

Does money matter? The role of finance in achieving the Sustainable Development Goals

2014 CAPE conference: London, 12-13 November

Concept note

Theme

The 2014 CAPE conference takes place on the eve of a landmark year for international development. We will use this opportunity to debate whether and how different types of financing can help countries to respond to contemporary policy agendas and priorities, in particular the Sustainable Development Goals. Are certain finance flows better-suited to assisting particular development objectives? Which financing sources and instruments have countries used successfully to support previous policy agendas, such as the MDGs? Does financing really matter for the achievement of these ambitions, or is its relative importance overstated? The CAPE conference will examine the main forms of financing, with the aim of providing policy insights and practical recommendations to take forward into the next year of debate. When much of the wider discourse is focused on how to raise more money, we will ask what sort of difference that money can make in practice.

We will draw on latest research and evidence from both the international development finance and domestic public finance domains, and the key findings from recent policy processes. We will examine how financing for new policy agendas at the global level relates – or perhaps doesn't relate – to domestic fiscal and policy perspectives at country level. Building on previous CAPE conferences of 2012 (*on the future of external development finance*) and 2013 (*on the realities of domestic public finance*), we will bring together these different constituencies and perspectives to look beyond the usual fractures in development finance analysis and debates. Speakers will examine the shifts in government priorities and capabilities, the resource mobilisation and allocation choices that governments face, the types of development finance instrument now in fashion, and the current trends and motivations underpinning external finance.

Our aim is to understand better the country-level ramifications of new global financing agendas, and to provide a financial reality check on the global policy debates over the coming year. CAPE, with its long track record in researching and convening on both external and domestic financing topics as well as its deep country-level knowledge and expertise, is especially well-placed to lead this timely discussion.

Approach

The CAPE conference will bring together a high-level group of government officials, researchers, policy advisers and representatives from development agencies. Through the course of the conference discussions, we will work towards creating a framework for financing policy issues and positions regarding the future SDG agenda. To make this event distinctive and visible in a crowded policy arena, we will:

- Give prominence to perspectives and evidence from the country level, especially through key speakers and discussants on all the panels;
- Present the preliminary findings of a major new ODI research report on the comparative advantages of different sources of finance and the potential synergies among them;
- Bring together groups and constituencies which, although they grapple with complementary issues and agendas, don't routinely meet or work collectively on them;

- Delineate and examine a particular source of external financing – ‘international public finance’ – which is gaining salience in policy debates about the definition and uses of development finance; and
- Emphasise the domestic policy implications for less developed countries of the different options for financing in support of the SDGs.

Given the conference timing, it would also be appropriate to reflect on whether commonly-held beliefs around development finance are really underpinned by good research evidence. Rigorously separating out the hype from the reality will be a priority throughout the presentations and discussions.

Development finance is a very broad topic and the CAPE conference will use a wide lens. However, we don't expect to cover all issues or all flows in the two-day event. For example, very important agendas such as remittances, illicit finance flows and tax avoidance lie outside of the immediate scope. Parallel ODI research and events will pick up those issues. The 2014 CAPE conference will also be followed up by another major ODI event in April 2015 in Africa which will launch policy proposals for the role of international public finance in supporting the SDGs.

Sessions

The conference will be organised into sessions covering the major flows of development finance:

- Framing session: Public finance for development
- Session 1: What lessons did the MDG era yield for development finance?
- Session 2: Mobilising (and allocating) domestic resources for development
- Session 3: What is the role of international public finance?
- Session 4: Mobilising private development flows
- Session 5: Managing external and domestic finance flows – The country perspective
- Conclusions: Policy recommendations for financing for development and the SDGs

For each of the substantive theme sessions, designated ODI convenors will prepare a short background note reviewing the relevant literature and evidence, and setting the framing questions for the particular session. These notes will be circulated in advance of the conference.

Outputs

The main products of the CAPE conference will be:

- A written report and an online ‘Storify’ record, summarising the main points made by speakers, discussants and participants
- Multi-media dissemination of the findings through blogs, video recordings, briefing papers, podcasts, etc
- A draft framework of proposed actions to influence providers of international public finance, which will help influence the financing for development policy framework especially in relation to the Sustainable Development Goals
- A set of research proposals for addressing the knowledge gaps identified during the conference

Audience

The target audience for this event will be senior policy-makers, practitioners and academics. These will include:

- Negotiators and facilitators of relevant international policy processes including financing for development, the Intergovernmental Committee of Experts on Sustainable Development Finance, and the Open Working Group on Sustainable Development
- Academia, think tanks and research institutes
- Staff and senior officials of bilateral development agencies, multilateral development banks, and other relevant international/regional organisations
- Representatives of providers of international finance (e.g. investment banks, philanthropists, export credit guarantee agencies)

Contacts

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SCHEDULE

(Speakers' pre-conference dinner: 7:30pm, 11th November)

DAY ONE: Wednesday, 12 November 2014

8:30 – 9:00 **Registration and coffee**

9:00 – 10:30 **Introduction, context and conference overview**

Objective: To set out the state of play in current debates and policy processes exploring the contribution of finance to the Sustainable Development Goals

Opening remarks: Kevin Watkins, Executive Director, Overseas Development Institute

Chair: Edward Hedger, Director - Centre for Aid and Public Expenditure/Private Sector and Markets

This session will frame the conference by outlining current thinking and key policy debates on the role and contribution of finance in meeting the Sustainable Development Goals.

