

# SDG FINANCING STRATEGIES

Who will pay for the Sustainable Development Goals?

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October 2016, Stockholm



# Who will pay for the Sustainable Development Goals?

## An Output of the Asia-Europe Environment Forum (ENVforum)

**ASIA-EUROPE**  
ENVIRONMENT FORUM

**Who Will Pay for the Sustainable Development Goals?**  
Addressing Development Challenges in ASEM Countries



**Key messages:**

- Countries need to select their SDG priorities

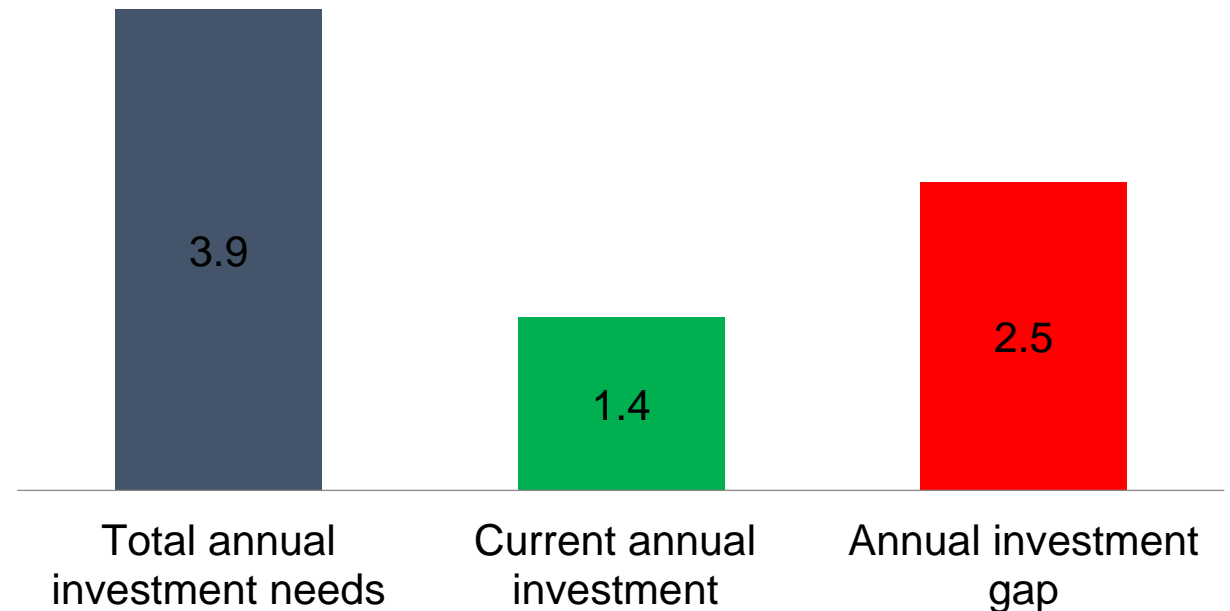
## Given the number of targets and their cost of implementation, countries need to focus on selected SDG targets

