

UNDP 50th Anniversary Ministerial Meeting

UN General Assembly Hall, New York, 24 February 2016, 15.45h – 16:45h

DRAFT AS OF 4 FEBRUARY 2016



SESSION VII OUTLINE

Financing for the SDGs

Introduction

Matching the level of ambition expressed in the 2030 Agenda for Sustainable Development will require financial resources that far exceed the current scale and form of development finance flows. The consensus reached in the Addis Ababa Action Agenda recognized the primacy of using all sources of finance – domestic and international, public and private, bilateral and multilateral, as well as alternative sources of finance - in a complementary and coherent manner.

The slower global economic recovery and the ongoing crises around the world with their associated humanitarian costs continue to put pressure on international development finance. Countries at different stages of development face varying degrees of access to development finance, some depending more on Official Development Assistance (ODA) than others.

According to OECD, ODA represented 51% of the total resources receipts¹ of least developed countries (LDCs) in 2013 compared to 14% and 6% for lower middle-income countries (LMICs) and upper middle-income countries (UMICs), respectively. Reversing the declining trend of ODA to LDCs while maximizing the potential of ODA to leverage additional financial flows, including by combining it with non-concessional public finance or private finance will be key to the realization of the 2030 Agenda.

South-South Cooperation has emerged as an important complement to development cooperation, estimated to have reached \$20 billion in 2013². Similarly, the establishment of new public development finance institutions, i.e., the New Development Bank, the Asian Infrastructure Investment Bank, and other regionally focused institutions, offer new opportunities for international public finance to advance sustainable development objectives. As the relative importance of ODA declines, new and complementary sources of development financing – both public and private - become increasingly important.

¹ Total resources receipts include ODA (both bilateral ODA and multilateral concessional flows); Non-ODA flows (other official developmental flows, officially-supported export credits, FDI, other private flows at market terms and private grants) and Personal remittances [<http://www.oecd.org/dac/stats/beyond-oda.htm>].

² [UN \(2015\) Taking Stock of the Global Partnership for Development MDG Gap Task Force Report 2015](#)

Domestically, the implementation of the new 2030 Agenda will occur within the context of an existing policy-setting with most priorities already defined, long-term investments decisions made, and potentially limiting the fiscal space required to introduce new programmes or initiatives, at least in the short-term. Knowing where to start and balancing short-term policy commitments with long-term investments needed for the SDGs will not be straight forward.

One of the major tasks for policy-makers in financing the 2030 Agenda will be to devise financing solutions - within the scope of domestic and international resources, and without building-up unsustainable debt levels - to attract and direct investments to areas with greater co-benefits and multiplier effects for achieving the SDGs.

For example, investing in clean energy access for low-income households could generate substantial positive externalities in the form of improved health, productivity, income and other outcomes. Additionally, resources mobilized will need to be allocated and utilized effectively for increased development impact.

Objective

The overall objective of the session is for Ministers to discuss the opportunities and challenges in financing the SDGs. Specifically, panellists and participants will discuss the following questions:

- What are the optimum financing options that countries at different income levels (UMIC, LMIC, LIC) and special circumstances (LDCs, LLDCs, SIDS) have to implement the 2030 Agenda?
- How to unlock new and untapped sources of financing for development?
- How to ensure greater and equitable access to and management of resources from global funds (climate finance, health, etc.) and new financing instruments (blended finance)?
- How to ensure that the UN development system is effectively resourced to support the 2030 Agenda and help countries access the resources needed to implement the SDGs?

Expected Outcome

At the end of the session, participants will have a better understanding of:

- The wide range of financing solutions to implement the SDGs for countries in different contexts; and
- How best the UN development system can help countries finance the SDGs effectively and efficiently using available financing sources and instruments.

Format

The session follows a Davos-style discussion format. A moderator will provide a brief overview of objectives and pose questions to each of the panellists to respond, before opening the session for interventions from the floor.