

Financial services for sustainable development and foreign aid

The challenge - inefficient funding for the SDGs

Funding to the SDGs and foreign aid amounts to hundreds of billions of US dollars every year. A large and important part of these funds is sent across borders, often from donors to partner organisations or recipients in developing countries.

These transactions are today highly inefficient. Significant amounts are lost in transaction costs, even before they reach the intended target.

And even more resources are lost in a total lack of financial risk management - high inflations and volatile currency rates erase tens of billions of dollars in funding every year!

The understanding of available financial services - both traditional and innovative - is severely limited in the SDG/foreign aid sectors, as illustrated by the highly inefficient current working practices.

The solution - financial services for development

Increasing use of efficient financial services would free significant funds for foreign and sustainable development. Available services need to be made available and well known in the sector.

Activities

- Map financial solutions (forwards, options, swaps, ETF:s, NDF:s, etc.) as well as more complex services (guarantees, blended finance).
- Illustrate best practices where solutions have been used.
- Set up cases with organisations and financial partners to provide in depth practical examples.
- Produce guides, handbooks and easily accessible material to build capacity. Design training packages.

AidHedge has a unique expertise working with financial risk and efficiency in development aid funding.