SDIP

WORLD ECONOMIC FORUM

# Sustainable Development Investment Partnership

ANNUAL REPORT

2021-2022

SDIP is financially supported by

Funded by the European Union

meridiam INVESTING FOR THE COMMUNITY

Department for Environment Food & Rural Affairs

MacArthur Foundation

SDIP Sustainable Development Investment Partnership

OECD
BETTER POLICIES FOR BETTER LIVES

WORLD ECONOMIC FORUM

**Disclaimer**
This publication was produced with the financial support of the European Union. Its contents are the sole responsibility of the World Economic Forum and do not necessarily reflect the views of the European Union.

**Cover:** World Economic Forum – **Inside:** Getty Images

# Contents

# Foreword

**Susanna Moorehead**
Chair, Development Assistance Committee, Organisation for Economic Co-operation and Development

**Antonia Gawel**
Head, Climate Change; Deputy Head, Centre for Nature and Climate, World Economic Forum

More than two years after the onset of the COVID-19 pandemic, emerging markets and developing economies (EMDEs) continue to face the burdens of debt distress and limited access to the financing and investment needed for a full recovery, hindering progress to achieve the Sustainable Development Goals (SDGs). In 2021, debt levels in developing countries rose to $11.1 trillion, the highest on record.[1] The human cost of the pandemic is immense: more than 6.4 million deaths;[2] 160 million more people in poverty; and 137 million people losing their jobs.[3] Supply chain disruptions have increased disparities and COVID-19 vaccine coverage remains alarmingly low in EMDEs.[4] Conflict is on the rise in many parts of the world. Geopolitical instability disproportionately affects the vulnerability of developing countries, exacerbating inflation and macroeconomic stability risks, and causes food, fuel and fertilizer price shocks. Climate change is unduly impacting more vulnerable countries and poor women and men living in them.

These growing and complex challenges make it more urgent than ever to cooperate further and find solutions to increase sustainable development finance. Times have changed fundamentally since the Organisation for Economic Co-operation and Development's Development Assistance Committee and the World Economic Forum formed the Sustainable Development Investment Partnership (SDIP) in 2015. The SDGs were new and represented promising ambitions to enable sustainable investment. We were optimistic about our commitments to increase capital from catalytic and public-sector sources and leverage the development finance institutions to crowd in large-scale private-sector financing and investment.

SDIP has succeeded in innovating in areas that were traditionally in the realm of public-sector funding, moving towards a model of public- and private-sector cooperation to increase and improve investment towards the 2030 Agenda for Sustainable Development. Some examples:

- SDIP's Country Financing Roadmap (CFR) pilot in Saint Lucia addressed the enabling environment in this small island developing state (SIDS).
- The CFR led to programmes for labour force reskilling to reduce economic dependence on tourism and the launch of the Blue Recovery Hubs for SIDS in Fiji.
- SDIP's Global Future Council on SDG Investment addressed the opportunities to improve the enabling environment by demonstrating the real (as opposed to perceived) investment risk in EMDEs. This contributed to financing for small and growing businesses and affordable housing in Ghana, and complemented the outcomes of the CFR there.
- The "Principles for Financing a Just and Urgent Energy Transition" (the JUET Principles) were launched at COP26 to address the enabling environment for clean, equitable energy transitions. They are the foundational principles for several global initiatives, including the Forum's work on just transitions.
- The Emerging Markets Transition Investment initiative, in cooperation with the UN-convened Net-Zero Asset Owner Alliance and the EU-ASEAN Business Council, is developing innovative financing mechanisms to open new financing and investment opportunities in the transition to a nature-positive and net-zero global economy.
- The Building a Natural Capital Market in Asia-Pacific initiative is collaborating with the most relevant public- and private-sector actors in the natural and biodiversity finance sector to create biodiversity credits markets.
- The creation of the SDG Investment Club seeks to draw public commitments from private investors to invest 1% of their portfolio in promoting the SDGs, which could lead to an additional $3 trillion per year of global private-sector capital for the SDGs.

Better and more innovative thought leadership and collaboration are needed more than ever to help large-scale investment reach where it is most needed. The world is still nowhere near reaching the estimated $4.5 trillion needed for sustainable development in EMDEs.

