

United Nations Development Programme



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# Financing for Development Post 2015

## Multi-stakeholder partnerships and the post 2015 sustainable development agenda

### GFDD / FUNGLODE

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# The money is there! A new age of choice



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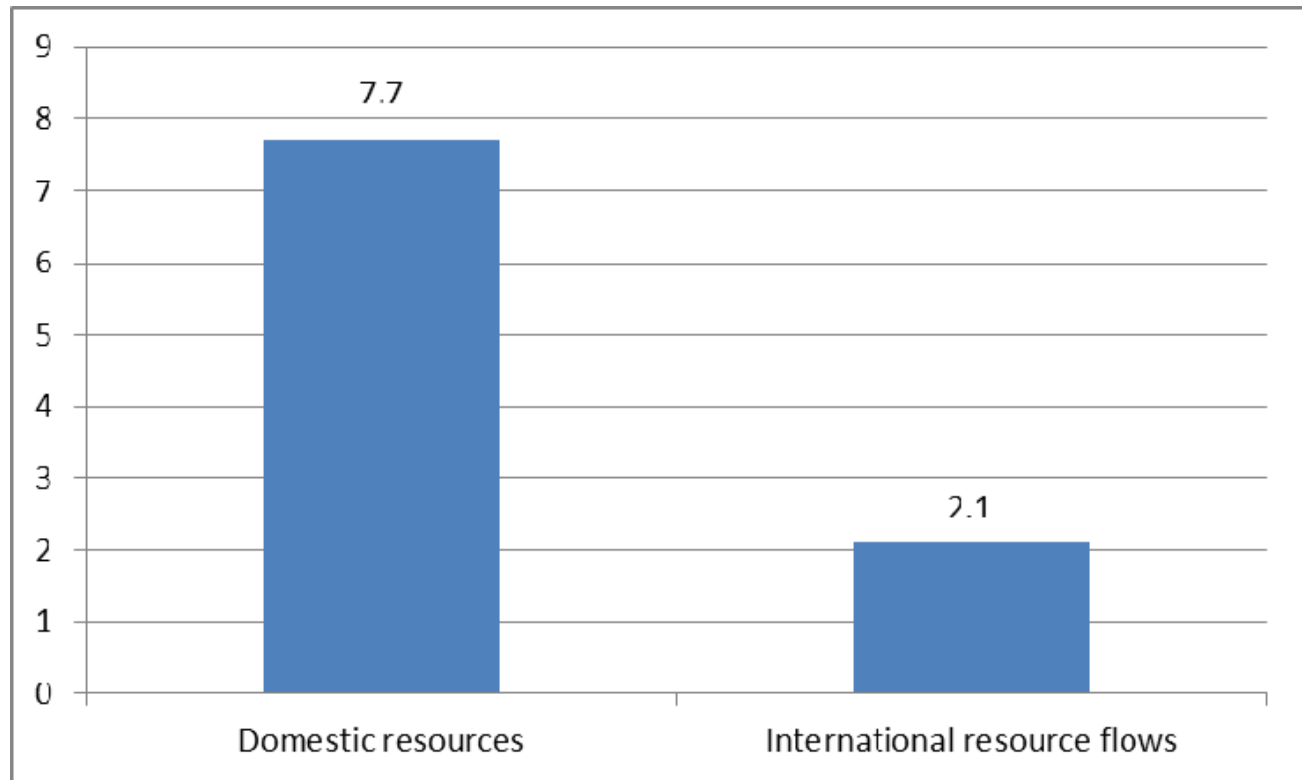
The sources of finance which can help meet these challenges have increased

