Investing in the SDGs – An Action Plan

Sustainable Trade and Investment in Asia
Time for Action

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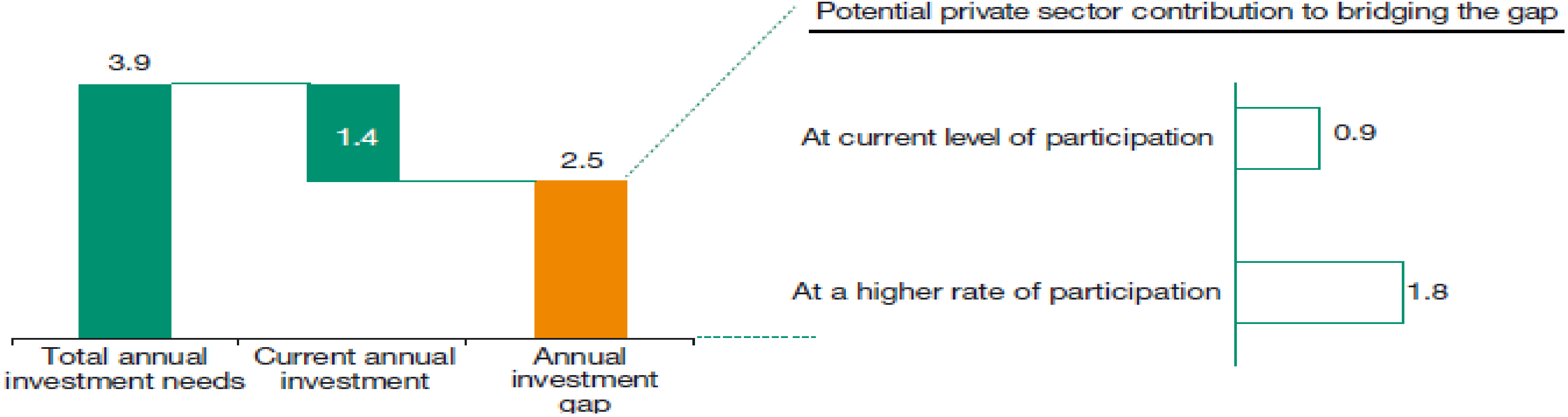
Estimated annual Investment needs and potential private sector contribution (trillions of dollars)



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1. A wide range of investors, domestic and foreign, are potential sources of external finance for development including

- commercial banks,
- state-owned banks,
- pension funds,
- insurance companies,
- multinational enterprises,
- sovereign wealth funds,
- foundations,
- endowments,
- family offices and venture capital funds.

However, to access and use these sources effectively for SD purposes requires:

- leadership (at the global, regional and national levels) and
- a range of dedicated policies for SD and action plans to achieve the sustainable development goals (SDGs).

2. Deciding which sources of external finance and the appropriate level and mix of different sources depends on country circumstances

- Among others, partnerships between public, private and foreign investors have increasingly been recognized as an effective and appropriate mechanism for managing the complexity of the development challenges facing developing countries and for meeting the SDGs.

- Significant areas in which such partnerships might be most effective include promoting infrastructure development, mitigating climate change and increasing agriculture production. commercial banks,

3. Innovative financing solutions to support sustainable development, including

- new financial instruments,
- investment funds and financing approaches,

have the potential to contribute significantly to the realization of the SDGs

- But to date they remain relatively small in scale and limited in scope, may operate on the margins of capital markets, and such sources of innovative finance are not always stable.

- Prevalent examples which could be scaled up include:
  - green bonds and development impact bonds;
  - impact investing; vertical funds;
  - matching funds;
  - front-loading of aid;
  - future-flow securitization; and
  - crowd funding

4. FDI will remain a critical source of finance for developing countries.

5. Policy actions are essential to direct investment to SD sectors and maximize the outcomes:

– Channelling investment can only occur in the context of a conducive and effective SD-orientated framework, including for instance:

  - Investment promotion strategies focusing on SD sectors, which also involve re-configured institutions such as SD investment development agencies developing pipelines of “bankable” projects.
  - A reorientation of investment incentives.
  - Innovative partnerships, e.g. between home and host country investment promotion agencies, partnerships between SVEs (small vulnerable economies), TNCs and MDB (multilateral development banks) in strategic sectors or industries.
  - A new generation of IIAs, including provisions to safeguard policy space for sustainable development.

5. Policy actions are essential to direct investment to SD sectors and maximize the outcomes (cont):

Mobilizing financing requires enabling innovative financing and a re-orientation of financial markets, e.g.

- SD investment impact indicators, including a contribution rating
- Integrated reporting and multi-stakeholder monitoring
- Sustainable stock exchanges (linked to responsible investment)

THANK YOU

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http://investmentpolicyhub.org

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