sdg 2030

Financing for the Sustainable Development Goals (SDGs) and the Paris Climate Agreement:

The UN Ecosystem of Initiatives on Private Sector Finance

A sdg 2030 Series Report by Stakeholder Forum and New World Frontiers

NEW WORLD FRONTIERS publications

Stakeholder Forum FOR A SUSTAINABLE FUTURE

ABOUT STAKEHOLDER FORUM

Stakeholder Forum for a Sustainable Future (SF) is a not-for-profit international organisation working to advance sustainable development at all levels. Our work aims to enhance open, accountable, and participatory decision-making and governance on sustainable development through enhancing the involvement of all stakeholders. We provide a bridge between those who have a stake in sustainable development and the international forums where decisions are made in their name. To this end, we work with a diversity of stakeholders globally on international policy development and advocacy; stakeholder engagement and consultation; media and communications, and capacity building – all with the ultimate objective of promoting progressive outcomes on sustainable development through an open and participatory approach. In consultative status with the United Nations Economic and Social Council (ECOSOC) since 1996, SF also works with the United Nations Environment Programme (UNEP) under an MOU to expand the engagement and participation of the Major Groups and other Stakeholders in the United Nations Environment Assembly (UNEA) and HLPF processes.

ABOUT NEW WORLD FRONTIERS

New World Frontiers is a publishing house that focuses on sustainable development around the intergovernmental processes. Run by people who have been engaged in the intergovernmental process at the United Nations, its related Agencies and Programmes, and its legally binding conventions, it publishes papers and Kindle e-reader and print-to-order books that advance the global understanding of how sustainable development can bring about change.

In 2014 New World Frontiers launched its first Kindle book, The Plain Language Guide to Rio+20: Preparing for the New Development Agenda, by Felix Dodds, Jorge Laguna Celis and Liz Thompson with additional material by Jacob Scherr, Chelsea Phipps and Brendan Guy, with design by John Charles. It has since published several Kindle and print-to-order books including five books on Governance for Sustainable Development for the Friends of Governance for Sustainable Development.

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INTRODUCTION

"Now a new generation of policy innovation is aiming to ensure that the financial system serves the needs of inclusive, environmentally sustainable, economic development. These innovations in financial and monetary policies and regulations, along with wider market standards are creating a critical nexus between the rules that govern the financial system and sustainable development."

The United Nations Environment Programme (UNEP) Inquiry into the Design of a Sustainable Financial System

The delivery of the 2030 Agenda for Sustainable Development has been estimated by several organizations from UNCTAD to the World Bank to the Sustainable Development Solutions Network to be in the region of US$3-$5 trillion annually. This dwarfs the contribution from Overseas Development aid which is annual in the region of US$150 billion.

The financing for the Sustainable Development Goals (SDGs) and the Paris Climate Agreement will need a refocusing of private sector finance. In that context, it might be useful to look at **the state of the UN ecosystem of initiatives on private sector finance in support of this.**

The realignment of private sector finance to support sustainable development and to stop funding activities that take us in the wrong direction has accelerated since the 2012 Rio+20 conference, the adoption of the Sustainable Development Goals (2015), the Addis Ababa Action Agenda on Financing for Development and the Paris Climate Agreement.

This year (2021) has seen action on fossil fuel company boards where three directors have been elected committing to move them towards renewables (EXXON-Mobile). A Dutch court ruling that the Royal Dutch Shell company needs to slash its greenhouse gas emission. Moody's estimated in 2019 that the total green bond market was heading to $250 billion with the COVID recovery packages being built around green technology this is only going to increase substantively over the next few years.

Putting this paper together would not be possible without the support of those working on this within the UN family, and so a huge thanks to Zak Bleicher, Tony Bonnici, Chantal Line Carpentier, Krishnan Sharma, and Olcay Patrycja Tetik with contributions from Oliver Munyaneza Mathieu Verougstraete, Tim Hilger, and Charles Nouhan from Stakeholder Forum.

UN General Assembly

There is an annual UN General Assembly resolution on "Promoting investments for sustainable development. [A/RES/75/207]" (UN, 2020) (see UNCTAD section below). By adopting a resolution on "Promoting investments for sustainable development", the UNGA recognises the need to develop and strengthen policies and, where appropriate, enhance regulatory frameworks to better align private sector incentives with sustainable development goals, including incentivizing the private sector to adopt sustainable practices, and foster long-term quality investment. Also, national and international efforts to integrate sustainability into the financial system and thus to further re-orient capital flows towards investments that are sustainable from an economic, social and environmental perspective. The resolution can be found here.

UN ECOSOC Financing for Development Forum

"About the Forum - The Economic and Social Council (ECOSOC) Forum on Financing for Development follow-up (FfD Forum) is an intergovernmental process with universal participation mandated to review the Addis Ababa Action Agenda (Addis Agenda) and other financing for development outcomes and the means of implementation of the Sustainable Development Goals (SDGs)." (UN, 2021)

The Forum is the venue to follow up on the Addis Agenda Action Agenda, including the private sector chapter on "Domestic and International Private Business and Finance." The Forum results in an outcome document which is itself informed by a report from the **Inter-Agency Task Force on Financing for Development** (i.e., the Financing for Sustainable Development Report). The Task Force has two main goals: to monitor progress on the Addis Agenda and advise governments on Financing for Sustainable Development. The Financing for Sustainable Development Office of the UN Department of Economic and Social Affairs serves as the coordinator and substantive editor, while the major institutional stakeholders of the Financing for Development process, the World Bank Group, IMF, WTO, UNCTAD and UNDP, also take a central role.

Financing for Sustainable Development Report (FSDR)

The annual report is based on joint research and analysis from the UN System, the International Monetary Fund, World Bank Group, and more than 60 UN agencies and international institutions. The report includes a chapter dedicated to "Domestic and International Private Business and Finance", which presents the latest analysis and research in this area as well as policy recommendations. The report can be found here.