**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
Access to 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

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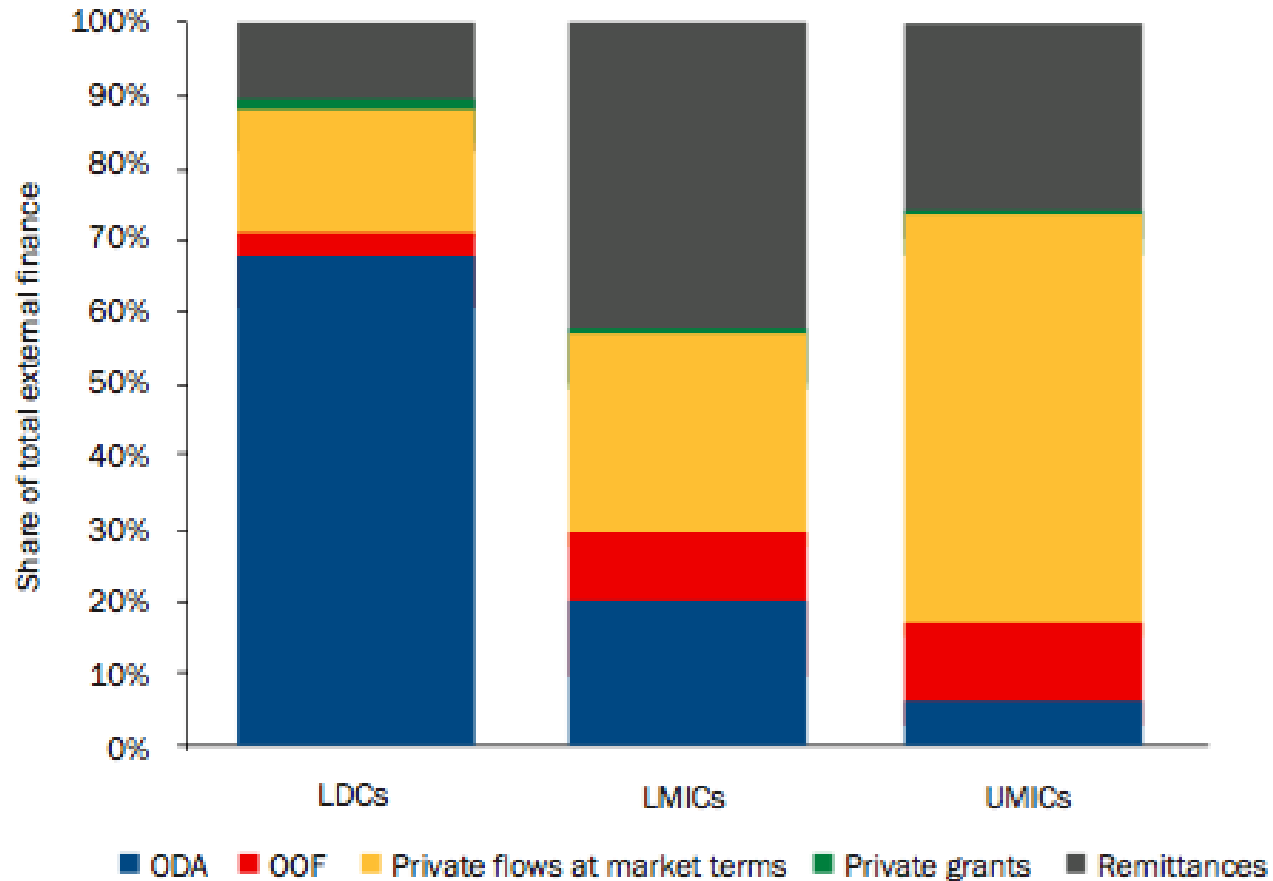
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## Key messages:

- Countries need to select their SDG priorities
- Official Development Assistance (ODA) will remain a crucial part of the post-2015 development financing