The existential threat of climate change is intensifying and the promised finance, not to mention what is really needed, to help EMDEs adapt and manage just transitions is also falling short. People living in EMDEs are already facing the nefarious consequences of climate change, and the 2030 Agenda will not be reached unless faster and more sustained progress is made on achieving the Paris Agreement goals. We must make sure that short-term pressures do not distract attention from the equally urgent climate crisis. To reflect this reality, SDIP's work will evolve and will now be continued through a cross-cutting Nature and Climate Finance pillar within the World Economic Forum Centre for Nature and Climate.

On behalf of SDIP, we would like to thank the donors, members and partners with whom we collaborate to increase financing for sustainable development.

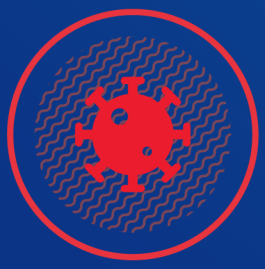
# Executive summary

The COVID-19 pandemic has cast a long shadow over economic and social development and, as underscored in the Sustainable Development Investment Partnership (SDIP) *Annual Report 2020/21*, the reality is that although the challenges are global in their reach, they are not uniform in their impact on livelihoods. While the global sociopolitical and economic landscape has altered in many ways over the last 12 months, developing countries continue their struggle to adapt to ongoing global disruption and the lingering and far-reaching effects of the pandemic. From this context emerges a pressing question: what are the continuing hindrances to sustainable finance? The work of SDIP brings to light the fact that many of the solutions proposed to address the barriers restricting finance in developing countries often remain two-dimensional and do not address the root causes. To advance progress, SDIP emphasizes complex nuances and specificities in the national context, government contributions, innovative market mechanisms and target initiatives, among a host of other factors discussed in this report.

SDIP's work on the ground in emerging markets and developing economies (EMDEs) has provided a focal point for bringing together local knowledge, global expertise and thought leadership for context-specific solutions that address national and regional concerns. In addition to the consequences of the pandemic, geopolitical issues across the globe are further impeding recovery efforts in developing countries, including their impact on the supply of agricultural, natural and energy resources. In response to these challenges, SDIP has strengthened its focus on convening and unlocking ways to crowd in financing by building alliances and pathways that move the world towards more innovative financing solutions. Driven by this aim, SDIP has pivoted from Country Financing Roadmaps to Sustainable Investment Pathways, which convene public- and private-sector, philanthropic and community stakeholders to identify the sources of capital and technical resources for priority Sustainable Development Goals.

SDIP has connected an established global network of stakeholders and impactors across the public and private sectors, including government, development finance institutions, United Nations organizations, foundations and philanthropic institutions. SDIP's position within the World Economic Forum cuts across various sectors and industries. Deep collaborations and partnerships have provided opportunities for SDIP to develop a holistic and panoramic view of the finance ecosystem, which has successfully translated into actionable steps and meaningful outcomes in sustainable finance. In the past year, SDIP initiated the development of market structures, policies and financing instruments for priority sectors, including nature and biodiversity in the Asia-Pacific region, and for small and growing businesses in Ghana and Zambia, and continued to work on financing the just energy transition in EMDEs. Thus, building on concerted efforts in core impact areas, SDIP's tangible outcomes and successes over the last year touched the development finance system in myriad ways.

# POST-PANDEMIC PROGRESS IN THE CURRENT GLOBAL LANDSCAPE



GDP growth in Association of Southeast Asian Nation (ASEAN) countries rebounded from -3.4% in 2020 to +3.0% in 2021 and is projected to increase to +5.2% in 2022.[5]

GDP growth in Sub-Saharan Africa rebounded from -2.1% in 2020 to +4% in 2021 and is projected to decrease to +3.6% in 2022.[6]

Global debt reached a record $303 trillion[7] in 2021, and the International Monetary Fund and World Bank estimate that 60% of low-income countries are in or approaching debt distress.[8]

Developing country exports in 2021 were approximately 30% higher than during the same period in 2020, compared with 15% for wealthier nations, and South-South trade growth was above the global average, increasing 32% year-on-year.[9]

Inequality continues to widen: the richest 10% of the world's population holds 76% of global wealth.[10]

## 2030 AGENDA

A record 345 million people are on the brink of starvation and 50 million are close to experiencing famine.[11]

