Foreword: Investing in a better sustainable development market

In 2015, the international policy community made a marked shift away from framing the world as donors versus recipients, to embrace a shared development agenda. With conflict- and climate-driven crises reminding us of our interconnectedness, this repositioning was well overdue. It's time for the funding design for our global agenda to match this shift. Financing for sustainable development is not a cost; it is an investment. Rather than a static web of providers and receivers, today's ecosystem of financing for sustainable development (FSD) should be seen as a dynamic market, with providers competing to respond to global demands. Healthy competition will help to drive innovation, better tailor financing to the needs of developing countries, and promote higher social and economic returns.

The *Global Outlook on Financing for Sustainable Development* takes a fresh look at the inter-linkages between sustainable development finance and policy, revealing that many paradoxes and inconsistencies exist. The sustainable development finance market is still in its infancy. This must be fixed through ambitious policy reforms (both in donor and recipient countries. In order to produce optimal financing mixes for developing countries, this market needs a triple shift: more transparency; new international standards and greater policy coherence. Ultimately, this will close emerging policy gaps like debt sustainability. A better FSD market will also reduce asymmetries of information with sustainable development impact metrics for investors. And, the "customers" of sustainable development finance will be empowered to make optimal choices. A properly functioning market calls for a more strategic interplay of beneficiaries, intermediaries and suppliers, so that each dollar spent is maximised and impactful.

The role of official development assistance (ODA) does not shrink in this market: if anything, it is more relevant to ensure that no country and no one is left behind. OECD countries' ODA is driven by a unique mandate, and, some argue, a moral imperative, to support development in countries most in need – including least developed countries, small island developing states, and fragile states. ODA is the principal investor in long-term resilience and stability. The *Global Outlook* acknowledges the role of ODA working in unison with private sector investors, the tax revenue system, migrants, philanthropists and others outside of traditional development circles, to support development goals.

A better FSD market will not only mobilise new finance flows – some of which are catalysed by ODA – it also demands better orchestration of all resources. We need to improve the quality of public and private investment while we grow the market. Private sector actors, for example, are called on not just to help underwrite the SDGs but "to engage as partners in the development process, to invest in areas critical to sustainable development, and to shift to more sustainable consumption and production patterns" (United Nations, 2015). Our goal must go beyond turning billions into trillions. The larger objective is to turn all existing finance into more impactful investments for the billions of people that still live in extreme poverty today.

Within the OECD, this cross-sectoral approach required close collaboration of four directorates to produce this report – the Development Co-operation Directorate, the Development Centre, the Centre for Tax Policy and Administration, and the Directorate for Financial and Enterprise Affairs. Further contributions were provided from the Office of the Secretary General, the Public Governance Directorate, among other Directorates and divisions. The *Global Outlook* will exist at the OECD not only as a report, but a platform to build momentum and resources for a better informed FSD market amongst OECD actors and with the UN, partner countries, and private investors.

Jorge Moreira da Silva,

Director,

Development Co-operation Directorate

Acknowledgements

This report was prepared by the OECD Development Co-operation Directorate (DCD), under the guidance of Director Jorge Moreira da Silva.

It drew on the expertise from Greg Medcraft, Director of the Directorate for Financial and Enterprise Affairs (DAF), Mario Pezzini, Director of the Development Centre (DEV), Pascal Saint-Amans, Director of the Centre for Tax Policy and Administration (CTPA) and their teams.

The DCD team was led by Haje Schütte, Head of the Financing for Sustainable Development Division, Olivier Cattaneo, Head of the Policy Analysis and Strategy Unit, and Cushla Thompson, Economist / Policy Analyst. Lead authors are: Jieun Kim (Chapters 1, 2 and 3), Rachel Morris (Chapters 4 and 5), and Cushla Thompson (Chapter 6). Tatiana Pazem provided valuable drafting and research support throughout the publication. Cecilia Piemonte, Fredrik Ericsson, and Arnaud Pincet provided statistical assistance.

Fundamental contributions were provided by a broader team of OECD specialists, in particular Ben Dickinson and Joseph Stead (CTPA), Mathilde Mesnard, Ana Novik and Michael Gestrin (DAF), Julia Benn, Thomas Böhler, Jenny Hedman, Paul Horrocks, Ida McDonnell, Erin Renner Cordell, Jens Sedemund, Rachel Scott, Suzanne Steensen, Raundi Halvorson-Quevedo (DCD), Federico Bonaglia, Naoko Ueda, Bathylle Missika, Susanna Morrison-Métois and Hyeshin Park (DEV).

The project team is grateful to the many contributions from across the OECD and for the insights of external contributors:

Chapter 2 – Sri Mulyani Indrawati, Finance Minister, Indonesia; Royston Braganza, CEO, Grameen Capital India; Bertrand Badré, former Managing Director of the World Bank and CEO and founder of Blue like an Orange Sustainable Capital; Dilip Ratha, Head of Global Knowledge Partnership on Migration and Development; Mark Suzman, Chief Strategy Officer & President, Bill & Melinda Gates Foundation; Charlotte Petri Gornitzka, Chair of the OECD Development Assistance Committee (DAC);

Chapter 3 – Jérôme Olympie, Ministry of Foreign Affairs and International Development, France; Annalisa Prizzon, Senior Research Fellow, ODI; Dilip Ratha, Head, Global Knowledge Partnership on Migration and Development;

Chapter 4 – Chantal-Line Carpentier, Chief New York Office, UNCTAD; Guido Schmidt-Traub, Executive Director, Sustainable Development Solutions Network; Pietro Bertazzi, Head of Sustainable Development, Global Reporting Initiative (GRI); Eric Berseth, Executive Director, and Vincent Mudry, Head of Operations, Philanthropy Advisors;

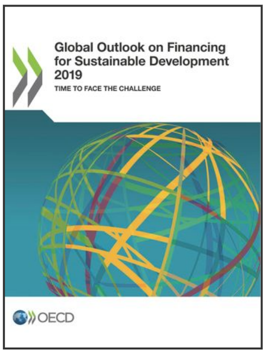
Chapter 5 – Caroline Heider, Director General, Evaluation, IEG, World Bank Group; Stephanie von Friedeburg, IFC Chief Operating Officer; Jeffrey D. Sachs, Director, UN Sustainable Development Solutions Network; Daniel C. Esty, Yale University;

Chapter 6 – Margaret Thomas, Chief, Development Impact Group, UNDP; Anuradha Thakur, Ministry of Finance, India; Ben Miller, Associate Director, CDA Collaborative Learning.

The report also benefitted from consultations and peer reviews of colleagues at AFD, BMZ, DFID, GIZ, USAID, and members of Civil Society and the business community. Strategic guidance was provided by members of the Development Assistance Committee and the Investment Committee of the OECD.

The report was prepared for publication under the direction of Henri-Bernard Solignac-Lecomte and Stacey Bradbury. Anne-Lise Prigent from the Public Affairs and Communications Directorate (PAC) provided editorial and content oversight. Our appreciation also goes out to Susan Sachs for editing assistance and to Stephanie Coic for graphic design.

Finally, the team wishes to thank the DAC donor agencies that took part in the survey for the insight into their financing for sustainable development approaches.



From:
Global Outlook on Financing for Sustainable Development 2019
Time to Face the Challenge

Access the complete publication at:
https://doi.org/10.1787/9789264307995-en

Please cite this chapter as:

OECD (2019), "Foreword: Investing in a better sustainable development market", in *Global Outlook on Financing for Sustainable Development 2019: Time to Face the Challenge*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264307995-1-en

OECD