SDG FINANCING STRATEGIES

Who will pay for the Sustainable Development Goals?

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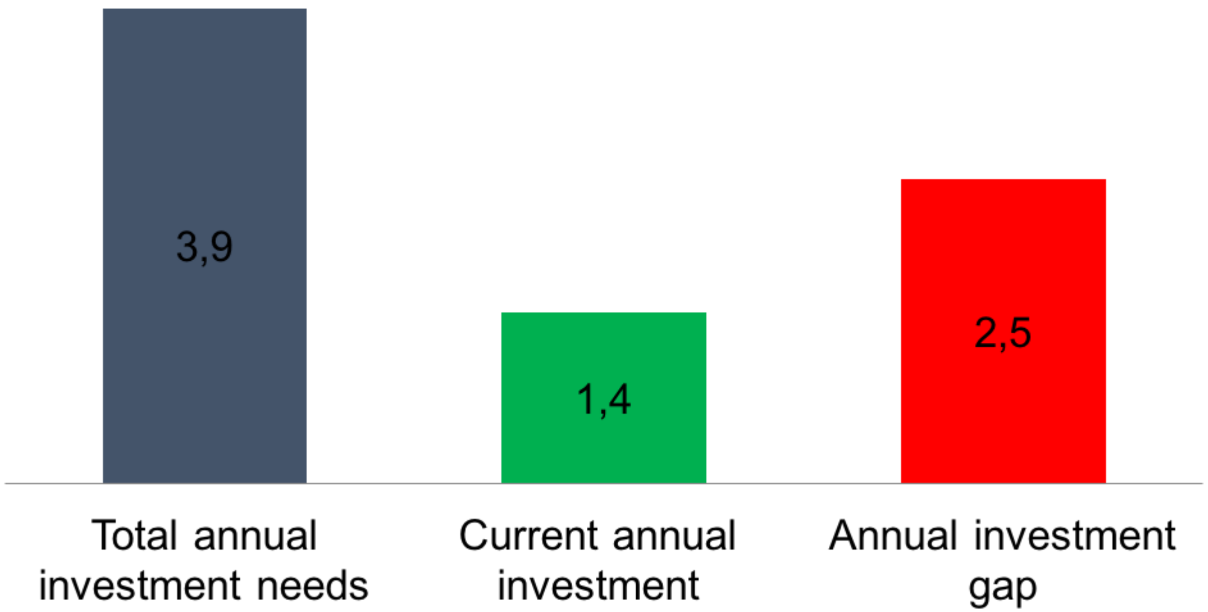
SDG Investment Gap

SDG annual investment requirements in various sectors (billion USD)

Sector	Minimum estimation	Maximum estimation
Food security and agriculture	50	260
Health	37	140
Education	22	250
Water and sanitation	26,8	260
Climate change and energy	434	1470

Source: ODI 2014, UNCTAD 2014, UN SDSN 2015

Total annual SDG investment needs in developing countries (mid-range) versus current annual investments (trillion USD)



Source: UNCTAD, 2014

Who will pay for the Sustainable Development Goals?
An Output of the Asia-Europe Environment Forum (ENVforum)

Key messages:

- **Official Development Assistance (ODA) will remain a crucial part of the post-2015 development financing**

