

2025 INFF Facility Partner Meeting

SESSION FOUR

Unlocking private finance

Date and time: 22 January 2025, 14:30-15:30

Moderator: Şebnem Şener, sebnem.sener@undp.org

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Background

With only 17% of the SDG targets on trackⁱ and a rapid acceleration in the climate and biodiversity crises, it is essential that the global community finds solutions to accelerate sustainable development progress. The financing gap for the SDGs is estimated at more than \$4 trillion while the cost of delivering existing nationally determined contributions to the Paris Agreement is around \$5.8 trillion by 2030.ⁱⁱ

Private finance plays a decisive role in addressing this financing gap and accelerating progress towards the 2030 Agenda. At the global level, institutional investors hold U\$100 trillion in assets under management which could drastically reduce the SDG financing gap if a higher proportion of their assets was invested towards SDG priorities. However, only about 6% of the assets held by institutional investors are invested in developing markets,ⁱⁱⁱ even without considering the SDG alignment of their investments. Various factors are at play, including higher investment risks — both real and perceived — as well as an uncondusive investment environment and a lack, or lack of awareness, of bankable pipeline of projects to attract investments. Addressing this challenge requires collaboration across government, the private sector and civil society to bring about reformative changes to enable the flow of sustainable finance.

The Zero draft of the Outcome document of the Fourth International Conference on Financing for Development highlights the critical importance of private finance in financing the SDGs. Development of business enabling environments and domestic financial and capital markets, enhancing financial inclusion, promoting FDI, catalysing private finance through blended finance linking to SDG impact, capacity building through pooled TA platform, and aligning private business and finance with the SDGs are critical drivers for enhancing private finance to the SDGs as identified in the Zero draft of FFD4 outcome document. The role that INFFs can play aligning private business and finance with the SDGs is also recognised including in relation to transition planning.

Countries are using INFFs to shape, accelerate and bring together private financing policies and reforms that unlock and align financing from the private sector with national sustainable development priorities. The 2023 INFF survey found that 43% of financing reforms and policies being advanced through INFFs are related to private financing.^{iv} Countries are using INFFs to hardwire sustainability into the fundamental development of the financial sector, catalyse innovation in the financing landscape, identify investment opportunities and project pipelines addressing SDG priorities, and channel funds from investors to impact-informed investment projects.

The INFF approach can help advance innovation and partnership across aspects that are key to further unlocking private SDG investment at scale. **Building SDG investment project pipelines** and strengthening intermediation is a priority in many contexts. UNDP has developed over 50 SDG investor maps identifying more than 600 investment opportunity areas that can catalyse SDG impact.^v Based on this market intelligence, countries are developing investment pipelines: Nigeria for example has developed a \$175 million pipeline which is already yielding investment transactions. On the supply side of financing, the Global Gateway—the European Union’s contribution to narrowing the global investment gap — aims to mobilize up to €300 billion of investments between 2021 and 2027 into sustainable development priorities of the partner countries.

Investment derisking and blended financing is necessary in many contexts to facilitate the actual transactions. In Senegal, for example, credit guarantees from the African Development Bank are facilitating €400 million for green and social investment. Creating an enabling environment is necessary to support the successful implementation of the projects. In addition to mobilizing private finance, **enhancing SDG impact** is equally beneficial in achieving the SDGs. Many countries are moving from ESG to SDG impact-based approach, where the considerations of SDG impact are mainstreamed through the strategy, decision making and operations of public and private sector. For example, Thailand Securities and Exchange Commission has adopted SDG impact-based reporting framework for its publicly listed companies marking the first of its kind effort by a financial regulator to move towards SDG impact-based reporting. To further accelerate this effort, **ISO and UNDP have jointly launched Guidelines for SDGs** in 2024 that provide a common approach for businesses and organizations to align their strategies with the SDGs and document progress towards achieving them. The INFF provides a catalyst for whole-of-cycle approach to unlocking private capital, encompassing these elements while **strengthening the enabling environment** for SDG-aligned private investment. The role of financing strategies that support delivery of transition plans has been emphasized by investors such as Aviva, enabling the channeling of financing from international investors to sustainable development priorities.^{vi}

The successful mobilization of finance and enhancing its SDG impact requires a collaboration across governments, investors, private sector and international

community across multiple interventions from pipeline building, derisking, creating an enabling environment, and adoption of SDG impact approach.

Objectives

- Exchanging experiences and potential for INFFs to unlock sustainable, impactful private investment at the country level
- Understand the key opportunities and challenges related to mobilising SDG-aligned finance from private sector for sustainable development priorities
- Highlight the role and expectations from governments, private investors, international community and MDBs, and discuss the potential collaboration between different stakeholders in relation to scaling financing to sustainable development

Guiding questions

- How is INFF process being used at the country level to unlock financing from the private sector towards country's sustainable development priorities, from the perspective of the government, investor and international development community?
- What opportunities and challenges are there to scale private financing for sustainable development?
- What commitments can be made through the FfD4 outcome to advance this agenda?

Agenda

TIME	SESSION	SPEAKERS
5 mins	Introduction	Moderator: Sebnem Sener , Head, Private Finance for the SDGs, UNDP
25 mins	Panel/roundtable/workshop discussion 5 minutes per panellist	Panellists: <ul style="list-style-type: none"> • Antti Karhunen, Director for Sustainable Finance, Investment and Jobs; Economy that works for the People, European Commission • Etemore Maria Glover, CEO, Impact Investors Foundation • Luhur Fajar, Project Development and Matchmaking Specialist, National SDGs Secretariat, Ministry of National Planning, Indonesia • Javier Garcia, ISO Vice-President (technical management) - Spain and Director General, Spanish Association for Standardization • Fernando Jiménez-Ontiveros, Director for Multilateral, Horizontal and Financial Cooperation, AECID
20 mins	Discussion	<i>Moderated discussion with one round of responses to questions from the panel.</i>
5 mins	Key takeaways	

ⁱ UN, 2024, [The Sustainable Development Goals Report 2024](#).

ⁱⁱ UNFCCC Standing Committee on Finance, 2021, [First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement](#). Figures are based on costed needs identified in 78 NDCs.

ⁱⁱⁱ <https://www.oecd.org/dac/financing-sustainable-development/Mobilising-institutional-investors-for-financing-sustainable-development-final.pdf>

^{iv} INFF Facility, 2024, [Making finance work for people and planet](#).

^v <https://sdgprivatefinance.undp.org/leveraging-capital/sdg-investor-platform>

^{vi} <https://www.avivainvestors.com/en-gb/views/aiq-investment-thinking/2023/11/tipping-points/>