



Financing for the Sustainable Development Goals (SDGs) and the Paris Climate Agreement: The UN Ecosystem of Initiatives on Private Sector Finance 2024

A sdg 2030 Series Report by Stakeholder Forum and New World Frontiers (revised November 2024)



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

Achieving the Sustainable Development Goals (SDGs) as outlined in the 2030 Agenda will not only require significant financing but also coordination between public and private actors. The delivery of the 2030 Agenda for Sustainable Development has been estimated to be about US\$3-\$5 trillion annually. Reorienting how public and private actors interact with each other to realign private sector finance to support sustainable development is a cornerstone part of the strategy to close the financial gap. To that end, this white paper

provides an updated look at the **state of the UN ecosystem of initiatives on private sector finance in support of the SDGs.**

This white paper is an update to the 2020 *“Finance for the Sustainable Development Goals and the Paris Climate Agreement: UN Ecosystem on Private Sector Finance.”* Updating the white paper would not have been possible without the support and dedication of members of the UN community working within the ecosystem of private sector finance. We would like to especially acknowledge Claire Baumann, Tony Bonnici, Chantal Line Carpentier, Diana Diaz, Anders Jensen, Antonin Menegaux, Marcos Neto, Layalee Ramahi, Travis Renz, Krishnan Sharma, and Casper Sonesson for their support and/or contributions.

UN General Assembly

The UN General Assembly (UNGA) has long recognized the importance of policies and frameworks to support the sustainable development goals (SDGs). Notably, the UNGA adopts an annual resolution on “Promoting investments for sustainable development” [A/RES/75/207]” (UN, 2020) to not only develop and strengthen policies but also, where appropriate, enhance regulatory frameworks to better align private sector incentives with sustainable development goals. These frameworks also include putting in place incentives for the private sector to adopt sustainable practices and foster practices conducive to long-term quality investment. The resolution also aims to encourage national and international efforts to integrate sustainability into the financial system to help further re-orient capital flows towards investments that are sustainable from an economic, social and environmental perspective.

UN Department of Economic and Social Affairs (UNDESA) Finance for Development Office

SDG INVESTMENT FAIR

The SDG Investment Fair, launched in 2018, is a UN platform to foster investment in the SDGs. It provides an inclusive, neutral space for peer learning, information exchange, and partnerships. The Fair has evolved from an annual event to a continuous platform for peer learning and partnership building. It fills a gap in the marketplace with an inclusive space to exchange knowledge to kickstart engagements around investable opportunities in the SDGs presented by a group of participating countries. To date, 23 countries have participated and presented over 130 projects worth more than USD 50 billion, many of which have advanced towards implementation.

The Fair team also cooperates with UN Country Teams to help provide technical assistance for sustainable investment and to provide support for projects that can be presented at the Fair sessions in New York. Additionally, the Fair serves to advance:

- *Partnerships and networking*
 - Participants include investors and bankers, country officials, and UN representatives who start connections and build alliances.
 - Countries benefit from a new arena to present to targeted investors concrete SDG investment projects and themselves as potential investment destinations.
 - Investors gain early access to information about high-impact projects, including public-private partnerships.

- *Peer learning*
 - The Fair fosters the transfer and replication of best practices by showcasing successful transactions and business cases.
 - Countries build a greater collective understanding of innovative financing methods and risk mitigation strategies to advance more bankable SDG project pipelines.
- *Capacity Building on SDG investment project preparation and financing*
 - Training focuses on investment essentials and financing structures like blended finance, thematic SDG bond issuance, and risk mitigation. Customized training and workshops improve participating countries' project quality and financing readiness.
 - Enhances the country representatives' understanding of project development and the importance of creating SDG project pipelines.

GLOBAL INVESTORS FOR THE SUSTAINABLE DEVELOPMENT ALLIANCE

In 2019, United Nations Secretary-General António Guterres commissioned the “[Roadmap for Financing the 2030 Agenda for Sustainable Development](#)” which 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) Alliance, a group of leaders of major financial institutions and corporations from across the world. The GISD Alliance Members provide decisive leadership on scaling long-term investment for sustainable development.

The GISD Alliance is anchored in the SDGs and is underpinned by the recognition that achieving the 2030 Agenda requires mobilizing trillions of dollars of capital toward sustainable development. GISD is committed to supporting the realization of the United Nations Secretary-General’s vision of a paradigm shift in the global economic and financial system, as laid out in the [SDG Stimulus](#) and the [Policy Brief on Reforms to the International Financial Architecture](#) (IFA). The GISD Alliance is uniquely placed to spearhead the private sector’s contributions:

- It is cross-cutting: GISD Alliance members represent actors from across the financial value chain
- It is comprehensive and holistic: GISD’s work integrates all 17 SDGs
- It is solution-oriented: GISD develops practical tools and products
- It is scalable: GISD’s solutions have the potential to unlock finance and investment at scale

Since its launch in 2019, the GISD Alliance has broken ground on innovative solutions to scale up long-term investment for sustainable development and to facilitate an alignment of the wider ecosystem of private finance and investment with long-term sustainable development:

- **Supported the implementation of the [Sustainable Development Investing \(SDI\) definition](#)**: The SDI definition sets minimum thresholds that investment strategies and products should meet to qualify as aligned with sustainable development and is the basis of the G20 Sustainable Finance Working Group.
- **Published [Sector-specific SDG-related Metrics](#)**: A common set of key performance indicators covering eight sectors that enable rigorous measurement of the private sector’s contribution to the SDGs.

