Growth** – pre-2008 levels not recovered
- **Commodity prices** – super-cycle ended in 2011
- **Debt levels** – at historic peak
- **Migration** – 258 million displaced
- **Technology** – Schumpeterian cycle

## *Trillions are here...*

- **Derivatives** alone represent 700 trillion, i.e. 10 times the world GDP
- Total amount of **offshore cash** held by US companies alone represents more than the SDG financing needs
- **It takes nanoseconds to make billions** – the infrastructure gap revisited

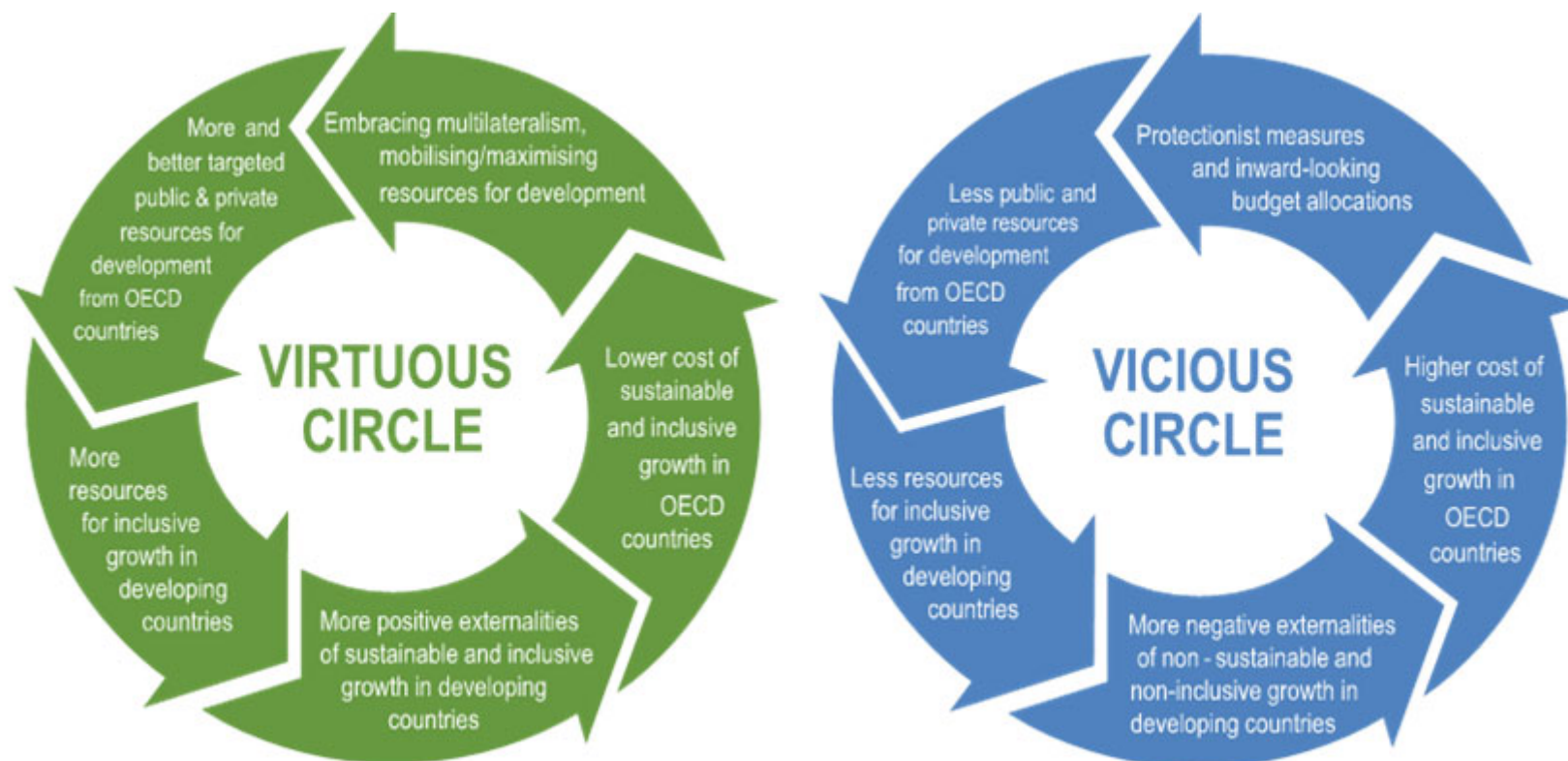


## The SDGs are a shareholders agenda



*“Yes, the planet got destroyed.  
But for a beautiful moment in time we  
created a lot of value for shareholders.”*