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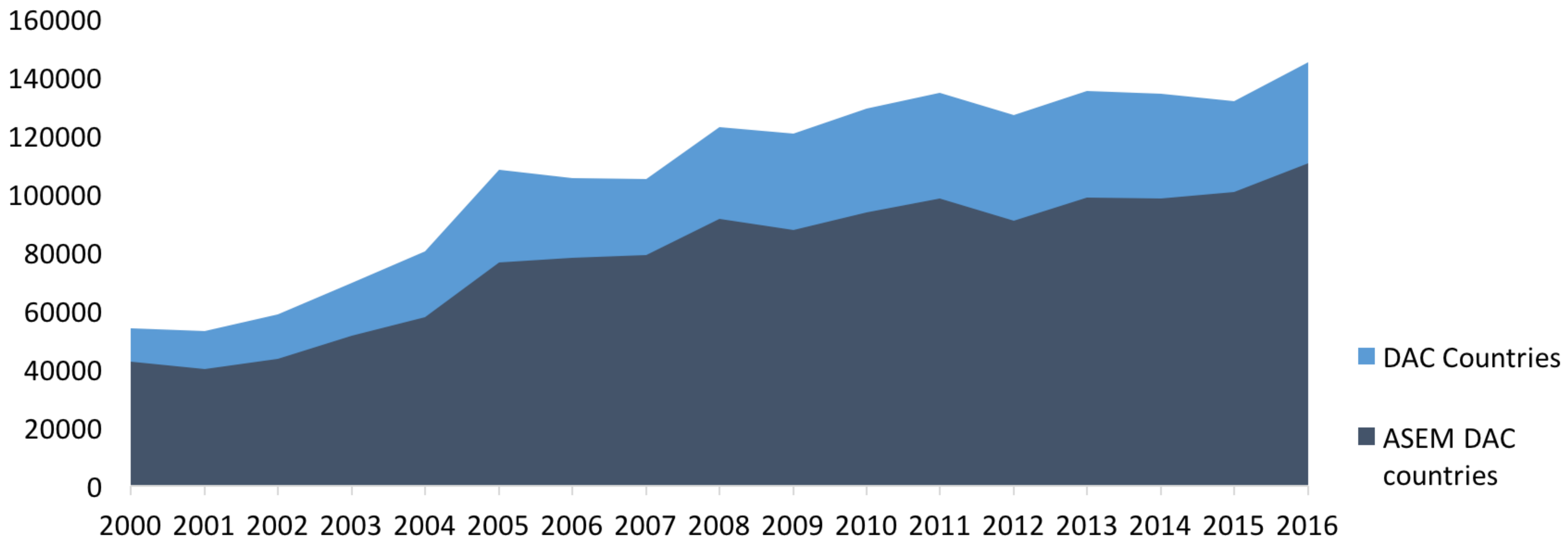
ODA from DAC donors between 2000–2016: net disbursement at current prices, USD million