- **Released an updated edition of the [Model Mandate](#):** A guide to asset owners on ensuring that their stewardship and sustainability objectives are fully reflected in agreements and contracts with asset managers.
- **Launched the [MDB and Development System Task Force](#):** A sub-group committed to advancing the implementation of [recommendations](#) issued by the GISD Alliance to the global development community on catalyzing private finance for the SDGs.
- **Disseminated GISD's products, tools, and recommendations:** Through GISD's Outreach and Engagement Working Group, the Alliance engages with key actors, forums, and policymaking bodies.

Looking ahead, the GISD Alliance is planning to start a new phase of its work starting in 2024 to further advance the development of innovative finance and investment solutions. The GISD Alliance will organize a series of substantive multi-stakeholder consultations ahead of the Fourth International Conference on Financing for Development (FfD) taking place in 2025 in the following areas:

- Enhancing private capital mobilization through blended finance and the MDB evolution agenda
- Tackling local currency risk
- Addressing long-termism and incentives across the investment chain

The GISD will present the recommendations from the consultations to UN Member States as part of the preparatory process for the 2025 FfD Conference. This work will position the GISD as a prominent voice representing the private sector in the preparations for the fourth International Conference on Financing for Development. As part of the process, the GISD will also bring together the wider private sector to dialogue with policymakers on a range of issues relating to mobilizing private finance and investment for the SDGs, going beyond the issues highlighted above.

Alongside the priorities discussed previously, the GISD Alliance will also continue to work on the following ongoing deliverables:

- **Launching the [Sustainable Infrastructure Investment Platform](#):** A transformative blended finance vehicle that mobilizes MDBs and institutional investors to co-fund sustainable infrastructure in emerging markets and developing economies.
- **Publishing [guidance on sovereign SDG bonds](#):** The guidance aims to enhance the integrity and quality of sovereign SDG bonds through an assessment of this growing market and by identifying lessons and best practices from both country and investor experiences.
- **Creating an SDG-aligned investment index:** This aims to encourage a longer-term sustainability-oriented perspective in investing.

UN 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 Public-Private Partnerships (PPPs) in support of the SDGs.

The 2030 Agenda for Sustainable Development has identified PPPs as an important instrument that can be used to deliver public services and infrastructure. Notwithstanding, the 'traditional' PPP model was not designed as a formal development tool. Moreover, the

traditional focus on ‘value for money’ does not make an instrument that is ‘fit for purpose’ for the SDGs. Because of these challenges, Paragraph 48 of the Addis Ababa Action Agenda on Financing for Development, calls for the promulgation of guidelines for the appropriate structure and use of PPPs.¹

To address Paragraph 48 of the Addis Ababa Action Agenda on Financing for Development, the UNECE has developed a process to develop a new PPP model - called PPPs for the SDGs.² PPPs for the SDGs 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:

- Increase access to essential services and lessen social inequality and injustice;
- Improve economic effectiveness and fiscal sustainability;
- Enhance resilience and environmental sustainability;
- Promote replicability for the development of further projects; and
- Fully involve all stakeholders in projects.

As a complement to the work UNECE does to develop capacity around PPPs in support of the SDGs, the UNECE also develops normative instruments such as guidelines, standards, tools and recommendations aimed at increasing the capacity of Governments to deliver PPPs for the SDGs.³ In particular, the UNECE PPP and Infrastructure Evaluation and Rating System (PIERS) was launched in 2022 as a comprehensive methodology to evaluate and score infrastructure projects against the PPPs for the SDGs criteria and the SDGs.⁴ This methodology is available as a Self-Assessment Tool that can be applied to all kinds 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 PPPs for the SDGs outcomes, but it also provides its users useful recommendations on how projects could be further improved.

UN Conference on Trade and Development (UNCTAD)

UNCTAD actively supports developing countries to grow and access the benefits of a globalized economy more fairly and effectively. Its aim is to equip them with the necessary capacity to be able to deal with the potential drawbacks of greater economic integration. In this regard, UNCTAD conducts research and analysis, facilitates consensus-building, and offers technical assistance to support member States’ 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 developing countries to:

- Understand and navigate options to address macro-level development challenges

¹ Addis Ababa Action Agenda on Financing for Development, United Nations, 2015, available at https://sustainabledevelopment.un.org/content/documents/2051AAAA_Outcome.pdf

² Guiding Principles on PPPs in support of the UN SDGs, UNECE, 2022, available at https://unece.org/sites/default/files/2023-06/ECE_CECI_WP_PPP_2022_07-en.pdf. Introduction to PPPs in support of the UN SDGs, UNECE, 2022, available at https://unece.org/sites/default/files/2022-10/ECE_CECI_WP_PPP_2022_06-en.pdf

³ 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.

⁴ The UNECE PPP and Infrastructure Evaluation and Rating System (PIERS) is available at: https://unece.org/ppp/em020_03_Rev1-en.pdf

- Achieve beneficial integration into the international trading system
- Diversify and become less dependent on commodities
- Limit their exposure to financial volatility and debt
- Attract development-oriented investment in SDG sectors
- Increase access to digital technologies
- Promote entrepreneurship and innovation
- Assist local firms move up the 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 along with other UN departments and agencies, as well as with other stakeholders, UNCTAD assists member States achieve the SDGs, focusing primarily on the economic ones (SDGs 7, 8, 9, and 10). UNCTAD also acts as a platform for international deliberation and cooperation (SDG 17) and is a major institutional stakeholder overseeing means of implementation through, inter alia, the advancement of the Addis Ababa Action Agenda.

