



THE SUSTAINABLE
DEVELOPMENT
GOALS
CENTER FOR
AFRICA

Development Banking for the SDGs: A Three Point Plan

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SDG Center for Africa (SDGC A)



- **Who:** International organization with diplomatic status, headquartered in Kigali, Rwanda
- **Vision:** To ensure that all African countries achieve their national targets for the SDGs by 2030 - shared by all African leaders and aligned to the UN's post 2015 as well as the AU's 2063 agenda
- **Network:** Linked to SDSN, a global network of universities and research centers promoting solutions for SDGs
- **Key areas of work:** (1) *Policy Advisory*, (2) *Research and Education*; (3) *Technology*

Key Messages

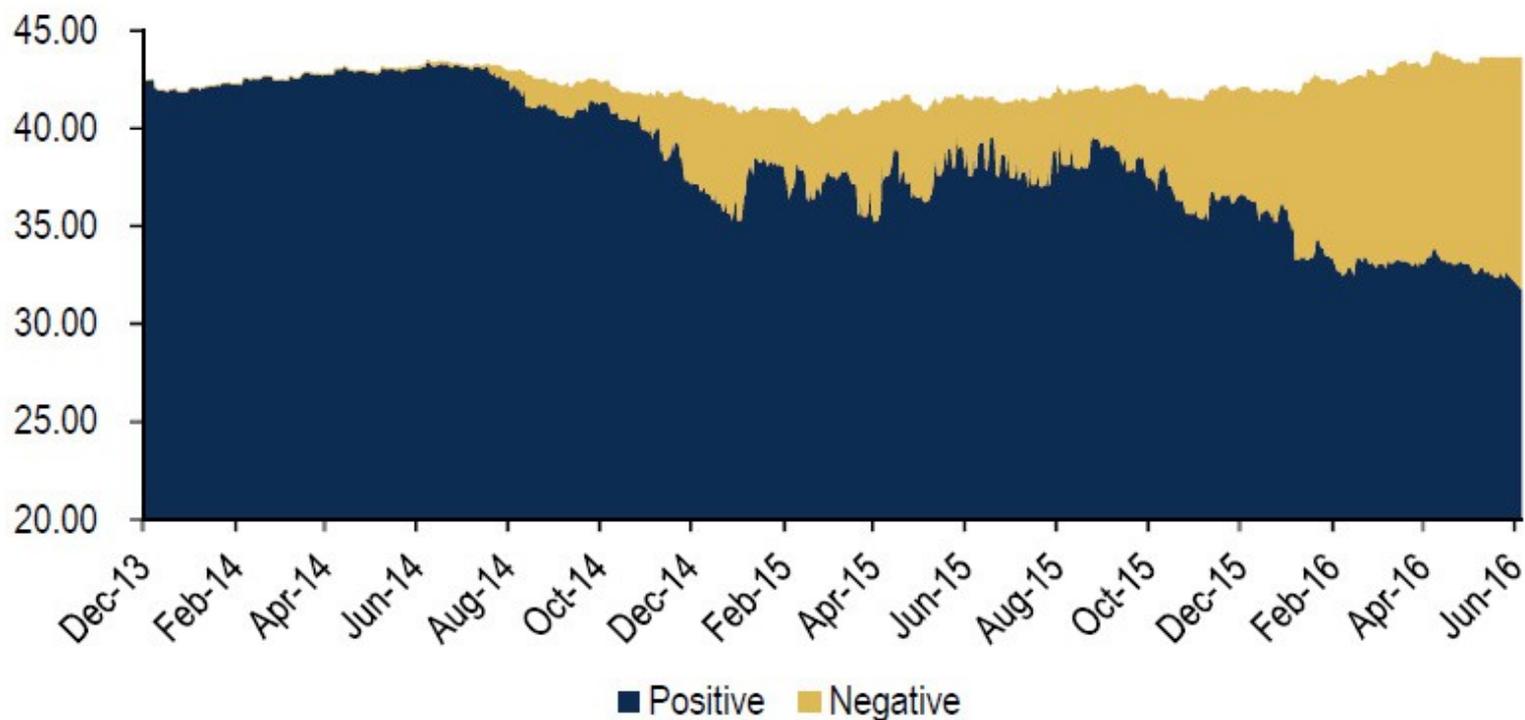


- 1) There is no shortage of global capital to finance the SDGs: what is needed is better intermediaries. Development banks are central to the solution.
- 2) SDGs are more than marketing: they constitute a **long-term investment plan** for each country and region
- 3) National and regional development banks must play the central role in **costing, coordinating and capital-provision for the SDGs**. These are the only financial institutions that can do so.

I. Global Capital is Looking for Returns



Global Fixed Income Market (\$ tr)

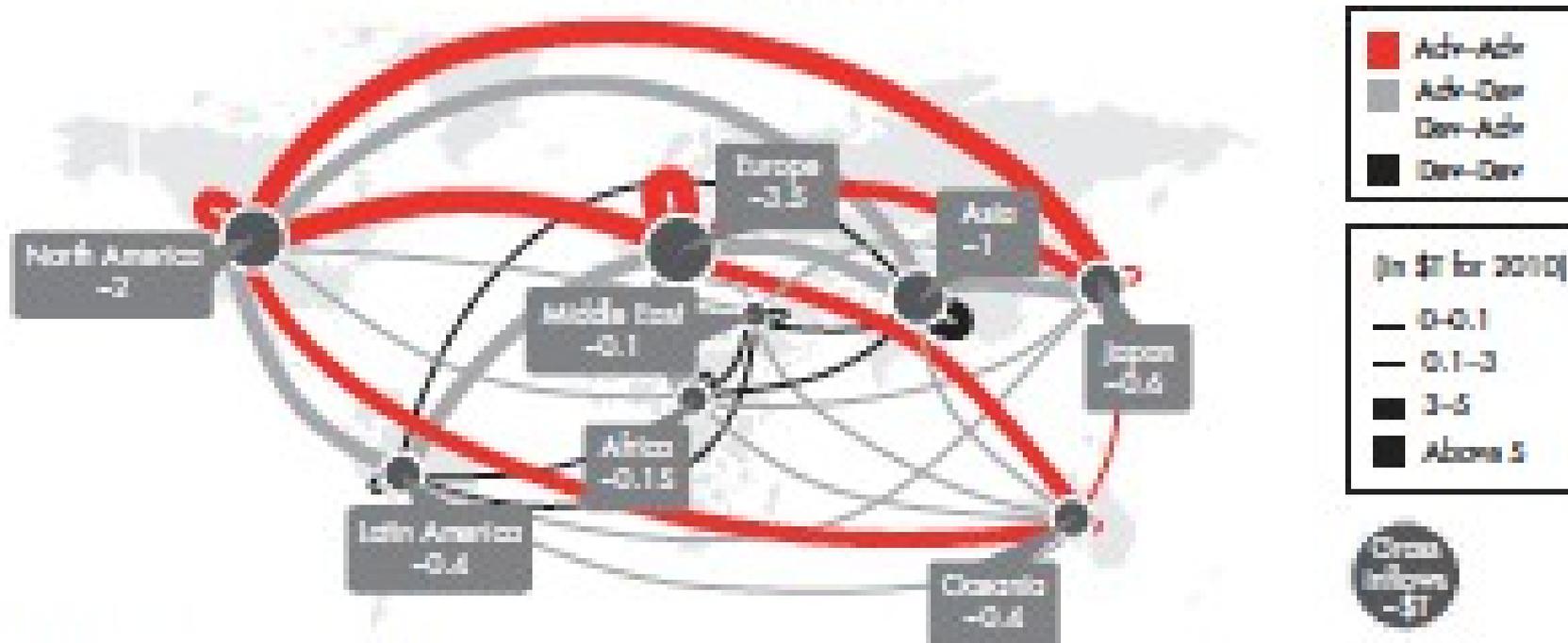


Source: GFIM bond index.