Speakers:

- Liz Ditchburn, Director Policy Division, DFID
- Jesse Griffiths, Director, Eurodad
- Kapil Kapoor, Director of Strategy, African Development Bank (AfDB)
- Jon Lomøy, Director, OECD Development Directorate

10:30 – 10:45 **Break**

10:45 - 12:30 **Session 1: What lessons did the MDG era yield for development finance?**

Objective: This session will look back at the successes and challenges of finance in support of the MDGs. Particular emphasis will be placed on reviewing financing choices – for example, whether governments allocated their resources in line with MDG priorities – and what lessons can be learned which will inform the SDGs.

Discussion points:

- What impact did the MDGs have on development in terms of international and domestic resource mobilisation, allocation and delivery?
- What evidence is there of the contribution of different financing sources and instruments to development results?

Chair: Lord Mark Malloch-Brown, former UK Minister and UN Deputy Secretary General

Panellists:

- Dr. Garry Conille, Head UNOPS Africa (former Haitian Prime Minister)
- Richard Manning, Senior Research Fellow, Blavatnik School of Government
- Annalisa Prizzon, Research Fellow, ODI

13:45 – 15:30 **Session 2: Domestic revenue mobilisation, international public finance and the SDGs – all good things go together?**

Background: The domestic financing landscape at a country level is changing. In the past decade, some developing countries have witnessed a dramatic rise in tax revenues – often from natural resources – alongside increases in remittances and growing FDI. It is unsurprising therefore that the emerging post-2015 agenda has set high expectations for developing country domestic resource mobilisation. However, there is an inherent tension between the globally-determined development *outcome* framework of the SDGs, and the nationally-led process of financing the required *inputs*. The range of options within international public finance might offer a way of aligning global ambitions with local revenues, but less is known about how each type of international public finance might impact on domestic revenue generation.

Objective: This session will seek to understand which factors help or hinder domestic resource mobilisation in relation to external finance and development assistance. Do certain kinds of international public finance support domestic revenue mobilisation, while others reduce it? What's the right mix of international public finance to support sustainable domestic financing? Is there too much focus on overall money to be raised, and not enough about where it comes from? The overall discussion will highlight the implications of DRM for post-2015 development framework, and in doing so will push the discussion beyond simply that of raising resources and into the realm of SDG policy recommendations.

Discussion points:

- Do different forms of international public finance have different impacts on the likelihood that countries will develop their own revenue bases effectively?
- Which types of development expenditure might be better funded through external finance and which through domestic resources (including tax revenues on private flows)?
- How can greater reliance on domestic financing for national development be squared with a globally-determined SDG framework?
- Is it feasible to set the same targets for countries at different stages of development or with different priorities?

Chair: Alison Evans, former Executive Director, ODI

Panellists:

- Oliver Morrissey, Professor of Development Economics, Faculty of Social Sciences, University of Nottingham
- Kieran Holmes, Ex-Commissioner for Burundi Revenue Authority
- Michael Keen, Deputy Director of the Fiscal Affairs Department, IMF

15:30 – 15:45 **Break**

15:45 – 17:30 Session 3: What role for international public finance?

Background: Levels of domestic sources of finance, both public and private, have grown rapidly in developing countries. This raises important questions with regard to the role of international public finance in supporting sustainable development and its evolution in the future. These questions have been particularly targeted at Official Development Assistance (ODA); however, they are increasingly focusing on how other forms of international public finance (e.g. South-South cooperation, blended finance, other official finance, guarantees, export credits) can be better oriented to support sustainable development.

Objective: The session will focus on the comparative advantages of traditional and non-traditional forms of international public finance in supporting efforts to achieve the sustainable development goals. This will include a discussion on ways in which international public finance can be effectively allocated across countries, how it can complement and link with other forms of finance and what types of delivery instruments lead to maximum development impact.

Discussion points:

- What are the distinctive qualities of international public finance and the results it has achieved to date that make it so important for future sustainable development efforts?
- How should those funds be allocated geographically and thematically in the SDG era? How can those funds be more effectively linked to other sources of finance to support implementation of the SDGs
- What delivery instruments for international public finance can be used to ensure that it can be tailored and respond to different objectives such as financing in low-income fragile states and ‘catalytic’ support to high-growth and resource-rich economies?