Furthermore, UNCTAD supports the Sustainable Stock Exchanges Initiative (SSEI), launched in 2012 along with UNEP FI, the UN Global Compact, and the PRI. Today, the initiative includes 99 stock exchanges accounting for almost all publicly listed capital markets. In addition, UNCTAD also launched the “Principles on Responsible Lending and Borrowing” in 2012, as well as the “Principles for Responsible Agricultural Investment” that promote the rights, livelihoods, and resources of farmers, in partnership with FAO, IFAD and the World Bank Group. UNCTAD also launched the “Global Sustainable Finance Observatory” at the 2021 World Investment Forum, with a vision to build a future global financial ecosystem in which sustainable development, as defined by the SDGs, is fully embedded into the business model and investment culture, and to bring more credibility, transparency and consistency to the market.

UNCTAD creates knowledge related to investment and economic development issues. Some of its major publications include:

- The World Investment Report
- The Trade and Development Report
- The Economic Development in Africa Report
- The Review of the Maritime Transport
- The Commodities and Development Report and
- The Technology and Innovation Report

WORLD INVESTMENT FORUM

The biannual World Investment Forum (WIF) provides a global platform for engagement and dialogue on emerging and key issues related to investing for sustainable development. The Forum devises strategies and solutions for global investment and development challenges. It facilitates multi-stakeholder collective action to stimulate investment in development. The Forum also 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 Forum embraces a partnership approach, which naturally engages many actors, including senior policymakers, business leaders, partners from international organizations, researchers, practitioners, and prominent academicians. This approach has proven pragmatic, zooming in on key emerging issues from multiple angles and sectors, thereby yielding actionable outcomes that are broad, yet concrete and inclusive. UNCTAD has partnered with over 80 lead institutions to co-organize specialized sessions during the latest WIF.

The 8th WIF (WIF23) was held in Abu Dhabi, United Arab Emirates, from 16-20 October 2023. Previous WIFs took place online (2021) due to COVID-19 restrictions, Geneva, Switzerland (2018), Nairobi, Kenya (2016), Geneva, Switzerland (2014), Doha, Qatar (2012), Xiamen, China (2010), and Accra, Ghana (2008). WIF23, the largest WIF to date, featured 157 insightful and impactful events. It welcomed more than 8,000 participants and more than 700 business leaders, 8 heads of State, 69 Ministers, and more than 70 world-class academics.

WIF was held in a context of cascading economic shocks worldwide, such as sharp rising living costs, unrelenting climate disasters, unbearable debt burdens, the aftermath of COVID-19, the impact of wars and challenging geopolitics, all crushing the fundamental fabric of the global society. The Forum addressed the key investment challenges caused by the multiple global crises. It included a focused track on promoting climate finance and investment, resulting in policymakers and other key stakeholders devising solutions and reaching a consensus on climate finance and investment priorities - with outcomes feeding into the COP28 negotiations.

Several global initiatives were launched during WIF23. Among the most prominent ones are:

- The Global 50 SDG Model Special Economic Zones to help disseminate best practices to 7,000 economic zones in over 140 countries
- A multistakeholder platform in International Investment Agreements (IIAs) reform to accelerate the process and ensure coherence among different efforts
- A joint initiative with the UN World Tourism Organization to establish a set of guiding principles for promoting investment in sustainable tourism
- A new UN Sustainable Stock Exchanges Action Framework for building carbon markets
- A Sustainability Integration Framework for Institutional Investors
- A Partnership with the African Sovereign Investors Forum to promote sustainable investments
- An innovative “one-stop shop” for sustainable investment solutions, a multi-agency consortium and platform within the framework of World Investment for Development Alliance
- A new Multidisciplinary Academic Research Agenda on Investment for Development

UN Global Compact

CFO COALITION FOR THE SDGS

The CFO Coalition for the SDGs is the main initiative of the UN Global Compact (UNGC) in Sustainable Finance and is the first UN initiative to target Chief Financial Officers (CFOs) worldwide. It is a platform where CFOs and other corporate officers can collaborate with peers, investors, financial institutions, NGOs, and UN agencies to develop principles,

frameworks, guidance, and recommendations to integrate the 17 Sustainable Development Goals (SDGs) in corporate finance and amplify the market for mainstream SDG investments.

The overarching goal of the Coalition is to engage the global CFO community to align trillions in annual corporate investments and financing with the SDGs and create a broad, liquid, and efficient market for SDG investments and capital flows.

One key objective is to provide guidance to companies as they seek to unlock capital to invest in solutions that maximize positive impact and minimize negative impact on the SDGs. This includes showcasing and disseminating best-in-class practices for material target-setting, investments, financing, communication, and reporting.

Another is to create the conditions for CFOs to engage on the global stage as stewards of private sector on-the-ground investments and critical agents in closing the investment gap for the SDGs.

This includes engagement and collaboration with the entire investment value chain - including investors, banks, development finance institutions and credit rating agencies.

In December 2019 at the third SDG Investment Forum held at Borsa Milano, the Global Compact and a group of 15 CFOs launched the CFO Taskforce for the SDGs to harness the untapped potential of corporate finance in sustainable development.

As its first deliverable, the Taskforce published in September 2020 the **CFO Principles on Integrated SDG Investments and Finance** (CFO Principles), a framework for CFOs all around the world to leverage corporate finance to support their company's sustainability transition.



CFO Principles on Integrated SDG Investments and Finance⁵

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). The principles target four crucial areas that are under the responsibility of the CFO.

- Principle 1: Develop an SDG impact thesis and measurement tools
- Principle 2: Integrate SDG strategy and investments into existing corporate strategy
- Principle 3: Integrate corporate SDG financing
- Principle 4: Integrate SDG communication and reporting

In January 2022, the Taskforce launched the CFO Coalition for the SDGs to help create a wide-ranging, global movement involving Global Compact companies all around the world, working to align corporate investments with the SDGs and creating a mainstream market for SDG finance.

