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Financing sustainable development: what challenges in the light of the promises of the 2030 Agenda ?

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Accelerating the implementation of the 2030 Agenda for Sustainable Development requires improving and better mobilising financing channels for sustainable development. Although there is a consensus on the need to move from billions of dollars of official development assistance (ODA) to thousands of billions of dollars of investment,^{[1](#)} the 2030 Agenda is still looking for actors who can turn the promise of a better world into reality.

Financing more, and better

The most important gaps concern developing countries. What assistance is provided to help them achieve their own Sustainable Development Goals (SDGs)? To date, no one knows: there are no international statistical standards to measure and monitor these resources. To fill this gap, several initiatives are emerging, such as the Total Official Support for Sustainable Development ([TOSSD](#)) being developed by the OECD and others. In terms of overall volumes of dedicated funding, however, it is known that if current annual levels of ODA and private expenditure are extended, the SDGs will not be achieved by 2030. The OECD estimates the annual financing gap (public and private) at around USD 2,500 billion, while ODA amounted to USD 147 billion in 2017.² The 2030 Agenda thus calls for more resources to be mobilised for sustainable development. But in its [2019 Global Outlook on Financing Sustainable Development](#), the OECD stresses the need to go beyond "mobilising more financial resources for developing countries; the quality—i.e. the sustainable development footprint—of all financing must be improved". The 2030 Agenda therefore challenges the international community to renew its approaches and standards for financing international development that can be used by recipients and providers, including South-South and triangular cooperation providers.

Assessing the impacts of funding on the 2030 Agenda

Beyond the quantitative logic alone, how can the 2030 Agenda be financed while respecting its integrated and universal nature, and the commitment not to leave anyone behind? In this respect, the 2030 Agenda could paradoxically suffer from the ambition of its promises, which may seem illusory or unattainable for many actors. However, they must not be forgotten. The risk would then be to focus only on the list of objectives and targets and being satisfied with a selection posture, which would consist in saying that we finance Agenda 2030 as soon as we consider that we have a more or less direct impact on only one of the 169 targets. This is a risk that awaits many actors, sometimes unintended, especially for the private sector.

Contributing to the financing of the 2030 Agenda must therefore involve ensuring that the impact of funding on the overall agenda is minimised. This raises the question of how to act: can we do better, and otherwise, to maximise the impact of one's action in favour of the 2030 Agenda in its entirety and transformational nature, even if the objective of the action is aimed at a single target?

As the [Global Sustainable Development Report 2019 \(GSDR\)](#) points out, economic policy (particularly fiscal, monetary and trade policy) and financial flows are powerful levers for achieving the necessary transformations for the SDGs when they define incentives and lead to actions aimed at achieving sustainable and socially just results. But they can also be limited or even counterproductive. Investments with a negative impact on the 2030 Agenda (on one or more SDGs) must be avoided as much as possible, and it is therefore essential to strengthen impact assessments of these instruments and put them at the service of real sectoral transformations such as those called for by the GSDR (for example in the agri-food or energy sector).

Integrate financing into development pathways

The challenges to achieve this ambition are many, and can be grouped around a central need for financial institutions to move from the strategic intent of implementing Agenda 2030 to a "true integration" in their practices at all levels. However, what this integration means remains to be defined. Development banks need to analyse sustainable development practices on the ground, how the SDGs have been implemented so far and how to align their financing with country pathways, while taking into account the three dimensions of sustainable development (economic, social and environmental). The GSDR stresses the importance of defining these sustainable development pathways at the country level and avoiding an administratively cumbersome and ineffective "checklist approach" to the 169 targets.

To this end, a growing number of development banks are developing pilot projects on a limited number of SDGs (seeking to link socio-economic development and climate, in particular), thus putting into practice the concept of aligning financing with the 2030 Agenda. The transformative nature of projects or programmes (e.g. change of trajectory of major systems considered, such as food or energy) is tested in this context, as well as the potential lock-ins and path dependencies (including technological ones) that these projects could put in place towards development models that are not compatible with the achievement of the SDGs.

All actors in development finance have changed their practices since the adoption of the 2030 Agenda in 2015: some have made new commitments, others have carried out internal reforms, others have developed new instruments, strategies or partnerships. In this respect, we can highlight the commitment, made in the margins of the September 2019 climate and SDG summits, of the [IDFC \(International Development Finance Club\)](#), which brings together 24 national or regional development banks, to further harmonise its financial flows with the Paris Agreement and the SDGs; or the adoption of the ["Principles for a Responsible Bank"](#) by 130 private banks in 49 countries.³

Coordination between the various actors must also be improved, so as to better match supply and demand for financing in support of sustainable development in countries, in particular by developing integrated national financing frameworks to support national sustainable development strategies, as recently suggested by the G7⁴ and OECD.⁵

By sharing everyone's progress, comparing and adding them up, the actors involved in financing sustainable development will be able to obtain a panoramic vision of what they can do with the SDGs. All actors should move in this direction.

¹ [https://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002\(E\)FinancingforDevelopment.pdf](https://siteresources.worldbank.org/DEVCOMMINT/Documentation/23659446/DC2015-0002(E)FinancingforDevelopment.pdf)

² <https://data.oecd.org/fr/oda/apd-nette.htm>

³ <https://www.unepfi.org/wordpress/wp-content/uploads/2019/09/PRB-Guidance-Document-Final-19092019.pdf>

⁴ <https://www.elysee.fr/admin/upload/default/0001/05/f3943a6eb698038358ec67f20e89b8e776cce969.pdf>

⁵ Global Outlook on Financing Sustainable Development 2019, OECD.

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