SDG Investment Fair

The SDG Investment Fair is held annually in parallel to the FfD Forum and supports direct informal interaction among representatives of governments of developing countries, the private sector and financial intermediaries with a view of accelerating the mobilization of investment for the SDGs. It features country presentations of concrete investment opportunities, as well as policy discussions on building a conducive enabling environment for SDG investments.

Global Investors for Sustainable Development Alliance

United Nations Secretary-General António Guterres has issued a Roadmap for Financing the 2030 Agenda for Sustainable Development that includes and supports many of the UN's existing initiatives, as listed below. As part of the implementation, he convened the **Global Investors** for **Sustainable Development** (GISD), an Alliance of 30 global business leaders from the financial and non-financial sectors who collectively manage assets worth US$16 trillion. The GISD Alliance Members provide decisive leadership on scaling long-term investment for **sustainable development**. They have agreed on a range of actions to better align business activities with the SDGs. "These include:

- Developing platforms and instruments to catalyse finance and investment flows to developing countries in support of the SDGs.
- Creating a clear and unified set of information for investors on how companies are performing on sustainability criteria.
- Incentivising financial institutions and corporations to take a longer-term, sustainable approach to their investments, and
- Coordinating GISD actions with major policy-making groups (like the G20) and financial system bodies to ensure that its recommendations are included in their priorities."

Among the achievements of the GISD Alliance's first year was the report **Renewed, Recharged, and Reinforced: Urgent actions to harmonize and scale sustainable finance**, which was submitted as an input to the European Commission's consultation on its Renewed Sustainable Financing Strategy. The report made more than 60 recommendations for global action to scale up investment in sustainable development to help advance the SDGs.

The Alliance also developed a unified **definition of Sustainable Development Investing (SDI)** and released the first of its kind **Call to Action for COVID-19 bonds**, which was endorsed by the International Capital Markets Association." (UN, 2020)

The Alliance also supported the development of the **Sustainable Development Investing (SDI) Navigator** to provide for the first time a structured overview of the multiple initiatives in the area of sustainable finance. This online tool maps about 70 existing principles, practice standards, and tools. Investors can find resources to help them deploy capital that makes a positive contribution to sustainable development. Finance institutions can locate resources to mainstream sustainable development objectives in their lending practices. Corporates can build on existing work to reorient their business models towards the SDGs (https://gisdalliance.org/navigator).

Looking ahead, the GISD Alliance has agreed upon five key deliverables to advance its mandate of mobilizing finance and investment for sustainable development. The first is to develop investment platforms and vehicles to catalyse finance and investment flows to developing countries in support of the SDGs. Second, the Alliance will support the implementation of a clear and unified set of SDG-related metrics that can be widely adopted and integrated into existing reporting frameworks. Third, GISD will undertake actions that aim to shift the incentives and habits of key actors along the investment chain towards a longer-term, sustainable perspective. Fourth, the GISD Alliance plans to coordinate its actions with the G20, the G7 and major financial system bodies to ensure that its recommendations and work are included in their priorities. Finally, GISD members have committed to further align their own investment portfolios with the Alliance's agreed-upon definition of Sustainable Development Investment. These key deliverables will be supported by a number of complementary actions that will help to advance the overall goals.

UN Committee of Experts on International Cooperation in Tax Matters (UN Tax Committee)

Through the UN Model Double Taxation Convention between Developed and Developing Countries, the UN Tax Committee works for prevention or elimination of double taxation, a significant aspect of the investment climate of countries, which is essential for investment flows, the exchange of goods and services, the movement of capital and persons, and the transfer of technology. In the current environment with the Covid-19 pandemic becoming not only a health crisis but also a global economic disaster, the UN Tax Committee has worked to bring its contribution to appropriate policies with respect to resource mobilization to alleviate the impact of the crisis and to invest in sectors in line with a rapid and long-lasting recovery towards realization on the SDGs. As a case in point, the digitalization of the economy across the globe which started long before the pandemic has nonetheless been crystalized by the crisis. The UN Tax Committee has been working on adequate tax policies, including the update of the UN Model Convention, with the aim for countries to tax revenue from the digital economy based on the jurisdiction in which such revenue is earned.

Much of the work of the UN Tax Committee is carried out through its multi-stakeholder subcommittees that deal with specific issues. Some of its work includes:

- The production and update of the Manual on Transfer Pricing: The Committee has developed a practical approach to address the complex issue of profit shifting. The current version of Manual will include new content on financial transactions, profit splits, the establishment of transfer pricing capacity at the country level and transfer pricing issues in a more digitalized economy.
- Handbook on Extractive Industries Taxation: As another way to help combat illicit financial flows (IFFs), the Committee is updating its Handbook on Extractive Industries Taxation Issues for Developing Countries. The update will include new chapters on tax incentives, taxation of subcontractors, and financial transactions in extractive industries.
- Handbook on Environmental Taxation: The Committee is producing a new handbook providing practical guidance on carbon taxation, aimed primarily to assist developing countries. The handbook will cover carbon tax design, administration and revenue use, as well as interactions with other environmental policy instruments. It will both draw on and present detailed country experiences in carbon tax policy and practice.

In all aspects of its work, the UN Tax Committee strives to assist countries, especially developing countries, in setting and implementing policies for tax collection efficiency while keeping in check the compliance cost from the taxpayer point of view. In that respect, its work through subcommittees on specific issues is a collaboration among various stakeholders including observers from Members States, Academia, Civil Society, and Businesses.