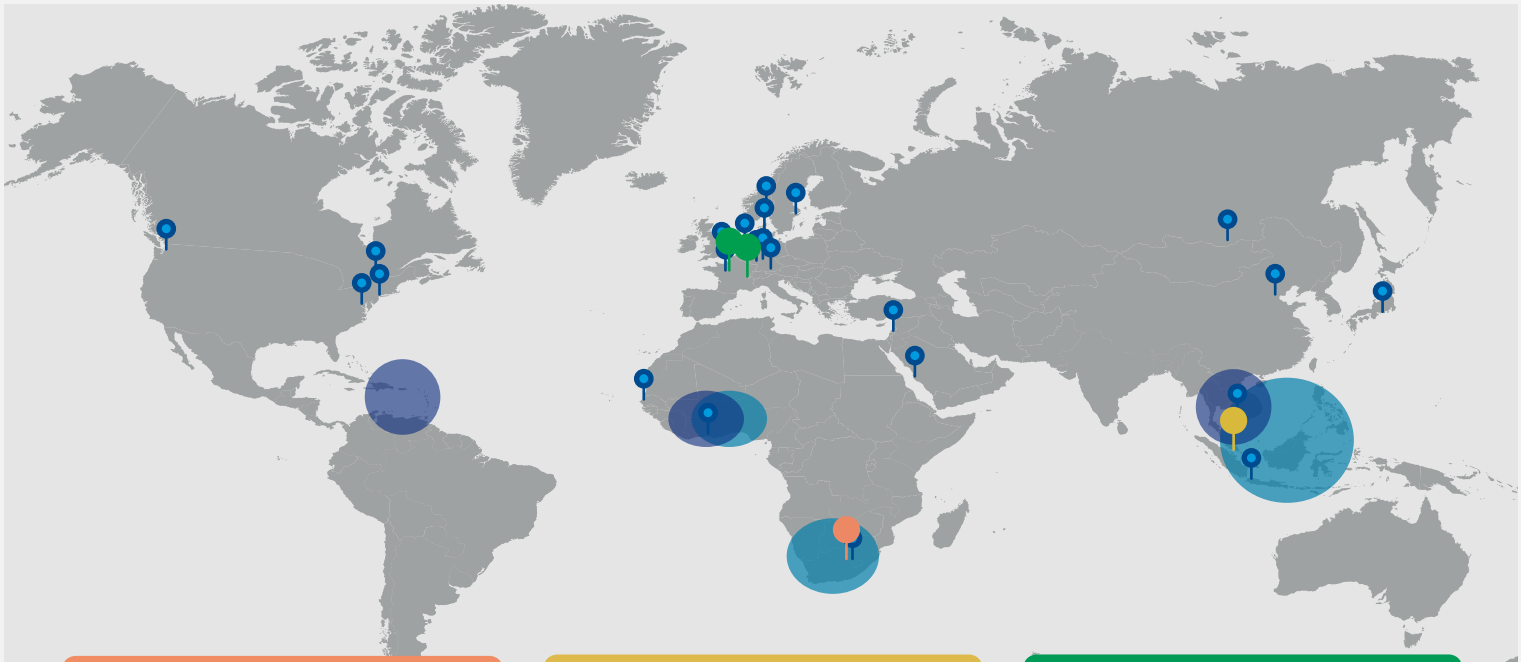
Africa is only halfway towards achieving the SDGs and targets by 2030, but the United Nations estimates that achieving the SDGs could open $12 trillion in market opportunities and 380 million jobs by 2030.[12]

Progress towards the SDGs in the Asia-Pacific region has slackened while the COVID-19 pandemic and climate change have aggravated development challenges. The region is not progressing sufficiently to achieve any of the SDGs.[13]

Besides the immense challenges for emerging markets and developing economies to overcome the effects of the pandemic, "An economic tsunami is about to engulf the developing world and many poor countries are simply not prepared to deal with the economic, social, and political consequences".[14]

# 1 The SDIP community

The Sustainable Development Investment Partnership (SDIP) is a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the World Economic Forum that brings together a diverse global community of 43 members – governments, development banks, financing institutions, foundations, etc. – worldwide. Activities and engagements connect global, regional and local actors.



