TAKING UP THE CHALLENGE OF DEVELOPMENT IN FRAGILE REGIONS

4 July 2019

FINANCING FOR SUSTAINABLE DEVELOPMENT: IMPROVING MEASUREMENT, MOBILIZING RESOURCES AND REALIZING THE VISION OF THE 2030 AGENDA AND THE SDGS

1. We, the G7 Ministers responsible for development cooperation and the Commissioner for International Cooperation and Development of the European Union, reiterate our commitment towards financing for sustainable development as endorsed in the Addis Ababa Action Agenda (AAAA) in realizing the vision of 2030 Agenda and the SDGs.

2. As providers of the largest share of official development assistance (ODA) worldwide, accounting for 75% of global net ODA in 2018, we underscore the need to step up collective efforts to concentrate our aid to countries most in need, in particular least developed countries (LDCs), low income and fragile countries, in line with our respective ODA commitments, such as the commitments by some developed countries to achieve the target of 0.7% ODA/GNI, and to provide 0.15 to 0.20% of GNI to ODA to least developed countries. We recognize the need to further improve the effectiveness of our development cooperation efforts to maximize the potential of each dollar spent.

3. We take note that at 153 billion US dollars in 2018, global ODA represents an important but small proportion of the financial flows needed to lift all populations out of poverty and address urgent humanitarian crises. Building on G7 discussions in Whistler, we continue to affirm the need to consider financing for sustainable development in a holistic and gender responsive manner, taking into account public and private, domestic and international flows, originating from developed and developing countries. We acknowledge the need to expand the catalytic use of ODA in mobilising and leveraging the impact of additional financial resources, including from the private sector and foundations. We reaffirm our commitment to international cooperation to support efforts to build capacity in developing countries, including through enhanced domestic resource mobilization, which is the primary source of financing for development across all country classifications. We encourage development partners to continue strengthening their coordination in this area.

4. Taking into account the growing complexity of the development landscape, we firmly commit to support initiatives aimed at better measuring and increasing transparency on resources contributing to sustainable development, including quality sex-disaggregated data. In developing countries, better data on the resources contributing to sustainable development will be helpful in developing Integrated National Financing Frameworks in support of national sustainable development strategies.

5. Whilst upholding the central role of ODA as a crucial indicator of donor effort, we highlight the complementary potential of Total Official Support for Sustainable Development (TOSSD) to provide a more comprehensive and recipient focused view of financing flows that align to sustainable

development in partner countries, including private finance mobilized by official interventions, as well as South-South cooperation. Welcoming the engagement and support to TOSSD expressed by many countries across different stages of development including Burkina Faso, Costa Rica and Nigeria, we acknowledge that TOSSD will provide better information about the resources available to partner countries to support sustainable development, increasing transparency and implementing sustainable financing practices.

6. We commend the work of the International Task Force to develop the statistical features of TOSSD and support the open, inclusive and transparent process undertaken to develop this framework in line with the AAAA. We feel encouraged by the recent references to TOSSD at the United Nations, and we look forward to the establishment of an inclusive governance mechanism within the United Nations to oversee TOSSD as a global framework that will transparently present all types of official support for sustainable development.

7. Recalling that global private savings amount to trillions of US dollars per year, we stress the need to catalyze private sector support for the Sustainable Development Goals (SDGs) and to increase transparency on financial flows. In that respect, we commend international initiatives conducted by relevant organizations including the Organisation for Economic Co-operation and Development (OECD) and the United Nations Development Programme (UNDP) aimed at promoting SDG-compatible finance. We take note of their efforts to take stock of existing initiatives in view of defining a robust common framework for SDG-compatible finance with all relevant stakeholders, and of their intention to present their findings from 2020 on in Paris.

8. We support the growth of the impact investing market as a meaningful and efficient financing approach which can contribute to the 2030 Agenda. We stress the need to create enabling policy environments in order to help drive impactful investments towards developing countries and fragile economies. We support the ongoing efforts of the international community to define a common framework for measuring impact investing based on the work done by members of the Impact Management Project (IMP).

9. Following the G20 Osaka Leaders' declaration which recognized the importance of innovative financing mechanisms, we express our support to mobilize additional resources for development and help increase the impact of existing resources. We support the implementation of the OECD DAC Blended Finance Principles for Unlocking Commercial Finance for the SDGs. We welcome the role of the Leading Group on Innovative Financing for Development currently chaired by Japan in sharing good practices and promoting this matter at an international level.

10. We recognize the potential of outcomes-based funding instruments as effective tools to foster a partnership-based approach between donors and partner countries and to mobilize private finance in support of structural development challenges, especially in fragile areas such as the Sahel region. Building on the growing international experience around these instruments, we express our support to Development Impact Bonds (DIB) as one of several promising results-based approaches to improve the performance of international development initiatives. In this regard, we encourage the

commission of the design of a results-based partnership structure in the field of health and human development, such as Menstrual Hygiene Management, in pilot countries in Sub-Saharan Africa to empower women and girls by improving their health and education.