

**Post-2015 Development Agenda & the
3rd UN Conference
for Financing for Sustainable
Development**

The Role of IDB Group

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2015 –A Year of Major Events

13-16 July 2015

3rd UN International Conference on Financing for Development (Addis Ababa, Ethiopia)

25-27 September 2015

UN Summit on Sustainable Development Goals (a successor to the Millennium Development Goals – MDGs) (New York, USA)

24 October 2015

UN's 70th anniversary (New York, USA)

30 Nov. - 11 Dec. 2015

21st Conference of the Parties (CoP21) under the UN Framework for Combating Climate Change (UNFCCC) (Paris, France)

15-18 December 2015

10th Ministerial Conference of the World Trade Organization (Nairobi, Kenya)

Background

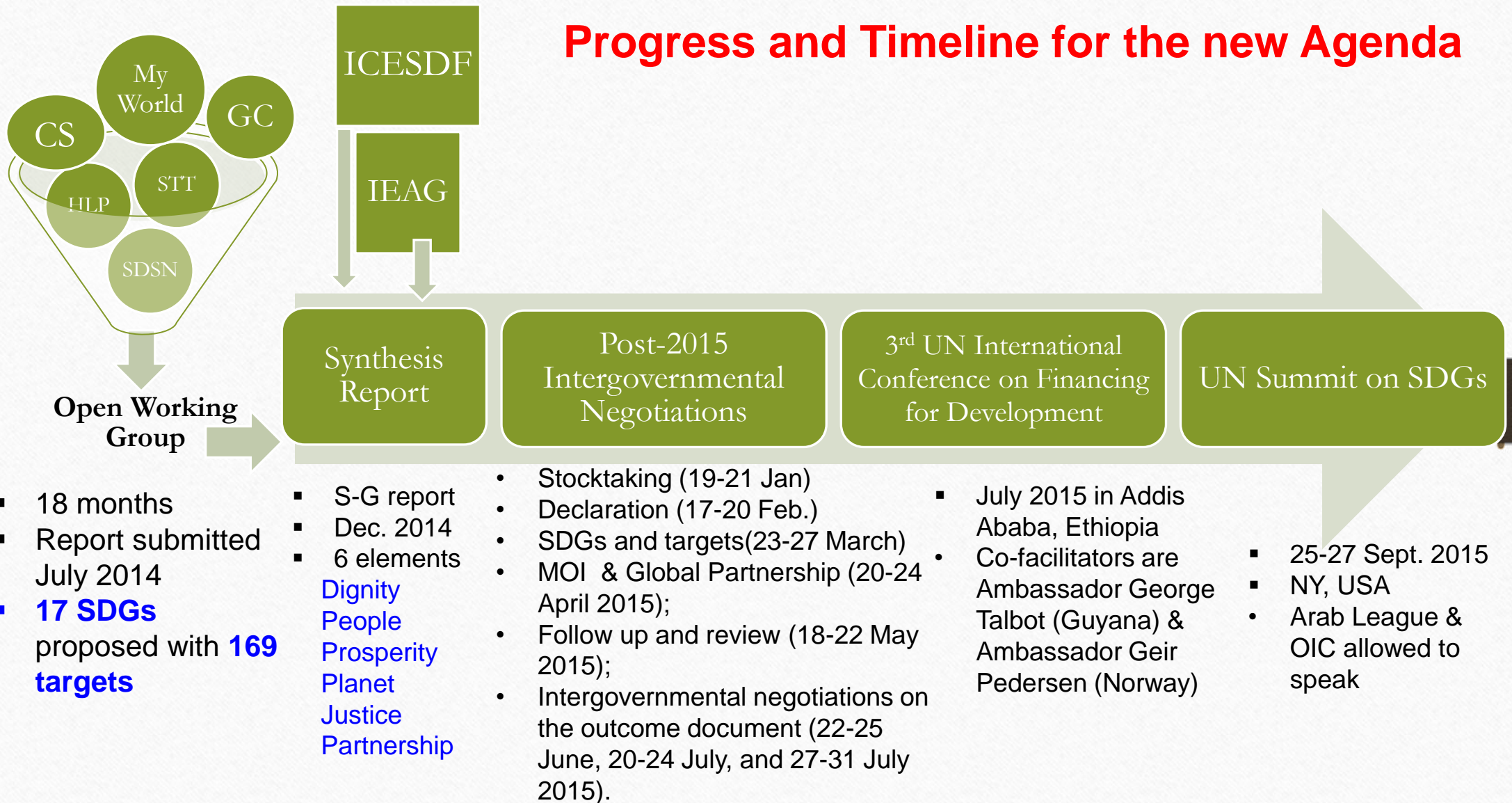
☛ “*Post-2015 Development Agenda: Issues and Challenges for IDB Group*” (August 2013):