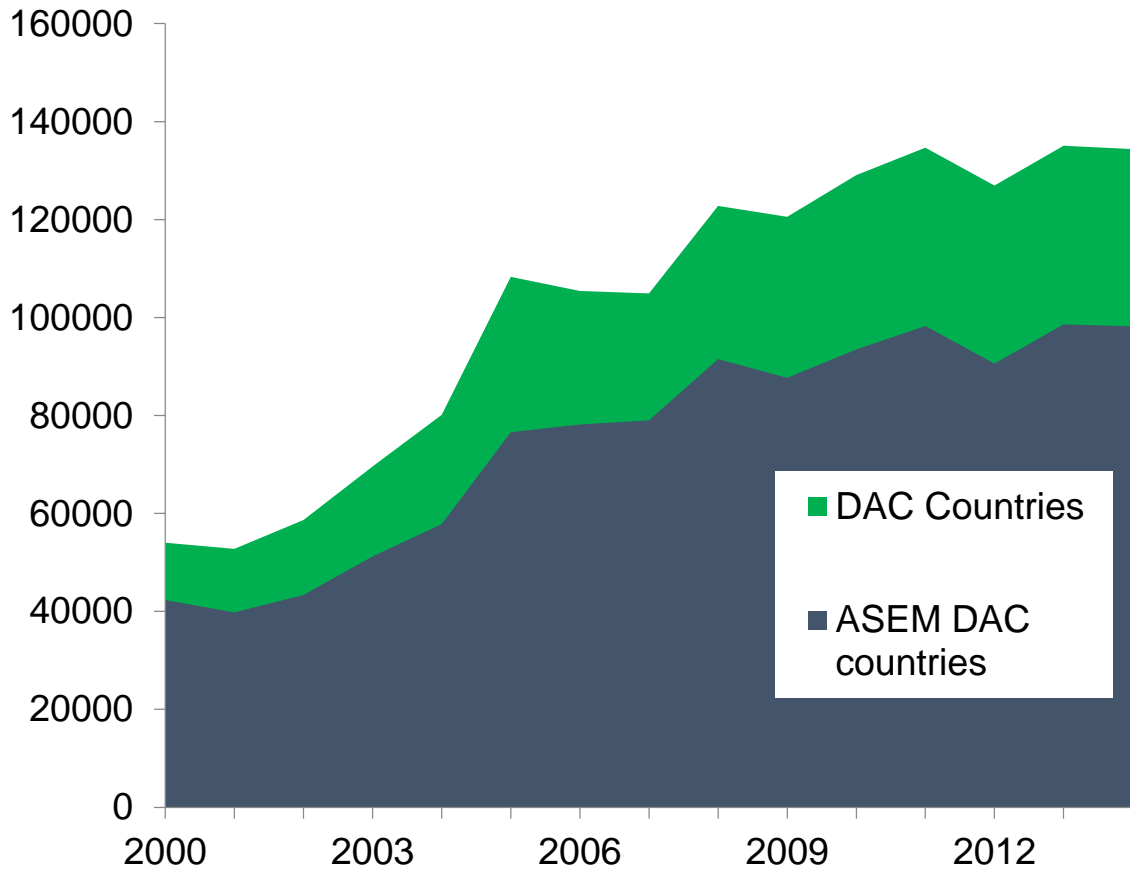
# External financing available for developing countries from various sources