UN Global Compact CFO Taskforce for the SDGs

"UN Global Compact CFO Taskforce for the SDGs: As the stewards of trillions of dollars in corporate finance, Chief Financial Officers (CFOs) have a critical role to play in ensuring that companies' financial strategies are aligned to the Sustainable Development Goals (SDGs). The UN Global Compact is convening a Taskforce to provide a platform for CFOs to interact with their peers, investors, financial institutions, and the United Nations to share ideas, develop new concepts and frameworks, and provide recommendations to unlock private capital and create a market to mainstream SDG investments.” (UN, 2021)

“CFO Principles on Integrated SDG Investments and Finance. The CFO Principles supplement the UN Global Compact’s Ten Principles to support companies in the transition to sustainable development and to leverage corporate finance and investments toward the realization of the Sustainable Development Goals (SDGs). Chief Financial Officers and Treasurers participating in the CFO Taskforce for the SDGS are committed to implementing the CFO Principles inside their organization and to share their experience and learnings with peer CFOs in the broader community of UN Global Compact participating companies.” (UN, 2021)

A useful set of publications are:

- **SDG Bonds:** Leveraging Capital Markets for the SDGs. This guide explores the role of the bond market – the largest asset class in the global financial markets – in the realization of the Sustainable Development Goals (SDGs). With US$ 6.7 trillion of annual issuance, bonds can provide a cheap, reliable and scalable source of capital for a variety of stakeholders involved in the implementation of Agenda 2030, including companies, governments, cities and public-private partnerships. SDG bonds also provide an answer to the lack of SDG investment opportunities for institutional investors. A diverse portfolio of SDG Bonds, including sovereign, municipal, corporate and project bonds across developed and emerging markets could fulfil mainstream investors’ growing demand for impact while matching their risk-return appetite.
- **Scaling SDG Finance for the Sustainable Development Goals:** This guide explores the role of corporate finance and investments in scaling finance for the Sustainable Development Goals, including how FDI, financial intermediation and public-private partnerships can be a source of finance for less liquid SDG investments that cannot be invested directly by portfolio or institutional investors. This includes providing access to finance in countries with less developed financial markets or for SDG solutions that are too small or illiquid to attract portfolio investors.
- **Corporate Finance:** A Roadmap to Mainstream SDG Investments: Investors, Governments and other stakeholders are increasingly demanding that companies demonstrate sustainable strategies aligned with the SDGs. This report provides guidance to companies looking to integrate the SDGs into their financial strategy and business model. A credible SDG strategy allows companies to clearly communicate impact, facilitate easier access to the growing market for SDG financing, and connect investors with a pipeline of potential opportunities to address the SDG investment gap.

United Nations Conference on Trade and Development

UNCTAD supports developing countries to access the benefits of a globalized economy more fairly and effectively. And help equip them to deal with the potential drawbacks of greater economic integration. To do this, UNCTAD provides analysis, facilitates consensus-building, and offers technical assistance to support their use of trade, investment, finance, entrepreneurship, and technology as vehicles for inclusive and sustainable development.

Working at the national, regional, and global level, UNCTAD helps countries to:

- Comprehend options to address macro-level development challenges.
- Achieve beneficial integration into the international trading system.
- Diversify economies to make them less dependent on commodities.
- Limit their exposure to financial volatility and debt.
- **Attract investment and make it more development-friendly.**
- **Increase access to digital technologies.**

- **Promote entrepreneurship and innovation.**
- **Help local firms move up value chains.**
- **Speed up the flow of goods across borders.**
- **Protect consumers from abuse.**
- **Curb regulations that stifle competition.**
- Adapt to climate change and use natural resources more effectively.

Working with other UN departments and agencies, UNCTAD help to deliver on the SDGs, with a focus on the economic ones (SDG8, SDG9, SDG10) as well as the means of implementations in SDG17 and through the advancement of the Addis Agenda.

World Investment Forum

The UNCTAD World Investment Forum (WIF) is the pre-eminent global platform to devise strategies and solutions for global investment and development challenges. It facilitates multi-stakeholder collective action to stimulate investment in development. The Forum offers a unique opportunity to influence investment-related policymaking, shape the global investment environment, and to network with global leaders in business and politics.

The 7th edition will be held in Abu Dhabi, United Arab Emirates from 17-21 October 2021. Previous editions took place in Accra (2008) , Xiamen (2010), Doha (2012), Geneva (2014), Nairobi (2016) and Geneva (2018). The Forum was set up to fill the investment institutional gap in the international economic governance architecture. Since its inception it has served as the leading forum to leverage investment policy for sustainable development.

The Forum biennially gathers more than 5,000 investment stakeholders from 160 countries. The stakeholder landscape encompasses high-level participants from the global investment community, including Heads of State and Government, ministers, executives of global companies and stock exchanges, sovereign wealth fund managers, investment treaty negotiators, heads of investment promotion agencies, international investment location experts, heads of international organizations, parliamentarians, civil society representatives, eminent scholars, and the international media.

UNCTAD produces a report for the UNGA second committee in a dedicated section of its' World Investment Report since 2020 in support of the resolution "Promoting investments for sustainable development (see above), produces an *SDG Investment Trends Monitor,* Guidance on Core Indicators as a framework for corporate reporting on the contribution towards the attainment of the SDGs; and six areas of transformative action for a Big Push for private investment in the SDGs that builds on the Investment Policy Framework for Sustainable Development (IPFSD). These are discussed and further advanced at the biennial World Investment Forum.

UNCTAD is also a major institutional stakeholder to the Financing for Development process mandated in the 2015 Addis Agenda as indicated above." (UNCTAD, 2021)

UNCTAD also supports the Sustainable Stock Exchanges Initiative (SSEI), launched in 2012 with UNEP FI, UN Global Compact, and the PRI. Today this involves 99 stock exchanges accounting for almost all publicly listed capital markets." UNCTAD has also elaborated Principles on responsible lending and borrowing as well as Principles for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources with FAO, IFAD and the World Bank.

United Nations Environment Programme Finance Initiative (UNEP FI)

UNEP Finance Initiative is a partnership between the United Nations Environment Programme and the global financial sector to mobilize private sector finance for sustainable development. UNEP FI works with nearly 400 member banks, insurers, and investors, and over 100 supporting institutions to help create a financial sector that serves people and planet while delivering positive impacts.

