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HIGH-LEVEL CONFERENCE ON FINANCING FOR DEVELOPMENT AND THE MEANS OF IMPLEMENTATION OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

Sheraton Hotel, Doha, Qatar | 18-19 November 2017

Remarks by Ambassador Michael Gerber, Swiss Special Envoy for Global Sustainable Development

Ministerial Roundtable 1

Mr. Secretary-General of the Ministry of Foreign Affairs of the State of Qatar, Dr. Ahmad Hassan Al-Hamadi,
Mr. Under-Secretary-General for Economic and Social Affairs of the UN, Liu Zehnmin,
Ministers, Excellencies, distinguished Ladies and Gentlemen,

I thank the Government of the State of Qatar and UN DESA for hosting this important conference – and for bringing the processes of the 2030 Agenda and Financing for Development closer together, because they really belong to each other.

The Addis Ababa Action Agenda (AAAA) and the Means of Implementation of the 2030 Agenda encompass a great variety of issues. Today, I would like to focus on three aspects in the first place: I Finance, II Partnerships, III Accountability and Policy Coherence.

I Finance

All of us are aware of the great challenge to mobilise investment for sustainable development. According to UNCTAD, an estimated USD 5-7 trillion per year are needed to achieve the SDGs by 2030. The annual funding gap amounts to USD 2.5 trillion (or 3 percent of global GDP). Keeping this in mind and looking at the global context, we can state that progress on the implementation of the AAAA, has been mixed so far. On all three main components of the Addis agreement: i) domestic resources, ii) private investment and iii) international development cooperation (ODA), there have been encouraging steps but also some setbacks.

- On *i) domestic resources*, for example, many countries, especially developing countries, have been able to increase their own resources to finance sustainable development and progress has been made at the global level on issues such as illicit financial flows.

- On *ii) private investment*, there is a positive trend to align investments with the SDGs. However, there has been a drop in overall investment, in recent years, including in Foreign Direct Investment (FDI), particularly in some poorer regions where it is most needed.
- Finally, on *iii) aid budgets*, there is increasing pressure to use ODA for issues such as peace and security, measures related to climate change, or migration, which at times comes at the cost of financing sustainable development.

With regard to domestic resources: When the AAAA was adopted, Switzerland subscribed to the Addis Tax Initiative, committing to double its technical cooperation with partner countries in the area of domestic revenue mobilisation / taxation until 2020.

Regarding private finance, the 2030 Agenda and the AAAA make a clear case for scaling sustainable finance and to channel more private investment into SDG-relevant sectors. I think there is growing awareness that private finance is a very important part of the solution to global challenges and that it will help scale-up sustainable financing solutions.

There is a lot of financial innovation happening at the moment to attract more investment into SDG-relevant sectors. Blending public funds with those of private and commercial investors, and philanthropists have a great potential to increase finance available for sustainable development. We see this for example in the context of the new Private Sector Window of IDA, the World Bank's fund for the least developed countries.

Development Finance Institutions (DFIs) can play a critical role at the intersection between the public and private sector. Supported by official development assistance and private finance, these vehicles boost investment in funds and companies in emerging markets that are often underfunded due to the associated risk. SIFEM, the Swiss DFI, has supported more than 500'000 jobs since its inception in 2005, which includes jobs sustained and created.

Switzerland, along with other partners, has supported the OECD and WEF's *ReDesigning development finance* initiative, aimed at developing a more integrated public-private financial ecosystem – models, skills, and financial instruments – which helps different partners identify ways and models with which funds can be pooled to increase the impact on sustainable development.

As the Administrator of UNDP, Achim Steiner, also mentioned earlier, we have to take advantage of the fast growing group of investors looking for opportunities for investment approaches addressing social and environmental challenges. Both in developing and developed countries, social impact investors are growing fast and there are new models for socially and environmentally responsible investments. The public sector / ODA can play a catalytic role in bringing in private resources, especially during early project preparation and development which is costly and time-consuming.

