

»» The Report of the Intergovernmental Committee of Experts on Sustainable Development Financing

Stiftung Entwicklung und Frieden

Bonn Symposium 2014: Lokales Engagement für Entwicklung

Chancen einer Post-2015 Agenda

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The logo for KfW, consisting of the letters 'KFW' in a bold, blue, sans-serif font.

»» Analysis of the global context and financing needs (1/2)

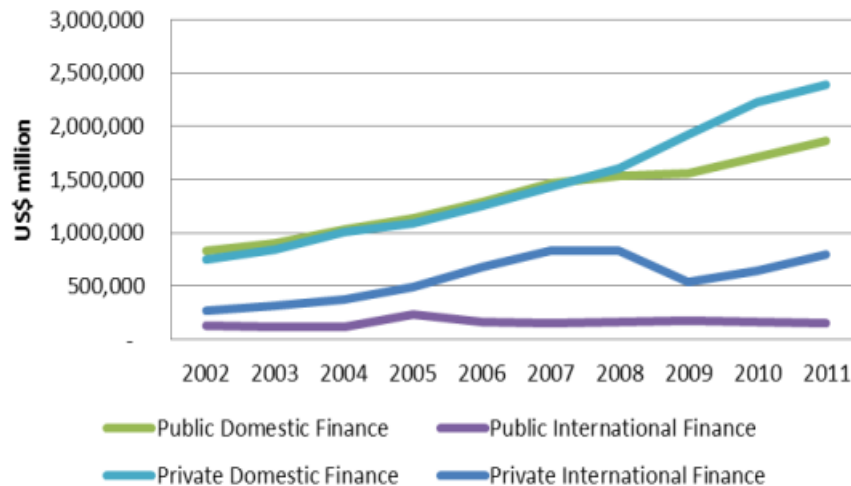
The world has changed

- › **Sustainable development (SD) is a joint challenge in a changing world**
 - › Part of the MDG's business remains unfinished
 - › New challenges are threatening sustainable development, incl. inequality, environmental degradation, climate change or natural disasters
 - › Countries differ in their level of development and have specific challenges
- › **Financing needs for sustainable development are huge**
 - › SD needs are cross-cutting in nature and cannot be simply added up
 - › Financing needs also depend on the effective use of resources
 - › Needs differ between regions and individual countries
- › **Global savings and assets are sufficient to meet the needs**
 - › The way resources are allocated needs to be changed to meet the challenges of SD

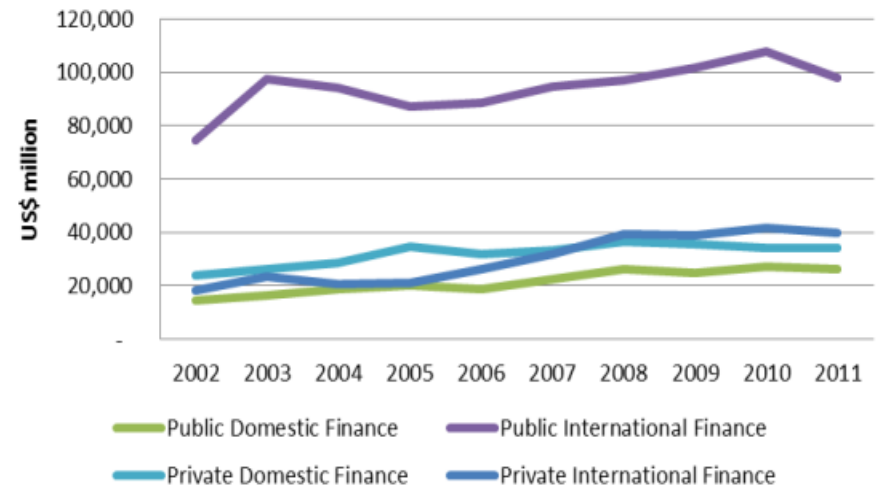
»» Analysis of the global context and financing needs (2/2)

All financing flows matter

Development finance, all developing countries



Development finance, Least Developed Countries



- › Domestic public and private funds play an essential role in developing countries
- › The relevance of different financing flows depends hugely on the type of country
- › The role of ODA remains critical particularly in LDCs