UNEP FI aims to inspire, inform, and enable financial institutions to improve people's quality of life without compromising that of future generations. To accelerate sustainable finance growth UNEP FI establishes the most effective network for sharing knowledge and best practices, amplifying the collective voice from the finance sector in policy debate.

UNEP FI supports global finance sector principles to catalyse the integration of sustainability into financial market practice. The frameworks UNEP FI has established or co-created include:

- **Principles for Responsible Banking (PRB)** launched with more than 130 banks collectively holding USD 47 trillion in assets, or one-third of the global banking sector, on 22 September 2019.

  The Principles for Responsible Banking are a unique framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

  More than 220 banks have now joined this movement for change, leading the way towards a future in which the banking community makes the kind of positive contribution to people and the planet that society expects.

  The Principles provide the framework for a sustainable banking system and help the industry to demonstrate how it makes a positive contribution to society. They embed sustainability at the strategic, portfolio and transactional levels, and across all business areas aligning banking strategy towards impact and accountability to societal objectives.

  Signatory banks commit to aligning their business with – and achieving – ambitious targets that contribute to global and national sustainability goals. They are held to account against their commitments through an annual review of their individual progress. A Civil Society Advisory Body will hold the signatories to account for their collective progress. The Principles are unique in the robustness of their accountability.

- **Principles for Sustainable Insurance (PSI)**, established in 2012 by UNEP FI and today applied by one-quarter of the world's insurers (25% of world premia). The vision of the PSI Initiative is of a risk-aware world, where the insurance industry is trusted and plays its full role in enabling a healthy, safe, resilient, and sustainable society.

  Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing, and monitoring risks and opportunities associated with environmental, social and governance issues. Sustainable insurance aims to reduce risk, develop innovative solutions, improve business performance, and contribute to environmental, social, and economic sustainability.

  The insurance industry's core business is to understand, manage and carry risk. Through risk prevention and risk reduction and by sharing risks over many shoulders, the insurance industry helps protect society, fosters innovation, and underpins economic development. These are key contributions to a well-functioning and sustainable society.

- **Principles for Responsible Investment (PRI)**, established in 2006 by UNEP FI and the UN Global Compact, is now applied by half the world's institutional investors (USD 83 trillion).

These frameworks establish the norms for sustainable finance, providing the basis for standard-setting and helping to ensure private finance fulfils its potential role in contributing to achieving the 2030 Agenda for Sustainable Development and Paris Agreement on Climate Change agreed by governments around the world in 2015.

UNEP FI's work with members and stakeholders supports the implementation of these principles to accelerate sustainable finance, providing the basis for standard-setting to catalyse finance and economic transformation to address the climate, nature and pollution crises and social inequality.

As the interface between the financial industry and the world's governments, UNEP FI is uniquely positioned to help galvanize the financial sector for sustainable development. UNEP FI's work supports financial institutions understand the commercial risks and opportunities implied by climate, environmental and social issues, and how to act on them. Collaborate with legislators and regulators to understand the roles, potentials, and policy needs of financial institutions. Fostering the dialogue with stakeholders that will steer the finance sector to become an enabler of the transition.

Among many initiatives to support the financial sector transition to meet the goals set out by the 2030 Agenda for Sustainable Development and Paris Agreement on Climate Change, UNEP FI convenes global market leadership initiatives that are leading the private sector ambition towards a sustainable future.

- UNEP FI hosts the **Sustainable Blue Economy Finance Initiative,** the global community focused on the intersection between private finance and ocean health, supporting the implementation of the Sustainable Blue Economy Finance Principles. Launched in 2018, the principles were developed by the European Commission, WWF, the World Resources Institute (WRI) and the European Investment Bank (EIB). The principles are the world's first global guiding framework for banks, insurers, and investors to finance a sustainable blue economy. They promote the implementation of SDG 14 (Life Below Water), and set out ocean-specific standards, allowing the financial industry to mainstream the sustainability of ocean-based sectors.
- The industry-led, UN-convened **Net-Zero Asset Owner Alliance** convened by UNEP Finance Initiative and the Principles for Responsible Investment. An international group of 37 institutional investors with $5.7 trillion assets under management (AUM), committing to transition their investment portfolios to net-zero GHG emissions by 2050 consistent with a maximum temperature rise of 1.5°C above pre-industrial levels utilizing the best-available science.
- The industry-led, **UN-convened Net-Zero Banking Alliance** convened by the UNEP Finance Initiative and co-launched with the Financial Services Taskforce (FSTF) of the Prince of Wales Sustainable Markets Initiative (SMI) brings together 43 banks from 23 countries with US$28.5 trillion in assets, which are committed to aligning their lending and investment portfolios with net-zero emissions by 2050. Combining near-term action with accountability, this ambitious commitment sees banks setting an intermediate target for 2030 or sooner, using robust, science-based guidelines.
- UN-convened **Net-Zero Insurance Alliance (NZIA)** is expected to be launched at the 2021 UN Climate Change Conference in Glasgow this November (COP26). Seven of the

world's leading insurers and reinsurers, working together with the UNEP Finance Initiative are currently in the process of establishing the Alliance.

UNEP FI also supports the Sustainable Stock Exchanges Initiative (SSEI), launched in 2012 with UNCTAD, UN Global Compact, and the PRI. UNEP FI works in partnership with other coalitions and networks focused on sustainability-related issues, including the Network of Central Bank and Supervisors for Greening the Financial System (NGFS), the Sustainable Insurance Forum (SIF), the Natural Capital Finance Alliance (NCFA), the Task Force on Climate-Related Financial Disclosures (TCFD), the Taskforce for Nature Related Financial Disclosures (TNFD) and other global leading networks.

UNEP FI holds agenda-setting Global and Regional Roundtables to build momentum to advance sustainable finance market practice and provide clear signals from the financial sector to policymakers on the importance of integrating Environmental, Social and Governance (ESG) issues and sustainability impacts into financial decision-making.

