HIGH-LEVEL POLITICAL FORUM
ON SUSTAINABLE DEVELOPMENT

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Unlocking investment in the SDGs

Monday, 8 July 2024, 3:00 PM -4:30 PM

Secretariat background note

The world is facing a sustainable development crisis and time is running out to achieve the Sustainable Development Goals (SDGs). The estimated size of the financing gap to achieve the SDGs in developing countries has soared to $4 trillion per annum. Governments alone can't mobilize these resources. Developing countries face, in particular, a finance divide, with a lack of access to affordable finance.

Today's financing challenges and sustainable development crisis are the result of long-standing trends and macroeconomic and technological developments that the world has failed to address sufficiently. Given a business-as-usual scenario, it is projected that almost 600 million people would continue to live in extreme poverty in 2030—with women comprising more than half of that number. Progress is woefully inadequate on climate action, with global greenhouse gas emissions still rising when rapid and deep reductions are needed.

This session will build on the ECOSOC Forum on Financing for Development, highlighting the core challenges and opportunities to close the finance gap and initiate reforms in the international financial architecture, in the context of the preparations for the Fourth International Conference on Financing for Development in 2025.

This discussion will pay special attention to the role of international financial institutions such as multilateral development banks (MDBs)

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

in driving transformative progress and unlocking investment towards the SDGs and in addressing global challenges.

In the 2015 Addis Ababa Action Agenda, UN Member States encouraged MDB's to make optimal use of their balance sheets, update their policies in support of the SDGs, and "establish a process to examine their own role, scale and functioning to enable them to adapt and be fully responsive to the sustainable development agenda." Appeals for bigger and more effective MDBs have grown since 2015, including in the UN Secretary-General's policy brief on the Reform of the International Financial Architecture and the SDG Stimulus, which calls for urgently scaling up development financing to at least $500 billion annually.

The MDBs have begun taking meaningful action, as seen for example with the World Bank's Evolution, which is changing the Bank's mission, operational model, and financial model. Yet more work remains to be done to enact large-scale effective change. Beyond further increasing the scale of resources, improving the terms of lending of MDBs can improve the financial landscape for investment in the SDGs in developing countries. MDBs are also stepping up efforts to strengthen their collaboration, including on climate action, country-level work, and private sector engagement. The MDBs could also deepen cooperation with the broader system of public development banks (PDBs) to leverage their local knowledge and increase collaboration with the UN system.

Proposed questions for discussion

- How can enhanced partnerships among the actors of the SDG investment ecosystem (governments, development banks, private sector, and others) drive investment at scale and elevate development outcomes and impact—especially for the most vulnerable countries and communities?

- How can MDBs increase lending for national development needs and also support global public goods? Are new resources, instruments and measurement tools needed to adapt MDBs to be fully responsive to the challenges in achieving the SDGs, and can these be agreed at the Fourth International Conference on Financing for Development in 2025?

- How can the UN discussions, including at the Fourth International Conference on Financing for Development, support PDBs to bridge the gaps between the existing financial system and the scaled up public and private investment in climate action?