## SDIP Africa Hub

**South Africa**

Hosted by the Development Bank of Southern Africa, the SDIP Africa Hub is based in Johannesburg

## SDIP ASEAN Hub

**Singapore**

In collaboration with Grow Asia, the SDIP ASEAN Hub is based in Singapore

## SDIP Global

**France**

SDIP is co-hosted by the OECD in Paris

**Switzerland**

The SDIP Secretariat is located in Geneva at the World Economic Forum

## SDIP donors

Funded by the European Union

meridiam
INVESTING FOR THE COMMUNITY

Department for Environment Food & Rural Affairs

MacArthur Foundation

# 2 SDIP members and partners

Welcome new members: Islamic Development Bank (IsDB) and The United Nations Capital Development Fund (UNCDF)


## SDIP members

- African Development Bank Group (AfDB)
- Agence Française de Développement (AFD)
- Allianz
- Asian Development Bank (ADB)
- Asian Infrastructure Investment Bank (AIIB)
- Bill & Melinda Gates Foundation
- Citibank
- Deutsche Bank
- Development Bank of Southern Africa (DBSA)
- East Capital
- European Bank for Reconstruction and Development (EBRD)
- European Investment Bank (EIB)
- FMO
- Fonds Souverain d'Investissements Stratégiques (FONSIS)
- Government of Cambodia
- Government of Canada
- Government of Côte d'Ivoire
- Government of Denmark
- Government of Jordan
- Government of Norway
- Government of Sweden
- Government of the Netherlands
- Government of United Kingdom
- Government of United States of America
- Guggenheim Partners LLC
- HSBC
- Industrial Development Corporation of South Africa (IDC)
- Inter-American Development Bank (IDB)
- International Finance Corporation (IFC)
- Investment Fund for Developing Countries (IFU)
- Islamic Development Bank (IsDB)
- Japan International Cooperation Agency (JICA
- Meridiam
- Mitsubishi UFJ Financial Group (MUFG)
- Multilateral Investment Guarantee Agency (MIGA)
- PensionDanmark
- Pensionskassernes Administration (PKA)
- Prudential Plc
- Standard Bank
- Standard Chartered Bank
- Storebrand
- Sumitomo Mitsui Banking Corporation (SMBC)
- The United Nations Capital Development Fund (UNCDF)

## Strategic agreements with SDIP

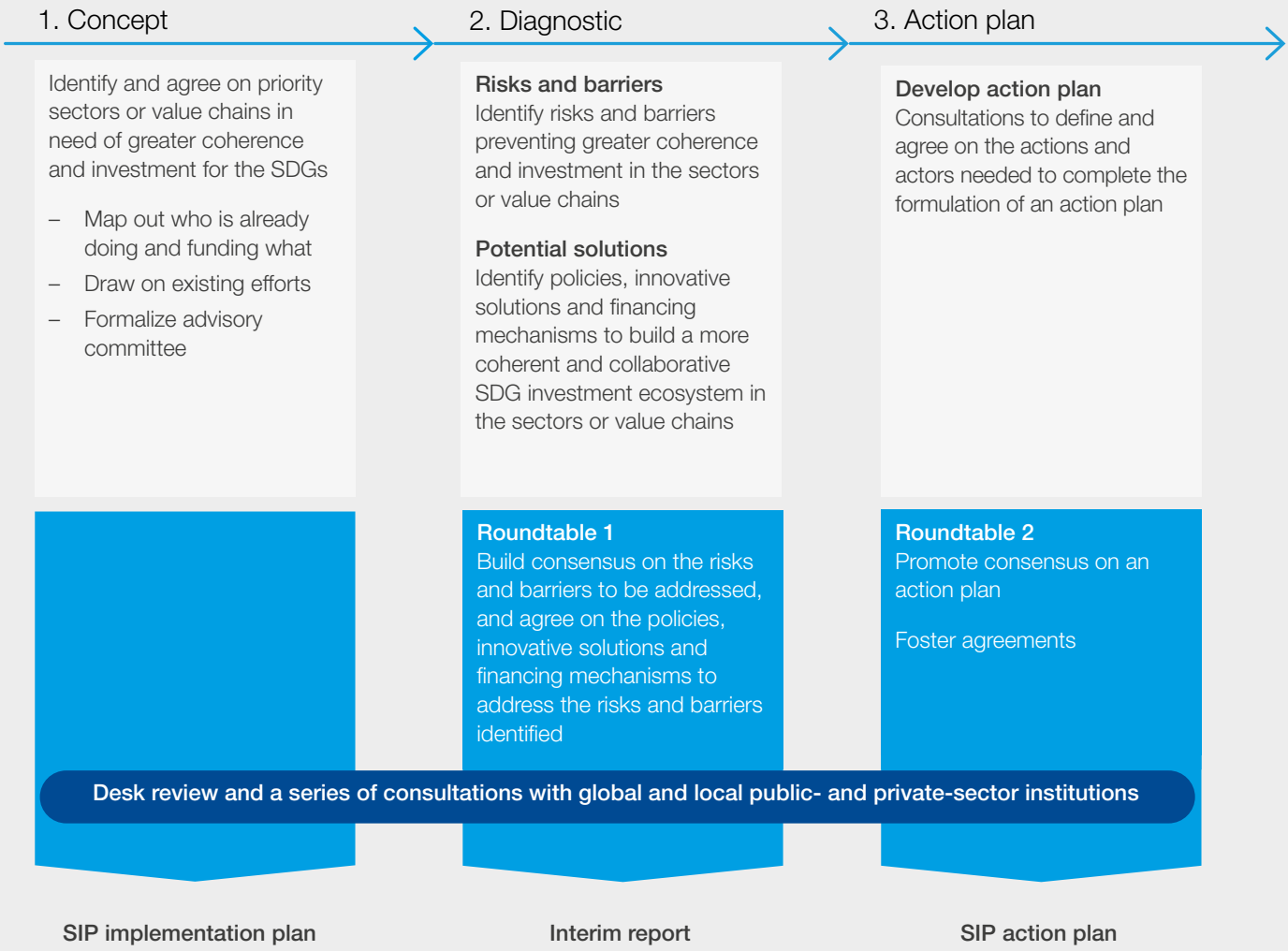
- Private Infrastructure Development Group (PIDG), including Infraco Asia and Africa
- Convergence Blended Finance
- Global Infrastructure Hub (GI Hub)
- Partnership for Green Growth and the Global Growth 2030 (P4G)
- United Nations Office for Project Services (UNOPS)

