

SG's HIGH-LEVEL MEETING on FINANCING ^{the} 2030 AGENDA

24 September 2018, ECOSOC Chamber, New York

Summary

Introduction

The Secretary-General convened a High-level Meeting on Financing the 2030 Agenda for Sustainable Development at the United Nations in New York on 24 September 2018. The Meeting aimed to build momentum around key actions and initiatives by governments, business and the international community for accelerating financing of the 2030 Agenda, including the 17 Sustainable Development Goals. Serving as an occasion to launch the Secretary-General's Strategy for Financing the 2030 Agenda, the Meeting highlighted three priority areas for mobilizing action and unlocking finance and investment: (1) Aligning global financial and economic policies with the 2030 Agenda; (2) Enhancing sustainable financing strategies, and (3) Seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance.



The meeting was attended by global leaders from government, business, philanthropy, civil society and multilateral institutions who are taking action and initiative to mobilize investment for the 2030 Agenda. Annex 1 includes the list of high-level speakers, panelists and participants.

Key messages

- **Achieving the SDGs requires a surge in financing and investments.** The SG's new financing strategy will guide the work of the UN system to help accelerate progress and complement efforts being made by champions of financing for sustainable development and longer-term investments from the private sector, philanthropy and other sources of innovation
- **Domestic resources are the most sustainable source of investment in national development priorities over the long term and demand is growing for effective, integrated national financing frameworks for the 2030 Agenda.** Global partners-and an enabling global economic and financial environment-are critical in supporting national efforts and reducing risks.
- **Sustainable business models and private finance are major drivers of change for the SDGs, but much more remains to be done to effect the necessary systemic change.** Making the case for a virtuous circle of sustainability and profitability, leaders from the private sector are transitioning to business models and longer-term investments that support the SDGs. The role of data and reporting, based on clear standards around sustainability, should be strengthened.
- **Taking financing successes to scale requires innovative instruments and new technologies that expand financial opportunities for people being left behind.** Those hardest to reach require solutions that go far beyond conventional approaches. At the same time, solutions must be flexible in response to economic shocks, build on community priorities and consider regulations that empower the consumer while stemming abusive business practices.

Opening session

In his opening remarks, the Secretary-General stated that just as efforts to achieve peace require a surge in diplomacy, achieving the SDGs will require a surge in financing and investment. The Secretary-General's new Strategy on Financing the 2030 Agenda will help countries to accelerate progress, working with key partners such as the International Monetary Fund, World Bank Group and other stakeholders, and building on the UN system's work in support of financing for development. While progress is being made, including through the commitment and initiatives of champions from government, business, philanthropy and civil society, these actions need to be strengthened and taken to scale to meet the ambition of the 2030 Agenda.

First, global economic policies and financial systems need to be aligned with the 2030 Agenda. As a result, changing incentives and reducing market perceptions of risk are essential. Second,

sustainable financing solutions, strategies and investments must be enhanced at the regional and country levels. A strong, nimble UN collaborating with multilateral development banks will support Member States in strengthening domestic resource mobilization and opportunities to attract and better manage investments. Third, the enormous potential of financial innovations, new technologies and digitalization to provide equitable access to finance must be seized.

In her keynote address, Christine Lagarde, Managing Director of the International Monetary Fund referred to the scale of resource mobilization needed for the 2030 Agenda, based on a recent IMF study. Calculating the cost of achieving the SDGs in a subset of 49 developing countries—focusing on health, education, water and sanitation, roads and electricity—the IMF found that additional spending needs amounted to about US\$ 520 billion a year, or an increase of 14 percentage points of GDP on average.

To successfully meet these needs, countries first must take ownership of the SDGs and develop national financing frameworks. Financing strategies should consider the full range of means to implement the 2030 Agenda. Countries' core commitments are reflected in the Addis Ababa Action Agenda, especially with respect to domestic resource mobilization—including through strengthening macroeconomic policy, improving tax capacity, addressing corruption and fostering a business environment—and international cooperation on challenges such as combatting illicit financial flows. Countries such as Indonesia, where infant mortality has been cut by half and maternal mortality has decreased, show what is possible when sustainable development moves to the centre of a country's policymaking.

