

6 Key Financing for Development Initiatives for the Addis Conference and Beyond

Issue Brief

Prepared by the SDSN Secretariat

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A successful outcome of the Addis Ababa Conference on Financing for Development (FfD) will be a linchpin for the adoption and subsequent implementation of the Sustainable Development Goals (SDGs) following the September Summit at the United Nations in New York as well as the climate agreement under the UN Framework Convention for Climate Change (UNFCCC) in Paris in December. The stakes in the Addis FfD Conference are therefore high.

The Addis FfD Conference should update the principles of the Monterrey Consensus for the SDG era, for example regarding public-private financing instruments, other means of implementation, and systemic issues. Given the high expectations placed on Financing for Development and the need to deliver tangible results, we propose that the Addis Declaration mobilize international action around at least six specific initiatives focusing on education, health, smallholder agriculture and nutrition, infrastructure for Africa, SDG data, and monitoring of the flows development financing.

Together, these six practical initiatives would help to ensure that the Addis conference is a great success. We recognize that there is not sufficient time to elaborate and launch many of these proposals by the time of Addis, yet we believe that the world community could commit to important initiatives such as these in Addis, to be followed by subsequent elaboration and launch at a later date.

1. A GLOBAL FUND FOR HEALTH SYSTEMS

Among all MDG priority areas, the health sector has experienced the most remarkable acceleration of progress. Many reasons account for the rapid improvements in health outcomes, including increased domestic resource mobilization; the scaled-up delivery of official development assistance; and innovations in public health. Two

global institutions created at the start of the MDGs, the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) and the Global Alliance for Vaccines and Immunisation (Gavi), have been key to success. Together they now deliver some \$5.6 billion annually and have saved millions of lives since their inception.

Yet to achieve Universal Health Coverage (UHC) as called for in SDG 3, there is urgent work to do, notably in strengthening health systems, for example, to scale up the coverage of Community Health Workers throughout Africa. The Ebola epidemic in West Africa makes clear the danger we face when countries do not have well-functioning and well-financed health systems. We therefore call urgently for a new Global Fund for Health Systems to provide around \$10 billion per year by 2020 to enable UHC in low-income countries.

2. A GLOBAL FUND FOR EDUCATION

Under the MDGs, the education sector has seen an increase in domestic government resources, but this has not been matched by an increase in official development assistance. Aid for basic education, a central MDG priority, has stagnated in real terms since 2000 and fallen sharply as a share of overall ODA. The sector remains fragmented and underfunded. At the same time, the SDGs will broaden the scope of education investments to include universal secondary schooling, early childhood development, and expanded access to post-secondary education.

Education is at the very heart of the SDGs, notably SDG 4, and includes universal access all the way from pre-primary school through secondary education. Yet low-income countries will not be able to pay for that on their own, or with the low levels of ODA now provided. According to UNESCO, the funding gap for education up through the low-secondary level is at least \$22 billion in ODA, and this estimate does not cover upper-secondary education or comprehensive ICT coverage, both of which will be key to success in the SDG on education. We therefore have a funding gap probably around \$40 billion per year.

Building on the highly meritorious, yet dramatically under-funded Global Partnership for Education (GPE), which now disburses around \$0.8 billion per year, we call for a new Global Fund for Education (GFE), built upon the GPE and scaling up to disbursements of around \$15 billion per year by 2020.

The new GFE should support developing countries, including countries in conflict or emerging from conflict, in designing and implementing national education strategies to ensure that by 2030 every child completes a full cycle of secondary education. It should also work with business and universities to harness the potential of modern information and communication technologies to strengthen education systems and to bring high-quality education to children living in remote, poor communities.

3. A GLOBAL FUND FOR SMALLHOLDER AGRICULTURE AND AN EXPANDED CGIAR

Food security, nutrition, and sustainable, productive agriculture are major SDG investment priorities, notably SDG 2. Despite progress under the MDGs, some 800 million people are still chronically hungry according to the FAO, and approximately another 1 billion suffer serious micronutrient deficiencies. Yet the hunger challenges are likely to intensify with a 1.1 billion increase in the world population expected by 2030, and with the prospects of increased agricultural instability resulting from environmental stress. The SDGs recognize that agriculture is not only highly vulnerable to environmental degradation, but is also, under current technological patterns, one of the main drivers of environmental degradation, as it is the largest source of greenhouse gas emissions (from deforestation, energy use, crop production, and livestock) and the major driver of freshwater abstraction, land use change, and nutrient flows.