UNDP – New Finance Investment Platforms

According to the Credit Suisse Global Wealth Report in October 2020[1], household wealth stands at $379.2 trillion. However, only 20% of it is held in developing countries, which are home to 84% of the world population.[2] UNDP with its partners works towards systemic transformations to make the SDGs the main global guidance framework for businesses and investors.[3]

Last November, UNDP with the G7 and OECD developed the Framework for SDG Aligned Finance with an aim to bring order and clarity to the standards and disclosures, increase transparency, help governments design regulation, and support new instruments.

In response to country needs to mobilize low-carbon, climate-resilient investments, a new global public good, announced today will aim to increase the flow of capital in developing countries to meet climate ambitions. **The Climate Investment Platform (CIP)** is an inclusive partnership welcoming all stakeholders from governments to international organizations to the private sector to scale up climate action and translate ambitious national climate targets into concrete investments on the ground.

UNDP's Climate Promise is the Agency's flagship Programme on enhanced NDC ambition and delivery, supporting - to date – 115 countries with a portfolio across energy, forests, water, resilience, agriculture, health, youth, finance, governance, gender equality and green jobs. UNDP's Biodiversity Finance Initiative - **BIOFIN** –part of UNDP's Global Environmental Finance unit - is supporting 35 countries globally, including several countries in the Latin America region (Ecuador, Costa Rica, Guatemala, Mexico, Colombia, Brazil, Chile) to identify national mechanisms that allow countries to redirect domestic public and private funding for biodiversity conservation.

UNDP's Insurance and Risk Finance Facility supports these services with a variety of new insurance products, tools and services, while also investing in the long-term transformation of insurance markets, with the goal of strengthening country and community resilience to socio-economic, health, climate and other shocks.

UNDP launches standards for bond issuers and private equity funds seeking SDG Impact Standards for Private Equity Funds were launched on 6 October and **Standards for**

[1] https://www.credit-suisse.com/media/assets/corporate/docs/about-us/research/publications/global-wealth-report-2020-en.pdf
[2] Ibid.
[3] Please see UNDP's Private Sector Development and Partnership Strategy (2018-2022)

SDG Bonds and **for Enterprises** has completed its public consultation and will be launched in mid-2021.

Targeting the gap between high-level principles and impact performance reporting, UNDP plans through SDG Impact to establish an assurance system and an SDG Impact Seal which issuers of SDG Bonds, Private Equity Fund Managers and Enterprises will be able to apply based on independent assurance of practice to a pre-determined level to qualify.

UNDP and UNCDF are taking forward a Dialogue on Global Digital Finance Governance, a pathfinder initiative of the UNSG Task Force on Digital Financing of the SDGs. With UNEP, UNDP is running a series of major sustainable finance networks as the Sustainable Insurance Forum (SIF) and Taskforce for Nature Related Financial Disclosures (TNFD).

UNDP's Istanbul International Center for Private Sector in Development not only supports governments and businesses, but also leads the COVID-19 Private Sector Global Facility was launched in partnership with UN GC, and International Chamber of Commerce's (ICC) and three private sector partners - DHL, Microsoft, and PwC with a target of supporting 100.000 SMEs.

UNDP's inclusive business initiative, Business Call to Action supports companies ranging from multinationals to social enterprises, working in 70 countries. On the other hand, the Connecting Business initiative engages with the private sector in disaster preparedness, response and recovery.

UNDP supports governments navigate in a post-COVID-19 environment with tools like debt instruments working to address the sense of urgency as fiscal space is tightening. Currently, 10 countries are taking forward debt instruments for example UNDP supports the development of Green Sukuk in Indonesia, SDG Bonds in Mexico and SDG Programmatic bond development in Sri Lanka.
UNDP has been active at international forums such as the G7, G20 providing a platform to advance this collective agenda. Under the current G20 presidency UND serves as the Secretariat for the G20 Sustainable Finance Study Group (SFSG) at the request of G20 and the recently appointed co-chairs (China and US).

Please feel free to explore UNDP's newly launched knowledge portal on SDG Financing offers various services and tools and connects with SDG finance experts.

Sustainable Development Goals Financing Solutions (UNDP website)

The financing needed to achieve the Sustainable Development Goals (SDGs) will greatly surpass all current development finance flows but can be also raised from the large amounts of (mostly private) investable resources available globally. Domestic public resources, even in low-income countries, can be increased and spending optimized. Financing solutions provide strategies and means to effectively unlock and direct these sources of finance toward realising the SDGs.

- **Biodiversity offsets:** Measurable conservation outcomes resulting from actions that compensate for significant residual adverse biodiversity impacts arising from development projects.
- **Bioprospecting:** Systematic search for biochemical and genetic information in nature in order to develop commercially valuable products and applications.
- **Carbon markets:** Carbon markets aim to reduce greenhouse gas emissions cost-effectively by setting limits on emissions and enabling the trading of emission units.