- Stocktaking of the global conversation
- Reviewed the role of MDBs in the process
- Identified areas of focus that IDB Group may want to prioritize globally for the post-2015 era.

☛ 4 issues for IDB Group’s role were discussed and recommendations proposed on:

- ending extreme poverty,
- climate change,
- **financing the new agenda,**
- supporting statistical capacity in the realm of data revolution.

Progress and Timeline for the new Agenda



- 18 months
- Report submitted July 2014
- **17 SDGs** proposed with **169 targets**

- S-G report
 - Dec. 2014
 - 6 elements
- Dignity
People
Prosperity
Planet
Justice
Partnership

- Stocktaking (19-21 Jan)
- Declaration (17-20 Feb.)
- SDGs and targets(23-27 March)
- MOI & Global Partnership (20-24 April 2015);
- Follow up and review (18-22 May 2015);
- Intergovernmental negotiations on the outcome document (22-25 June, 20-24 July, and 27-31 July 2015).

- July 2015 in Addis Ababa, Ethiopia
- Co-facilitators are Ambassador George Talbot (Guyana) & Ambassador Geir Pedersen (Norway)

- 25-27 Sept. 2015
- NY, USA
- Arab League & OIC allowed to speak

3rd UN International Conference on Financing for Sustainable Development

Purpose:

- To define and identify financial tools for delivery on the new post-2015 development agenda.
- Assess the progress made in the implementation of the Monterrey Consensus and the Doha Declaration.

Major reports for the Conference as of today

Intergovernmental Committee of Experts on Sustainable Development Financing (ICESDF)

115 policy options



- Notes:
- * The size of boxes does not represent financing volumes/importance.
 - ** There can be cases where international public finance also directly supports the implementation of international objectives.
 - *** Sovereign wealth funds handle public money, but are managed like private investors

Source: UN (2014)

Overseas Development Institute (ODI)'s paper entitled "*Financing the post-2015 Sustainable Development Goals: A rough roadmap*"

- ✓ Global development finance clustered into 3 groups:
 - Concessional public finance (including domestic taxes),
 - Public borrowing on market-related terms, and
 - Private finance.
- ✓ Financing plans for SDGs should be developed at country level & not globally.
- ✓ Proposes policies to unlock access to private sector participation in five key areas— including social services.
- ✓ Introduced a **Market Aid Index** to help track donor engagement with the private sector.

Role of IDB Group: Priority 1 - Financing Mechanism

ICESDF recognized Islamic finance for sustainable development:

Islamic finance has also generated important mechanisms that can support sustainable development financing. Islamic financial assets have grown rapidly in the last decade, including in the areas of infrastructure financing, social investments and green investments. The investment vehicles used in Islamic finance, which are based on shared business risk, improve depth and breadth of financial markets by providing alternative sources of financing. These financing structures might offer lessons on how to develop a class of new long-term investment.

(p. 20)

Recommendations for Priority 1:

- ✓ Showcase *sukuk* (Islamic bond) as an instrument for resource mobilization
 - Prepare a knowledge product explaining sukuk, its practical uses, challenges and case studies drawn from IDB Group's own experiences.
 - Embark on intensive awareness campaign targeting the UN system to mainstream Islamic Finance as a tool for financing sustainable development.
 - Engage with the co-facilitators of the Addis Ababa's Conference ahead of the Conference
- ✓ Offer the use of **Reverse Linkage** to fix MCs' challenges of tax reforms, accountability, transparency and investment climate improvement.

