FINANCING THE SDGS
BUSINESS AS USUAL WON'T DO

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HOW TO FINANCE THE SDGS

- Significant public international development and climate finance will be needed to achieve the Sustainable Development Goals (SDGs).
- Official Development Assistance (ODA) is not enough, commitments need to be met and Financing for Development (FfD) should broaden the provider base by including high-income countries that are not members of the OECD Development Assistance Committee (DAC).
- FfD process needs to set clear standards to improve effective targeting and use of scarce public and concessional funds.
- Moreover, every effort should be made to use innovative mechanisms for generating concessional finance and to mobilize philanthropy for the SDGs.
low- and lower-middle-income countries may need some $2.14 trillion per year, $343-360 billion for LICs and $900-944 billion for LMICs to reach the SDGs. Countries will need to develop long-term strategies that take the goals seriously as time-bound, quantitative objectives.

It is important not to confound these investment needs since each sector will require a different resource mobilization strategy.

Re-directing resources towards the societal objectives enshrined in the SDGs and — second — a practical challenge of organization, sound implementation frameworks, and careful implementation.

Funding the accelerators: transport, research and technology, data management.
countries will need to develop long-term strategies that take the goals seriously as time-bound, quantitative objectives.

- Back casting and needs assessment
- Consultation and input form all stakeholders

- to support resource mobilization and provide an accountability framework
- integrate climate change mitigation and adaptation in a consistent and rigorous manner;
- address gaps, overlaps, and synergies across investment areas; and generate transparent results
- SDG needs assessments can address other cross-cutting issues, such as ending poverty, gender equality, inequalities, cities and human settlements, sustainable consumption and production, and government functions.

- Transparent mechanisms
- Strengthen institutions
- Targeting of resources towards the poorest and most vulnerable.
MODALITIES OF FUNDING WE CAN EXPLORE

- Complementary roles of public and private commercial financing
  - Enterprises solution
  - PPP
  - Reach and technological innovation

- Domestic finance and budgeting
  - Better targeting
  - Prioritizing
  - Transparent
  - Revenue generation: Plugging the leakages

- Development aid
- Civil Society
- Global public goods
Private funds:

(i) Private Funds Mobilized (PFM) through DBR, ODA, and/or OOF that support sustainable development,

(ii) commercial finance, such as foreign direct investment, that does not rely on public co-financing and may not target sustainable development per se.

The key towards mobilizing the private sector for sustainable development is to combine public financing, regulation, and private market participation into an effective public-private partnership (PPP). Such PPPs can be structured by national as well as sub-national governments, including local authorities. They can come in a variety of forms:

- Policies needed to support private investments in the SDGs;
- Private commercial finance can support investments in private assets
- Create an enabling environment: private sector lacks good interfaces to work with the public sector.
Global public goods are an important part of Financing Sustainable Development: climate change mitigation and adaptation; health (infectious diseases); ecosystem services and biodiversity; and technology development and diffusion.

Markets do not effectively respond to the needs of the poor. In turn private financing is intrinsically insufficient or impossible in some areas for the SDGs:

(i) helping the poor access basic needs,

(ii) networked infrastructure where social benefits exceed private returns,

(iii) global public goods (e.g. post-conflict assistance, biodiversity, climate change)

(iv) promoting new technologies

PPPs must be transparent and include sophisticated safeguards to minimize the risk of corruption. Such safeguards are hard to enforce in general, especially in places with weak governance.
International tax and secrecy havens, massive tax evasion, abusive transfer pricing, harmful tax competition, and corrupt natural resource deals significantly depress countries’ ability to mobilize domestic resources.

Some estimates indicate that some developing countries lose some $1 trillion per year through illicit financial flows. These practices may be legal, but they undermine public resource mobilization in rich and poor countries alike and tilt the playing field against smaller companies.

- Better collaboration and information exchange among tax authorizes
- Publication and transparency in national budgets
- Mobilizing domestic resources will also require improved regulation and transparency to reduce illicit financial flows.
ODA and concessional public climate finance are the most precious forms of international finance, since they can finance all manners of public goods. Concessional lending from the International Development Association (IDA)

An important focus of the FfD discussions must be on overcoming the artificial distinction between country-focused ODA and the financing of global public goods. Long-standing commitment to provide between 0.15 and 0.20 percent of GNI in ODA to the LDCs remains unfulfilled by most providers today.

Be targeted towards poverty eradication and public goods that directly support the achievement of the SDGs.

Should consider opportunities for expanding the provider base, particularly for pooled financing mechanisms.

Scarce ODA needs to be directed towards the greatest needs.
Global public goods should be financed according to their priority, including through ODA provided it goes to a developing country, regardless of that country’s income category. Global public goods in non-ODA eligible countries require financing through IDF flows.

Developed countries need to honor their commitment to mobilize $100 billion in climate finance.

- Development and climate finance must be closely integrated.
- Lack of clarity of which types of financial flows count towards climate finance and widespread double-counting of development and climate finance indents commitment to provide adequate climate finance.
- Mobilized through an assessment-based formula that takes into account countries’ ability to pay (e.g. through per capita GNI) and their per capita greenhouse gas emissions.
POOLED FINANCING MECHANISMS

- Recognize the central role of pooled financing mechanisms in building goal-based public-private investment partnerships, that these mechanisms should provide roughly half of all multilateral ODA in the respective sector.
  - Global Fund for Education aiming to disburse $15 billion per year by 2020.
  - GFATM and/or Gavi into a Global Fund for Health to provide financing at scale for health systems strengthening. This fund will require some $15 billion per year by 2015.
  - Expand IFAD (or possibly the GAFSP) to become the Global Fund for Smallholder Agriculture and Nutrition aiming to disburse some $10 billion by 2020.
  - Strengthen the Global Environment Facility to perhaps $6 billion per year and commit that a substantial share – perhaps 20 percent – of the $100 billion in additional climate finance is channeled through the Green Climate Fund.
CIVIL SOCIETY ORGANIZATIONS

- In the last two decades, overwhelming expansion in civil society and a vibrant movement to create public and private partnerships that help improve lives.
- Our neediest communities have come to depend on philanthropy, which is vital to maintaining quality of life for millions of people.
- Empower civil society: funding modalities, enabling environment,
- Channel ‘work’ to CSOs: awareness, data collection, training etc
- Framework works to ensure accountability and transparency
- Link up with academia and private sector
- Islamic financing
## TRANSPARENCY AND ACCOUNTABILITY

- Transparent beneficial ownership of companies, trusts, and other investment vehicles in open data format
- Fair transfer pricing regimes and taxation of multinational companies
- Exchange of information among tax authorities and taxation of offshore assets
- Publish what you pay
- Open government data including mandatory disclosure
- Periodic review of key international rules and standards for consistency with achieving the SDGs.
- Transparent procurement mechanisms
- Strengthening institutions
- Invest in areas that take time to see results: capacity building, behaviour change, education, environmental