



THE PRESIDENT
OF THE
GENERAL ASSEMBLY

4 April 2018

Excellency,

As part of my endeavour to push for the implementation of the 2030 Agenda for Sustainable Development during the 72nd session of the General Assembly, I'd like to inform you that I will convene a high-level event, entitled "Financing for SDGs--Breaking the Bottlenecks of Investment, from Policy to Impact" on 11 June at United Nations Headquarters, New York.

This event aims to address the challenges and bottlenecks that block the private investment towards SDG sectors and elaborate the role of the United Nations in strengthening public-private partnerships. It will also provide an opportunity for relevant actors to showcase and share best practices of scaling up investment in SDG sectors.

The event will comprise an opening segment, presentations and four panel discussions. It will be closed with panel reports and a short closing ceremony.

I encourage active participation in this event at the highest possible levels.

A provisional concept note with panel descriptions is attached, and further information will be made available on my website (<https://www.un.org/pga/72/event-latest/financing-the-sustainable-development-goals/>).

For additional details, please contact Senior Advisor, Mr. Yi Zhang (yiz@un.org) or Ms. Denise Kling (denise.kling@un.org).

Please accept, Excellency, the assurances of my highest consideration.

A handwritten signature in blue ink, appearing to read "M. Lajčák".

Miroslav Lajčák

All Permanent Representatives and
Permanent Observers to the United Nations
New York



Financing for SDGs
Breaking the Bottlenecks of Investment
from Policy to Impact
June 11, 2018, UNHQ
Concept Note

1. Background

Achieving the Sustainable Development Goals by 2030 will require a rough estimate of US\$5-7 trillion dollars of annual investment across sectors and industries¹. This figure represents only 7 to 10 percent of global GDP, and 25 to 40 percent of annual global investment². However, only US\$1.4 trillion are invested annually, from both the public and the private sector, in developing countries³. The annual investment gap in major SDG sectors in developing countries alone has been estimated at around US\$2.5 trillion per year.⁴

At the current level of private sector participation, there will be a funding shortfall of US\$1.6 trillion to be covered by the public sector including the official development assistance (ODA)⁵. If business as usual continues at the global financial arena, the public sector will not be able to finance the implementation of the 2030 Agenda. Therefore, a step-change in private investment in SDG sectors is required.

¹ *Basic infrastructure (roads, rail and ports; power stations; water and sanitation), food security (agriculture and rural development), climate change mitigation and adaptation, health, and education. World Investment Report 2014, UNCTAD.*

² *Links in the chain of sustainable finance: Accelerating private investments for the SDGs, including climate action, 2016, Brookings.*

³ *UNCTAD, above n 1.*

⁴ *Ibid.*

⁵ *Ibid.*

In principle, the global community has the financial resources to address the needs of the 2030 Agenda.⁶ However, today, the most important sources of capital are largely absent from the funding of the 2030 Agenda, and only a fraction of the worldwide invested assets of banks, multinational enterprises, pension funds, insurers, as well as philanthropies and foundations is in SDG sectors, and even less in developing countries. For example, the share of private investment in climate change adaptation remains around 20% in both developing and developed countries.⁷ Overall, private flows amount to less than 20% of total financial flows to the least developed countries. In the group of lower-middle-income countries, that share is around 30%.⁸

Consequently, the question is what is blocking the flow of private investment towards SDG sectors? What transformative actions can we take?

Initiatives to promote investment in the SDGs often aim at specific objectives such as tapping new sources of investment, introducing incentives to invest in relevant projects, creating new social, business and impact giving or designing innovative financing mechanisms.

Private sector investment in projects on the ground is ultimately the result of a long and complex chain, from sources of finance to impact on the ground. Blockages might occur at any stage in the chain, particularly at the downstream end. Initiatives at any individual stage are unlikely to achieve their full potential impact unless the obstacles in the investment chain are removed. Similarly, today's foundations and philanthropies require new modalities to overcome barriers to effective giving.

As the Addis Ababa Action Agenda recognizes, we must tap into all sources of funding to support SDGs. The overall financing for the SDGs requires a complex mosaic of all sources of financing in a structured and interactive manner. Different SDGs, and different regions, require different packages of support.

⁶ *From Billions to Trillions: Transforming Development Finance Post-2015 Financing for Development: Multilateral Development Finance*, World Bank Group, etc, 2015.

⁷ UNCTAD, *above n 1*.