Source: OECD, 2018

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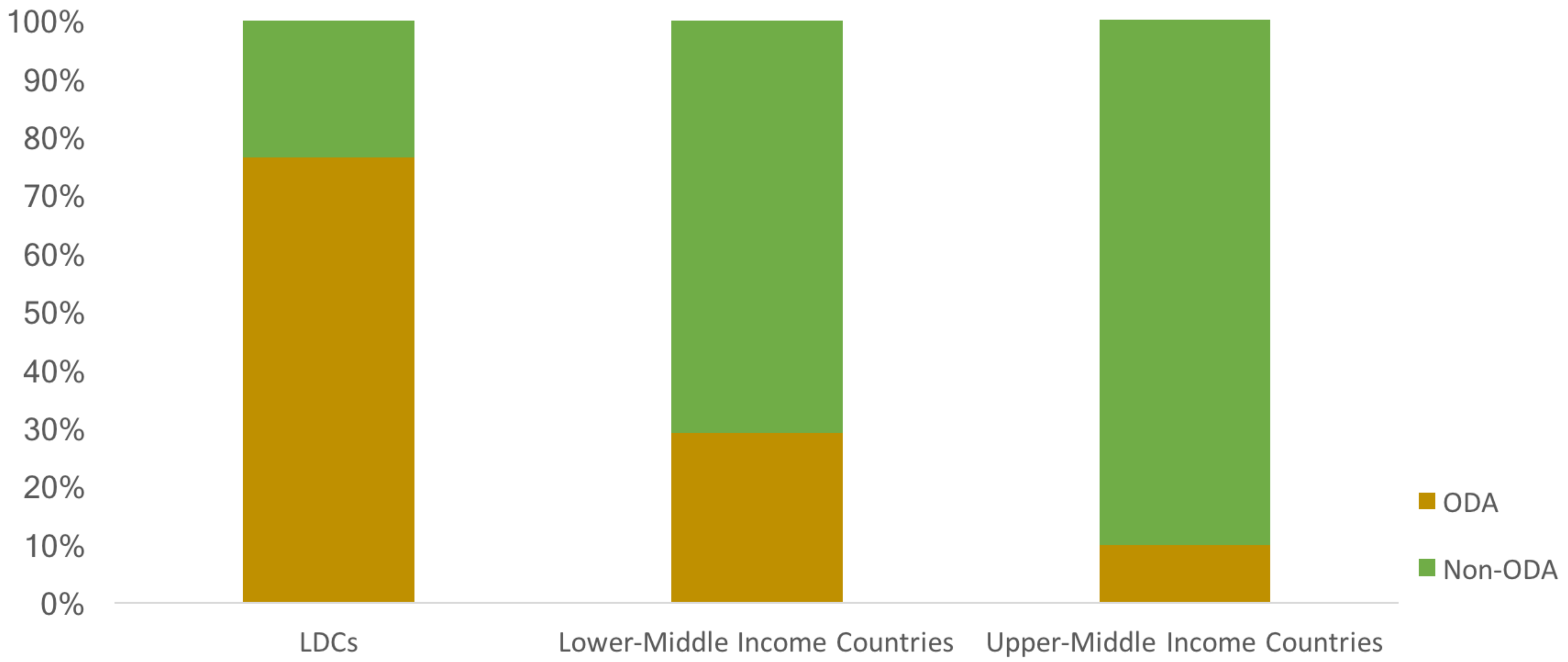
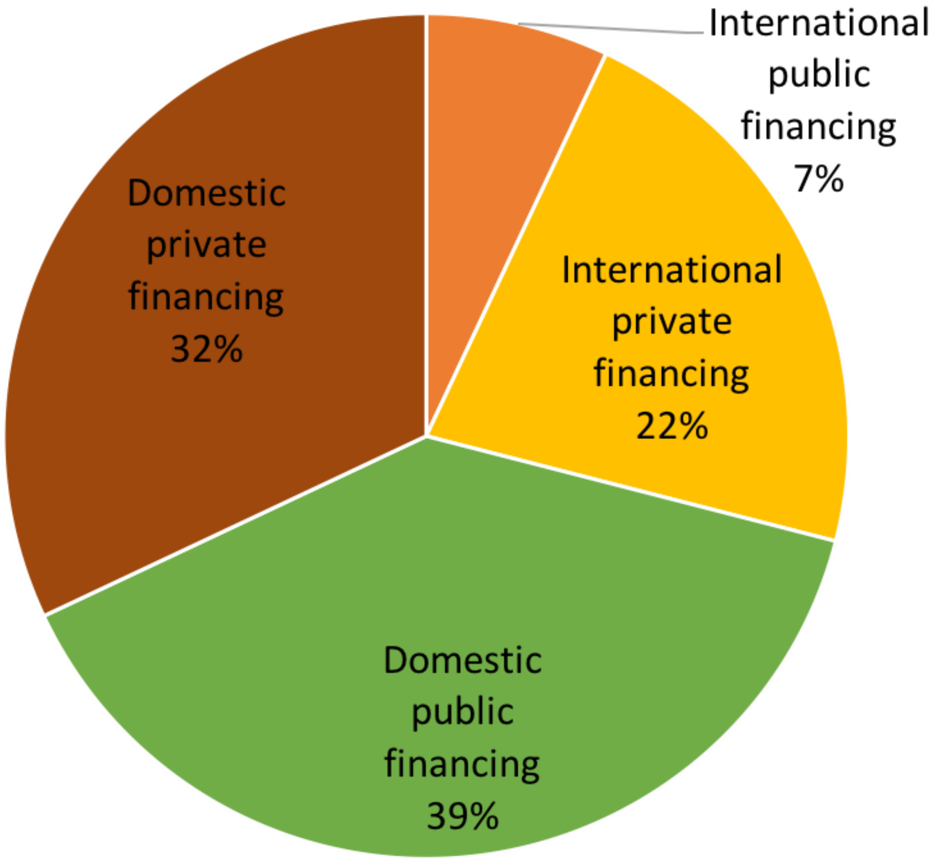
External financing available for developing countries from various sources



