

# »» 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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Bank aus Verantwortung

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

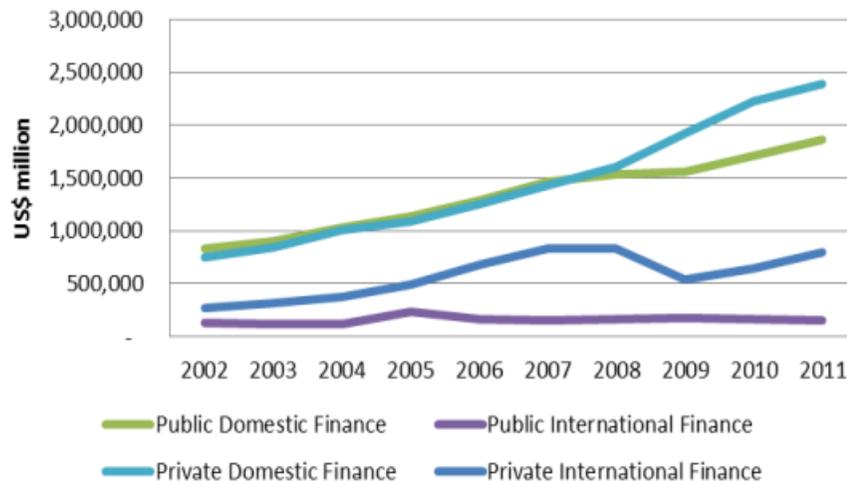
The world has changed

- › **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

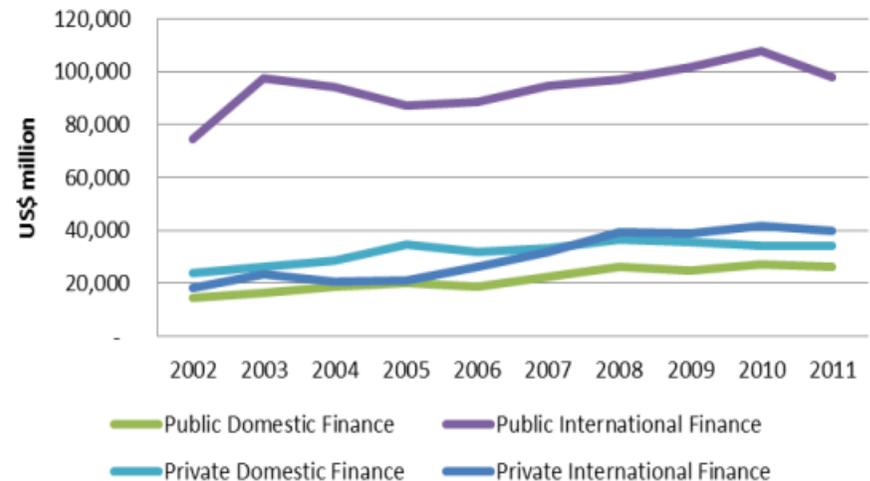
# »» Analysis of the global context and financing needs (2/2)

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

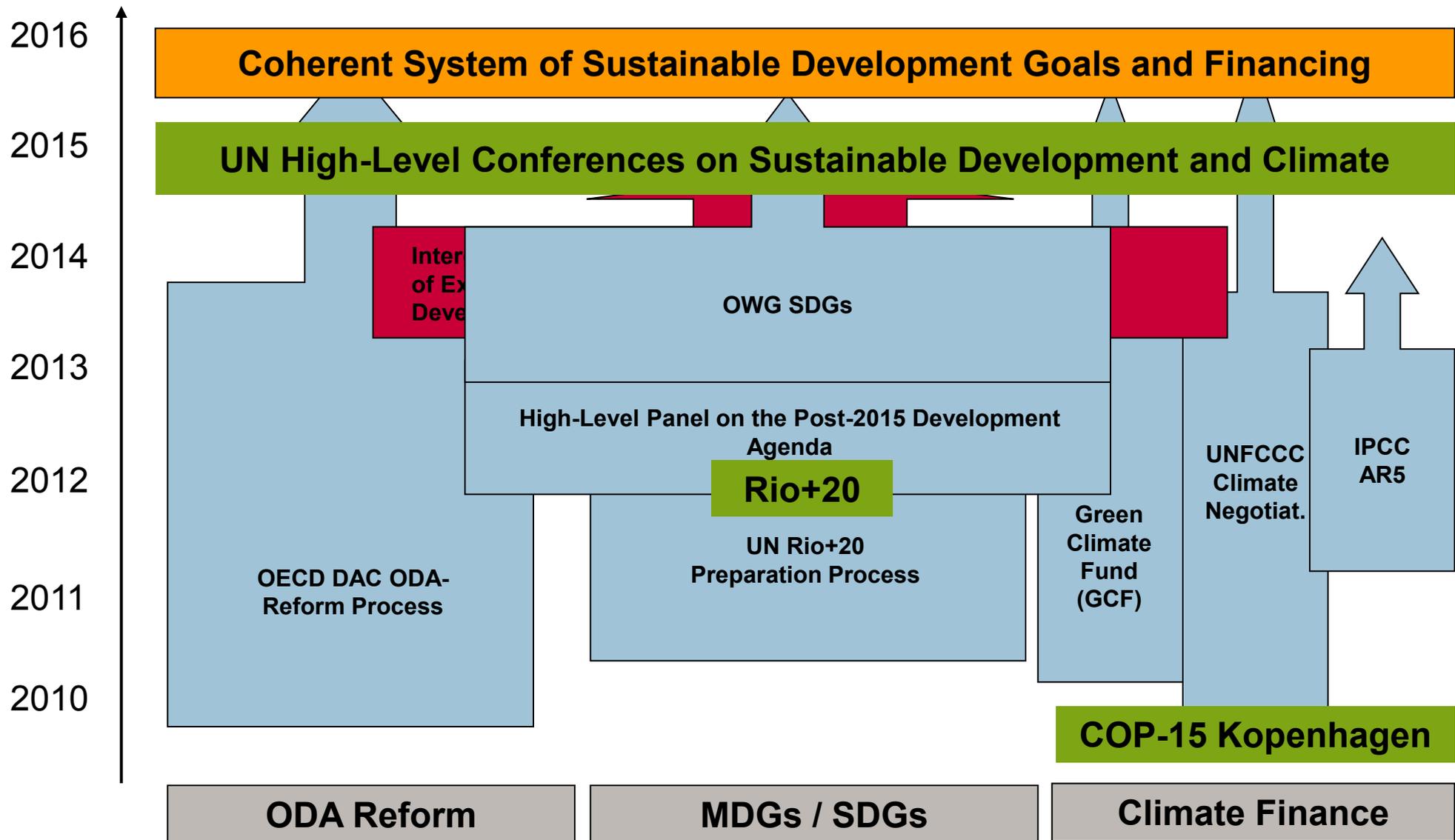
- › An enabling international environment and policy architecture is necessary to provide the policy space necessary to implement effective national sustainable development strategies.
- › Action related to global governance should include:
  - › Strengthening **systemic coherence** and global economic 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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