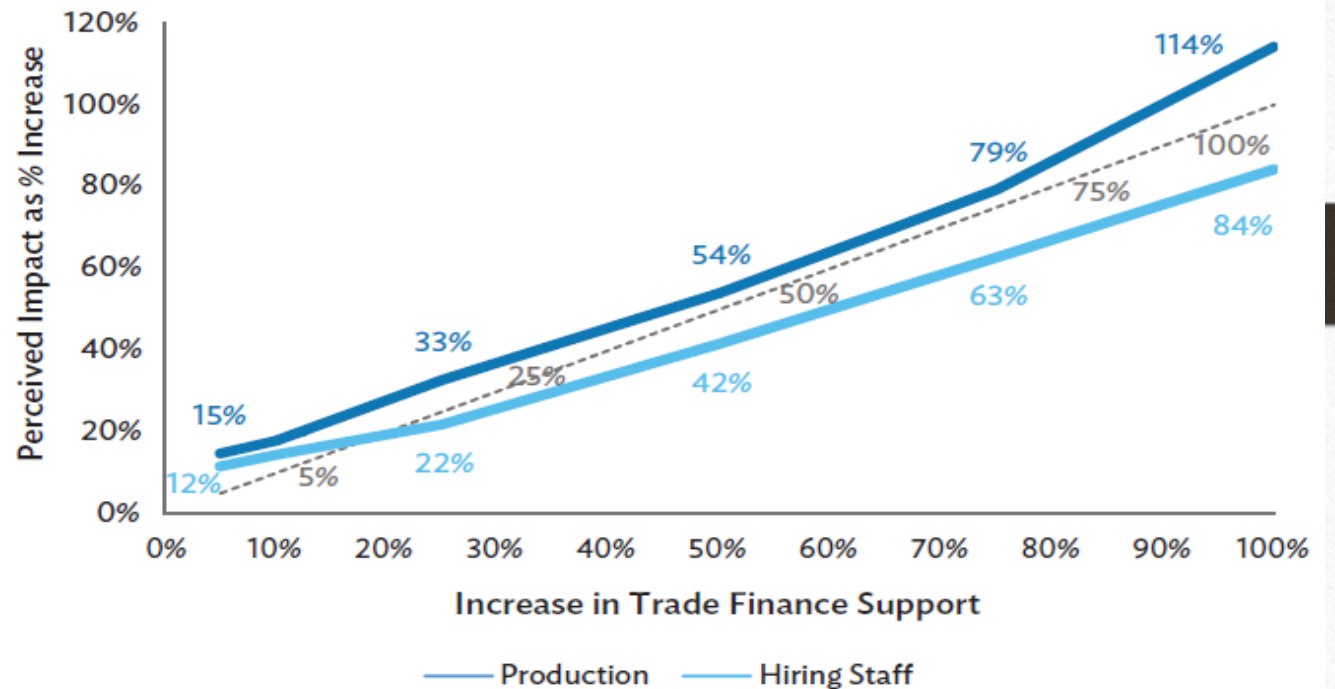
Role of IDB Group: Priority 2 - Trade

- ✓ MDGs drawback -- generated funding and political attention for **social development** but not for trade and economic development
- ✓ SDGs – include a commitment to promote trade “*increase significantly the exports of developing countries, in particular with a view to doubling the LDC share of global exports by 2020*”
- ✓ Trade finance gaps are a persistent feature of the global trade landscape
- ✓ Global trade finance gap estimated at \$1.9 trillion in 2013 (Asia 57%, Europe 22%, CIS 8%, Americans 8% and Africa 5%) (ADB, 2014)
- ✓ Banks’ global rejection rate of trade finance applications is 29% (Asia 79%, Europe 13%, CIS 3%, Americans 1% and Africa 3%.) (ADB, 2014).

