

## **SDG IGN: The relationship between FfD and post-2015 process**

**21 April 3:00 pm EST**

**UNHQ Conference Room 1, NY**

### **Brief Summary:**

The meeting consisted of three components: a presentation by the World Bank, a presentation by the IMF and regular speaker's list discussions.

The World Bank distanced itself from the political discussion whether priority should be given to ODA, private sector or national government spending, and emphasized that all three sources are important to meeting the financing needs of the SDGs. Currently, the biggest contribution de facto comes from national governments, while the private sector has the biggest potential to increase spending. For development finance to succeed, one needs "good institutions, good policies and good leadership". In terms of leadership, the World Bank representative highlighted that, in addition to deciding accountability mechanisms and determining a policy framework for financing development, decisions on the priority of spending need to be made in the political forum. The multilateral development banks play a significant role in increasing investment and leveraging private sector involvement, but more work is needed in terms of indicators for implementation.

The IMF explained the ways in which it will participate and contribute to Financing Sustainable Development. Complementary to the primary responsibility of each country to foster its own economic and social development, the IMF embraces five key issues to facilitate financing for development: resilient macroeconomic policy framework, boosting domestic revenue mobilization, tackling infrastructure gaps, facilitating financial sector development, and making effective use of foreign capital. On a global level, it is important to create an enabling environment that addresses global economic and financial resilience, ODA, trade reform, tax cooperation, sovereign debt resolution and GHG emission reduction.

With respect to the speaker's list, there are more and more things that delegates seem to agree upon, as Co-facilitator Kamau pointed out, but several where there is still divergence. Delegates seem to concur on the following points:

- *Ambition* is built into the SDGs and all agree to raise the degree of ambition (esp. the Netherlands)
- *Universality* is accepted: MOI are applicable to all constituencies
- *More money* is needed to fulfill the SDGs: there is a need to move from billions for the MDGs to trillions for the SDGs
- *Private sector financing* is necessary, but public spending should be prioritized for social and environmental issues
- *ODA* will remain crucial and important (e.g. Pakistan, Philippines, Timor-Leste)

Some of the open questions include:

- Scope and modalities of the global partnership still require discussion on definitional issues
- Degree to which FfD influences MOI: while the EU says it should be *the* pillar of the MOI (e.g. statement by the Netherlands and Liechtenstein), many G77 countries (e.g. Bahrain on behalf of Arab Group, Philippines) disagreed and called for discussion on definition of targets, timelines, roles and responsibilities
- How to incorporate trade into the FfD and make it a MOI

Between the lines, the discussion on FfD continued: countries paying ODA seem to want to “outsource” financing for development to the private sector and devolve North-South to South-South cooperation (see statement by the UK). G77 countries, however, react allergically to any reductions in ODA spending by emphasizing its benefits (e.g. Philippines: “ODA can help with food security, poverty reduction and response to natural disasters”).

### **World Bank Presentation**

- increase both in ODA and private sector financing
- biggest contribution de facto come from national governments, but the biggest potential is in the private sector
- it’s not just about money, we also need technical assistance
- looking forward to household data
- putting three sources (ODA, private sector, national government) of finance together (without bias towards one source)
- accountability mechanisms and priority of spending needs to be discussed in global forum
- multilateral development banks have more than doubled their investments over the past ten years (inclusive financial systems: leveraging private sector involvement)
- for development to succeed: good institutions, good policies and good leadership
- policy framework will provide guidance for work of financing development
- we need more guidance on indicators for implementation (need to see something more progressive)

### **IMF Presentation**

#### *Financing Sustainable Development: The role of the IMF*

- clear message from the Finance ministers at the WB/IMF meeting past weekend to support the SDGs
- Three flagship events: FfD, SDG, Paris 2015 (integrated into workflow)
- Who does what?
  - o Each country has primary responsibility for its own economic and social development... the role of national policies, domestic resources, and development strategies cannot be overemphasized
- Key issues
  - o A resilient macroeconomic policy framework (making countries less vulnerable to economic shocks)

- Boosting domestic revenue mobilization (tax collection is key)
- Tackling infrastructure gaps: getting it right (sustainability is important given high price tag; endorsement for PPP frameworks)
- Facilitating financial sector development (including regulation)
- Making effective use of foreign capital
- National policies: promote inclusion and environmental protection
- Global enabling environment
  - Ensuring global economic and financial resilience
    - Ongoing dialogue among policy makers
    - Completing financial regulatory reform agenda
  - ODA
    - Tilting ODA towards poorer and/or fragile states
    - Using ODA to leverage private financial flows
    - Meeting aid targets / supporting climate finance
  - Reinvigorating the International Trade Reform Agenda
  - International tax cooperation: bringing in developing countries
  - Sovereign debt resolution: strengthening the framework
  - Containing CO2 Emissions

## Q&A

- Finland: post-2015 agenda requires an integrated approach, can't see FfD/SDG/Paris as different processes
- WB: "A dollar is a dollar is a dollar": there should not be an unhealthy competition where the money comes from – as long as we have the same goals, we should maximize the number of sources for funding (every dollar counts!)