- **Climate credit mechanisms:** Market mechanisms that enable entities, for which the cost of reducing emissions is high, to pay low-cost emitters for carbon credits that they can use to meet emission-reduction obligations.
- **Concessions (Protected Areas):** Concessions allow people to use land or property in a protected area or natural site for a specified purpose, usually in exchange for a fee.
- **Crowdfunding:** Approach for projects, organizations, entrepreneurs, and start-ups to raise money for their causes from multiple individual donors or investors.
- **Debt for nature swaps:** Agreement that reduces a developing country's debt stock or service in exchange for a commitment to protect nature.
- **Disaster risk insurance:** Insurance schemes covering—against a premium—the costs incurred by the insured entity from extreme weather and natural disasters.
- **Ecological fiscal transfers:** Integrating ecological services means making conservation indices (e.g. size of protected areas) part of the fiscal allocation formula to reward investments in conservation.
- **Enterprise challenge funds:** Funding instrument that distributes grants (or concessional finance) to profit-seeking projects on a competitive basis.
- **Entrance and activity fees:** Tourists pay fees for access to a protected area. The revenues can contribute to conservation through retention by protected areas, revenue-sharing agreements, and public transfers.
- **Environmental trust funds:** Legal entity and investment vehicle to help mobilizing, blending, and overseeing the collection and allocation of financial resources for environmental purposes.
- **Green bonds:** Bonds where proceeds are invested exclusively in projects that generate climate or other environmental benefits.
- **Impact investment:** Investments made with the intention to generate a measurable social and environmental impact alongside a financial return.
- **Lotteries:** Governments and civil society use lotteries to raise funds for benevolent purposes such as education, health, and nature conservation.
- **Payments for ecosystem services:** Payments for ecosystem services (PES) occur when a beneficiary or user of an ecosystem service makes a direct or indirect payment to the provider of that service.
- **Public guarantees:** Guarantees can mobilize and leverage commercial financing by mitigating and/or protecting risks, notably commercial default or political risks.
- **Remittances (Diaspora Financing):** Private unrequited transfers sent from abroad to families and communities in a worker's country of origin.
- **Social and development impact bonds (Results-Based Financing):** A public-private partnership that allows private (impact) investors to upfront capital for public projects that deliver social and environmental outcomes in exchange for a financial interest.
- **Taxes on fuel:** The sale tax any individual or firm who purchases fuel for his/her automobile or home heating pays. Fuel taxes can reduce the consumption of fossil fuels and greenhouse gas emissions while generating public revenues.
- **Taxes on pesticides and chemical fertilizers:** Taxes on certain pesticides and chemical fertilizers can mobilize fiscal revenues while mitigating the negative effects associated with pesticide/fertilizers application and promoting sustainable agriculture practices.
- **Taxes on renewable natural capital (water; timber):** Any fee, charge, or tax charged on the extraction and/or use of renewable natural capital (e.g. timber or water).

- **Taxes on tobacco:** Excise taxes on tobacco products can raise fiscal revenues, improve health and well-being, and address market failures.
- **Voluntary standards (finance):** Standards applicable to the financial sector that capture good practices and encourage the achievement and monitoring of social and environmental outcomes.

United Nations Capital Development Fund (UNCDF)

The UN Capital Development Fund offers 'last mile' finance models that unlock public and private resources in the world's 46 least developed countries (LDCs). With its capital mandate and instruments, and a tolerance for risk and appetite for innovation, UNCDF uses a full range of financial tools and instruments—including grants, loans, and guarantees— to provide catalytic finance to both private sector and public partners to spur transformative investments.

Using targeted ODA, UNCDF also reduces barriers to investment, including lowering investment-specific risks, closing information and skills gaps, building market infrastructure, and developing local markets. This work also supports pipeline development of investor-ready projects, creates confidence in local economies, and demonstrates the viability of investing in last mile contexts to both public and private partners. UNCDF acts as an early-stage investor to de-risk opportunities that can later be scaled up by institutional financial partners and increasingly by philanthropic foundations and private sector and impact investors.

UNCDF's financing models work through three channels: (1) ***inclusive digital economies***, which connect individuals, households, and small businesses with financial eco-systems that catalyze participation in the local economy, and provide tools to climb out of poverty and manage financial lives; (2) ***local development finance***, which capacitates localities through fiscal decentralization, innovative municipal finance, and structured project finance to drive local economic expansion and sustainable development; and (3) ***investment finance***, which provides catalytic financial structuring, de-risking, and capital deployment to drive SDG impact and unlock additional investments.

UNCDF increasingly works with other entities in the UN development system. This means bringing UNCDF's unique financing capacities together with UN development expertise to offer countries more integrated solutions to support SDG investments. UNCDF was a partner in a total of 12 approved Joint SDG Fund projects, including two of the four larger projects focused on catalyzing investments.

UNCDF's initiatives working with and mobilizing the private sector include:

- **BRIDGE Facility**: UNCDF's on-balance sheet portfolio to mobilize capital for SMEs, financial service providers and local infrastructure projects. Since the launch of its new loan and guarantee policy in 2017, UNCDF has disbursed a total of 18 loans and three guarantees in areas of financial inclusion, food security, and green energy, spanning seven countries. The portfolio increased 45 per cent in 2020 compared to 2019, totaling $4.1 million in disbursements and guarantee coverages.

- **BUILD Fund**: UNCDF, in partnership with impact investment firm Bamboo Capital Partners, established the blended investment vehicle called the BUILD Fund. The BUILD Fund is designed to attract commercial capital to finance SMEs in LDC markets that possess business and development potential, relying on an investment layer capitalized by concessional capital from governments and philanthropic organizations that insulate commercial investors from early losses. The vehicle is aiming to raise $250 million: consisting of $50 million of "first loss" shares to absorb early losses and catalyze greater follow-on financing: $75 million in mezzanine shares and $125 million in senior "Class A" shares. The BUILD Fund is also part of SDG 500: a groundbreaking impact investment platform dedicated to financing the Sustainable Development Goals (SDGs). The platform's objective is to raise USD$500 million through six funds to attract commercial investment to finance businesses in emerging and frontier markets. In 2020, the Fund was formally incorporated and registered with the Luxembourg Companies Register as a reserved alternative investment fund with bilateral donors already committing to financing. Backed by a € 2 million commitment from the Government of the Grand Duchy of Luxembourg, UNCDF delivered the maiden investment into the BUILD Fund in December 2020.

- **International Municipal Investment Fund (IMIF)**: The International Municipal Investment Fund is a unique, blended finance fund designed and set up by UNCDF and United Cities and Local Governments (UCLG) with the collaboration of the Global Fund for Cities Development (FMDV) to support cities and local governments (notably municipalities in developing countries including the LDCs) in accessing national and international capital markets. The Fund is managed by Meridiam, a private asset manager, with a target capitalization of € 350 million at first closing. Through a Technical Assistance Facility (IMIF-TAF), the UNCDF - UCLG/FMDV coalition will help cities to finalize the preparation of their projects and provide the necessary support to ensure that the city meets the requirements for accessing financial markets.

