BBK Fundazioa document to propose to the open process of requesting proposals for relevant topics to feed ¨Elements Paper¨ which in turn will be considered when structuring the topics to be debated at the IV International Conference on Financing for Development to be held in Seville in July 2025. In preparing your inputs, please refer to the following guiding questions: “What are the key financing policy reforms and solutions that the fourth International Conference on Financing for Development should deliver?

The proposal we are sending below could be included, as requested by the terms of reference of the Call for Inputs process in order to structure the contribution around the topics of the Addis Ababa Action Agenda, under the following heading:

• **Regarding the role of the private financial and business sector, both domestic and international**

* **How can the Conference strengthen the follow-up process to ensure adequate accountability and full implementation of the commitments made?**

In view of the full implementation of the Agreements made at the Third Conference on Financing for Development included in the Addis Ababa Action Agenda, progress has been made in a process of reform of the International Financial System Institutions, both in their structures of institutional government, as well as in their operational frameworks, seeking to mobilize resources on a massive scale for a fair transition towards an economic development model that integrates the social and environmental dimension in the concept of wealth, that responds to the Sustainable Development Goals and that, In this way, it generates stability, predictability and viability in the medium and long-term financial economic system.

One of the major challenges pending to ensure the full implementation of the commitments of the Financing for Development Agenda is to address the "pathways" ¨ and ¨drivers¨ that allow funding to be channeled to the local level and to the transformative impacts on the sustainable development of each territory.

**• Therefore, we propose first of all the integration of the local and territorial dimension in the debate on the design of policy reforms, plans and projects of public and private financing that must be assessed in the definition of the new Financing Agenda for Development.**

We consider it significant that the guidelines themselves that guide the development of the proposals to be included in the Elements Paper recommend taking into account the national, regional and global dimensions, but again exclude the local dimension, which we consider critical for ensuring that the transformative impact of the Sustainable Development Agenda puts people at the centre without leaving anyone behind.

We understand that the local level must be understood from the concept of territory as the complex, historical, dynamic, cultural space where They cultivate personal relationships and relationships between various public and private actors from which social and environmental impacts are derived, as well as the capacities for people to freely exercise their rights and life strategies; it is in the territory, therefore, where the necessary conditions of trust are generated on which to build a robust social contract and stable, long-term, sustainable human development. It is in the daily social, economic, environmental, cultural and human reality of the territory where the decisions taken at global, regional or national levels, both financial and otherwise, land and generate an impact, which we must ensure is a positive impact that contributes to sustainable development is leaving no one behind.

It is from the territory that we must therefore ensure that we generate the conditions of trust and stability on which to propose viable and long-term sustainable development strategies, plans and projects. predictable, that allow for attracting financing and generating positive transformative impacts on the reality of the territory and the people.

The concept of trickle-down economics must be definitively overcome in order to address the pathways and drivers that allow funding to be channelled towards transformative impacts on the sustainable development of each territory.

The Financing for Development Agenda, therefore, like the Sustainable Development Goals, must be contextualised in each territorial reality, to ensure truly transformative impacts and generate the necessary and essential multi-level coherence with the national, regional and global levels to ensure exponential transformative scales.

It will therefore be essential to inseparably connect the Financing for Sustainable Development process with the Localisation process of the SDGs, and to give a relevant role to the Local Coalition 2030 in this purpose.

**• The role of Financial Foundations to strengthen the Pathways and drivers for financing the Sustainable development agenda at the local and subnational level.**

According to the United Nations, the volume of resources that the Philanthropic Foundations sector, in the broad sense, could contribute to the advancement of the SDGs could exceed 651 million dollars in concessional terms[[1]](#footnote-1), resources that could also optimize their transformative impact if they are oriented with strategic and catalytic criteria for the massive leverage of resources towards financing for development; Foundations in general, and those of a financial nature in particular, will therefore have a privileged perspective to play this role of strategic and catalytic interface. In line with the previous point in which we have pointed out the importance of identifying drivers and pathways to channel development financing towards the territory and local impact, we propose through this document that the debates of the FfD4 Conference highlight the critical role that Financial Foundations can play in the localization of financial resources for sustainable development and how to strategically direct this role and resources for a catalytic impact, complementing and generating additionality to the resources of International Cooperation and the mobilization of domestic resources for this purpose.

Some critical aspects where these resources could play this strategic, additional and catalytic role to generate stable, predictable and long-term financing conditions in the local context are the following:

• Resources aimed at generating capacities for robust, effective localization processes with the capacity to impact and attract financing for sustainable development.