Chair: Nuria Molina, Director of Policy, Advocacy and Campaigns, ActionAid UK

Panellists:

- Romilly Greenhill, Team Leader, Development Finance, ODI
- Gail Hurley, Policy Specialist, Development Finance, UNDP
- Michael Jacobs, Visiting Professor, London School of Economics & University College London; Senior Adviser, Institute for Sustainable Development and International Relations
- Martin Rivero, Executive Director of the Uruguayan Agency of International Cooperation

17:30 – 19:30 – Evening reception

DAY TWO: Thursday, 13 November 2014**9:30 – 10:30** **Wrap-up: Policy insights and recommendations from Day One****Chair:** Simon Maxwell, Senior Research Associate and former director, ODI**10:30 – 10:45** **Break****10:45 – 12:30** **Session 4: Mobilising private development flows**

Background: Leveraging private sector finance is an important priority for domestic authorities and international development agencies alike. There has been a recent upsurge in instruments such as blended finance, equity funds and private-public partnerships. Developing countries in Africa such as Rwanda, Tanzania and Zambia have also accessed the global bond market by issuing international sovereign bonds for the first time, enabling greater access to non-official external development finance for many. These are instruments over which the global development community little influence.

Objective: This session will explore the advantages and disadvantages of these more market-oriented sources of finance compared with other financing instruments. It will review how different sources of financing can be raised for maximum impact and reach, and the choices that countries make when allocating such flows.

Discussion points:

- What are the motivations and decision-making criteria of private actors to invest in low-income and fragile countries?
- What evidence do we have that IPF can catalyse private sector investment, and how should donors proceed where evidence is lacking?
- What can international development agencies do to make private investment better serve sustainable development ends?
- How do individual countries balance debt sustainability and reaching development objectives?

Chair: Kevin Watkins, Executive Director Overseas Development Institute**Panellists:**

- Magdalene Apenteng, Director, Public Investment Division (PID) Ministry of Finance, Government of Ghana
- Professor Stephany Griffith-Jones, Financial Markets Program Director, Initiative for Policy Dialogue, Columbia University and Senior Research Associate, ODI
- Matt Lilley, CEO Africa, Prudential PLC
- Meenakshi Nath, Head, Private Sector Department, DFID
- Peter Sullivan, Managing Director and Head of the Public Sector Group for Africa, Citigroup

12:30 – 13:30 **Lunch**

13:30 – 15:15 **Session 5: Managing external and domestic finance flows – the country perspective**

Background: Development policy choices and actions at the country level will be the largest determinant in whether or not the SDGs will be achieved.

Objective: This session will explore the conditions needed for countries to achieve SDGs with an aim of pulling together the different strands of the financing story. Senior finance and other relevant government officials will share their own experiences of mobilising and managing different types of financing, including domestic resources, official development finance and international capital markets. Official donor and development bank representatives will share their perspective and experience of engaging with traditional and non-traditional flows.

Discussion points:

- Do different partners' interests in SDGs coincide or diverge?
- What repercussions might differing perspectives cause?

Chair: Marta Foresti, Director Politics and Governance, ODI

Panellists:

- Carolina Rentería, Lead Economist, The World Bank (former Minister of Planning and National Budget Director, Colombia)
- Neil Cole, Executive Secretary, CABRI
- Philipp Krause, Team Leader Public Finance Management, ODI

15:15 – 15:30 **Break**

15:30 – 17:30 **Conclusions: Policy recommendations for Financing for Development and the SDGs**

Objectives: This session will review the most pertinent insights, opinions and evidence from panellists and participants at the conference. The session will:

- Debate what should be included in the Financing for Development communiqué.
- Develop policy recommendations to be taken forward and picked up in the ODI Global Conference on Financing the SDGs to be held in Africa in April 2015.
- Provide a country-level framework of debate to take into next year's SDG process.

Chair: Andrew Norton, Director of Research, ODI

Panellists and discussants:

- Charles Kenny, Senior Fellow, Center for Global Development
- Andrew Rogerson, Senior Research Associate, ODI
- Magdalene Apenteng, Director, Public Investment Division (PID) Ministry of Finance, Government of Ghana
- Dirk Willem te Velde, Head of Programme, International Economic Development Group, ODI and author, European Report on Development

References

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Greenhill and Ali: Paying for progress: How will emerging post-2015 goals be financed in the new aid landscape? (ODI 2013).

Greenhill and Prizzon: Age of Choice: How are developing countries managing the new aid landscape? (ODI 2014).

Greenhill and Prizzon: Who foots the bill after 2015? What new trends in development finance mean for the post-MDGs (ODI 2012).

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Nakhooda et al (forthcoming): Climate Finance flagship report (ODI).

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Rogerson et al (forthcoming, ODI): development finance Roadmap 2015.

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