# 3 Shifting gears from *what* to *how*

## 3.1 Sustainable Investment Pathways

The Sustainable Investment Pathway (SIP) provides a logical framework for targeted discussions with the global community about *how* to get money to flow. The SIP gathers global and local public- and private-sector domestic and international market players to define the pathway for mobilizing capital at the scale and speed needed to bridge the Sustainable Development Goal (SDG) investment gap in emerging markets and developing economies (EMDEs). Priority areas explored by the SIP throughout sustainable development agendas are decided by communities and governments, together with participating or potential investors. The SIP initiative follows a basic structure and process built on experience gained from two pilots that SDIP conducted in Saint Lucia and Ghana in 2020 and 2021.

FIGURE 1 **Sustainable Investment Pathway implementation**




**Source:** World Economic Forum, "Sustainable Investment Pathways: Playbook", April 2022, p. 9.

The SIP's purpose[15] in a country or sector is to:

- Serve as an impartial platform for raising awareness of the conditions needed to unlock sustainable investment;
- Stimulate dialogue on regional and thematic financing agendas for greater impact;
- Map sustainable investment initiatives relevant to the sector or value chains that may overlap or be complementary;
- Create alignment among a diverse set of players and reduce inefficiencies to produce a more supportive ecosystem and mobilize investment towards meeting the SDGs; this is particularly useful for policy-makers, multilateral development banks, development finance institutions (DFIs) or donors interested in pooling their funds and efforts to support more efficient programmes;
- Inspire public-private initiatives and action to bring forth new or additional sources of investment for the SDGs;
- Provide a platform for an agile, targeted and inclusive approach to ideate solutions needed to stimulate nascent or subsidy-dependent markets to graduate into commercially viable or mature markets to scale further for greater impact.

**Rebranding from Country Financing Roadmaps to Sustainable Investment Pathways[16]**

The Country Financing Roadmap (CFR), one of SDIP's flagship initiatives, brought together global and local public- and private-sector market players to jointly define the actions needed to increase the sources of capital to finance meeting the SDGs through an impartial and multistakeholder approach. SDIP evolved the CFR initiative into the SIPs for several reasons:

- To move from "country" to "sustainable":
  - Recognizing that the CFR methodology can and is being used beyond the country context, e.g. towards action for regional SDG investment priorities
  - Acknowledging that to reach actionable solutions, global and local public- and private-sector market players preferred to focus on specific sectors or value chains within a country or region
  - Differentiating from studies or diagnostics that assess the macro or comprehensive multi-sector level of a country's SDG investment or financing pathways;
- To move from "financing" to "investment":
  - Being inclusive of the various types of investment, including funding, financing (debt) and equity.

