

# BETTER TOGETHER FOR BETTER INVESTMENTS IN DEVELOPMENT

*Public and private mechanisms are working together to scale up finance for international development from billions to trillions, maximising impact for the Sustainable Development Goals.*



**T**he Addis Ababa Action Agenda identified the role of the private sector, working together with governments, to meet the \$2.5 trillion annual SDG funding gap challenge.

A dynamic mix of public and private actors are redefining the development finance landscape.

Official Development Assistance (ODA) is also serving as the catalyst for mobilising new sources of investment to support developing countries' objectives.

The OECD is working to co-ordinate international efforts, develop data-driven policy guidance, and measure results for the global goals.

## UNIVERSAL FINANCE FOR DEVELOPMENT: THE INITIATIVES

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## UNIVERSAL FINANCE FOR DEVELOPMENT: THE MEASUREMENT & ANALYTICAL TOOLS

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The OECD is developing tools to bring transparency to and incentivise how ODA can mobilise additional investments for development.

- Total Official Support for Sustainable Development (TOSSD)
- Private Sector Instruments (PSI) in Official Development Assistance

*The OECD is also developing a new “Global Outlook on Financing for Development” to promote coherent policies across aid and beyond - including taxation, investment, remittances and philanthropy – in support of developing countries’ goals in support of developing countries’ goals with attention to countries most in need.*

## DEFINITION

The provision of finance to organisations addressing social needs with the explicit expectation of measurable development and financial returns.

# SOCIAL IMPACT INVESTMENT



## CASE STUDY

Social Impact Investment enables M-KOPA to connect more than **300,000** homes in Kenya, Tanzania and Uganda to solar power.

## ROLE OF ODA

*Governments can develop policies that enable social impact investing to be scaled up and directly tied to development goals.*



**The OECD** is developing a framework that maps the SII market and policies in developed and developing countries, released in the July 2018 OECD Social Impact Investment report.

## DEFINITION

The strategic use of development finance for the mobilisation of additional commercial finance towards the SDGs in developing countries.



# BLENDED FINANCE

## CASE STUDY

Official development finance mobilised **\$81 billion** from the private sector between 2012 and 2015.



## ROLE OF ODA

*Official development assistance (ODA) can strategically mobilise additional private finance for SDG-aligned investments in developing countries.*

**The OECD** is a platform for international coordination on blended finance for the SDGs, including through the development of “Blended Finance Principles” and the forthcoming report “Exploring Blended Finance for Sustainable Development.”

## DEFINITION

Projects that support trade development in developing countries.

## CASE STUDY

In Thailand, an aid-for-trade program grew a small women-led shop into an online retailer, driving up profits by **70%** and creating jobs in the community.



# AID FOR TRADE



## ROLE OF ODA

*Over \$300 million in ODA has supported aid-for-trade in developing countries since 2005.*

**The OECD's** 2017 aid-for-trade review highlighted how e-commerce and digital trade are transforming the ability to connect countries to international markets, and the importance of bringing connectivity to the 3.9 billion people who remain without access to the internet.

## DEFINITION

Investment in support of green growth, including in low-carbon and climate-resilient infrastructure, sustainable management of natural resources and for green value chains.



# GREEN INVESTMENT



## CASE STUDY

**One-fifth** of climate-related public development finance supported private sector engagement in green investment.



## ROLE OF ODA

*Official development assistance can unlock private green investment to foster long-term climate-resilience, access to energy and growth in developing countries.*



**The OECD's** report on international cooperation in small island developing states (SIDS) lays out the need to strengthen SIDS resilience to increasingly devastating climate-induced disasters. Another recent OECD report "Investing in Climate, Investing in Growth" shows how G20 countries can achieve economic growth and climate goals together, the major role development banks have to play, and key recommendations for governments.



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