

RECALIBRATING... GETTING BACK ON TRACK TOWARDS THE SDGs

Table 4: Unlocking Financing for Social Development
Friday 30 September, 2022 | 10.30am-12.30pm

Concept Note

The financing path to the SDGs will not be through the official development assistance budgets of generous donors. The scale and the ambition of the SDGs are much bigger and the financing challenges of least developed countries far more complex. At the same time, there is no shortage of capital in the global economy. And indeed, many investors and private sector companies are leading the way and investing in the SDGs under innovative categories like ‘sustainable finance’. New and growing sources of finance have emerged or become more prominent – foreign, portfolio and institutional investors; migrant workers’ remittances; philanthropic institutions; emerging and re-emerging donors. The total impact investment portfolio is an estimated US\$114 billion, with 26 percent growth in commitments in 2020.

There is growing interest in creating instruments so that private investors can finance development projects, particularly in complex contexts. The use of guarantees is seen as a way to “de-risk” certain potential projects and make the private investment possible. However, in the last five years only 7% of the “blended finance” operations of this kind went to LDCs. Most of the money went actually to MICs. While this is bad news for those interested in bringing more capital to LDCs, it is also an opportunity potentially for the context in which we work in LAC.

As countries integrate the SDGs into their future development plans, and new technologies too are enabling systemic changes (bitcoin and blockchain technology, for example), there is an ongoing systemic transformation through changes in global payment systems, supply chain management, digital identities and access to finance. However, these initiatives are not yet impacting on finance at scale.

Financing the SDGs is a more systemic and a much deeper issue than closing a financial gap. The fundamental challenge is about effective governance and about how public and private actors interact to set the rules, enforce contracts and allocate resources. Governments need not only to mobilize capital but to strengthen institutions, to make use of their public, government capital more efficiently in order to crowd in the necessary private investments. They need to enable new mechanisms to engage non-traditional sources of financing (including private sector) in the provision of public goods and public services (e.g., with the use of social impact bonds, still not materialized but potentially an effective tool).

In turn, the realization of more than 90% of SDGs and their targets depend on infrastructure. Consequently, effective and farsighted infrastructure asset management is critical to enhance the resilience, accessibility and sustainability of existing infrastructure assets and future investments. Efforts should be made to support the capacity of central and local governments in developing countries to design and implement long-term asset management strategies, policies and action plans in support of national local sustainable development objectives.



Financing is a fundamental instrument that links international financial institutions, communities, companies and people with the SDGs. It is necessary and can be a trigger for change, especially as countries recover and move forward. To mitigate uncertainty, participation and joint work among the various actors is necessary and mutually beneficial. Indeed, understanding and preparing for uncertainty related to climate change, financial volatility or social unrest is just as important for governments in their planning processes as it is for the private sector in its investment plans and portfolio definition. It is essential to address access to financing and financial inclusivity, mainly from a gender perspective.

With the aim of advancing on these issues, table 4 of the Ministerial Forum will address the mechanisms for "Unlocking Financing for Social Development". New and innovative mechanisms to finance development and unlock resources will be discussed, as well as the role of investment for the achievement of the SDGs, particularly that of national development institutions in promoting and facilitating such investments. Based on the priorities identified by the countries of the region to generate employment and promote the different economic sectors, strategies will be discussed to advance jointly towards these objectives, enabling new financing flows.

The table will take place on Friday, September 30, 2022 (10.30am-12.30pm). Panelists are expected to share their countries' experiences on this topic, as well as programs, public policies and challenges in their respective countries.