## Co-facilitator

- MOI/Financing need to be made available for key deliverables of the agenda
- For some issues, public sector is best to drive responses
- Process shouldn't overemphasize ODA – we need international solutions to complement national actions
- Trade, technology and development need more work (can be key drivers of MOI)
- New multilateralism (citing Lagarde): world is changing, institutions are changing, so we need a new multilateralism

## Niger (African Group)

- aligns with G77/China
- raise the level of ambition
- FfD needs to be comprehensive and cover bulk of global priority
- FfD is not specific enough for targets, roles, timelines and responsibilities
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## Peru

- need to integrate three pillars of SD
- need to integrate FfD with SDG and Paris Accord into one coherent post-2015 agenda

### **Bahrain (Arab Group)**

- need for adequate resource
- synergy ≠ merger
- FfD should not prejudge MOI discussion on SDG and Paris Accord
- Private sector finance should be additional to public finance

### **Luxembourg (Group of Friends of Children)**

- children: smartest investment in social cohesion and sustainability
- not investing in children makes it more expensive in the long term

### **Paraguay**

- FfD must deal with MOI in post-2015 agenda
- FfD should focus on free transit, development, maintenance of infrastructure, promoting participation in international trade
- Implement Bali and Vienna agreements

### **Pakistan**

- criticism of MDG: not enough resources for implementation
- must therefore benefit from lessons learned
- FfD must spell out concrete outcomes and commitments: innovative (public+private) solutions
- ODA remains important, needs to catalyze other resources

### **UK**

- Need to harness progress from G20 and other conventions
- Move away from talking North-South
- High Income Countries and UMIC should support process

### **Netherlands**

- Ambition: FfD is MOI pillar in SDG house (we need a holistic package through FfD), to go beyond current SDG ambition
- Deliverables: endorses 5 parts proposed by co-chairs
- Leave no one behind: gender equality

### **Philippines**

- not all FfDis MOI and not all MOI is FfD
- remittances are important for economic development (look closer: how to reduce transaction cost)
- ODA can help with food security, poverty reduction and response to natural disasters

### **Argentina**

- development must be guided by states themselves

- reinstated CBDR
- we need to deal with sovereign debt, we must prevent tax evasion, and solve problems of global infrastructure

### **Ecuador**

- development of technology, training programs and political leeway
- eradication of poverty (multidimensional), need to democratize global economic governance (financial architecture: reduce asymmetries)
- full rights of developing countries
- reject to deregulate financial system
- prevent tax evasion and tax fraud; eliminate tax havens
- debt must be restructured

### **Liechtenstein**

- have reached ODA target
- needs to create an enabling environment: rule of law and good governance
- FfD should cover all MOI of goals

### **Timor-Leste**

- we need more than ODA, but ODA will remain important source of international financing
- cannot raise enough money through tax collection
- debt sustainability important
- grants needed for LDCs

### **Morocco**

- follow-up mechanism needs to be robust
- countries need to have ownership for their own development
- all means of finance will be necessary for SD
- private sector role can play a catalytic role

### **Co-facilitator FfD**

- we need to work on coherence and synergies
- how do we include FfD MOIs into SDGs? This is work in progress, much more work to be done
- FfD not only about implementing SDGs, but also creating an enabling national/international/regional environment (important to balance between different agendas)
- How to move billions into trillions

### **Co-facilitator Kamau**

- we all agree to raise the ambition (ambition won't slip, it's built into the SDGs)
- universality: consensus that universality is also accepted (MOI for all constituencies)
- it's clear how much money is needed: trillions, no longer billions (as from MDGs)

- we all agree private sector, non-governmental organizations and PPPs is necessary (we should take all money that is available, but public money should be prioritized for social and environmental issues)
- need to define PPPs and philanthropies
- ODA will remain crucial and important (131 billion dollars currently available need to be locked in)
- Divergence
  - o On global partnership, there are still definitional issues (scope and modalities)
  - o EU: outcome of FfD is *the* pillar of the MOI, but Africa says that's not the case (depends on definition of targets, timelines, roles and responsibilities)
  - o Trade and technology: agreement on tax, debt, domestic resource mobilization, but how to bring trade to the party and make it a MOI?