Source: *OECD, 2018*

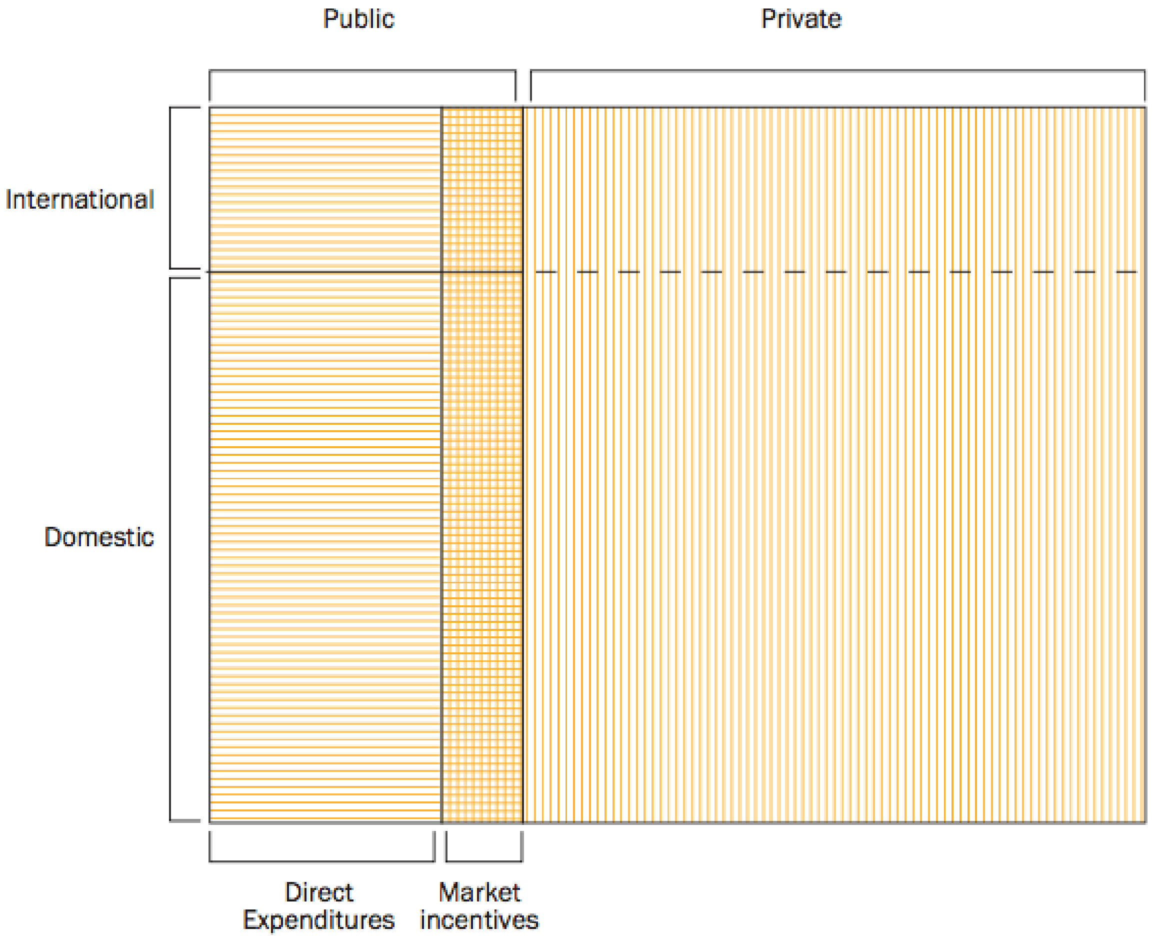
Development finance in developing countries

