Financing the SDGs

Expert Group Meeting on
Optimizing the Implementation of the
Sustainable Development Goals
in the Framework of Integration and Policy Coherence

July 12 & 13
New York
103 countries have presented VNRs in HLPF
48 countries are set to present VNRs in 2019
...8 countries for the second time

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td>22 countries</td>
<td>43 countries</td>
<td>47 countries</td>
<td>48 countries</td>
</tr>
</tbody>
</table>

- China
- Colombia
- Egypt
- Estonia
- Finland
- France
- Georgia
- Germany
- Madagascar
- Mexico
- Montenegro
- Morocco
- Norway
- Philippines
- Republic of Korea
- Samoa
- Sierra Leone
- Switzerland
- Togo
- Turkey
- Uganda
- Venezuela
- Afghanistan
- Argentina
- Azerbaijan
- Bangladesh
- Belarus
- Belgium
- Belize
- Benin
- Botswana
- Brazil
- Chile
- Costa Rica
- Cyprus
- Czech Republic
- Denmark
- El Salvador
- Ethiopia
- Guatemala
- Honduras
- India
- Indonesia
- Italy
- Japan
- Jordan
- Kenya
- Luxembourg
- Malaysia
- Maldives
- Monaco
- Nepal
- Netherlands
- Nigeria
- Panama
- Peru
- Portugal
- Qatar
- Slovenia
- Sweden
- Tajikistan
- Thailand
- Togo
- Uruguay
- Zimbabwe
- Albania
- Andorra
- Armenia
- Australia
- Bahamas
- Bahrain
- Benin
- Bhutan
- Cabo Verde
- Canada
- Colombia
- Dominican Republic
- Ecuador
- Egypt
- Greece
- Guinea
- Hungary
- Ireland
- Jamaica
- Kiribati
- Lao PDR
- Latvia
- Lebanon
- Lithuania
- Mali
- Malta
- Mexico
- Namibia
- Niger
- Paraguay
- Poland
- Qatar
- Republic of Congo
- Romania
- Saudi Arabia
- Senegal
- Singapore
- Slovakia
- Spain
- Sri Lanka
- State of Palestine
- Sudan
- Switzerland
- Togo
- UAE
- Uruguay
- Viet Nam

Note: Indicates countries that have presented VNRs more than once

- Algeria
- Azerbaijan
- Bosnia and Herzegovina
- Burkina Faso
- Cambodia
- Cameroon
- CAR
- Chad
- Chile
- Congo
- Cote d'Ivoire
- Croatia
- El Salvador
- Eswatini
- Fiji
- Ghana
- Guatemala
- Guyana
- Iceland
- Indonesia
- Iraq
- Israel
- Kazakhstan
- Kuwait
- Lesotho
- Liechtenstein
- Mauritania
- Mauritius
- Mongolia
- Nauru
- New Zealand
- Oman
- Pakistan
- Palau
- Philippines
- Rwanda
- St. Lucia
- Serbia
- Sierra Leone
- South Africa
- Tanzania
- Timor-Leste
- Tonga
- Tunisia
- Turkey
- Turkmenistan
- UK
- Vanuatu
Financing the SDGs: Three Sources

- Official development assistance must catalyze and leverage new development resources.
- To unlock these resources, countries must improve the business climate, develop local markets, and mitigate investment risk.
- To unlock these resources, countries must build effective tax regimes and government institutions and improve public spending.
World Bank Group Interventions in Private Sector Development

**IBRD**
International Bank for Reconstruction and Development
- Loans to middle-income and credit-worthy low-income country governments for projects executed by the private sector

**IDA**
International Development Association
- Interest-free loans and grants to governments of poorest countries for projects executed by the private sector

**IFC**
International Finance Corporation
- Solutions in private sector development

**MIGA**
Multilateral Investment Guarantee Agency
- Guarantees of foreign direct investment’s non-commercial risks for private investors

**ICSID**
International Centre for Settlement of Investment Disputes
- Conciliation and arbitration of investment disputes
$75 Billion mobilized through IDA18 Replenishment

Every three years, donors and borrower representatives agree on IDA’s strategic directions, financing, and allocation rules—known as the replenishment.

- Offers exceptional value for money, with $3 in spending for every $1 in partner contributions.
- Key Eligibility Criteria
  - Poorest: GNI per capita below IDA operational cutoff (US$1,185 in FY17)
  - Lack creditworthiness: No access to IBRD
- 77 Countries in FY17
How much is out there?

- $24.4 trillion in low-yield government securities
- $22 trillion in annual global savings
- More than $8 trillion invested in negative interest rate bonds

Achieving the SDGs could unlock $12 trillion a year in business value across four economic systems alone by 2030.

- US$2.3 trillion for Food and agriculture
- US$3.7 trillion for Cities and urban mobility
- US$4.3 trillion for Energy and materials
- US$1.8 trillion for Health and well-being

Creating more than 380 million jobs
Cascade approach incorporates public and private financing systematically

1. **Commercial Financing**
   - Can commercial financing be cost-effectively mobilized for sustainable investment? If not...

2. **Upstream Reforms & Market Failures**
   - Country and Sector Policies
   - Regulations and Pricing
   - Institutions and Capacity
   - Can upstream reforms be put in place to address market failures? If not...

3. **Public and Concessional Resources for Risk Instruments & Credit Enhancements**
   - Guarantees
   - First Loss
   - Can risk instruments & credit enhancements cost-effectively cover remaining risks? If not...

4. **Public & Concessional Financing, Including Sub-Sovereign**
   - Public finance (incl. national development banks and domestic SWF)
   - MDBs and DFIs
   - Can development objectives be resolved with scarce public financing?
IFC Impact Investment Principles

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT

1. Define strategic impact objective(s) consistent with the investment strategy.
2. Manage strategic impact and financial returns at portfolio level.
3. Establish the investor's contribution to the achievement of impact.
4. Assess the expected impact of each investment, based on a systematic approach.
5. Assess, address, monitor, and manage the potential risks of negative effects of each investment.
6. Monitor the progress of each investment in achieving impact against expectations and respond appropriately.
7. Conduct exits, considering the effect on sustained impact.
8. Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.
9. Publicly disclose alignment with the Principles and provide regular independent verification of the extent of alignment.

Independent Verification
Opportunity to partner with WBG on the best innovations for SDGs in countries

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Thank You

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