Global savings: US\$18 trillion in 2013

Domestic resources  
totalled US\$ 7.7  
trillion in 2012

International  
resource flows  
totalled US\$ 2.1  
trillion in 2012

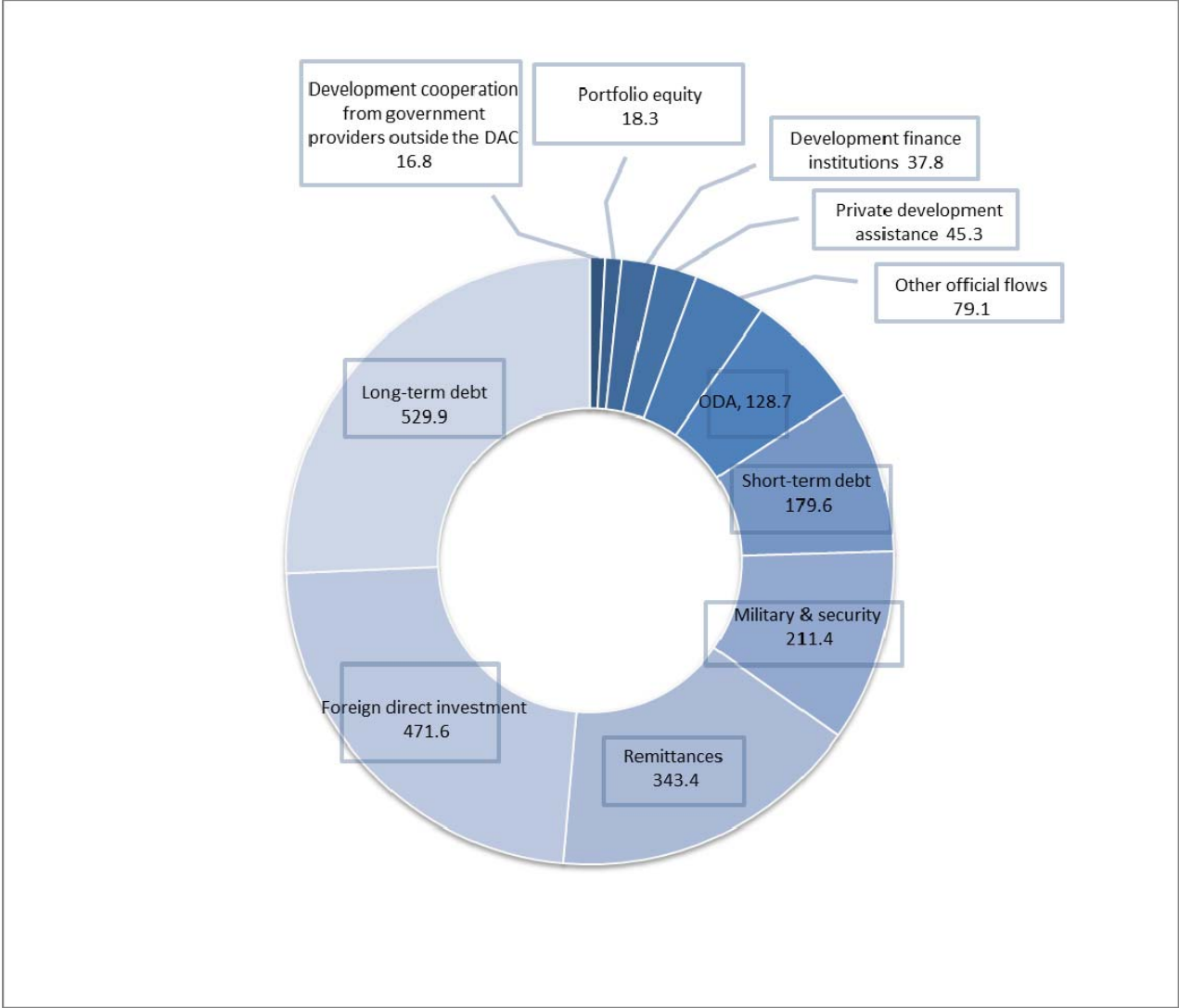
In 2030, 62% of global  
savings will be  
located in the  
developing world