⁵ Available for download [here](#)

USEFUL SET OF RESOURCES & AVAILABLE PUBLICATIONS

[Blueprint for implementation of the CFO Principles - available online here](#)

The Blueprint is an online learning platform for companies and their CFOs to integrate the SDGs in corporate finance and investments. It represents the collective experience of CFOs in the Coalition as they committed to working together with partner organizations and other key actors to develop, test, and refine guidance and recommendations to implement the CFO Principles. It is a dynamic platform that will evolve as our community continues to grow and progress towards integrating the SDGs in corporate finance.

[Macro-Sector Profiles - available online here](#)

Macro-sector profiles show the ecosystem of how companies are developing strategies and investments toward the SDGs by triangulating their own commercial priorities with global goals and agendas and how the research community and intermediaries are contributing to help make the connection between the two.

They provide the context to analyze and compare companies in the same or similar industries and to benchmark the company's material issues, targets, and investments and what they feature in their Sustainability-Linked Bonds, GSS Bonds and Sustainable Financing Frameworks.



[Corporate Investments to Achieve Climate Ambitions - download here](#)

This new report from the CFO Coalition for the SDGs highlights the importance of corporate investments and financing for climate action. As the main direct investors in climate change mitigation, companies are expected to contribute a substantial portion of the capital investment needed between now and 2050 to meet the goals of the Paris Accords, which some estimate could amount to USD 275 trillion. This includes investments in the infrastructure and technology that will underpin low-carbon growth in many sectors of the economy, including power, industrials, agriculture, buildings and mobility. The report is part of resources developed by the CFO Coalition to respond to increasingly louder calls for greater private sector investment towards Climate Action. It provides guidance and insights for companies in diverse industry sectors to build a bridge between climate ambitions and corporate investment and finance, two of the five areas of

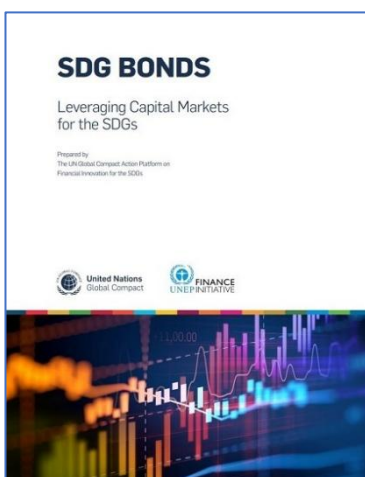
the UN Global Compact Forward Faster Campaign. This report is a product of the CFO Coalition for the SDGs and the result of extensive collaboration with members of the Coalition's Advanced Group, including CFOs and their teams.



The role of the Chief Financial Officer in driving low-carbon transition.⁶

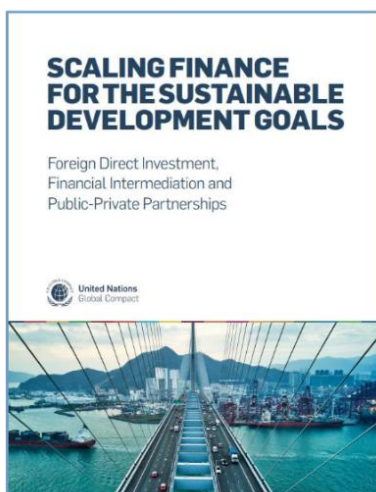
The report is based on interviews with over 30 CFOs representing companies with a combined market capitalization of around USD 930 bn and reveals that CFOs can play a pivotal role in driving the low-carbon transition. It is a collaborative effort between the Climate Bonds Initiative and the CFO coalition for the SDGs of the UN Global Compact. Interviews were conducted in the first half of 2023 to gain insights into the intersection of finance and sustainability.

The report emphasizes the key role CFOs can play in managing risks and opportunities in the low-carbon transition. It concludes that inertia or lack of ambition opens a company to physical, regulatory, and financial climate risks and could be perceived negatively by investors, damaging the value of the company, and bringing long-term reputational impacts. On the flip side, a proactive stance can bring a sustainable long-term competitive advantage to businesses.



SDG Bonds: Leveraging Capital Markets for the SDGs

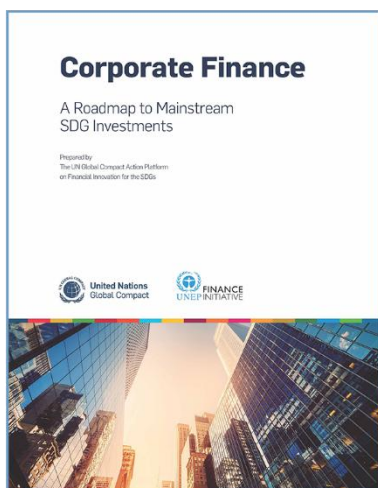
This guide explores the role of the bond market - the largest asset class in the global financial markets - in the realization of the Sustainable Development Goals (SDGs). With US\$ 6.7 trillion of annual issuance, bonds can provide a cheap, reliable, and scalable source of capital for a variety of stakeholders 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 fulfill 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.

⁶ This resource can be downloaded from <https://www.climatebonds.net/resources/reports/role-chief-financial-officer-driving-low-carbon-transition>



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.