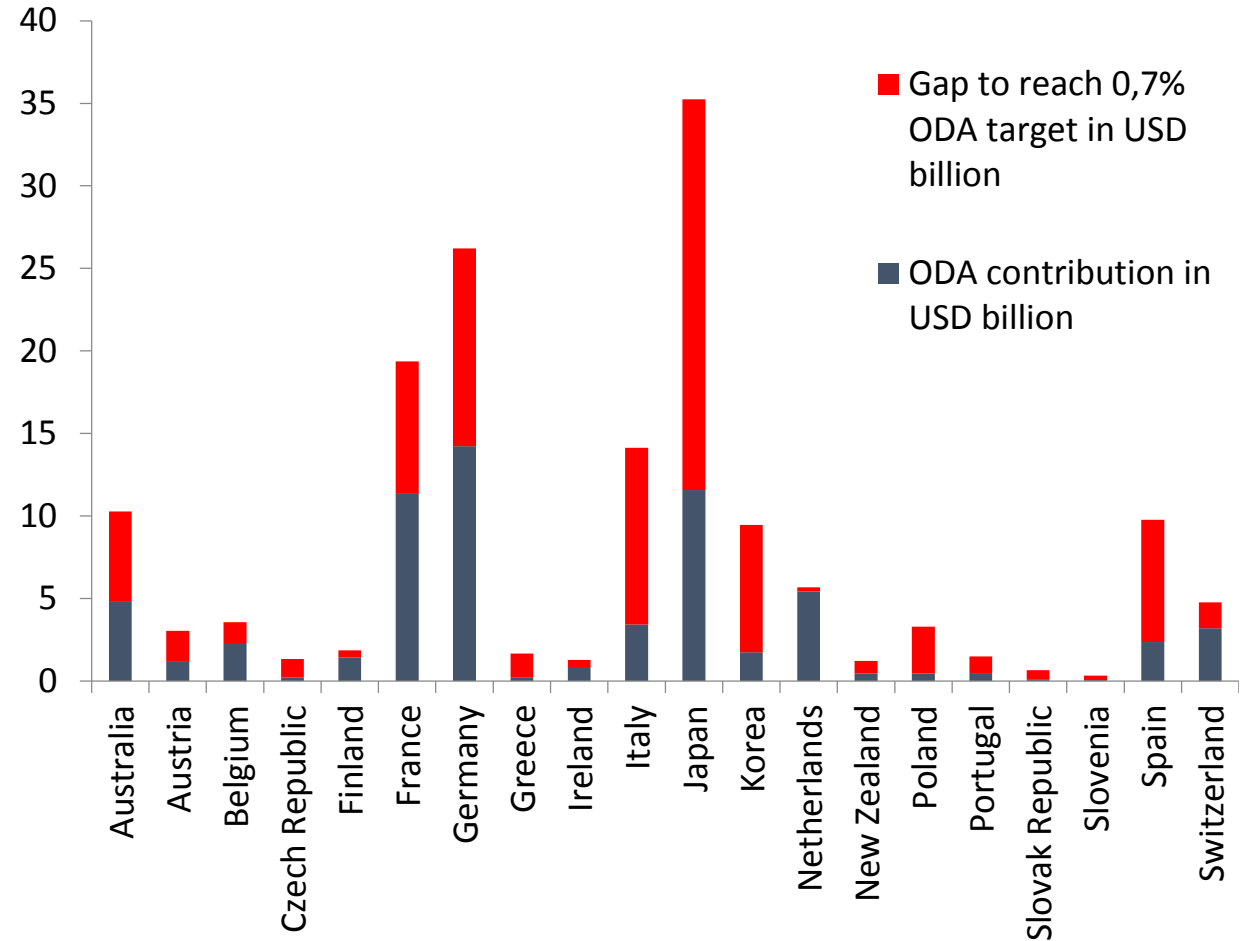
Source: Development Committee, 2015

# Traditional OECD DAC donors need to fulfil their ODA commitments

ODA from DAC donors between 2004–2013: net disbursement at current prices, USD million



Gap to reach 0.7% ODA contribution among ASEM DAC countries (USD billions), 2014



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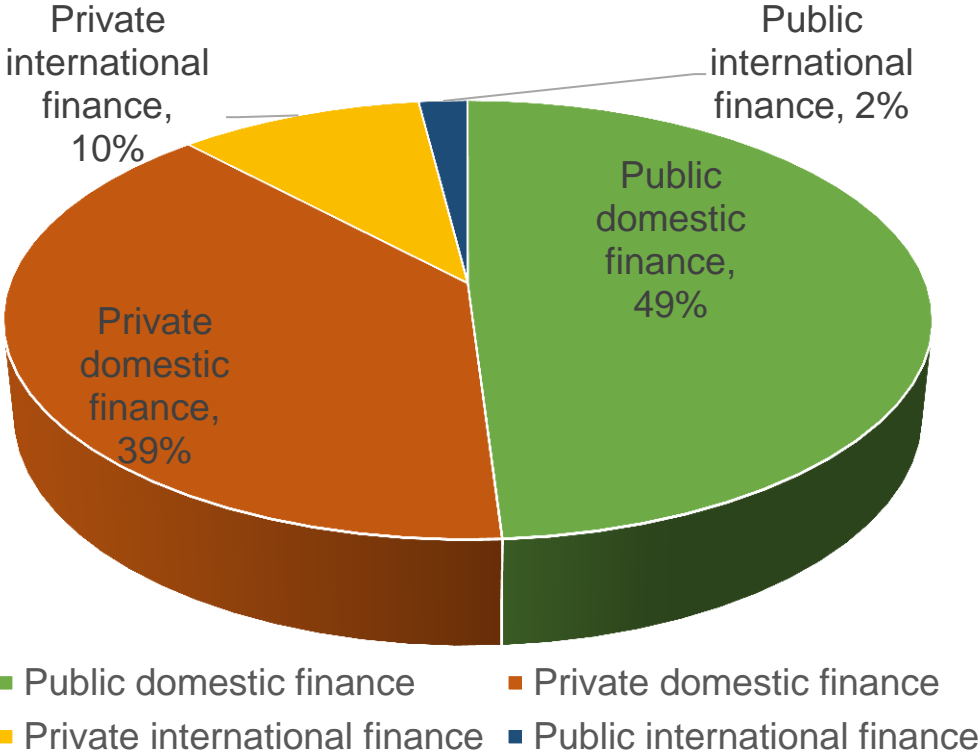