Financing available from various sources in ASEAN countries



Source: UNDP and ASEAN, 2017

Components of Post-2015 Sustainable Development Finance



Source: Arakawa et al., 2014

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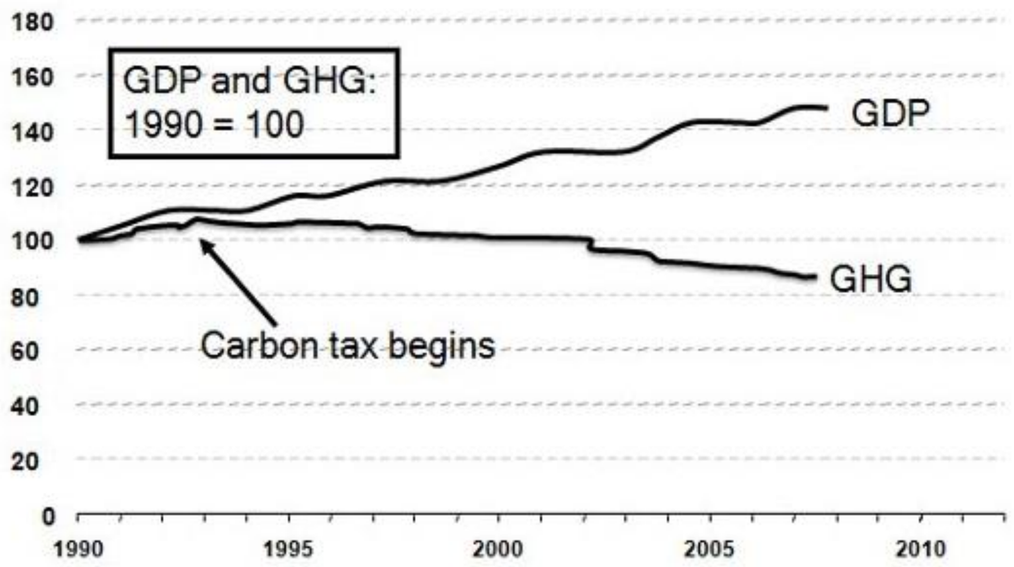
- **Additional domestic funding can be channelled towards SDG implementation with improved taxation, budgeting and financing practices**

Taxes could raise USD 460–480 billion revenue annually

Carbon pricing (USD 25/ton carbon)	USD 300 billion annually (OECD/IEA statistics)
Financial Transaction Duty	EUR57 billion fund per year (World Bank, 2013)
Currency Transaction Tax (0.005% on the four main currencies)	USD 40 billion yearly (UNTT, 2013)
Billionaire tax (1%)	USD 40–50 billion (EP, 2014)
Solidarity Air Ticket Levies	USD 1–10 billion annually (UNTT, 2013 and EP 2014)
Levy on sport revenues (a 0.4% levy on the five largest European football leagues)	USD 45 million

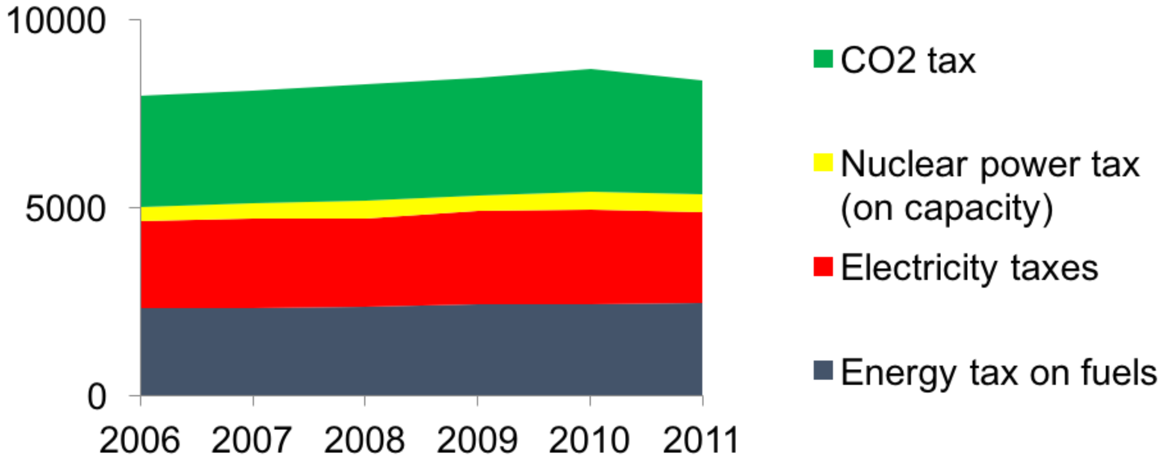
Internalizing externalities, starting with pricing for CARBON

1991: EUR 27/t CO_2
2012: EUR 118/t CO_2
Revenues: 4.6–4.9% of total revenues.
Administrative costs : 0.1 % of total tax revenues