In the context of Swiss international cooperation, we have started working on something called the social impact incentives model (SIINC), whereby a public funder would provide payments to private investors for social outcomes. A pilot started in Mexico, in collaboration with the Inter-American Development Bank last year.

One of the most successful microfinance funds in Switzerland – the responsAbility Global Microfinance Fund – was launched in November 2003 with an initial capital of USD 3.5 million from the Swiss Government (State Secretariat for Economic Affairs). Today, this is a flagship microfinance fund worth more than USD 1 billion in private capital invested in various microfinance institutions in the South and East.

For the same purpose, Switzerland (Swiss Agency for Development and Cooperation) created the Swiss Capacity Building Facility. The facility is a public-private partnership that provides small technical assistance grants to financial service providers in developing countries. Its contribution reduces the entry costs for those seeking to offer innovative and affordable financial services to low-income earners, smallholder farmers and small businesses. Financial products such as agricultural input insurance or livestock leases allow clients to boost their income, employ more people and reduce their vulnerability.

These are just a few examples illustrating that the SDGs are a playground of opportunities and a lot of entrepreneurs with smart ideas are looking for the finance to get started or to scale-up their business. In its report (2017) "Better Business, better World", the Business & Sustainable Development Commission states that: *"Achieving the global goals creates at least US $12 trillion in opportunities by 2030, in food and agriculture, cities, energy and materials as well as health and wellbeing alone."*

Switzerland is in a strong position to contribute to positive change with regard to financing sustainable development. We host one of the most important financial centres worldwide and have great know-how, expertise in the domain of sustainable finance, as well as the capacities to innovate. Thus, the share of Sustainable Finance in the Swiss financial sector is steadily growing. In 2016, approximately USD 250 billion (CHF 266 billion) were invested "sustainably" in Switzerland (7% of total volume in financial sector). Since 2005 this market is growing almost 30% per year.

II Partnerships

In Switzerland, we are fostering multi-stakeholder partnerships for the SDGs at national and international level. In Development Cooperation, for example, we have decided to double the number of private-public partnerships until 2020.

Based on a new implementation concept, the 2030 Agenda and the AAAA are currently being mainstreamed in Switzerland's international cooperation, in order to increase effective contributions to the SDGs by and through our partnerships.

Also in the field of statistics and data management, there is still a lot of work to do. Therefore, Switzerland supports e.g. Paris 21 to foster partnerships in statistics for sustainable development and, more concretely, capacities in statistical offices of developing countries.

III Accountability and Policy Coherence

Switzerland is convinced that the SDGs can only be achieved, if the 2030 Agenda is owned by all relevant actors around the world. The inclusion of non-state actors in the implementation process is therefore key – and eventually raises accountability.

In Switzerland, we have conducted a baseline study and gap analysis, looking at each and every target of the SDGs in order to find out where we stand in terms of achievement, and to define respective measures. In this extensive exercise non-state actors where consulted and invited to bring in their opinions and proposals.

Based on this work, Switzerland is currently establishing a sophisticated implementation and monitoring system to track and follow-up on our contributions to the SDGs at domestic and international level, already using more than 90 indicators.

The platform which was already in place during the intergovernmental negotiations of the 2030 Agenda and the AAAA to interact with the Swiss public, has been permanently installed as a platform of dialogue, taking place about twice a year. Moreover, a group of non-state actors with representatives from the civil society, private sector, science, and youth is serving us as an advisory panel in the implementation process.

With this inclusive and transparent system in place, we will not only increase accountability towards the Swiss public, but also policy coherence – because our activities in the field of domestic and foreign policy become more visible and can thus also be better aligned.

If you are interested to learn more about the way we implement the 2030 Agenda, I invite you all to read Switzerland’s Voluntary National Review which will be presented at the HLPF next year.

Thank you very much for your attention.