## Key messages:

- Countries need to select their SDG priorities
- Official Development Assistance (ODA) will remain a crucial part of the post-2015 development financing
- ODA has to be a catalyst to attract other sources of funding to developing countries

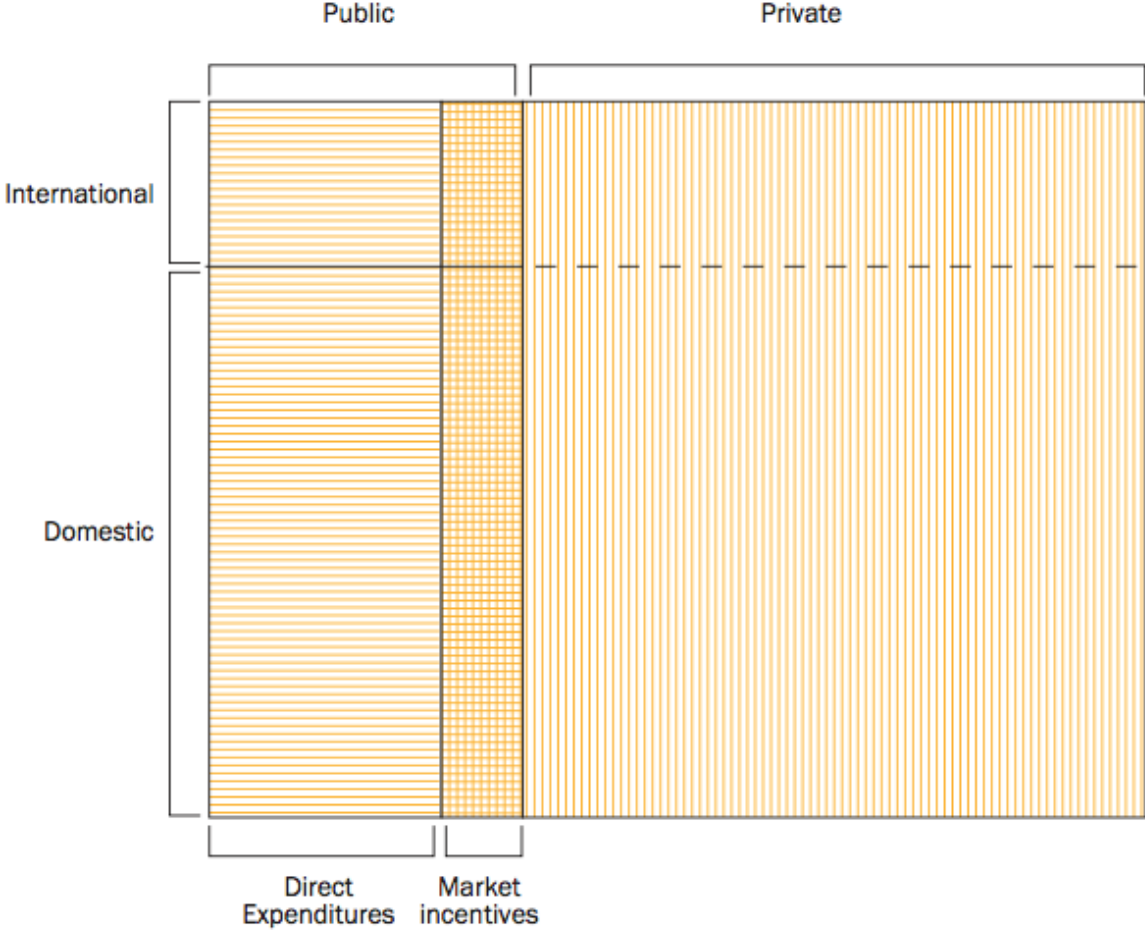
# Development finance in developing countries