UN Environment Programme Finance Initiative (UNEP FI)

Founded in 1992, for over 30 years UNEP FI has been working with the financial sector, and established the world's foremost sustainability frameworks that help the finance industry address global environmental, social and governance (ESG) challenges. Convened by a Geneva, Switzerland-based secretariat, UNEP FI works with more than 500 banks, and insurers, with assets exceeding US\$170 trillion connecting the UN with financial institutions from around the world to shape the sustainable finance agenda. UNEP FI brings together a large network of banks, insurers and investors that collectively catalyzes action across the financial system to deliver more sustainable global economies.

UNEP FI cultivates leadership and advances sustainable market practice while supporting the implementation of global programmes at a regional level across Africa & the Middle East, Asia Pacific, Europe, Latin America & the Caribbean and North America. 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 has established a network for sharing knowledge and best practices, amplifying the collective voice from the finance sector in policy debate. UNEP FI was the first organization to engage the finance sector on sustainability and incubated the Principles for Responsible Investment, now the world's leading proponent of responsible investment.

UNEP FI supports global finance sector principles to catalyze 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. As of the end of 2023 over 330 signatory banks representing over half of global banking assets have signed up/are signatories to the PRB. The principles laid out in the PRB 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 helps to hold the signatories to account for their collective progress. The principles in the PRB are unique in the robustness of their accountability.

- **Principles for Sustainable Insurance (PSI)** was established in 2012 by UNEP FI and is 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 fulfills its potential role in contributing to achieving the 2030 Agenda for Sustainable Development and the 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 catalyze 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 to understand the commercial risks and opportunities implied by climate, environmental and social issues, and how to act on them. UNEP FI engages with legislators and regulators to help them better understand the role, potential, and policy needs of financial institutions and fosters the dialogue with stakeholders that will steer the finance sector to become an enabler of the transition.

The escalating impact of climate change on our ecosystems is manifesting in disruptive consequences for social well-being, economic development, and the financial stability of both present and future generations. Transitioning global economies to a sustainable future requires rapidly reducing greenhouse gas emissions worldwide to prevent devastating global temperature increase, while at the same time adapting global consumption and production patterns to the physical impacts of climate change.

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 four finance sector ‘net-zero’ alliances, and is working with key stakeholders to help members align portfolios with science-based greenhouse gas emissions pathways through interim targets, leading the private sector ambition towards a sustainable future:

- The industry-led, UN-convened Net-Zero Asset Owner Alliance (NZAOA) convened by the UNEP Finance Initiative and the Principles for Responsible Investment was officially launched at the UN Secretary-General’s Climate Ambition Summit in September 2019. Today, the Alliance counts 87 asset owners representing US\$9.5 trillion in 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 (NZBA) convened by the UNEP Finance Initiative and co-launched with the Financial Services Taskforce (FSTF) of the Prince of Wales Sustainable Markets Initiative (SMI) was launched in April 2021. The signatory banks have more than tripled since the launch and now together 139 banks from 44 countries representing 41% of global banking assets 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.
- The UN-convened Net-Zero Insurance Alliance (NZIA) and its partners, in just 18 months, developed the foundational concepts and frameworks that enable insurers, reinsurers, and other insurance market participants across the globe to individually start or propel their respective net-zero insurance journeys and take urgent and ambitious individual and unilateral climate action. Building on the pioneering work of the NZIA, a structured dialogue and multistakeholder forum led by UNEP will convene and work with insurance market participants (e.g., insurers, reinsurers, brokers) and key stakeholders (e.g., insurance regulators and supervisors and other relevant authorities, net-zero standard-setters and initiatives, sustainability disclosure initiatives, real economy actors, the scientific and academic community, civil society). To advance net-zero insurance thinking and practices globally, priorities will include advancing net-zero insurance frameworks, developing net-zero transition plans, engaging with the real economy, and tackling barriers to ensuring the net-zero transition.
- The UN-convened Net-Zero Export Credit Agencies Alliance (NZECA) launched at COP28 in 2023 by five founding members and three affiliate members in partnership with the University of Oxford, Future of Climate Cooperation and UNEP FI, is the first-of-its-kind net-zero finance alliance that unites leading public finance institutions committed to delivering net-zero economies by 2050 by supporting the decarbonization of trade and facilitating joint action from public and private finance. The alliance consists of global public finance institutions that together supported an estimated \$120 billion in international trade in 2022.

UNEP FI has been working on nature and biodiversity in finance for over 30 years, driving momentum with the financial community on this critical topic. In recent years UNEP FI has formalized collaborations with leading partners including the Convention on Biological Diversity Secretariat, the Finance for Biodiversity Foundation and Pledge, the Coalition for Private Finance in Conservation, the Science-based Targets Network, Global Canopy and the UNEP World Conservation Monitoring Centre, working to promote market-wide

coherence. UNEP FI is a founding partner of the Taskforce on Nature-related Financial Disclosures (TNFD) and supports the uptake and implementation of the framework.

UNEP FI also hosts the Sustainable Blue Economy Finance Initiative which supports the implementation of the Sustainable Blue Economy Principles. Launched in 2018, they 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 principles were developed by the European Commission, WWF, the World Resources Institute (WRI) and the European Investment Bank (EIB) to focus on the intersection between private finance and ocean health.

Ensuring the alignment of financial flows with the global sustainability agenda requires a pivotal role for policies and regulations in sustainable finance. The finance industry is increasingly in need of coherent and robust regulatory frameworks that provide clear guidance, facilitate a just transition in key economic sectors, support the fulfillment of voluntary commitments, and mitigate reputational risks and greenwashing.

UNEP FI adopts a global perspective, aiming to foster consistency between policy and regulatory frameworks worldwide. In pursuit of this objective, UNEP FI actively engages in various multilateral collaboration platforms, including the G20 Sustainable Finance Working Group, the EU Platform on Sustainable Finance, and the International Platform on Sustainable Finance Stakeholder of the Network for Greening the Financial System.