Source: Jaccard, 2011

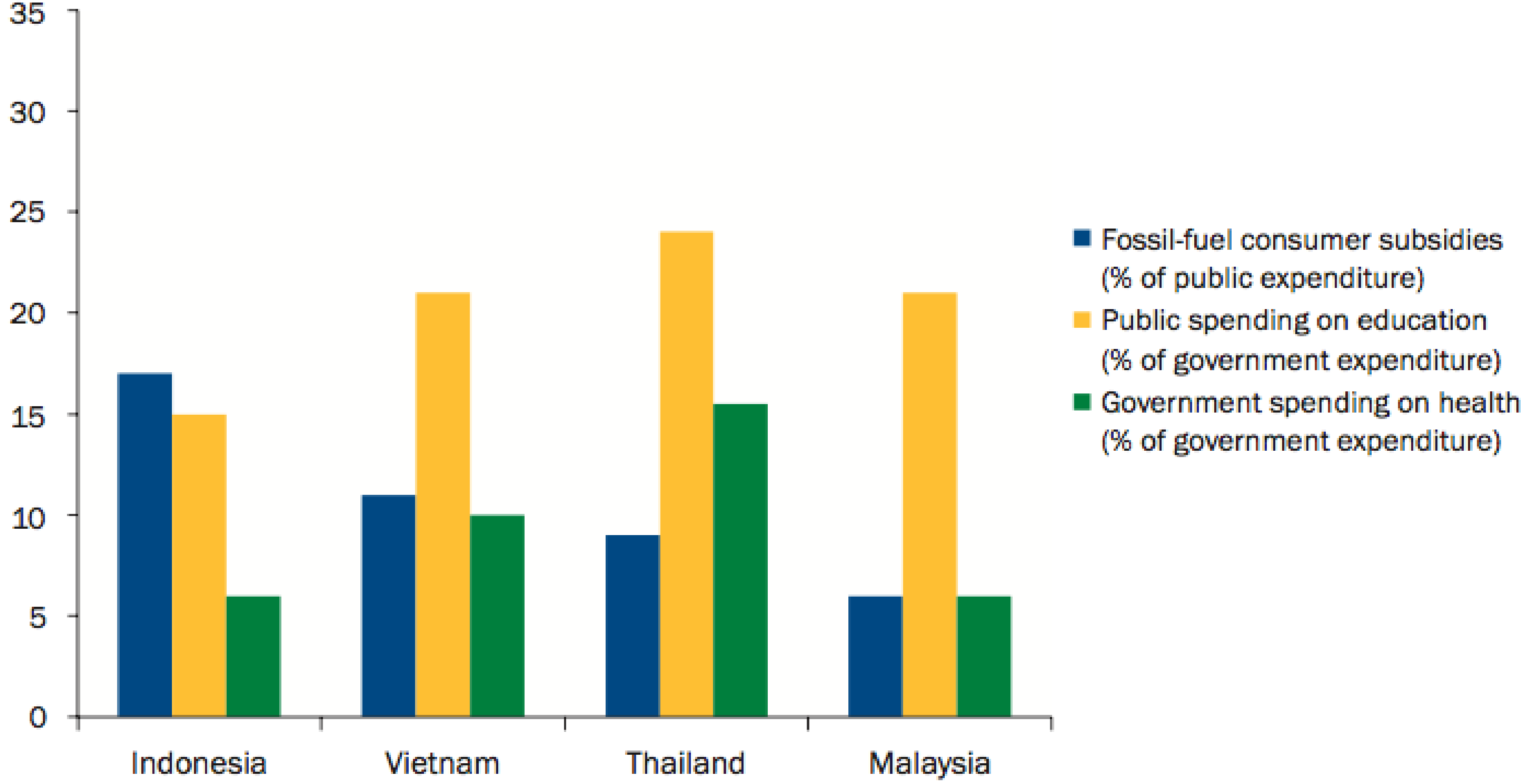
Revenues from energy and CO2 taxes in Sweden in EUR million



Source: Based on Withana et al. 2014.