»» 1. A holistic framework for SD financing (1/2)

Make use of all financing flows in an integrated way

- › Meeting financing needs for sustainable development requires optimizing the **contribution and synergetic use of all flows** including international and domestic, public and private sources
- › National sustainable development strategies should be complemented by **national financing strategies** that are key to facilitate the coordination of diverse sources of financing.
- › Financing SD requires a **strengthened global partnership** with the active participation of developing and developed countries, and involvement of all relevant actors.
- › **Private resources** are an essential element to finance sustainable development. Policies and an enabling environment are essential to incentivize greater long-term investment in SD.
- › **Blended finance** should be used in a strategic way to leverage official funds with private capital to pursue social, environmental and economic goals in areas of public concern.

»» 1. A holistic framework for SD financing (2/2)

Mainstream SD in all its dimensions and exploit existing synergies

- › A coherent financing strategy must **cover all types of SD needs**, integrating their economic, social and environmental dimensions and seeking to exploit existing synergies.
- › Strengthen the **integration and harmonization of existing international mechanisms**, frameworks and instruments and reinforce the coherence of financing frameworks under the UN, including the Post-Monterrey and Post-Rio+20 means of implementation.
- › Avoid a singular attribution of individual financing sources to specific financing needs.
- › Sustainable development needs are diverse and differ in their incentive structures:
 - › **Basic needs** (e.g. poverty, health, education, access to energy, equality etc.)
 - › National sustainable development **investment needs**
 - › **Global public goods** (environmental and non-environmental)

»» 2. Good policies are key

Financing sustainable development goes beyond financial means

- › All financing is done within the **context of national and international policy environments** that set rules, regulations, and incentives for all actors.
- › Effective institutions and policies and good governance are **central for the efficient use of resources** and for unlocking additional resources for sustainable development.
- › A **multi-stakeholder, people-centered and inclusive approach** will enable governments and policymakers to better appreciate the diverse needs and concerns of people in the formulation and implementation of SD policies at all levels.