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.

UN Development Programme (UNDP)

According to the most recent Global Wealth Report, published by UBS (2023), total private wealth is estimated to be USD 454.4 trillion. However, it is estimated that a mere 20% of it is held in developing countries, which are home to 84% of the world's population. UNDP and its partners work towards systemic transformation with the goal that, by 2030, the Sustainable Development Goals will be the main global guidance framework for businesses, investors, and governments, and to unlock US\$1 trillion in private capital for the SDGs. As one of the largest service providers in the UN system, working to help countries adapt to climate change and reduce greenhouse gas emissions, UNDP has fostered more than 200 partnerships with private sector actors, including 19 in disaster risk reduction, 78 in sustainable energy, and 25 in climate.

NEW FINANCE INVESTMENT PLATFORMS

[UNDP serves as Secretariat to the G20 Sustainable Finance Working Group](#) (G20 SFWG), which works to improve sustainability reporting, identify sustainable investments, and align International Financial Institutions' efforts with the Paris Agreement through an evidence-based and climate-focused G20 sustainable finance roadmap. As of 2022, Finance Ministers and Central Bank Governors mandated the SFWG to work on developing a framework for transition finance and improving the credibility of financial institution commitments, scaling up sustainable finance instruments, discussing policy levers that incentivize financing and investment, and reporting on progress on the actions of the Roadmap.

[UNDP's Climate Promise](#), on the ground in 127 countries and territories (85% of the developing world), is the world's largest partner to countries to develop and implement their pledges under the Paris Agreement. The Climate Promise supports countries to achieve their Nationally Determined Contributions (NDCs) and to achieve the SDGs through technical expertise in cross-cutting areas - including just transition, circular economy, net-zero pathways, gender mainstreaming, and urban issues.

[UNDP's Chemical and Waste Hub](#) has active projects in 80 countries with a total value of US\$ 400 million to support countries in green transition in agriculture, electronics, appliances, small-scale gold mining, fashion, plastics, waste, cooling sectors to promote sustainable production and consumption without harmful chemicals, circular economy, clean production, and energy efficiency. Many initiatives help create a local investment environment and carry out demonstration projects and technical assistance.

Furthermore, through the launch of UNDP's Nature Hub, working with a broad network of partners to safeguard the natural capital that underpins our well-being, our economies and societies, the Nature Hub hosts several flagship initiatives such as [UNDP's Biodiversity Finance Initiative](#) - currently present in more than 40 countries globally, across all regions, works with governments, civil-society, vulnerable communities, and the private sector to catalyze investments in nature, [The Nature Facility](#) that directs high-impact investments into the world's most at-risk ecosystems, and the [Biodiversity Credit Alliance](#), to create a viable, transparent and accountable market for nature.

In support of innovative risk financing for climate resilience, through the recently established [Insurance and Risk Finance Facility](#) (IRFF), UNDP works with 17 of the world's largest insurers to build financial resilience to climate and other risks through sovereign risk financing solutions and long-term governance work in 22 countries. While insurance and risk finance can act as powerful tools to build financial resilience in developing countries, the initiative seeks to address the fundamental issues in the insurance industry as insurers are often reluctant to engage in developing countries where they have a limited understanding of the local landscape.

UNDP has also launched the [SDG Impact Standards](#) for enterprises, investors and bonds, which are voluntary internal management standards designed to help businesses and investors embed sustainability and the SDGs into their management systems and decision-making practices, similar to ISO standards. In complementarity, UNDP also launched the [SDG Investor Maps](#), which have already been produced in 35 countries, in close collaboration with key stakeholders at the local level. The Investor Maps help to identify proven, scalable business models with significant positive impact on the SDGs, combined with high returns. To date, more than 550 Investment Opportunity Areas across a wide variety of sectors and industries such as Renewable energy, technology and communications, infrastructure, healthcare, and others.

[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 such as the Sustainable Insurance Forum (SIF) and the Taskforce for Nature-Related Financial Disclosures (TNFD).

UNDP can provide countries with access to a uniquely comprehensive package of services across public and private financing for sustainable development through the [Sustainable Finance Hub](#) (SFH). SFH offers solutions across 4 service areas and 23 competencies,

covering SDG-aligned financing in tax, budgeting, debt, risk finance, insurance, blended finance, commercial investment, financial inclusion, business operations, digital finance, fintech and other areas.

As part of the Sustainable Finance Hub, [UNDP's Istanbul International Center for Private Sector in Development](#) (ICPSD) supports the private sector and foundations in becoming transformative partners in the development of economies. The Centre works through engaging foundations and the private sector to deliver policy advice and technical services in four thematic areas (1) Private Sector Engagement through South-South Cooperation for the SDGs, (2) Private Sector Engagement in Digital Transformation and Skills Development, (3) Impact Investing, and (4) Resilience and Crisis Response.

Through ICPSD's Impact Investing thematic area, the [Global Islamic Finance and Impact Investing Portfolio](#) (GIFIIP) was launched, with the aims to promote market-based solutions to sustainable development challenges by creating a collaborative working space among these actors.

Through the UN SDG Joint Fund, UNDP together with UNICEF, UNIDO, and UNEP received funding to implement the [Indonesia Green Sukuk Initiative](#), seeking to leverage USD 4.5 billion in public and private capital through the establishment of a Green Sukuk sharia-compliant bond, where 100% of the proceeds are going exclusively to finance or re-finance green projects that contribute to mitigation and adaptation of climate change as well as preservation of biodiversity.