I. But global capital flows remain between developed countries



FDI and portfolio investments



Note: Width of line depicts gross bidirectional absolute foreign direct flows and portfolio investments in 2010; circular represents intraregional flows, primarily occurring due to movement of funds to and from offshore financial centers and tax havens such as the Cayman Islands and Hong Kong
 Sources: OECD; International Monetary Fund, literature search; State-Macro Trends Group analysis, 2012

II. The SDGs: Marketing or Planning?



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Summary of incremental SDG investment needs in low- and lower-middle-income countries (average for 2015-2030 in \$2013 billion)

Investment area	"Development" investment needs	Incremental climate mitigation and adaptation investment needs	Total investment needs	Private, commercial financing (%)	Private, commercial financing	Public financing
Health	68 - 87	1.0 - 1.4	69 - 89	0%	0	69 - 89
Education	194	0	194	0%	0	194
Social protection	?	?	?	?	?	?
Agriculture and food security	[125]	[22]	[148]	[51%]	[76]	[72]
Access to modern energy	[265 - 289]	[55 - 57]	[321 - 347]	[49 - 50%]	[158 - 175]	[163 - 172]
<i>Access to electricity and clean cooking fuels</i>	62 - 83	3 - 5	66 - 87	[11 - 16%]	[7 - 14]	[59 - 73]
<i>Power infrastructure</i>	[203 - 207]	[52 - 53]	[255 - 259]	[59 - 62%]	[151 - 161]	[99 - 104]
Access to water and sanitation	[28]	[14 - 17]	[42 - 45]	[0 - 20%]	[0 - 9]	[36 - 42]
<i>Basic water supply & adequate sanitation</i>	28	14 - 17	42 - 45	[0 - 20%]	[0 - 9]	[36 - 42]
<i>Water and sanitation infrastructure</i>	?	?	?	?	?	?
Telecommunications infrastructure	[361]	[35]	[396]	[52 - 57%]	[205 - 228]	[169 - 192]
Transport infrastructure	[189]	[0]	[189]	[54 - 86%]	[102 - 163]	[26 - 87]
Ecosystems, incl. biodiversity	[11 - 28]	?	[11 - 28]	[15%]	[2 - 4]	[9 - 24]
Data for the SDGs	0.5	0	0.5	0%	0	0.5
Emergency response and humanitarian work*	[8 - 23]	?	[8 - 23]	[0%]	[0]	[8 - 23]
All SDG investment areas**	[1251 - 1327]	[128 - 133]	[1378 - 1459]	[39 - 45%]	[543 - 654]	[805 - 836]

III. Role of National Development Bank: **Costing the SDGs**



- 1) The National Development Bank must work with Planning/Finance Ministries to cost the SDGs on an on-going basis for their own country
- 2) Focus on key sectors: health, education, agriculture, energy, transportation
- 3) Understand different sources and uses of public, private, foreign, and domestic capital and articulate very clearly what the gap is and how it can be filled

III. Role of National Development Bank: **Coordinating the Financing of the SDGs**



- 1) The financial landscape of each country is different and has many different actors.
- 2) The National Development Bank must coordinate the financing of the SDGs with other financial institutions once the plan has been developed
- 3) Engage with commercial banks (foreign and domestic), institutional investors (foreign and domestic), insurance firms, and international financial institutions

III. Role of National Development Bank: **Capital Provision for the SDGs**



- 1) The National Development Banks must be scaled-up to provide direct and co-financing for the SDGs.

- 2) Various questions to be asked;
 - 1) What is the optimal size of a national development bank?
 - 2) How much private capital does an NDB crowd-in in various SDG sectors?
 - 3) What are the optimal financial instruments, on a sector-basis, to finance the SDGs? Investment guarantees, credit enhancement, risk-sharing instruments, co-financing with private investors?

IV. SDGC A Work on Development Finance



- 1) The SDGC A will be working specifically on enhancing the role of regional, national and sub-national development finance institutions for the SDGs
- 2) We look forward to working with interested parties to provide guidance on how their national development finance architecture can be enhanced for the SDGs
- 3) Please contact:
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