»» 3. An enabling international environment

Provide the policy space required for national SD implementation

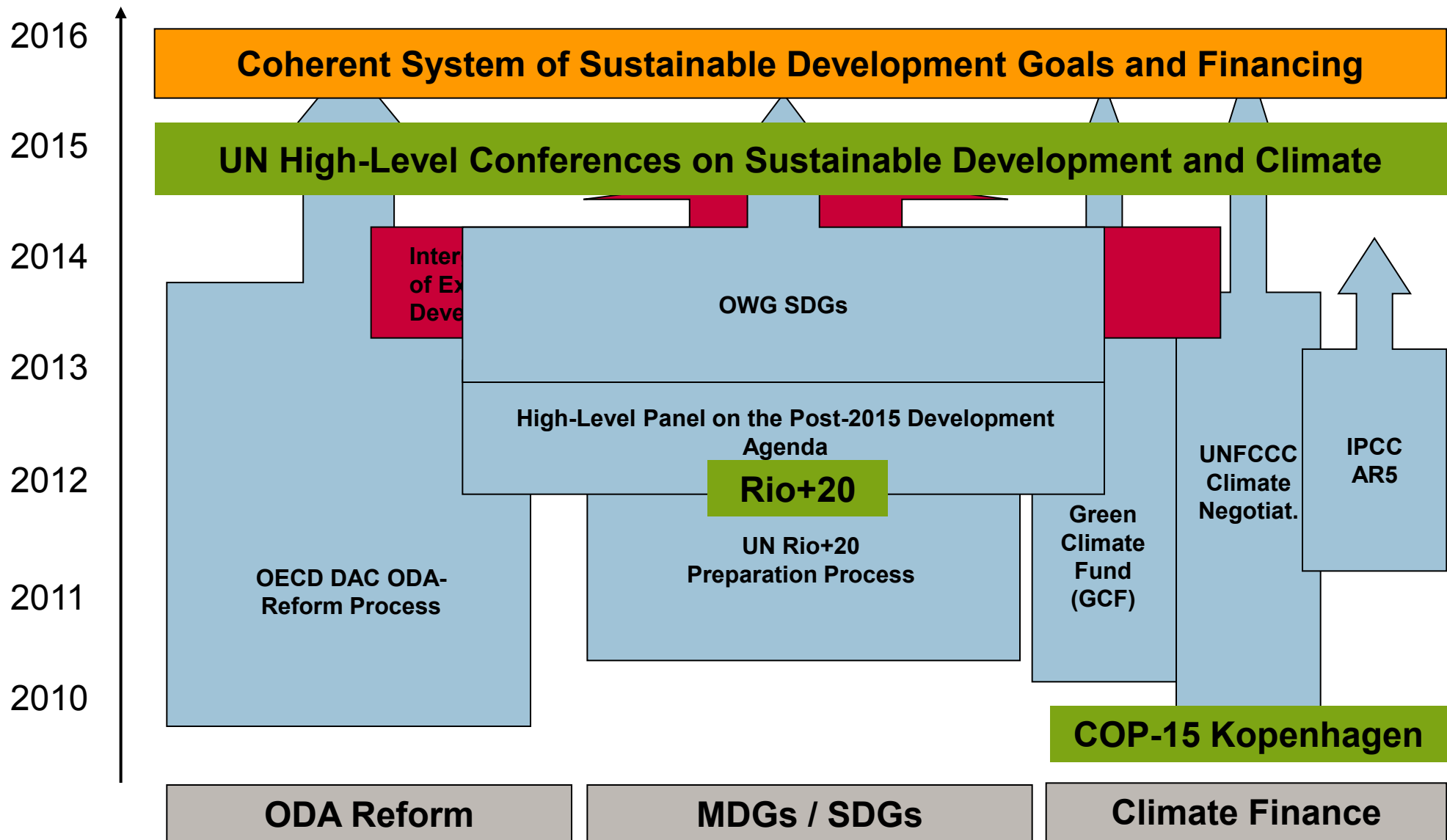
- › An enabling international environment and policy architecture is necessary to provide the policy space necessary to implement effective national sustainable development strategies.
- › Action related to global governance should include:
 - › Strengthening **systemic coherence** and global economic governance
 - › Adopting **fair trade and investment rules** conducive to SD
 - › Strengthening **global financial stability**, sovereign debt crisis prevention and resolution
 - › Strengthening **regional and international cooperation**, including on taxes
 - › Strengthening the **global partnership** to facilitate effective SD cooperation
 - › Fostering **harmonized monitoring and accounting systems** and a data revolution

»» 4. A data revolution

Foster harmonized monitoring and accounting systems

- › Strong, relevant and comparable data is the basis for improved global governance and sustainable development follow-up. Data availability and quality should be enhanced for include **public and private resources** both on the **national and international level..**
- › Current reporting standards and monitoring mechanisms are overlapping, contradicting and incomplete. They should be **better harmonized**, while **reducing their fragmentation** and **increasing integration**.
- › While increasing the harmonization of reporting standards, **commitments for development and climate finance need to be reported separately** and transparently.
- › **National capabilities** for monitoring and accounting should be enhanced, including through the support of capacity building initiatives.

»» Summary and Outlook (1/2)



»» Summary and Outlook (2/2)

- › **Work on financing sustainable development needs to continue** in the context of the Post-2015 Development Agenda as well as in the run-up to the third international Conference on Financing for Development.
- › The ICESDF report is a **starting point** for further debate. It provides **key strategic guidance on the principles** that should govern a future holistic financing framework for sustainable development and describes the **basket of policy measures** available.
- › The UN debate on financing for sustainable development sustainable development **should also inform related processes**, including the ODA modernization process and ongoing discussion within the UNFCCC on climate finance

»» Personal Outlook: Relevance for the Local Level

1. Municipalities need own revenues or predictable transfers from central governments/donors, unclear prospects for sub-sovereign lending
2. More flexibility on financing instruments: new momentum for decentralisation processes, better consideration of local needs in national strategies & investment plans
3. Additional focus on mobilisation of private sector investment and instrument innovation
4. Combine sustainability and development in project concept: from curse to blessing
5. Avoid readiness frustration: investment should not be an accident, involve your bank early, dedicated project preparation and development needs time and funding

»» Thank you for your attention!

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