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Item 9: Investment for development: Investing in the sustainable development goals

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Financing for Sustainable Development

UNCTAD
16 September 2014
Shari Spiegel,
Financing for Development Office, UN DESA
The Report of the Intergovernmental Committee of Experts on Sustainable Development Financing

To propose policy options for an effective sustainable development financing strategy

- Develops a new analytical framework for financing sustainable development

- Proposes a basket of policy options for countries to choose from

- Suggests areas for advancement of the global partnership for sustainable development
Building on existing agreements

- Universal values expressed in the United Nations Millennium Declaration
- Rio Declaration and Rio + 20
- Monterrey Consensus

Need to update the framework to meet new challenges
A FLOW OF FUNDS FRAMEWORK

Domestic Enabling Environment and Policy Framework

Sources*
- National public sources
- National private sources
- International public sources**
- International private sources

Intermediaries
- Public institutions, e.g.
  - Governments
  - National and regional development banks
  - Bi- and multilateral aid agencies
  - International financial institutions
- Blended institutions, e.g.
  - Innovative partnerships, e.g. Global Health Funds, potential public-private infrastructure funds
- Private investors

Instruments, e.g.
- Domestic public spending
- Grants
- Subsidies
- Loans
  - Concessional
  - Non-Concessional
- PPPs
- Guarantees
- Bank loans
- Money markets
- Bonds
- Equities
- Derivatives

and direct investors

Goals and Uses
- National
  (e.g. poverty/social needs and investments in national development)
- Environmental
- Economic
- Social

International
(e.g. global public goods)

International Enabling Environment
(including fair-trading system, macroeconomic stability, systemic issues, etc.)
Global public goods, as well as domestic development

3 dimensions of sustainable development in an integrated manner

The Committee framework emphasizes

- Interactions between sources
- Underlying incentives/mandates
- The importance of intermediary institutions and financial instruments
to address the question of how to design policies to incentivize the flow of financing towards global goals.
Strategic Approach

1. Ensure country ownership and a supportive international enabling environment

2. Adopt effective government policies as the lynchpin of a sustainable development financing strategy

3. Make use of all financing flows in a holistic way

4. Match financing flows with appropriate needs and uses

5. Maximize the impact of international public finance
Mainstream sustainable development criteria in national financing strategies

Exploit synergies across the 3 dimensions of sustainable development

Adopt a multi-stakeholder, people-centered inclusive approach

Ensure transparency and accountability of financing at all levels
Strategic Approach

- Flows of funds from international and national financing sources for sustainable development:

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- The size of boxes does not represent financing volumes/importance.
- There can be cases where international public finance also directly supports the implementation of international objectives.
- Sovereign wealth funds handle public money, but are managed like private investors.
A Basket of policy options

- No one simple policy solution.
- A toolkit of options, from which governments can choose.
- A cohesive approach, based on national financing strategies
International public finance concessionality

- Low concessionality
- High concessionality (incl. grants)

Investments in national development including infrastructure, innovations, SMEs

Global public goods for sustainable development

Poverty and basic social needs

Level of development (level of income & institutional capacity & vulnerability)
Global partnership for sustainable development and systemic issues
Global partnership for sustainable development:

- Actions are needed in the areas of global economic governance, trade, investment, the international financial system, taxation, debt, regional cooperation, monitoring and accounting and effective development cooperation.
The way forward

- Provide a basis for future discussions on financing sustainable development
- Inform, together with the report of the Open Working Group, the intergovernmental negotiations for the post-2015 development agenda, including the Third International Conference on Financing for Development
Thank you.