Even if these conditions are met, many countries cannot achieve progress completely on their own. Advanced economies can do more to better target aid budgets to support countries most in need. While budget conditions may be tight, the returns from investments in sustainable development make such efforts imperative. There should also be efforts to ensure that global public policy promote flows of concessional finance for capacity development and stronger institutions. Furthermore, private sector investments will be essential for sustainable development progress. In sum, in addition to using domestic resources more effectively, international investment, both public and private, is needed, especially in areas such as clean energy and infrastructure. However, increasing access to financing should not be synonymous with increasing levels of unsustainable debt.

A principal objective propelling the SDGs is to ensure that everyone has a chance to thrive, no matter who they are or where they come from. Critical to this will be the consideration of how investments impact on gender equality and women's equal access to finance.

Panel 1



Many developing countries are implementing policies to mobilize longer-term domestic and foreign investment into critical areas such as infrastructure, as highlighted by H.E. Jusuf Kalla, Vice-President of Republic of Indonesia. Governments hope to inspire trust among potential investors, through stable macroeconomic policy and long-term objectives in health, education, job creation and other sustainable development priorities. Other areas identified for building momentum at the country level included strengthening government institutions; improving business environments through the creation of national policies on public-private partnerships; and promoting long-term savings nationally. Participants stressed that international cooperation remains important for addressing systemic issues. There is also considerable scope for regional integration to contribute to unlocking investment in some contexts, such as Africa.

As highlighted by H.E. Mia Amor Mottley, Prime Minister, Minister of Finance, Economic Affairs and Investment, Minister of National Security and the Civil Service of Barbados, steps still need to be taken at the national and international levels to enhance the resilience of smaller countries to environmental and economic risks and shocks, including those related to debt sustainability. She and representatives from Small Island Developing States (SIDS) and other developing countries voiced their concerns about the neglect of their unique vulnerabilities in the global discussion on financing for sustainable development and constraints on their policy space. For example, the impact of climate change on countries of the Caribbean was underlined as an important example of emerging challenges in a region with pre-existing limitations in the capacity to mobilize finance. H.E. Ms. Mottley emphasized the continued importance of special finance and debt instruments for countries facing economic and environmental risks and shocks, with narrow economic and tax base and high public debt.

There was some skepticism about the extent to which various solutions, including innovative financing, would make meaningful impact without global economic and financial policies that were fully aligned with and supportive of sustainable development. In this respect, the coherence and consistency of the international financial, monetary and trading systems and a multi-dimensional understanding of sustainable development lay an important foundation for countries' policy-making and innovation. In the absence of a global enabling environment that broadly encourages international cooperation on sustainable development, it is unlikely that progress will be scaled up. One priority area highlighted by some participants was the need for international cooperation, supported by the UN and relevant partners, to address tax avoidance comprehensively to support domestic resource mobilization.

Participants emphasized that the 2030 Agenda offers many possibilities for contributions by the full range of stakeholders as part of the global partnership. They also noted the need for a change of narrative from a pessimistic approach to today's challenges, to highlighting opportunities for

engagement. It was also noted that many private investors do not have the capacity or expertise to identify or understand investment opportunities connected to the Goals. Governments have a role to play in building awareness of the SDGs and offering an investible pipeline of sustainable development projects, as well as in de-risking investment, changing incentives and encouraging the flow of capital to sectors that can advance sustainable development.

H.E. Justin Trudeau, Prime Minister of Canada discussed how his country was strengthening efforts to connect global capital to specific projects that can deliver transformative and inclusive change, like infrastructure. Canada's pension funds have demonstrated through their investment decisions that long-term focused investments can generate profit while supporting SDG progress in developing countries. Canada also highlighted its newly launched Global Infrastructure Hub (GI Hub) in Toronto, which will bring together public and private investors to develop critical infrastructure projects that promote sustainable development.

Panel 2

MOBILIZING PRIVATE INVESTMENT FOR SUSTAINABLE DEVELOPMENT

The experience with Canada's and other pension funds reflect the change in business approaches. Companies are increasingly recognizing that short-term thinking is bad for business. Laurence D. Fink, Chairman and CEO of BlackRock emphasized that to be successful and profitable in the long term, business must consider the needs and objectives of a broad set of stakeholders, including communities, employees, customers and investors. In this new era for investing, stakeholders demand that companies demonstrate leadership and be transparent about their objectives.