⁸ World Bank Group, *above n 6*.

2. Objectives

This event would bring together Member States, UN entities, international financial institutions and other international organizations, institutional investors, business actor, philanthropies, foundations and other relevant stakeholders to:

- identify the key challenges and obstacles along the investment chain from mobilizing funds to maximizing impact on the ground;
- formulate a package of priority actions and transformative solutions that policy makers can consider in order to address these challenges;
- deliberate on strengthening partnerships between the Member States, the private sector, multilateral development banks, and international organizations, and how different resources of funding can work best to support different SDGs under different country context; and
- discuss the role of the United Nations in removing the identified obstacles and strengthening coordination among major institutional stakeholders to support financing for the implementation of the 2030 Agenda, both at country and at global level.

By further developing a series of proposals for concrete solutions to the main problems raised, this event will seek to build complementarity with other 2018 UN processes and events dedicated to financing for development, such as the Financing for Development Forum of ECOSOC of 2018 (23 to 26 April) and UNCTAD's World Investment Forum 2018 (22 to 25 October).

3. Outcome and Follow-up

The event will be summarized by the President of the General Assembly in the format of a Chair's summary. This summary report will draw on the outcomes of the deliberations, provide a succinct and action-oriented inventory of the solutions presented as well as suggestions for future actions. The report will be enriched by explanatory statistics and graphs provided by UNCTAD and other major partners of the event.

The follow-up will consist of presenting this outcome to various events dedicated to SDG financing to get more buy-in and action from more relevant stakeholders. Further follow-up is envisioned through the development of a pack of recommended solutions and best practices developed with major partners, to be made available to Member States on a dedicated website

managed by UNCTAD to be launched at its World Investment Forum in October 2018. That site will also cross-reference the various service providers in the international community.

4. Format

This one-day event will consist of an opening segment, to be followed by introductory presentations of some distinguished guests.

Four panel discussions will be convened afterwards, guided by a moderator and each focusing on one of the stages of the investment chain: **(1) formulating action plans; (2) mobilizing resources; (3) channeling investment into SDG sectors; and (4) maximizing impact on the ground.** Each panel will discuss the main challenges, relevant solutions and the role of the United Nations, from the perspectives of governments, international organizations, the private sector, etc. The summary of each panel will be presented by the moderators in the closing session.

The event will conclude with closing remarks by the President of the General Assembly outlining action areas and solutions.

5. Time and Venue

June 11, 2018, ECOSOC Chamber

6. Participants

The event will be open to all Member States, as well as accredited civil society and private sector organizations. Participation at the highest level is encouraged. Public and private financial sector actors will also be invited. Speakers will include government officials, representatives of UN system, international organizations, private sector, and academia.

7. Draft Programme

09:00-09:20	Opening Segment
09:20-09:40	Set the stage: Introductory Presentations
10:00-11:30	Panel 1: Build fertile soil for private funding: providing concerted leadership
11:30-13:00	Panel 2: Let the resources grow: filling in the gap of trillions

15:00-16:15	Panel 3: Remove the hurdles of irrigation: channeling investment and funds to the ground
16:15-17:30	Panel 4: Secure the fruits: maximizing investment impact
17:30-17:55	Report of Moderators
17:55-18:00	Closing Segment

Annex:

Panel Descriptions and Guiding Questions

1. Panel 1

Build fertile soil for private funding: providing concerted leadership

What & Why

Fully implementing the Addis Ababa Action Agenda and achieving the 2030 Agenda requires coherent leadership. Within a framework provided by national development plans translating the global SDGs into country-level goals, policies affecting private investment across diverse policy areas must work effectively together to allow countries to mobilize all sources of finance to support their development and deliver on the SDGs.

This panel will consider **how public and private sector could co-create an enabling environment** to increase private investment and funds in the SDGs.

Issues for consideration

- What have governments done so far to integrate the SDGs into national development plans and budget processes?
- To what extent do current SDG plans and strategies consider the full range of finance – public and private, domestic and international – and the policies needed to maximize their impact on the SDGs?
- What are good practices to ensure that the perspectives of all relevant stakeholders are taken into account in priority setting and in the design of policies and strategies that impact on the financing of the SDGs?
- What are the institutional challenges in formulating better policies for increasing private investment and philanthropic funding in the SDGs and how might these be addressed?
- How could the United Nations and other international organizations best support countries as they strive to improve policy frameworks that support the financing and achievement of the 2030 Agenda?
- How can partnerships between Member States, business, philanthropies, foundations, international financial institutions, the United Nations and other international organizations be strengthened to address the challenges at policy level?