SUSTAINABLE DEVELOPMENT GOALS FINANCING SOLUTIONS

The financing needed to achieve the Sustainable Development Goals (SDGs) will greatly surpass all current development finance flows but can also be 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 realizing 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: An 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 of generating 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/fertilizer 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.

UN Capital Development Fund (UNCDF)

UNCDF's vision is to help mobilize and catalyze an increase of capital flows for SDG impactful investments to Member States, especially LDCs, to address the most pressing development challenges facing vulnerable communities in these countries and thereby contribute to sustainable economic growth and equitable prosperity.

UNCDF's mission is to support market development by enabling access to finance in high-risk environments for impactful investments by providing financial instruments, financial mechanisms, and financial advisory. In partnership with United Nations agencies and other Development Partners, UNCDF will use these tools with speed and agility to deliver scalable blended finance solutions to pave the way for commercial finance, drive systemic change and thereby contribute to the SDGs.

UNCDF performs this role through a business model that optimizes its investment mandate and financing expertise to blend and deploy a suite of financial instruments for blended finance solutions in high-risk markets.

UNCDF's unique approach gives it several advantages. Notably, UNCDF does not use a credit rating or liabilities to investors but is also able to offer low interest rates and guarantee fees and onboard risks. As such its service offering complements development finance institutions and international finance institutions that cannot go where UNCDF is prepared and designed to go. UNCDF has the mandate, the capabilities, and the ethos to confront the difficulties that developing countries and least developed countries experience in accessing the financing necessary to capitalize on their own national development visions – both the macro challenges and the real economy challenges in risky markets.

As per its Strategic Framework 2022-2025, UNCDF seeks to contribute to three inter-linked development objectives: catalyze additional private and public flows of capital; strengthen market systems and financing mechanisms; accelerate inclusive, diversified, green economic transformation.

The remainder of the section overviews key examples of UNCDF initiatives to deploy blended finance solutions to crowd-in finance for developing countries.

BLENDED FINANCE VEHICLES: FINANCING VEHICLES THAT DEPLOY GRANTS, LOANS, GUARANTEES, AND RELATED TECHNICAL ADVISORY SERVICES

I. BRIDGE Facility: The BRIDGE Facility is UNCDF's vehicle for deploying loans and guarantees, and for leveraging scarce official development assistance resources through revolving financial instruments that allow the reuse of resources to maximize development impacts.

By de-risking projects and businesses that cannot access commercial financing, the facility bridges a financing gap and complements other financial institutions. Through its catalytic financing, UNCDF supports small businesses and projects to become investment-ready and to access commercial funding.

Since 2017, the BRIDGE Facility has deployed 42 transactions for a total value of USD 18.1 million in 11 LDCs. The portfolio companies have collectively raised an additional USD 21.6 million in catalytic funding following UNCDF's support, highlighting the multiplier effect of the Facility. Earmarked Facility windows, especially through partnerships with UN entities, have around USD 50m under management.

For example, UNCDF provided a loan of \$350,000 to an innovative renewable energy firm in the Democratic Republic of Congo, Altech, at a time when few other financiers saw them as bankable. The UNCDF loan allowed the firm to grow and demonstrate creditworthiness. In 2023, Altech subsequently secured \$18 million in new financing and as a result, the firm provided energy access to 900,000 new clients in the DRC and created thousands of green jobs.

In Papua New Guinea, in collaboration with UN-Women, UNCDF established a \$225,000 portfolio guarantee, offering 25 percent first-loss coverage to provide women-owned businesses with access to financing through the Women's Micro Bank Limited. The leveraged nature of the guarantee enables the bank to extend loans totaling \$800,000 upon full utilization.

II. BUILD Fund: UNCDF, in partnership with impact investment firm Bamboo Capital Partners, established the blended investment vehicle 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 a first-loss investment layer capitalized by concessional capital from governments and philanthropic organizations that insulate commercial investors from early losses.

The Fund invests in growing SMEs with ticket sizes ranging from \$250,000 to \$2.5 million. This fund has raised over \$70 million and is complemented by a Technical Assistance Facility managed by UNCDF. As of early 2024, the fund has invested \$11 million through nine transactions, with an additional \$14 million under due diligence.

In Zambia, the Fund invested \$1.5m in a Zambian-owned meat processing and supply chain company. The company processes meat products that are distributed through its own retail network of outlets in Zambia. The company will use the funds to unlock main production bottlenecks for the next phase of growth, support small-scale out growers with pre-financed inputs, and enable the expansion of the retail network. In Uganda, the BUILD Fund-financed WATU Credit, a fintech business that provides motorbikes under a lease-to-own model, offers economic opportunities for youth in particular.

III. Global Fund for Coral Reefs (GFCR): UNCDF manages the secretariat for the Global Fund for Coral Reefs (GFCR), the first UN impact fund dedicated to SDG 14. Through blended finance and innovative public-private partnerships, the GFCR is catalyzing sustainable finance and business approaches for the conservation of coral reef ecosystems and the development of the communities that depend on them.

Combining a grant fund, managed by UNCDF, and an investment fund, the initiative has raised \$225 million as of early 2024, including \$90 million for grants and \$135 million through the investment fund and currently supports projects in 19 countries.

For example, in collaboration with the Joint SDG Fund, UNDP and local partners, the GFCR supported the protection of Fiji's Great Sea Reef, providing technical assistance and de-risking capital for the incubation of bankable projects and businesses focused on coral reef protection, including in areas such as organic fertilizers, sanitary landfills, aquaculture and sustainable fisheries.

UN INTERAGENCY COLLABORATION

As a UN financing arm to unlock private sector investment, UNCDF increasingly works with other entities in the UN development system to enable them to access and benefit from its capital mandate and financing toolbox to unlock private capital in support of their development objectives.