One area in which leadership is critical is data and reporting, particularly on sustainability. Businesses have a critical role in setting standards for reporting. They also have significant responsibility for considering long-term risks posed by climate change and other factors. The companies that are vanguards for sustainability reporting will be able to attract the best employees and investment alike. Initiatives, such as the World Benchmarking Alliance, aim to help businesses do more to achieve the SDGs through the development of accessible and transparent benchmarks, ranking companies on their contributions to the SDGs. One participant recommended the UN to advance global leadership on a simple, uniform definition of fiduciary duty based on a reference to long-term sustainability. Standards and rules for impact investment, such as those being analyzed by the World Bank, could also support progress.

Increasingly, institutional investors are embracing standards such the principles for responsible investment (PRI) whose network account for 80 trillion USD in assets. To better incentivize long-term investments, there is the need to: (i) align investment decision making with the SDGs; (ii) build investment pipelines that can bring SDG opportunities to scale, including through SDG bonds; and (iii) implement policies that create incentives, support risk-sharing and strengthen transparency. Civil society has a critical role to play in this process, providing thought leadership and expertise on sustainable investment. Regulators must move beyond a focus on short-term micro risks, to consider long-term systemic macro risk. Pension funds, for instance, which have

the longest investment horizons, remain constrained by strict regulations that hamper further progress in increasing investments in the SDGs.

Currently, private investment is not flowing to where it is most needed, such as least-developed countries (LDCs). The World Bank's "cascade" principle seeks to rethink the role of the private sector vis-a-vis the public sector; it encourages countries to first seek out private finance when investment opportunities arise, to avoid reliance on public debt. In certain contexts that are perceived as high-risk, projects and institutions must actively seek to engage private capital. There is also the need to rethink PPPs, with ODA acting as a multiplier rather than primary funding source. South-South Cooperation and triangular cooperation are also critical, including through government-to-government projects, PPPs and private-to-private projects, but it is not a substitute for North-South cooperation.

Greater creativity is needed in de-risking at the project and portfolio level, including through engaging insurance companies and developing instruments such as first-loss guarantees that can support market creation for investments. The development of local capital markets is key, including to mobilize local savings, as well as financing solutions in local currencies through swap agreements. Incentives also need to be created for investments in productive capital and innovative economic sectors to balance investments in natural resources and avoid over-exploitation. Strengthening technological infrastructure can contribute to strengthening the enabling environment for investments.

Panel 3



Considerable progress has been made over the last decades to reduce poverty, including a reduction in extreme poverty from 36% in 1990 to 9% in 2017, according to estimates. Yet, significant challenges remain and development finance needs to evolve to meet the needs of developing countries. ODA is a critical pillar, but domestic resources are even more crucial, to be raised equitably and used responsibly.

Bill Gates, Co-founder, Bill and Melinda Gates Foundation, in underlining the important role of private investment stressed that philanthropic organizations can also be key partners to advance innovative methodologies and instruments to address challenges in eradicating poverty. Some examples of such innovations include: (i) "challenge grants" to stimulate new thinking; (ii) incentives to de-risk investment in promising technologies, such as equity investments in biotech start-ups to prevent and treat infectious diseases; (iii) introduction of new financing facilities to break the cycle of financial exclusion; and (iv) the roll-out of innovative health solutions.

To seek new horizons in investment, the SDGs need to be an aspiration for the investment community, enabled through policy conditions that are conducive to private investment in sustainable development. The World Bank has sought new horizons by increasing its presence in

bond markets, issuing green bonds, gender bonds, Sustainable Development bonds (SDG bonds) as well as youth Bonds, which will be launched shortly. Insurance is also offered to countries against the risk of pandemics, including against Ebola. In seeking out new investment in sustainable development, it is critical to link SDGs to specific financial mechanisms.

Technology and innovation also help catalyse finance. There is the need for an ecosystem approach, for instance, building on an increased mobile phone penetration in Africa, to drive financial inclusion through innovative smartphone applications. There is significant potential to leverage the power of data and mobile technology to reach overlooked—or “invisible”—customers, such as those Mara Group and Tala have pursued. To achieve this in the development context, it is fundamental to find solutions that are flexible to account for economic shocks, build on community support and address regulations that empower the customer while stemming abusive business practices. Lawmakers need to be integral partner in the push to build ecosystems to align incentives and expand opportunities for those traditionally left behind. The Secretary-General tasked UNDP with leading his Task Force on Digital Finance to harness some of these opportunities.