# International resource flows to developing countries: 2012 (US\$ billions)



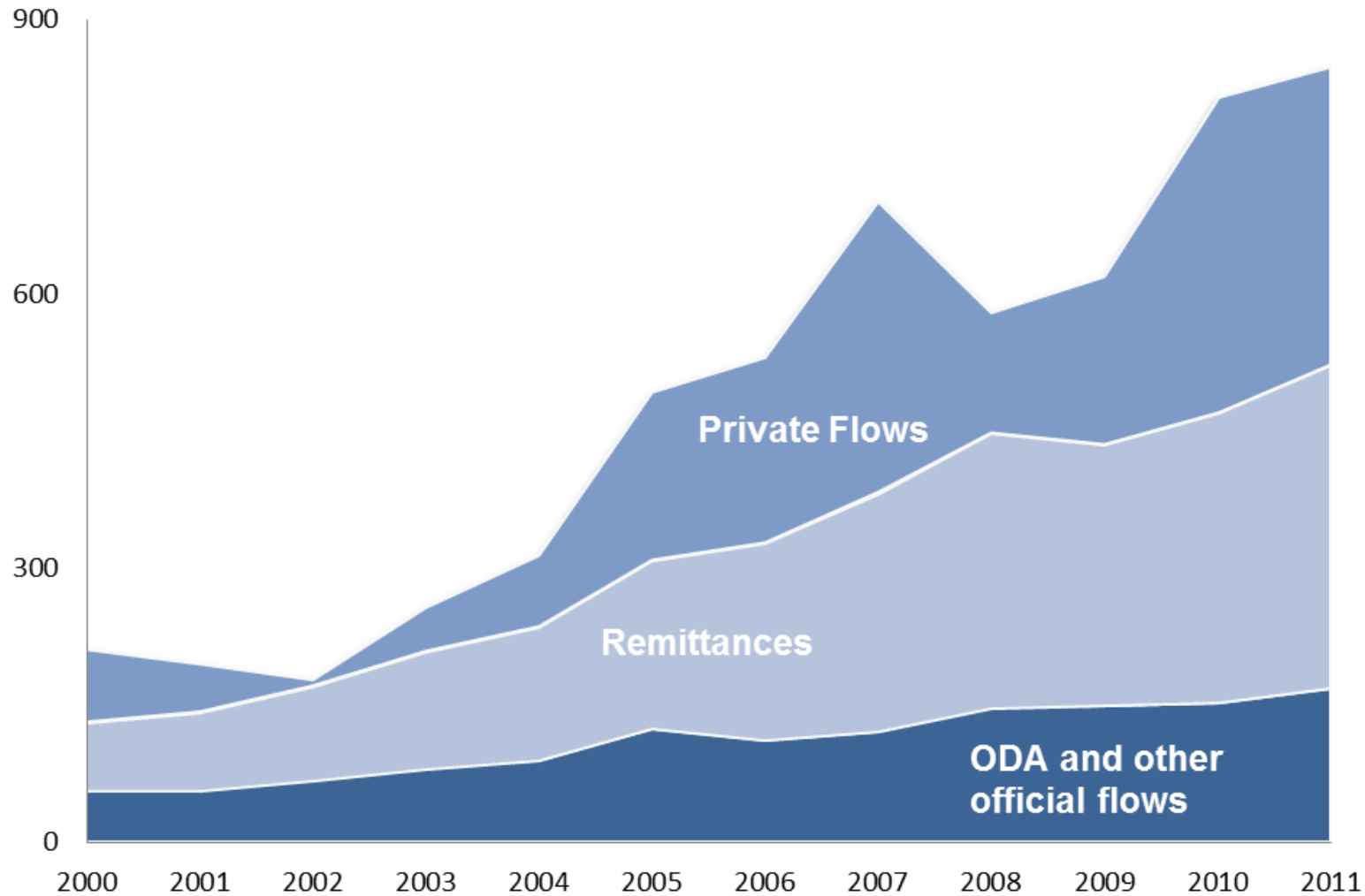
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# Financial Flows to Developing Countries, US\$ billions