I. The Investment Advisory Initiative, funded by the Government of the Netherlands, deploys investment advisers to work closely with United Nations resident coordinators and country teams in 15 African countries. The advisers provide strategic support for Sustainable Development Goal financing efforts at the transactional and policy levels. This initiative has fostered engagement with 17 United Nations entities as of 2024, providing development finance policy advice, identifying and supporting sustainable investment projects, and

designing innovative development financing initiatives targeting the private sector and investment community.

II. UNCDF and the World Food Programme (WFP) have entered a global partnership to support innovative financing for sustainable food systems. In Rwanda, UNCDF and WFP with funding from the Mastercard Foundation, work with a local financial institution to provide a guarantee mechanism to increase access to financing for youth and women-led micro, and small and medium-sized enterprises in agricultural value chains.

III. Nutrition Supplier Finance Facility: UNICEF and UNCDF, with support from the Children's Investment Fund Foundation (CIFF), have entered a financing partnership to combat child malnutrition through investments in local production and manufacturing of essential nutrition supplies for children. UNCDF will establish and manage the Nutrition Supplier Finance Facility to activate financing for local manufacturers of ready-to-use therapeutic foods (RUTF) and other essential nutrition supplies in Africa. The Facility will make finance available for scaling up local production and enhancing supply chain resilience.

INNOVATIVE FINANCE INSTRUMENTS

Mobilizing private finance through capital markets. UNCDF supports national and local governments to raise private capital for revenue-generating infrastructure projects.

I. Tanga Water Bond: In the United Republic of Tanzania, UNCDF with the Government and the capital market regulator supported the Tanga Urban Water Supply and Sanitation Authority to issue a first-ever local currency infrastructure bond with green bond status supporting municipal infrastructure. The bond was launched on the Dar es Salaam stock exchange in early 2024 and successfully raised a targeted \$21 million.

II. Blue Peace Financing Initiative: Together with the four member countries of the Gambia River Basin Development Organization, UNCDF, and the Swiss Agency for Development and Cooperation are supporting the development of an integrated development master plan for the river basin with a pipeline of infrastructure projects and is designing an innovative blue bond to finance these projects.

III. Fiji Blue Bond: Together with UNDP and other partners, UNCDF supported the Government of Fiji to issue its first blue bond in 2023 for \$10 million.

FINANCIAL INCLUSION

UNCDF supports the development of digital finance solutions to increase financial inclusion and drive transformation towards inclusive digital economies. It leverages financial technology ('fintech') innovations to increase access to finance for micro, small and medium-sized enterprises as well as previously hard-to-reach populations.

I. The UNCDF-led Pacific Insurance and Climate Adaptation Programme supports market ecosystems to deliver innovative risk transfer solutions for vulnerable communities. In the pilot phase, some 60,000 individuals have benefited from UNCDF-supported parametric microinsurance schemes offering financial protection against climate shocks, enabled by digital payments.

II. For example, in Tanzania, UNCDF supports the PesaTech Accelerator program to foster start-ups in the fintech space to test their products and scale up across Tanzania and beyond. The initiative also helps fintech firms raise investment capital and partners with banks, mobile network operators and multinational fintech companies to offer business, technological, and operational support to startups.

PRIVATE SECTOR ENGAGEMENT

UNCDF possesses a singular ability to engage with the private sector through the use of its investment mandate and financial instruments.

UNCDF structured an investment vehicle for renewable energy in Zimbabwe, expecting to close at \$50 million on the back of an \$ 8 million loan courtesy of the Joint SDG Fund. This is a structure that will have us engage with market actors like Stanbic and Old Mutual Zimbabwe to deliver a vehicle that will crowd-finance in the form of private equity while enhancing the confidence that will lead to future lending.

NATURE ASSETS

Through its tailored financial vehicles and tools, UNCDF focuses on scaling up investment in solutions that place nature at the heart of the economic transition to enable long-term resilience and restoration.

Africa Adaptation Initiative (AAI) Food Security Accelerator: In collaboration with the United States Department of State and the Africa Adaptation Initiative (AAI), UNCDF in 2023 launched the **AAI Food Security Accelerator** to invest in climate-adaptive food system solutions. The Government of Canada also joined the initiative in early 2024. The Accelerator focuses on fostering nature-positive, climate adaptation-centric businesses in Africa. It seeks to mainstream adaptation into food systems by building and investing in a select portfolio of African-led investment funds and businesses, connecting international capital with African talent, catalyzing African-led agri-innovations and de-risking investments for resilient food systems.

International Fund for Agricultural Development (IFAD)

The International Fund for Agricultural Development (IFAD) is a specialized agency of the United Nations that works to address poverty and hunger in rural areas of developing countries. 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.

Private Sector Financing Programme (PSFP)

Approved in February 2021 and to raise 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, the Caribbean and Pacific States, IFAD, Luxembourg, and the Alliance for a Green Revolution in Africa.

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 fund provides loans and equity investments

adapted to the needs of rural SMEs, farmers' organizations, Agripreneurs and rural financial institutions. 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 catalyzes blended capital and provides technical assistance to investees through a dedicated facility.

The fund targets commercially viable ventures that can help create rural employment for youth, and women. The fund also prioritizes climate-smart projects that promote sustainable production. The objective is to mobilize 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 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 SAFIN network, facilitated by a team housed in IFAD, is comprised of approximately fifty institutions from the private, public and philanthropic sectors, including governments, different types of finance providers and financial intermediaries, development banks, and farmers' organizations.

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 mobilize 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.

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



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