A gender perspective is also critical. When women have access to financial resources, they make investments that are central to the SDGs. Financial inclusion of women is an imperative for sustainable development. Global Findex data suggests that there has been an increase of 68% in financial inclusion. A tangible gender gap, however, continues to be a challenge. Partners that are committed to advancing financial inclusion for women need to be engaged to drive change.

Way forward

The Deputy Secretary-General highlighted the value of the High-level Meeting in steering the roll-out of the Secretary-General’s Strategy and the related three-year roadmap (2019-2021) of actions and initiatives building on the activities of key stakeholders. There are important financing milestones ahead in 2019, such as the ECOSOC Forum on Financing for Development follow-up, the High-level Policy Dialogue on Financing for Development, the High-level Political Forum, which will be the first 4-year stocktaking of progress on the SDGs, and the Secretary-General’s Climate Summit.

The Under-Secretary-General for Economic and Social Affairs, Mr. Liu Zhenmin, underlined the Inter-Agency Task Force on Financing for Development and Financing for Development Forum as two critical tools for analysis, policy advice, dialogue and cooperation in the year ahead.

Some of the other key actions and proposals advanced in the Meeting for further consideration included, but were not limited to the following:

- The Secretary-General tasked UNDP with leading his Task Force on Digital Finance to harness opportunities for financial inclusion and sustainable development financing.
- H.E. Mr. Trudeau highlighted Canada’s new Global Infrastructure Hub (GI Hub) in Toronto, which will bring together public and private investors to develop critical infrastructure projects that promote sustainable development.

- H.E. Ms. Mottley emphasized the continued importance of and invited the UN and international finance institutions to develop special finance and debt instruments for countries facing economic and environmental risks and shocks.
- The World Benchmarking Alliance, a partnership between Aviva, the Index Initiative and the UN Foundation, is among new initiatives aiming enhance businesses' contributions to the SDGs, specifically through the development of accessible and transparent benchmarks and company rankings.
- The World Bank is increasing its presence in bond markets, issuing green bonds, gender bonds, Sustainable Development bonds (SDG bonds) as well as a soon-to-be-launched Youth Bond.
- The first European United Nations Technology Innovation Labs is opening in Finland.
- It was suggested that the UN should work with relevant global partners to promote a simple, uniform definition of fiduciary duty, which should include long-term sustainability.

Annex 1: Selected list of participants and invitees¹

Government representatives:

- H.E. Mr. Justin Trudeau, Prime Minister of Canada
- H.E. Ms. Mia Amor Mottley, Prime Minister, Minister of Finance, Economic Affairs and Investment, Minister of National Security and the Civil Service of Barbados
- H.E. Mr. Jusuf Kalla, Vice President of the Republic of Indonesia
- H.E. Mr. Frans Timmermans, First Vice President, European Commission
- H.E. Ms. Sigrid Kaag, Minister for Foreign Trade and Development Cooperation, Netherlands
- H.E. Dr. Uzziel Ndagijimana, Minister of Finance and Economy, Rwanda
- H.E. Mr. Mohcine Jazouli, Minister-delegate of African affairs and African cooperation, Kingdom of Morocco
- H.E. The Rt Hon Alistair Burt MP, Minister of State for International Development and Minister of State for the Middle East at the Foreign & Commonwealth Office
- H.E. Dr. Paul Oquist, Minister, Private. Secretary for National Policy, Presidency, Republic of Nicaragua
- H.E. Mr. Sergio Costa, Minister of Environment, Italy
- H.E. Ms. Kori Udovicki, Former Deputy Prime Minister and Minister of Public Administration and Local Self-Government of Serbia
- Mr. Adam Zurofsky, Deputy Secretary for Energy and Financial Services, Office of the Governor of New York
- Ms. Valentina Grebneva, Managing Director of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank)

Business/private sector:

- Mr. Laurence D. Fink, Chairman & Chief Executive Officer, BlackRock
- Ms. Robin Shanahan, Managing Director and Co-Chief Operating Officer, PIMCO
- Ms. Shivani Siroya, Founder and Chief Executive Officer, Tala
- Mr. Ashish Thakkar, Founder, Mara Group
- Mr. Francesco Starace, Chief Executive Officer, Enel
- Ms. Cally Siderias, Senior Vice President, Moody's Investor Service

Philanthropy, civil society and academia:

- Mr. Bill Gates, Co-founder, Bill & Melinda Gates Foundation
- Ms. Mary Ellen Iskenderian, President and Chief Executive Officer, Women's World Banking
- Mr. Jeffrey Sachs, Director of the Center for Sustainable Development, Columbia University
- Ms. Winnie Byanyima, Executive Director, Oxfam International
- Mr. Lance Pierce, President, CDP North America
- Ms. Elizabeth Cousens, Deputy Chief Executive Officer, UN Foundation
- Mr. Alex Thier, Executive Director, Overseas Development Institute (ODI)

¹ This is a non-exhaustive list that captures some of the key participants and invitees.