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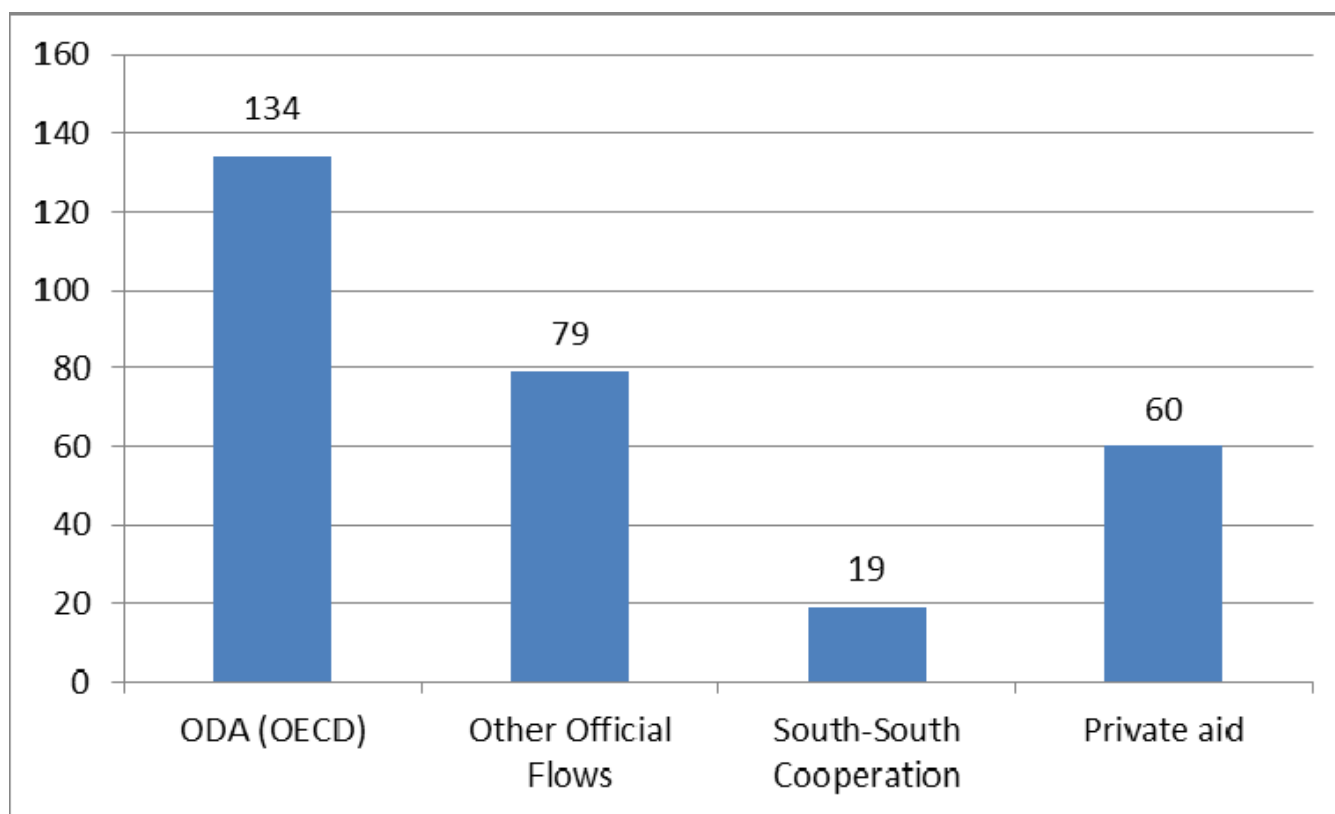
# Aid and 'aid like' flows to developing countries (2012 or 2013), US\$ billions



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**Rise in aid from 'non-traditional' providers (public and private)**