More trade finance contribute to economic growth and job creation

- ✓ 15% increase in access to trade finance increases firms production by 22%.
- ✓ 15% increase in trade finance support enable firms to hire 17% more staff

Figure 2: Expected impact of more trade finance support on production and jobs



Source: ADB, Dec. 2014

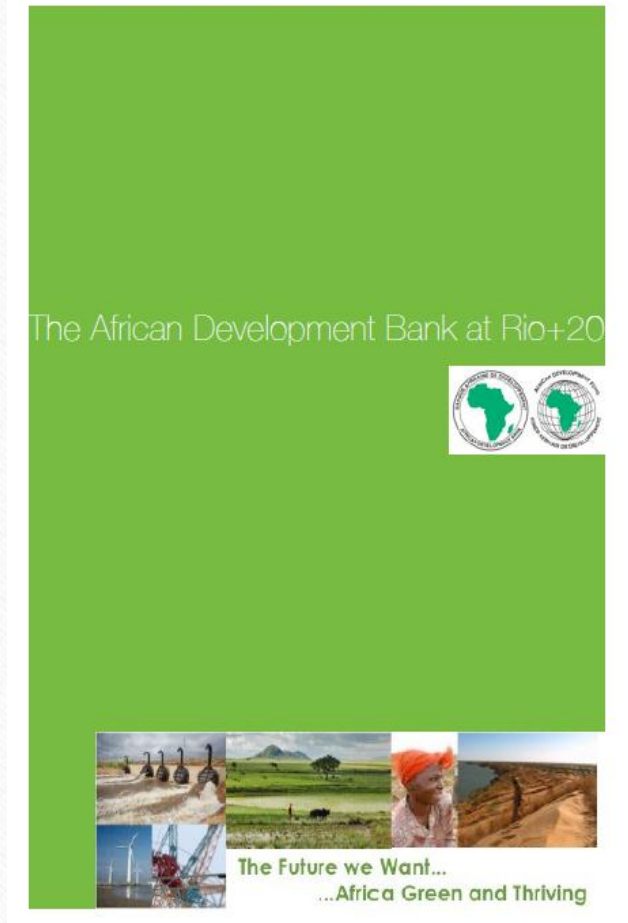
Recommendations for Priority 2:

ITFC can catalyze transformation change in the volume of trade of member countries by:

- ✓ **Identifying *niche areas* that can help member countries scale up their exports activities as well as diversify their economies.**
- ✓ **Offering Islamic trade finance (*murabaha* and other new instruments) by *preparing a document for circulation at the Conference to sensitize the world and the participants.***

Role of IDB Group: Priority 3 -- Partnership

- ✓ *“...revitalize the global partnership for sustainable development” (SDG 17)*
- ✓ **Extend the Triple-Win Financing to other sectors of the SDGs**
- ✓ **Develop more instruments that are partnership-enticing.**
- ✓ **Participate in joint statements with MDBs:**
 - ✓ **Be proactive by issuing frequent statements on major events that are of interest to our mandate**
 - ✓ **Issue a statement before the Addis Ababa Conference on Bank Group’s positions on various aspects of the Conference (similar to AfDB’s)**



Role of IDB Group: Priority 4 -- Statistical Capacity funding to support SDGs

- ✓ **More goals and targets in the SDGs translate to more data requirements from NSOs.**
- ✓ IDB signed an MOU in 2013 with the UN + MDBs to coordinate statistical activities in support of monitoring of development outcomes for post-2015.
- ✓ IDB participates in the MDBs-focused group to implement the MOU.
- ✓ A new document for Heads of MDBs for their meeting in April 2015 has called on MDBs to *reaffirm and improve their long-standing funding commitments that support development data as well as launch and/or participate in new funding and technical assistance mechanisms and approaches.*
- ✓ **Renew Bank's commitment to finance statistical capacity through its StatCap Initiative which has no annual specific budget allocation.**

Thank You