## Financing available for developing countries in 2010 from various sources



Source: ASEF calculations based on EC, 2013b

## Components of Post-2015 Sustainable Development Finance



Source: Arakawa et al., 2014



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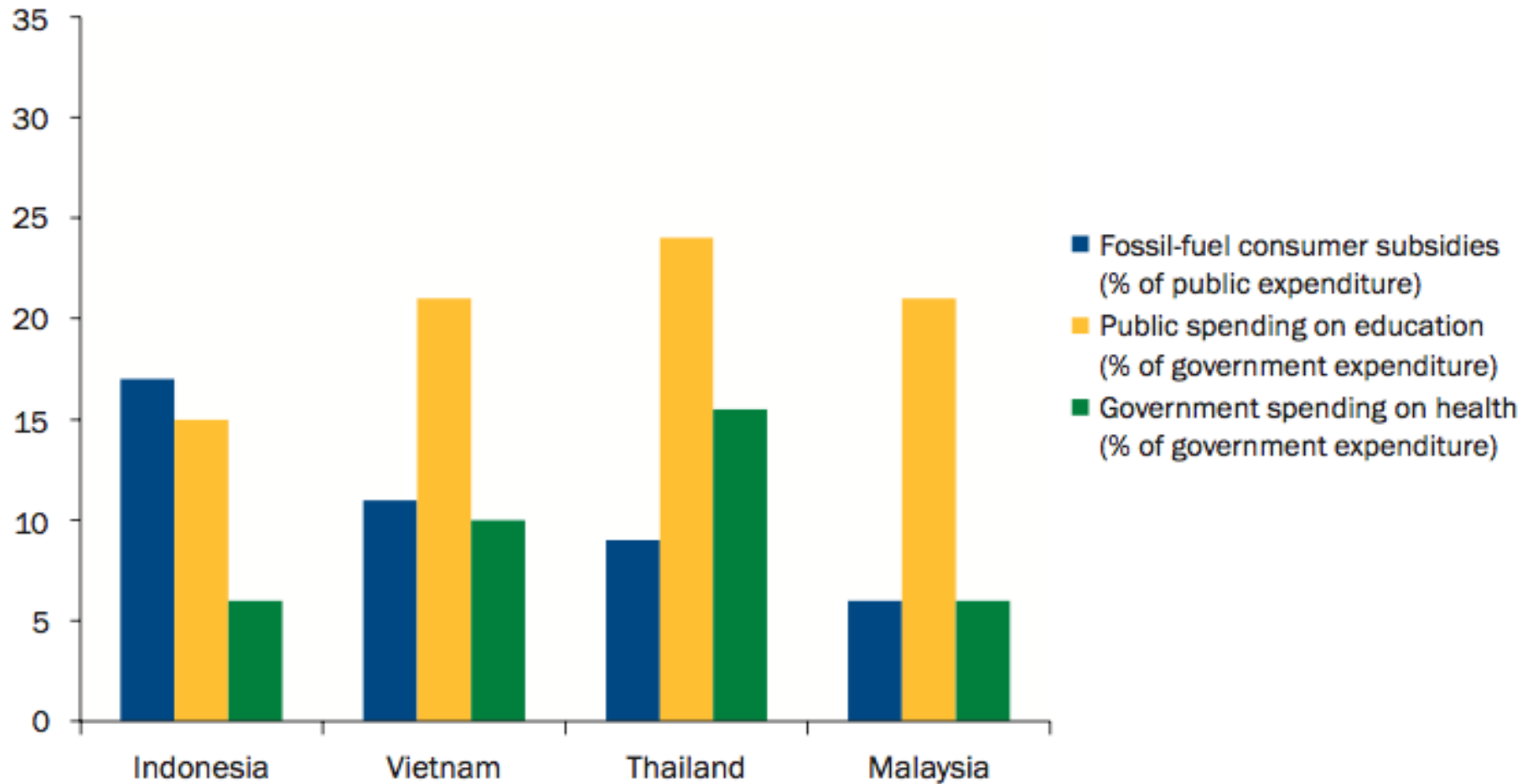
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- **At the domestic level, a tax system reform would be the most efficient tool to ensure sustainable development**

## Global and innovative 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 (extended to other countries)	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

# 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: Merrill, 2014

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- **To mobilize additional resources, savings managed by primary institutional investors should be explored**

## 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.**

Examples 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

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

- Estimate the costs and potential benefits of SDG targets
- Use existing resources more efficiently
- Find additional financing resources for implementation

Examples for mobilizing resources for SDGs:

1. Budgeting for SDGs (Columbia, Finland)
2. Attracting investments for SDGs (Cambodia, Lao PDR)

*Thank you for the attention!*