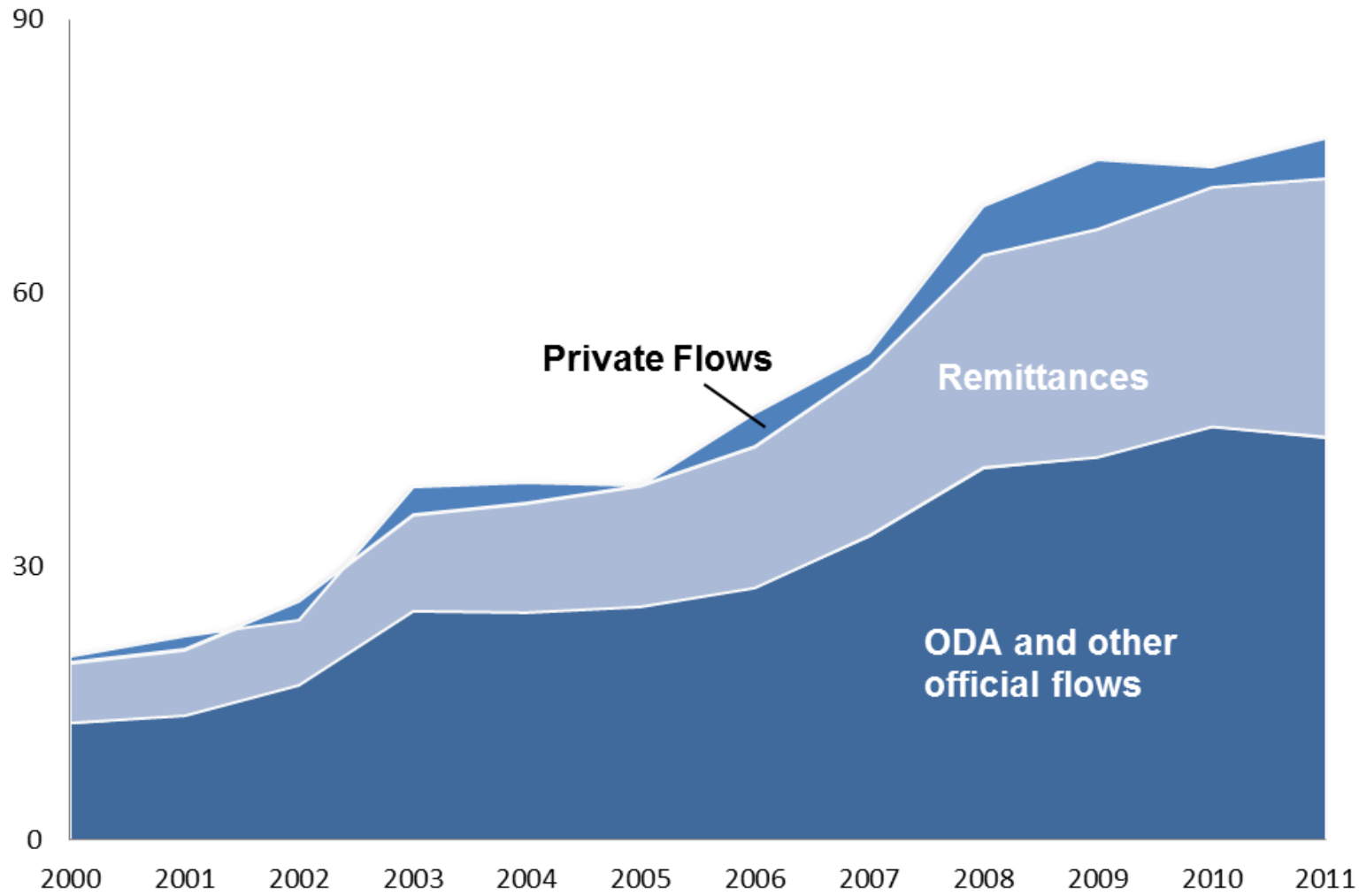
**Paradox: Aid is less important in relative terms**



# Tyranny of averages: financial flows to LDCs, in US\$ billions



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Source: UNTT, 2013

# The tyranny of averages...



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## Private capital flows are concentrated:

- In specific sectors (e.g. natural resource extraction and exploitation of comparative advantage in labour intensive industries); ‘islands of prosperity’
- In certain countries (middle-income and resource-rich countries) where expected returns on a risk-adjusted basis are higher

**Financial flows have become more volatile: Structure now skewed in favour of highly concentrated and mobile private capital flows and less towards long-term development needs**

**Domestic resource mobilisation remains a challenge in some countries (e.g. LDCs, SIDS)**

## Sources of development finance: more diversity

	<b>Domestic</b>	<b>International</b>
<b>Public</b>	<ul style="list-style-type: none"> <li>- Taxation (personal income, value added, corporate, property etc.)</li> <li>- Natural resource revenues</li> <li>- National development banks</li> <li>- Bonds (national capital market)</li> <li>- Savings</li> </ul>	<ul style="list-style-type: none"> <li>- Sovereign (and in some cases sub-national) governments</li> <li>- Multilateral agencies</li> <li>- International capital markets (bonds and other instruments)</li> <li>- Guarantees and insurance schemes</li> <li>- Global taxation (<i>proposed</i>)</li> </ul>
<b>Private</b>	<ul style="list-style-type: none"> <li>- Household income and savings</li> <li>- Banking sector</li> <li>- Private sector (large, medium and small-scale enterprises)</li> <li>- Private agents (e.g. domestic philanthropists, NGOs, religious institutions etc.)</li> </ul>	<ul style="list-style-type: none"> <li>- Diaspora (especially remittances)</li> <li>- Banks</li> <li>- Multinational companies (incl. M&amp;A and "social investment")</li> <li>- Private actors (e.g. philanthropists, NGOs, religious institutions etc.)</li> </ul>



# Innovation and partnerships in international development

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- **Financing mechanisms for international cooperation are multiplying and becoming more diversified**
- **Whereas governments and inter-governmental entities once dominated the institutional landscape for international cooperation, businesses, civil society organizations and philanthropic foundations now cooperate – and compete – with governments and intergovernmental entities**
- **Globalization and new technologies afford governments and other stakeholders new opportunities to collaborate and to tap into the pool of global resources – capital and knowledge – to pursue public policy objectives**

# Innovation and partnerships in international development

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- Proliferation in public-private partnerships which address global/regional concerns (e.g. Global Fund, GAVI, CCRIF etc.)
- Increase in blended finance (e.g. in clean energies, infrastructure etc.)
- Public funds can unlock private investment but for some countries/situations, traditional support may still be most suitable
- Non-substitutability of different forms of finance
- Paradox: international cooperation remains underfunded and proliferation in new mechanisms suboptimal response to persistent 'financing gap' challenge



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## **Sustainable Development Goals (SDGs)**

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**Address ‘MDG type’ challenges (poverty eradication, education and health)**

**Also addresses climate change, peace and security, production and consumption (universal agenda)**

**The SDGs are about the dynamics of development processes both within and beyond national boundaries, reflecting how intertwined nations’ and peoples’ prospects are**

**SDGs require structural transformations across economies at all income levels of the natural boundaries of the planet are to be respected**



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## Sustainable Development Goals (SDGs)

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Major changes in investment priorities, with stepped up funding for climate change mitigation, environmental preservation, new technologies, research, science and innovation

Implies a much bigger focus on longer-term and riskier expenditures

Tension between desire to focus aid on the poorest and need to allocate more resources to areas above

International public finance therefore has a much bigger role *above and beyond what we understand as development* in post 2015 period

‘Volatility is the new norm’: Need to better manage risk and build resilience

## **Sustainable Development Goals (SDGs)**

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**The “scaffolding” matters: major changes needed in the architecture that mediates international public finance**

**Larger role for pooled-disbursement mechanisms  
(multilateral versus bilateral approaches)**

**3rd UN Conference on Financing for Development, Addis  
Ababa, July 2015**

**Thank you for your attention!**



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