In general, implementing an actionable SIP consists of three main steps (Figure 1):

1. Agree on the destination: Identify and agree on priority sectors or value chains with private-sector interest in need of greater coherence and investment. This will be achieved in consultation with the global and local public- and private-sector market players and will be led by them. Outputs of this step include an SIP implementation plan to be sent for peer review and relevant decision-making (management, membership, Steering Group, funders) endorsement;
2. Agree on how to get there and the obstacles: Determine the risks and barriers preventing greater coherence and investment, and identify policies, innovative solutions and financing mechanisms for the sector or value chain. The output of this step is an interim report;
3. Agree on "who and what" is needed: Identify the actors to implement the investment pathway using the interim report from step 2. The output of step 3 is an SIP action plan defining and agreeing on the actions and actors needed to complete the formulation of an SIP.

**Initial outcomes**

The SIP framework, process, scope and timelines can be tailored to the context, sectors or value chains. Two pilot SIPs followed the CFRs in Saint Lucia and Ghana. (See section 5, "Scaling up innovative investment in Africa" for more on the CFR in Ghana.)

## 3.2 SDIP in Saint Lucia[17]

Saint Lucia's unique geo-economic characteristics, including its small geographical size, limited economic resources and acute vulnerability to natural disasters, continue to hamper its attempts to finance and meet SDG targets and are compounded by its classification as an upper-middle-income country. The use of per capita GDP as a primary measure of socio-economic development by the current global economic system limits Saint Lucia's capacity to access various types of development assistance and concessionary financing. In 2020, in partnership with SDIP, the Government of Saint Lucia implemented the CFR initiative, which marked

the beginning of SDIP's focus on small island developing states (SIDS) with the focal point of establishing regional cooperation. In the context of the COVID-19 pandemic, the CFR became increasingly important as one of the key initiatives in Saint Lucia to address the economic and social impacts of the pandemic. Indeed, Saint Lucia, a small island nation, is vulnerable to economic shifts and continues to expand recovery efforts due to the consequences of the COVID-19 pandemic, which pushed the country to an 86.5% debt-to-GDP ratio in 2020.[18] Like many SIDS, Saint Lucia's economic dependence on tourism was shaken to the core in the wake of halted travel due to the pandemic. In 2019, tourism accounted for 80% of the nation's labour market,[19] which reduced the number of jobs from 63,400 in 2019 to 41,600 in 2020 as a result of the crisis, according to the World Travel and Tourism Council.[20] The aim of the CFR has been broadened to not only catalyse private financing for SDGs at scale but also to support post-pandemic economic recovery and to revitalize the job market – via regional cooperation – while improving the long-term competitiveness and resilience of the country.

**Saint Lucia CFR outcomes include:**

- Unlocking capital at scale:
  - The CFR can help Saint Lucia unlock sources of funding, remove investment bottlenecks and develop a more coordinated approach for financing projects that are environmentally friendly or that can help people develop new skills.[21]
- Reskilling:
  - In the wake of the post-pandemic labour market plummet, the CFR initiative organized reskilling programmes with $12 million in the total budget to support the country's economic recovery efforts.[22] These include a collaboration between the European Commission and Forte to help 500-600 people develop skills related to hospitality, digital capabilities and the green or blue economy by the end of 2022, at no upfront cost to the government.[23]
- Transitioning to renewable energy:
  - Barriers to sustainable growth also hinge on the population's dependence on fossil fuels.[24] Through a successful transition to renewable energy, communities could increase self-sufficiency, equity and environmental sustainability. To this end, the Caribbean Climate-Smart Fund initiative by Rocky Mountain Institute and Lion's Head Global Partners has identified an approximately $1 billion pipeline in clean energy investments for the region, of which $650 million has been prioritized to bring to market.[25] Achieving impact, scale and sustainability is the goal and will require greater coordination and synergies from stakeholders and funds to achieve the transition into greater energy security.[26]

## 3.3 Blue Recovery Hubs

The Blue Recovery Hub (BRH) was conceptualized during the CFR pilot in Saint Lucia[27] to support governments in implementing a resilient recovery that enhances the long-term sustainability of existing ocean economy sectors while generating new and sustainable opportunities for economic diversification.[28] BRHs aim to mobilize support from the international community and ocean economy stakeholders for a common investment framework comprising capital investment, technical assistance and partnership generation.[29] As a joint initiative between the OECD, Friends of Ocean Action and SDIP, the BRHs work with SIDS and other targeted countries to help them:

1. Analyse the effects of the COVID-19 pandemic on their ocean economies;
2. Identify recovery actions and investment paths to "build forward bluer";
3. Mobilize support and funding to align development cooperation between investors and other relevant actors.

