CONCEPT NOTE – SESSION 1

Financing the SGDs: How to make it happen?

Mobilising significant private sector resources is paramount to achieving the SDGs. Yet, only a small amount of worldwide assets have been invested so far in sectors critical to the SDGs. Translating these assets into SDG-compatible investments will be key, with the greatest potential in sectors such as infrastructure (power, renewable energy, and transport), telecommunications, and water and sanitation. These high-impact sectors together have an estimated shortfall of up to $1.6 trillion per year.[1] The financial requirements for addressing just Africa's infrastructure needs are around USD93 billion per year.[2] For Asia and the Pacific, the cost is about USD 800 billion a year from 2010 to 2020.[3] Apart from building physical infrastructure, the private sector also is critical for creating jobs. In fact, nine out of ten employment opportunities in developing countries are created by private enterprises.[4]

Clearly, financing is needed to support SDG-related projects. But delivering the scale of financing necessary will require new innovative approaches, such as SDG bonds, green bonds, social impact investing, innovative green finance and crowd funding. The private sector can contribute to achieving the SDGs by engaging with these tools, but they need to be mainstreamed and scaled up.

In recognition of the SDGs need for financing, the OECD has developed a work program on a number of these topics with the aim of ensuring that policy makers and the business community are effectively engaged together, both institutionally but also in terms of financial methods and tools. For mainstreaming and reaching scale, best practice and guidance are needed on innovative financial approaches, such as blending instruments, to help governments deliver sustainable development. For its part, the OECD works to understand private sector expectations, calibrate and align such expectations with public sector interests, and maximise the best possible policy outcomes from public-private co-operation

This session looks at approaches from a policy perspective and explores how OECD and non-OECD countries can play a catalytic role in supporting investors and companies with their business plans,

[1] UNCTAD 2014 op cit., Sachs et al 2014 op cit

[2] According to a 2010 study (AFD and World Bank, 2010), the financial requirement of addressing Africa's infrastructure needs was around US$93 billion per year, in order to reach normative goals, such as doubling Africa's irrigated area, meeting the MDGs for water and sanitation, and raising the household electrification rates by 10 percentage points.

[3] The Asian Development Bank (ADB), based on Battacharyay (2010), put forward estimates of infrastructure investment needs for the whole Asia and Pacific region of about US$800 billion a year from 2010 to 2020.

[4] IFC jobs study: Assessing Private Sector Contributions to Job Creation and Poverty Reduction". IFC, January 2013.

removing barriers and mitigating risks. Based on the evolving development finance landscape and available public instruments, the private sector will share its perspectives on delivering projects critical to the SDGs.

Questions to guide the discussion:

- How do we get bankable projects across the line and leverage their impact?
- How can developing countries and the local private sector benefit from new financial instruments and the evolving development finance landscape?
- How to promote access to sustainable finance for the private sector, in particular local finance?