- **Global Fund for Coral Reefs (GFCR)**: The Global Fund for Coral Reefs (GFCR) is the first UN impact fund dedicated to SDG 14. Through blended finance and innovative public-private partnerships, the GFCR is catalyzing a sustainable financial ecosystem for conservation of coral reef ecosystems and development of the communities that depend on them. The GFCR is a 10-year, $625 million blended finance vehicle established through a coalition between United Nations agencies, financial institutions, and private philanthropy sources. UNCDF will support the GFCR through its unique capital mandate to use financial instruments such as loans and guarantees as well as primary focus on LDCs.

- **SDGA ETF:** Impact Shares, the nonprofit ETF sponsor, launched the Sustainable Development Goals Global Equity ETF in collaboration with UNCDF in September 2018. The ETF allows investors to invest alongside companies that are deploying capital to help achieve the SDGs. The fund seeks investment results that generally correspond to the price and yield performance of the Morningstar Societal Development Index, developed through a collaboration between UNCDF, Impact Shares, Morningstar, and Sustainalytics. Companies included in the index are screened against a set of rigorous selection criteria reflecting customized environmental, social and corporate governance indicators, including economic impact created in LDCs, and alignment with the SDGs. The net management fee will be donated to UNCDF for its work in LDCs, including helping poor individuals access savings and credit; lending to small and mid-size businesses in frontier markets; and supporting local governments to build climate-resilient infrastructure and manage their public finances in transparent and accountable ways.

- **Artesian Women's Economic Empowerment Bond Fund (WE Fund):** UNCDF and the alternate investment management firm, Artesian, launched an impact partnership to support gender-lens investing, boost female leaders in the corporate workplace, and support women's economic empowerment in the world's LDCs. The Artesian Women's Economic Empowerment Bond Fund (WE Fund) will invest in public companies with women in management and board positions; fair compensation and work-life balance policies including parental leave and flexible work options; and commitment to gender equality. The fund will donate one-third of the management fee from the WE Fund to a nonprofit, SheSyndicate, and UNCDF to support women's economic empowerment around the world.

- **100 Women in Finance Partnership:** UNCDF has established a partnership with 100 Women in Finance (100WF) that will support women in the finance industry and expand access to mentorship, leadership resources, and networking for women in Africa. The collaboration between UNCDF and 100WF supports the empowerment of women in regions of Africa who either work in finance or have an interest in entering the field, through such initiatives as: jointly reaching out to female financial leaders in Africa; working to provide young women globally with access to mentorship, membership in 100WF, and role models of successful female leaders in finance; the opportunity to participate in visibility programs offered through 100WF, and organizing events, webinars, and social media content to achieve these goals.

- **Dialogue on Global Digital Finance:** The Dialogue on Global Digital Finance seeks to facilitate a balanced and more inclusive dialogue, particularly involving developing nations, on SDG-aligned governance of global digital financing platforms. It convenes representatives from central banks, finance, trade and other relevant ministries, cross-sector regulatory bodies, LDCs and non-state actors from developing countries, and representatives from key institutions such as FSB, BIS, IMF, World Bank and Global Partnership for Financial Inclusion affiliated entities. The platform provides a means for advancing consensus on policy and regulatory responses to the development of global digital financing platforms appropriate for developing contexts and economies. It also seeks to catalyse governance innovations that improve consideration of the SDGs and can support developing countries to harness digital finance in leapfrogging towards sustainable development. The initiative is co-chaired by the UNDP Administrator and the Governor of Central Bank of Kenya, funded by the Swiss Agency for Development Cooperation and hosted by UNDP and UNCDF.
- **Blended Finance Report in the LDCs 2020**: Since 2018, UNCDF and the Organisation for Economic Co-operation and Development (OECD) have collaborated on research and knowledge on blended finance in the least developed countries (LDCs), with the aim to contribute to the policy debate on blended finance by developing empirical evidence and original research on how blended finance can be best used in LDCs to mitigate risk and attract investment for the Sustainable Development Goals (SDGs). The *Blended Finance in the Least Developed Countries, 2020: Supporting a Resilient Covid-19 Recovery* report is the second joint UNCDF-OECD report. It builds on UNCDF research and experience, OECD data and analysis, and a series of guest contributions written by a varied range of blended finance experts. The research and analysis in this report was further informed by multiple roundtable consultations held virtually during the spring of 2020.

- **Migration and Remittances**: UNCDF deploys a combination of capital tools, technical assistance and global expertise to incentivize supply-side stakeholders and policymakers to create synergies within the remittance ecosystem in such a way that it fosters the design and delivery of digital, gender-responsive and migrant-centric remittances that reduce the remittance transaction cost and address the last-mile challenges for migrants and their families, including access to products that strengthen financial resilience such as savings, credit, insurance, and pensions. In addition to working with governments to develop and monitor gender-responsive and risk-based remittances, policies, and regulations, UNCDF works with local remittances services providers (RSPs) to encourage and foster innovation across the remittances value-chain. In the last one year, UNCDF has committed financing and technical assistance of over $2 million to 9 private sector partners – money transfer operators, banks, fintech, payment aggregators, and wage payment service providers across Africa, Middle East, and Asia – to increase access to affordable digital remittance channels.

International Fund for Agricultural Development (IFAD)

- **Private Sector Financing Programme (PSFP):** Approved in February 2021 and with the goal of raising US$200 million in financing, the PSFP is designed to expand IFAD's instruments for country-level operations (debt, equity and risk mitigation (e.g. guarantees)), helping the Fund's target groups to grow their businesses, generate income and access more commercial funding sources.
- **Agri-business Capital Fund (ABC Fund):** Originally sponsored by IFAD in 2019, the ABC Fund is an independent private investment fund. It is managed by Bamboo Capital Fund with Injaro Investments Limited, as an Agri investment advisor. It has received contributions from the European Commission, the Organisation of Africa, Caribbean and Pacific States, IFAD, Luxembourg and the Alliance for a Green Revolution in Africa.