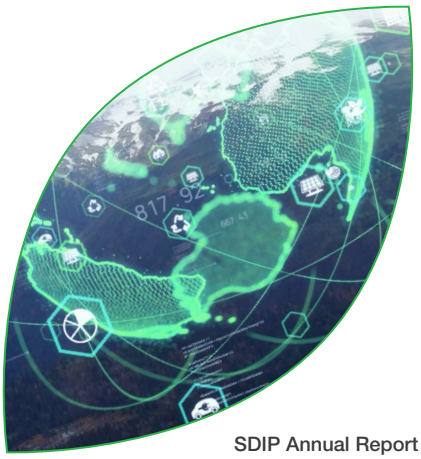
The first BRH pilot is under way in collaboration with the Government of Fiji and follows a three-step process:[30]

- Stage 1: The COVID-19 appraisal report. The impact and opportunity report, *Towards a Blue Recovery in Fiji*, was produced by the OECD with support from Friends of Ocean Action and SDIP. The report was launched during the United Nations Ocean Conference in Lisbon in June 2022 and provides an overview of the challenges and opportunities in the context of COVID-19, as well as an initial mapping of promising initiatives and funding instruments that can be developed and increased to foster a sustainable blue recovery.[31]
- Stage 2: Recovery actions and SIPs. Building on the lessons and insights of the appraisal report, an SIP exercise will be implemented with three objectives:[32]
  - Agree on the destination: Identify and agree on priority sectors or value chains in need

of greater coherence and investment for the SDGs, complemented by clear private-sector interest. This will be achieved in consultation with and led by the global and local public- and private-sector market players;

- Agree on how to get there and the obstacles: Determine the risks and barriers preventing greater coherence and investment, and identify policies, innovative solutions and financing mechanisms needed to build a more coherent and collaborative SDG investment ecosystem;
- Agree on "who and what" is needed: Define the actions and agree on the actors needed to form an actionable SIP.

- Stage 3: Roadmap and partnership roundtable. The final roundtable will convene all key actors involved during the BRH pilot to consolidate and implement the agreed actions for a successful recovery strategy.



# 4 Thought leadership for collaborative action

## 4.1 Overview of the Global Future Council on SDG Investment

The Global Future Council on SDG Investment is a pioneering global community of experts who work collectively on financing the SDGs and to "reconnect the dots" between countries, donors, multilateral institutions, development banks, commercial finance and digital innovators.[33] As the world took steps to overcome the social and economic inequalities brought to the fore by COVID-19, the Council highlighted the SDGs as a post-pandemic recovery framework and harnessed the potential of technologies to accelerate progress towards the 2030 Agenda.

Key Council focus areas include:

### Measuring and managing SDG impact

Supported by the SDIP Secretariat, the Council members conducted an exercise to pinpoint the most innovative approaches to measuring impact vis-à-vis the SDGs and to understand what investors think works best.

As a part of this exercise, the SDIP Secretariat and members of the Council conducted the following activities:

- An analysis of 15 of the most prominent impact measurements and management frameworks available to estimate the investment impacts on the SDGs. Conducted in partnership with Cambridge University, results found that, within the frameworks observed, some follow the SDGs more closely than others, with only a minority accurately following all 17 SDGs;
- A series of interviews with 18 investors and impact fund managers to identify key trends and lessons and to collect tools, frameworks and approaches on SDG impact measurement and reporting. A paper on core learnings is being developed for publication.

### Scaling up investment in the SDGs

The globe continues to face enormous challenges amplified by the COVID-19 pandemic, including climate change and global civil movements against inequality and racism. According to the OECD, the annual gap to finance the SDGs has increased from $2.5 to $3.7 trillion, due to the impact of the pandemic.[34] These issues, and many others, can only be addressed through shared agendas and global collaboration between different stakeholders across sectors. Through *impact investing* – or investing in line with the United Nations SDGs – the private sector, in particular, has a pivotal role in helping to bridge financing gaps.