2. Panel 2

Let the resources grow: filling in the gap of trillions

What & Why

Many obstacles can hinder the mobilization of financial resources for the SDGs, including market failures, lack of transparency on environmental, social and governance performance, misaligned incentives for market and non-market participants, etc.

Important activities are already emerging to advance financing for SDGs, such as leveraging development finance to mobilize additional resources (blended finance), increased philanthropic giving, other innovative means of financing, and promoting disclosure requirements through Sustainable Stock Exchanges. However, many challenges remain. For example, effective monitoring and the provision of sufficient liquidity and transparency to market and philanthropic instruments need to be strengthened. Innovative financing, to date, remains small in scale and impact. It needs to be supported, adapted to purpose and scaled up.

This panel will consider **what transformative actions should be taken to meet the challenges in mobilizing funds.**

Issues for consideration

- What are the main challenges and obstacles facing private investors and philanthropists as they seek to engage in SDG-focused investments?
- What actions should be taken to address the short-termism of private sector?
- What else can governments do to support the mobilization of private finance, in addition to blending?
- How to create an enabling environment for innovative financing?
- How to address the incompatibility of existing rules of global economic governance (e.g. Basel III) and the financing of the SDGs?
- What is the role of the United Nations in supporting Member States to mobilize SDG funds in financial markets and from philanthropic sources?

3. Panel 3

Remove the hurdles of irrigation: channeling investment and funds to the ground

What & Why

Challenges in channeling include entry barriers, inadequate risk-return ratios for SDG investments, lack of information and effective packaging and promotion of projects, lack of investor or philanthropic expertise, etc.

All actors and stakeholders in the investment-for-development community have important roles to play, including donor countries, private sector, the UN development group and its partners, national and multilateral development banks and other international financial institutions.

This panel will consider **what transformative actions should be taken to effectively channel funds to sustainable development projects**, i.e. deliberate on ways and means to ensure that available funds make their way to concrete sustainable development-oriented investment projects on the ground in developing countries, and especially in LDCs.

Issues for Consideration

- What are the key challenges in channeling funds into SDG sectors?
- What are the priority actions and transformative solutions needed to channel funds into SDG sectors?
- What are the best ways to promote and encourage the participation of all stakeholders resulting in finance that is mobilized and channeled to priority projects and sectors?
- How can national governments best engage local levels of government in ensuring that funds are channeled appropriately?
- How can public and private donors, international financial institutions and the UN development group best work together to help channel resources most effectively?
- How can partnerships between the Member States, the private sector, international financial institutions, the United Nations and other international organizations be strengthened to support these actions?
- What is the role of the United Nations in supporting to channel funds into SDG sectors, including translating entrepreneurial enthusiasm into concrete action?

4. Panel 4

Secure the fruits: maximizing investment impact

What & Why

Better monitoring, measurement and reporting is a necessary step to inform future investment decisions in line with the achievement of the SDGs. Weak absorptive capacity in some developing countries, social and environmental impact risks, low stakeholder engagement and scarce effective impact monitoring remain obstacles to maximizing impact of financing for SDGs on the ground.

The development of new financing mechanisms and the mixing of resources requires a re-examination of the available tools to measure impact and ensure the quality of the policies necessary to implement the 2030 Agenda. Work on measurement helps countries track progress, refine policies, and put proper systems in place to estimate financing needs.

This panel will consider **what transformative actions should be taken to maximize positive impact**, i.e. deliberate on ways and means to create an enabling environment for investment and particularly put in place appropriate safeguards that need to accompany increased private sector engagement.

Issues for consideration

- What are the key challenges in maximizing the positive impact and minimizing the risks and drawbacks of private resources in SDG sectors?
- What are the priority actions and transformative solutions needed in this regard?
- How can measurement and reporting on impact be used to mobilize additional public and private resources and inform future investment decisions in a way that ensures the coverage and implementation of all SDGs?
- How can the evidence of impact best be used to encourage private sector actors to scale up their contribution to SDG implementation?
- How can the UN development system and other actors support the results and impact of different types of development finance at the country level?
- How can partnerships between relevant key actors be strengthened to support these actions?
- What is the role of the United Nations in supporting Member States to maximize the positive impact and minimize negative effects?