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Traveller:

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Date

26-27 October 2017

Destination

GIZ Conference “Agenda 2030 – from theory to practice” Eschborn, Germany

Purpose and expectations

The purpose of the travel was to learn more about the activities, efforts, research and thematic work that the different departments of GIZ are planning or currently working on with regard to Agenda 2030 implementation.

Mailing list

Website

Persons met/participants

David Ambadar and Ana Kemlein (GV Financing for Development), Makaio Witte (Financial Sector Development)

Content

The secretariat visited two side-events one on financing for development and one on communicating the SDGs. The secretariat established contacts with a research team, who is working on a compendium of finance for development instruments. Synergies can be created by using some of the data as a base for the Finance for Development study, currently planned under the Platform’s workstream on Agenda 2030. The colleagues from the communication unit pointed out that the complexity of the SDGs create a major challenge for communication efforts and presented the GIZ wide communication strategy of the SDGs. The new strategy is rather limited and focuses only on communicating the five principles of the SDGs – a very pragmatic way to reduce the complexity.

The global programme “Financing for Development” shortly presented the overall issues surrounding the topic of financing for development. There is a gap of \$2-3 trillion per year estimated that will be needed to implement the SDGs. And this number is based on the assumption that all OECD member countries will fulfil their 0,7% ODA of GDP commitment. The means of implementation are of different nature. The financial ones are public and private, domestic and international; the non-financial ones include trade flows, regulatory frameworks and technology development. The Addis Ababa Action Agenda (AAAA) offers more guidance on financial means of implementation by including domestic and international private business finance. The action document foresees a declining proportion of ODA to overall development finance, with a shift in ODA role to leverage private investment rather than replacing it. Additionally the AAAA also pays special attention to the areas of interface between development goals and finance such as trade proliferation. Moreover, although listed as a valuable instrument, the document does not analyse what the proliferation means for debt accumulation in developing countries, neither has it looked at the existing regulatory frameworks for markets. Overall, the AAAA calls for reforms, reiterates the catalytical role of ODA and advises the use of more integrated finance strategies.

GIZ presented several initiatives of innovative finance for development. One initiative focused on cities development in ASIA where GIZ provides support to medium-sized cities (250,000 to 2 million people) to bridge the gap between urban development plan and the implementation of infrastructure. In

practice, German development cooperation helps cities prepare business cases for investments, gives grants for pre-feasibility studies and links cities to finance providers. Another project, in Viet Nam, works on EU public finance modernisation reforms. The country's internal expenditure is rising, while at the same time the government finds it difficult to mobilise domestic resources and profits from trade liberalisation. The project supports local governments in finding the links between economic growth, domestic resource mobilisation and sustainable development, when reforming the public finance sector. In this stage of the project the partners are focusing on the development of local capital market to build economic infrastructure.

All participants shared the opinion that Agenda2030 caused a shift in the financing thinking. The biggest challenge for the development community now is to improve the financial inclusion, because there seems to be a mismatch between finance availability and distribution of finances. There are several reasons for this inequality – legal environment, insufficient regulatory frameworks, uncertainty in the system, corruption as well as lacking expertise in developing projects, missing knowledge of how to structure finance or missing administrative and business skills.

Private investors are therefore interested in rather short-term and secure investments and shy away from long-term commitments. These conditions keep the capital markets underdeveloped, with rather high transaction costs and high risks, which deems projects un-bankable. Therefore, the challenge is how to channel the available finance into sustainable development. The SDGs and the AAAA offer a pathway, but at the same time are seen as extremely complex and therefore limiting. To answer to this complexity, GIZ developed a toolbox on finance that looks into the different financing modalities, instruments and recipients' needs. The final version of the study will be published in the beginning of 2018.

In another event, GIZ communication department presented the new SDG corporate communication concept. The concept outlines the core messages that German development cooperation has identified in the SDGs and explains what the new agenda means for GIZ. By reducing the complexity of messages, GIZ hopes to enable partner countries to engage better in the implementation of the SDGs. There are three main messages:

Agenda2030 is the new overarching framework that will guide all activities and interventions in the next 15 years;

There is paradigm shift – the Agenda 2030 is universal, transformative, requires joint responsibility and accountability and explicitly states the leave no one behind overarching objective;

GIZ translates Agenda2030 into practice by adapting to the challenges of the theoretic provisions of the Agenda and reducing the complexity on the ground.

Downloads

Finance for Development presentation: https://agenda2030giz.de/workshop/ws-5-lets-tear-down-the-silos-why-we-need-an-integrated-approach-to-financing-the-2030-agenda.html?file=files/downloads/ws5/WS-5_2030%20Praxistage%20Presentation.pptx