Contribute to the territory having the capacity to mobilize a dialogue, collaboration and alliance between the set of actors, public and private, to define their long-term plans, projects and roadmaps to move towards sustainable development; In order to design these shared missions[[2]](#footnote-2), it is necessary to have the capacity and innovation in the models of government and management of all the actors, starting with innovation in public management: It will be necessary to innovate in the terms of an entrepreneurial state[[3]](#footnote-3), capable of generating incentive systems from its role as bidder, planner, its fiscal role of income and expenditure; a state capable of stimulating coherence between the different levels of government, local, subnational, national, regional and global, so that the incentives for the transition of the model have optimal and multiplying impacts, both "top down" and "bottom up". A state at the local level that has the capacity for innovation to optimize management oriented to achieve sustainable development results, integrating digital and technological skills that enhance the capacity to have data, project future models, trace impacts, monitor progress and allow corrections to adapt progress towards sustainable development goals to changing contexts in the long term. In the same way that the capacities for innovation in the local public sector will be essential to mobilize an adequate multi-stakeholder public-private collaboration in the territory for a robust roadmap that attracts financing towards the Sustainable Development Goals, so will the role of the business sector, which must integrate the social and environmental dimension in the governance and management of its business models; the so-called ESG aspects, integrating into this management the SDG indicators of the territory where they operate. In this sense, much progress has been made with international regulatory frameworks, both in the European Union and in international accounting regulations led by the IFRS (International Finance Reporting Standard);

The integration of capabilities in business models that can enable the local productive fabric to generate impacts in favor of sustainable development and to focus on collaboration with other actors in the territory to attract sustainable financing to the territory, with the motivation of being more productive and competitive, is a very relevant vector of transformation; at this point, the resources of Financial Foundations may be combined with resources from International Cooperation, with blended resources, or the resources that the companies themselves have available to strengthen competitive ESG management throughout their entire global value chain. Other drivers necessary for the capillarity of development processes to the territory and the mobilization of bottom-up transformations, where the resources of the Financial Foundations could generate positive catalytic impacts, are those aimed at strengthening the appropriation by citizens of the local development processes of the territory: An active, conscious and leading citizenry of sustainable development processes is an element that reduces volatility and significantly strengthens the conditions of stability and predictability in the analysis of the financial return of any medium and long-term financing. Complementing the actions and resources at the local territorial level of International Cooperation, South-South, Triangular and Interterritorial in aspects such as culture, sense of belonging, participation and accountability processes, applied behavioral sciences, among others, are necessary areas in which to generate capacities due to their relevance for the stability and predictability of sustainable development processes and favorable conditions to attract investment. • A second proposal is to strengthen the key role of Financial Foundations to contribute to scaling investment mechanisms at a local level;

There is a "missing middle" in access to financing mechanisms; large companies can access financing in international markets, and the micro-enterprise level also has adapted microfinance tools, something that the Small and Medium Enterprise network does not have.

Traditionally, the small scale of operations and the marginal cost of investment analysis at a local level has been a disincentive to optimize short-term returns. The SME business network employs more than 75% of the world's active population, and social cohesion, innovation and economic stability depend on it.

A transcendental impact in order to localize the Financing for Development Agenda will be to work to generate innovative financing mechanisms at a local level, due to the impact on sustainable human development mentioned in the first part of the document.

The Financial Foundations sector could provide critical soft resources to be able, on the one hand, to provide investment projects with the capacity to integrate and optimize social and environmental impacts in sustainable development; on the other hand, to offset the risks of entering into operations in the local productive fabric that, although profitable, are too risky and the financial sector would rule out, either due to excessively long recovery periods or the very high opportunity cost. An example of additionality and catalytic effect could be to provide soft resources for a blended finance in structured investment processes that can assume first loss tranches that make the entry of private capital into operations attractive, or that allow the investment to be recovered earlier. In parallel, another additional and catalytic effect could be to allocate soft resources that accompany different phases of the financing process of local operations in order to provide capacities that allow connecting financial supply and demand at a local level, designing local business projects or plans with the necessary information, data, indicators so that they can be analyzed from a financial perspective, including ESG aspects.

• Walk the talk: Need to have philanthropic financial institutions that are working on the Sustainable Development Financing Agenda at a local level.

We propose mobilizing all the "know how" of philanthropic institutions to mobilize financial resources for sustainable development at a local level, and generate critical mass to play an interface role between the Financing for Development Agenda and the SDG Localization Agenda, in order to scale up the capacity to capillarize the mobilization of financial resources towards the impact on the transformation processes of the territory and the living conditions of people.

In this sense, our Bilbao Bizkaia Kutxa Foundation is a Financial Foundation, owner of a financial banking business, whose main mandate is to guarantee social cohesion, competitiveness and prosperity in the territory of Bilbao and Bizkaia, a province of the Basque Country with approximately 1,200,000 inhabitants and 2,217 km² of surface area and a GDP of around 15 million euros.

It is a financial Foundation that, since its origin, has played a crucial role in channelling the savings of the economy of Bizkaia towards the productive fabric and the real economy of the territory, where the generation of economic activity, decent employment, innovation, prosperity and competitiveness is stimulated.

The Bilbao Bizkaia Foundation also has the mandate to allocate soft and donation resources for the generation of capacities in the territory necessary to stimulate social cohesion, innovation, public-private collaboration and the co-creation of projects and shared visions of the future that generate conditions for sustainable development of the territory in the long term, attractive for continuing to derive profitable financing and with social, environmental and people's life impact.

1. https://www.sdgphilanthropy.org/home [↑](#footnote-ref-1)
2. Joint Mission Approach; Mariana Mazzucato. [↑](#footnote-ref-2)
3. Entrepreneur State. Mariana Mazzucato. [↑](#footnote-ref-3)