## The SDGs are not a cost but an opportunity



## FINANCING SUSTAINABLE DEVELOPMENT IN POOR COUNTRIES IS AN INVESTMENT IN THE WELL-BEING OF ALL NATIONS

- OECD countries must take **urgent** and **bold** action to implement the **AAAA** with their partners and **fulfil the promise of Agenda 2030** at home and abroad
- Mobilising more finance for developing countries is not enough; the **quality** – i.e. the “sustainable development footprint” – of all finance **must be enhanced**



## THREE AREAS FOR REFORM

### BETTER MEASUREMENT

A new transparency initiative to assess the quantity and the quality of finance for the SDGs



### BETTER REGULATION

To shift a greater share of the trillions already available globally to be invested in the SDGs (e.g. through tax regimes and investment frameworks, sustainability reporting)



### BETTER CO-ORDINATION

To better connect supply and demand for financing for sustainable development in countries





# 1. Measurement



- Improving the measure of resources including and beyond ODA
- Promoting new measures of the development content of private resources: FDI, remittances, philanthropy, trade, etc.



- Identifying the SDG financing gaps at global, local and sectoral levels
- Understanding the synergies and trade-offs between goals, financing and policy



- Strengthening data capacity to effectively track development impact
- Encouraging alignment of impact metrics across actors to the SDGs



## 2. Regulation

*A three-pronged approach to “shifting the trillions”*

Increasing the  
catalytic and  
dynamic effects of  
ODA and other  
sources of finance



EFFECTIVENESS

Increasing the  
development  
footprint of  
each actor



PARTNERSHIPS

Investing in  
enablers to  
better mobilise  
domestic  
resources



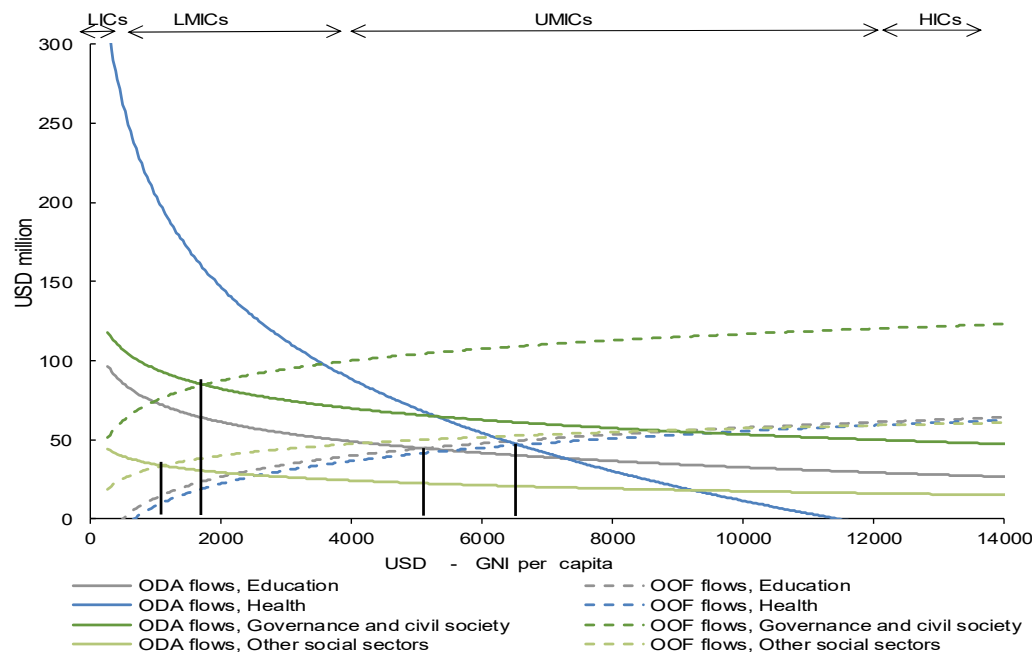
CAPACITY BUILDING

*FSD as a market place in need of transparency and better regulation*



### 3. Better co-ordination

*The mix of financing and actors depends on context...*



- *Better align financing strategies with country's own development strategies, delivering on integrated national financing frameworks)*
- *Tailor holistic approaches to sectors and policy goals, to accelerate progress*
- *Support holistic financing globally, regionally and locally, making the most of all actors' expertise*

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# Thank you

For more information visit:

<http://www.oecd.org/dac/financing-sustainable-development/>