By cutting ineffective fuel and agricultural subsidies, by 50% and 25%, respectively, countries could mobilize a USD 395 billion fund annually

Fossil-fuel subsidies, health and education (% of expenditure), 2011



Source: Merill, 2014

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- **Private resources represent an untapped potential for financing the SDGs**

Savings managed by primary institutional investors are the largest potential pools of investment for SD

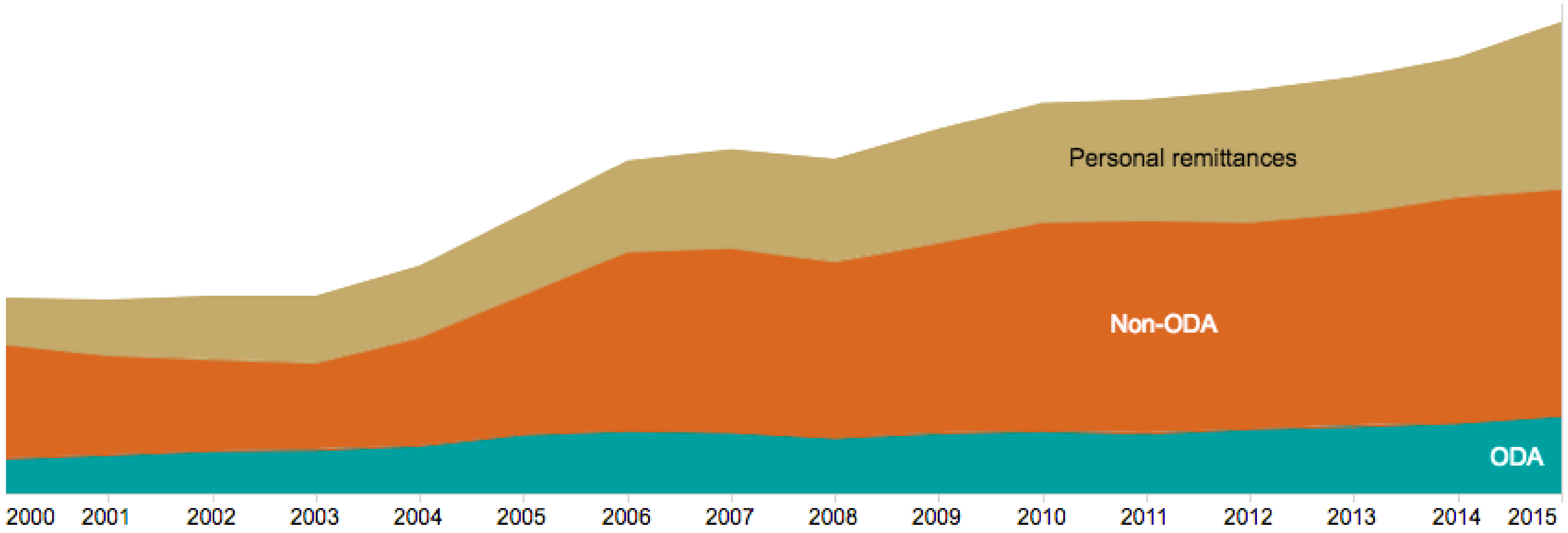
Sovereign Wealth Funds	more than USD 6 trillion
Pension funds	total USD 33.9 trillion.
Insurance companies	USD 24.4 trillion in assets in 2012.

If 10% of total assets of such funds were invested in sustainable development, this would amount to an estimated USD 6.43 trillion.

For catalysing private financing for development objectives:

- Public-private partnerships
- Guarantees and Risk Insurance
- Performance-based instruments:
  - Pull mechanisms for innovations
  - Advanced Market Mechanisms
  - Social impact bonds

External financial flows to developing countries



Source: OECD, 2017

Countries will need to be smart about finding their own way to finance SDGs

- Estimate the costs and potential benefits of SDG targets and map available resources
- Coordinate budgeting and financing among institutions
- Use existing resources more efficiently
- Find additional financing resources for implementation

Examples for mobilizing resources for SDGs:

- ➢ Budgeting for SDGs (Norway, Germany, Thailand, Malaysia, Indonesia)
- ➢ Directing tax revenues towards SDGs (France, Germany)
- ➢ Improving accountability and transparency (Czech Republic, France)
- ➢ Involving businesses in SDG financing (France, Indonesia)
- ➢ Seeking international funding beyond ODA (Malaysia)

Thank you for the attention!