The scale of available public and private financing is insufficient and too fragmented to support low-income smallholder farmers, fishers, and pastoralists to increase their yields in an environmentally sustainable manner. The International Fund for Agricultural Development (IFAD) and the Global Agriculture and Food Security Program (GAFSP) at the World Bank are important multilateral pooling mechanisms, but they operate at an insufficient scale.

We therefore propose that IFAD and/or the GAFSP should be transformed to become a new Global Fund for Smallholder Agriculture and Nutrition (GFSAN), with annual outlays of some \$10 billion per year by 2020. The fund should partner with the private sector to create effective public-private initiatives in low-income and lower-middle-income countries with large concentrations of poor, smallholder farmers. It should also partner with the health sector and nutrition initiatives, such as the Scaling-Up Nutrition (SUN) Movement.

All of this will require a major advance of agronomic science and technology directed at sustainability. Both the public and private sectors will need to be engaged and work in tandem. For these reasons we call on CGIAR to forge a new long-term partnership with the private sector, academia, and civil society to accelerate the development, demonstration and diffusion of sustainable agricultural technologies. The new PPPs for Sustainable Agriculture should be based on the combined funding of the public sector (mainly through CGIAR), the private sector, and key foundations. The CGIAR budget and this broader initiative should be funded at a minimum of \$2 billion per year.

4. CLOSING THE INFRASTRUCTURE GAP, PARTICULARLY FOR AFRICA

A fourth priority for Addis is to close the gap in access to core infrastructure services, including safe water and sanitation, transport, connectivity, and modern energy services, including those covered by the Sustainable Energy for All (SE4All) initiative.

The New Partnership for Africa's Development (NEPAD) has already identified the most important Africa infrastructure needs within the context of the Programme for Infrastructure Development in Africa (PIDA). A high priority for the FfD outcome should be global support to complete the PIDA agenda, including large-scale investments in power, roads, rail, ports, broadband, and other core infrastructure needs. Specifically, PIDA has highlighted 16 high-priority projects at the Dakar Financing Summit which should be fast-tracked by governments and the private sector.

Note that with the emergence of the new Asian Infrastructure Investment Bank (AIIB), Asia will soon have a massive infusion of new financing for Asian Infrastructure. We propose in effect that a similar initiative be launched for Africa, in partnership with the African Development Bank, as Africa's infrastructure gaps are even larger than those of Asia.

5. A GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT DATA

The unprecedented rate of innovation in data collection and distribution enables a revolution in the way we produce, handle, analyze, and communicate data for development. The SDGs present a strategic opportunity to harness this 'data revolution,' though success will require effective organization and funding: two issues that can and should be addressed in Addis.

In terms of funding, a relatively modest \$1 billion is required annually to build up strong statistical systems in developing countries that are capable of monitoring the SDGs. Most of this gap will need to be closed through domestic resource mobilization, but at least \$200m will be required in incremental ODA. FfD should mobilize these resources in a new Global Partnership for Sustainable Development Data (GPSDD).

If adequately resourced, the GPSDD would empower countries around the world to make the SDGs a real management tool for sustainable development. Data would be used for service delivery, for public sector management, for SDG accountability, and for SDG verification, monitoring, and evaluation.

6. A MULTILATERAL DEVELOPMENT FINANCE COMMITTEE

We need improved transparency, accountability and effective monitoring of international development financing in order to achieve the SDGs. The OECD's Development Assistance Committee (DAC) does a valiant and invaluable job in monitoring development financing, yet there are significant gaps in the international reporting system. These include:

1. Incomplete coverage by the DAC since many major donor countries are not DAC members
2. Insufficient transparency and major gaps in the monitoring of aid and concessional financing
3. Unclear and potentially self-serving standards on what to count as aid
4. Unclear standards on what to count as climate finance for COP21 and beyond
5. Insufficient recipient reporting
6. No effective monitoring of financing commitments made by provider countries
7. Inadequate tracking of private finance, particularly private funds mobilized through public resources

As part of the 'data revolution' for the SDGs, FfD should commit to a major effort on the reporting of International Development Finance to address these shortcomings, in a way that includes both DAC and non-DAC members.

Building on the work of the UNFCCC, the DAC, and IATI, a new Multilateral Development Finance Committee (MDFC) should be established. Such a mechanism would build on existing data collection mechanisms and be a forum for development financing among all provider and recipient countries, both DAC and non-DAC members. It would monitor not only official flows but also private flows that are directed at SDG-related activities and sectors.

For further details, please see the longer background papers of the SDSN Secretariat, including the recently released SDSN Working Paper [Financing Sustainable Development](#) and the SDSN Leadership Council document [Key Elements of a Successful Addis Ababa Accord on Financing for Sustainable Development](#). Citations of this Issues Brief should refer to the Working Paper.