  This impact fund proposes an innovative approach for attracting much-needed capital to rural areas and underserved segments of agribusiness value chains in developing countries. In particular, it catalyses blended capital and provides technical assistance to investees through a dedicated facility.

  The ABC Fund provides loans and equity investments adapted to the needs of rural SMEs, farmers' organizations, Agri-preneurs and rural financial institutions.

  It particularly targets commercially viable ventures that can help create employment, in particular for youth and women, and improve rural livelihoods. The fund also prioritizes climate-smart projects that promote sustainable production.

  The objective is to mobilise EUR 200 million from public and private investors over the next ten years. It is estimated that some 900,000 households would benefit from ABC Fund interventions.

  The ABC Fund benefits from a unique pipeline of projects. Building on their unique portfolios of programmes, IFAD and AGRA work with the fund manager to identify attractive and impactful investments in promising SMEs.

- **The Smallholder and Agri-SME Finance and Investment Network (SAFIN):** SAFIN is an inclusive partnership of actors operating in different parts of the ecosystem for agri-food and rural small and medium enterprise (SME) investment, with a focus on access to finance and complementary services.

  The network, facilitated by a team housed in the International Fund for Agricultural Development (IFAD), comprises about fifty institutions from the private, public and philanthropic sectors, including governments, different types of finance providers and financial intermediaries, development banks, and farmers' organizations.

  SAFIN partners recognise that smallholder farmers and rural SMEs are key investors in inclusive and sustainable rural economies and food systems. They understand the many challenges and gaps in the ecosystem around such investments and share an interest in joining forces to address these.

  Inclusive and sustainable rural transformation is critical for the realisation of the 2030 Agenda, particularly ending hunger and malnutrition and promoting sustainable food systems. In many contexts, rural and agri-food SMEs are the backbone of rural economies and local and national agri-food systems. The capacity of these enterprises to invest more effectively, profitably, and sustainably is critical for the kind of transformations that the 2030 Agenda requires.

Closing the investment gap for agri-food and rural SMEs requires a concerted, multi-stakeholder effort to transform the ecosystem. The same is needed to close the gap between demand and supply for finance and complementary services in the ecosystem, as a critical part of the solution to the investment gap.

The SAFIN network provides partners with a pre-competitive space to align their efforts and to scale up and multiply their positive impact. It does this through activities and tools for shared learning, peer support, frank and open dialogue, and the identification of opportunities for coordinated action.

In particular, the network focuses on five areas of work:

- Coordinated engagement on selected policy issues.
- Learning and dialogue to mobilise and better combine different sources and types of finance.
- Pursuing opportunities for collaboration on the ground through inclusive business models.
- Pooling knowledge around specific challenges requiring innovation or scaling up of successes.
- Identifying and responding to strategic knowledge gaps to build an inclusive ecosystem in agri-SME finance.

United Nations Economic Commission for Europe (UNECE)

The United Nations Economic Commission for Europe (UNECE) supports its member States to improve their legal and regulatory frameworks and their project development capacities to deliver People-first Public-Private Partnerships (PPPs) in support of the SDGs.

The 2030 Agenda for Sustainable Development has identified PPPs as an instrument to deliver public services and infrastructure. However, the ‘traditional’ PPP model was not designed as a development tool, and with its focus on ‘value for money,’ it is not ‘fit for purpose’ for the SDGs. To address this challenge, and in response to Paragraph 48 of the Addis Ababa Action Agenda on Financing for Development, which calls for the promulgation of guidelines for the appropriate structure and use of PPPs,[4] the UNECE has developed a process to develop a new PPP model – called People-first PPPs[5] – that is SDG-compliant. People-first PPPs are a new generation of infrastructure projects, that put people’s interest at their core, generating both “value for people” and “value for the planet”. This new PPP model promotes the following five outcomes:

i. Increase access to essential services and lessen social inequality and injustice;
ii. Improve economic effectiveness and fiscal sustainability;
iii. Enhance resilience and environmental sustainability;
iv. Promote replicability for the development of further projects; and

[4] Addis Ababa Action Agenda on Financing for Development, United Nations, 2015, available at https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

[5] Guiding Principles on People-first PPPs in support of the UN SDGs, UNECE, 2019, available at http://www.unece.org/fileadmin/DAM/ceci/ppp/Standards/ECE_CECI_2019_05-en.pdf. Introduction to People-first PPPs in support of the UN SDGs, UNECE, 2019, available at http://www.unece.org/fileadmin/DAM/ceci/ppp/Standards/ECE_CECI_2019_06-en.pdf

v. Fully involve all stakeholders in projects.

The UNECE also develops normative instruments such as guidelines, standards, tools and recommendations aimed at increasing the capacity of Governments to deliver People-first PPPs.[6] In particular, the first draft version of the People-first PPP Evaluation Methodology for the SDGs[7] was developed in 2020 as a comprehensive methodology to evaluate and score infrastructure projects against the People-first criteria and the SDGs. This methodology is available as a Self-Assessment Tool that can be applied to all kind of infrastructure projects – not only PPPs - at different stages of development and in different sectors. It provides not only an indication of compliance with the SDGs and the People-first outcomes, but it also provides its users useful recommendations on how projects could be further improved.

[6] The UNECE PPP guidelines, standards, tools and recommendations are endorsed and adopted by acclamation by the UNECE intergovernmental bodies and do not impose any obligations on member States as their implementation is entirely voluntary.

[7] The draft version of the Methodology is being finalized and an improved version is expected to be approved at the end of 2021. Draft UNECE People-first PPP Evaluation Methodology for the SDGs, 2020, available at http://staging2.unece.org.net4all.ch/fileadmin/DAM/ceci/documents/2020/PPP/WP/ECE_CECI_WP_PPP_2020_03_Rev1-en.pdf

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