- Mr. Marcus Manuel, Overseas Development Institute (ODI)
- Mr. David Donaghue, Overseas Development Institute (ODI)
- Ms. Jessica Fries, Accounting for Sustainability
- Ms. Anita Thomas, NGO Committee on FfD
- Ms. Rosa Lizarde, Feminist Task Force and Women’s Working Group on FfD
- Ms. Elizabeth Lockwood, CBM International and Persons with Disabilities Stakeholder Group

Multilateral system:

- Ms. Christine Lagarde, Managing Director, International Monetary Fund
- Ms. Kristalina Georgieva, Chief Executive Officer, World Bank
- Mr. Philippe Le Houérou, Chief Executive Officer, International Finance Corporation
- Ms. Rebeca Grynspan, Secretary General, Ibero-American Conference
- Ms. Gabriela Cuevas Barron, President, Inter-Parliamentary Union
- Mr. David Lipton, First Deputy Managing Director, International Monetary Fund (IMF)
- Mr. Mahmoud Mohieldin, Senior Vice President for the 2030 Development Agenda, United Nations Relations, and Partnerships, World Bank Group
- Dr. Belay Begashaw, Director General, SDG Center for Africa
- Mr. Jin Liqun, President and Chairman of the Board of Directors, Asian Infrastructure Investment Bank
- Mr. Victor Rico Luis Carranza Ugarte, Executive President and Chief Executive Officer, Development Bank of Latin America
- H.E. Dr. Bandar M. H. Hajjar, President, Islamic Development Bank Group
- Sir Suma Chakrabarti, President, European Bank for Reconstruction and Development
- Mr. Ambroise Fayolle, Vice-President, European Investment Bank
- Mr. Sarquis Sarquis, Vice President for Risk, Economic Research and Strategy & Partnerships, New Development Bank
- Mr. WooChong Um, Director General of Sustainable Development and Climate Change Department, Asian Development Bank

Other:

- Ms. June Sarpong, Broadcaster and TV Presenter, Skynews (Moderator)

United Nations system and specialized agencies:

- Mr. António Guterres, Secretary-General, United Nations
- Ms. Amina J. Mohammed, Deputy Secretary-General, United Nations
- Mr. Liu Zhenmin, Under-Secretary-General for Economic and Social Affairs, United Nations
- Mr. Achim Steiner, Administrator, United Nations Development Programme (UNDP)
- Ms. Mami Mizutori, Special Representative of the Secretary-General for Disaster Risk Reduction
- Ms. Josette Sheeran, Special Envoy for Haiti
- Ms. Vera Songwe, Executive Secretary, Economic Commission for Africa
- Ms. Olga Algayerova, Executive Secretary, Economic Commission for Europe
- Ms. Alicia Barcena, Executive Secretary, Economic Commission for Latin America and the Caribbean (ECLAC)

- Mr. Mohamed Ali Alhakim, Executive Secretary, Economic and Social Commission for Western Asia
- Mr. Hongjoo Hahm, Officer-in-Charge, Economic and Social Commission for Asia and the Pacific
- Ms. Audrey Azouley, Director General, United Nations Educational, Scientific and Cultural Organization
- Mr. Li Yong, United Nations Industrial Development Organization
- Mr. José Graziano da Silva, Director-General, Food and Agriculture Organization of the United Nations
- Ms. Charlotte Salford, Vice President, International Fund for Agricultural Development
- Ms. Carmen Barroso, Co-Chair, UN Secretary-General's Independent Accountability Panel for Every Woman, Every Child, Every Adolescent
- Ms. Patricia Espinosa, Executive Secretary, UN Climate Change Secretariat
- Mr. Javier Manzanares, Deputy Executive Director and Officer in Charge, Green Climate Fund
- Ms. Oyun Sanjaasuren, Director of External Affairs, Green Climate Fund