The **SDG Investment Club**, an initiative conceived during the work of the Global Future Council on SDG Investment, aims to help fill that investment gap by encouraging institutional investors (e.g. asset managers, pension funds, sovereign wealth funds) to direct at least 1% of their investment capital, estimated at almost $370 trillion, towards sustainable investment. The Club is intended to serve as a source of information and market analysis to help direct the flow of capital to emerging and frontier markets where progress on key SDGs is urgently needed and to offer core guidance on how investors can provide capital

for SDG-related themes.[35] In recognizing the importance of 360-degree development, the Club also calls on investors to step up their investments in all of the SDGs, including the "social" goals, such as inclusion, poverty, education, alleviating hunger, gender empowerment and other environmental objectives, including conserving biodiversity and protecting the oceans and waterways. Such investments contribute to ensuring a just transition to a more sustainable future.

The SDG Investment Club will play a direct and active role in helping to materialize goals set by the proliferation of climate-related initiatives that have emerged over the last year: the Glasgow Financial Alliance for Net Zero; the International Financial Reporting Standards Foundation's International Sustainability Standards Board; the Science Based Targets initiative; the UN-convened Net-Zero Asset Owner Alliance; and the two Task Forces for Financial Disclosures: the Task Force on Climate-related Financial Disclosures and the Task Force on Nature-related Financial Disclosures. Adopting these global initiatives' findings and recommendations, the SDG Investment Club seeks to expand sustainable investment.

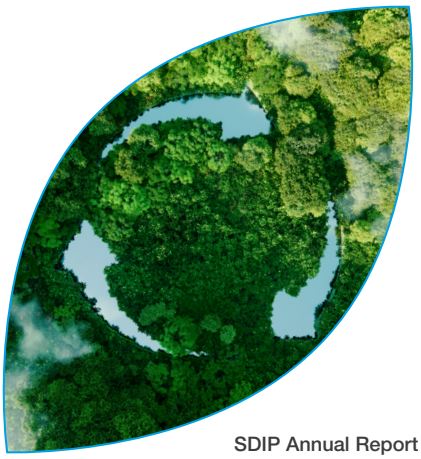
## Addressing the barriers to the net-zero transition

Energy demand in EMDEs is rising with no sign of slowing down. As reported in Agenda blog "3 actions to accelerate emerging market climate transition", in the past decade, EMDEs were responsible for over 95% of the increase in greenhouse gas (GHG) emissions and, over the next decade, are predicted to account for 98% of population growth and over 90% of new middle-class households.[36]

According to BlackRock Investment Institute, "global multilateral institutions have had limited success in attracting private capital at scale, barely mobilizing a dollar of private capital for every public dollar spent. The main barrier to large-scale private capital flows in EMDEs is the typically high level of country risk, including political, legal, reputational and macroeconomic risk. Existing measures to mitigate this risk have not been effective in bringing in private capital at the scale needed".[37]

One lesson learned from developed markets is that disclosure is essential in the move towards net-zero emissions. By disclosing transition plans, the GHG emissions of companies may then be reviewed and evaluated by relevant shareholders and regulators. This will then lead to the development of capital expenditure plans, which form the business case for funding, either from bank loans or capital markets. While "transition finance" from bank and capital markets is nascent, the market has indicated an appetite for a well-structured transition finance investment class.[38]

An important issue to address is the extent to which global net-zero efforts have the potential to inadvertently drive money away from emerging economies. In the pursuit of investors and financiers "greening" their portfolios and maintaining risks/returns within policy parameters, investment in transitioning assets in EMDEs is arguably less attractive than proven and liquid green bonds in Europe, for example.



# 5 Scaling up innovative investment in Africa

Hosted by the Development Bank of Southern Africa (DBSA), the SDIP Africa Hub was launched in 2016 in Johannesburg as a convener of the main actors in sustainable finance in Sub-Saharan Africa. The Hub is supported by a grant from the European Commission.[39] In the last two years, the Hub has concentrated its efforts on tackling some of Africa's long-standing issues, many of which were compounded by the COVID-19 pandemic. For instance, although it is a continent long characterized by widespread poverty, about 39 million Africans have been projected to fall into extreme poverty as a direct effect of the COVID-19 crisis.[40] Such realities have emphasized the Hub's need to accelerate innovative financing, public health and economic development solutions to meet the significant SDG financing gap. In 2020, the Africa Hub turned its attention to garnering more private-sector support for projects and interventions targeted at critical SDGs, revealing two main hindrances: high investment risk in African markets and a lack of initiatives that promote investments at scale.

## 5.1 Affordable housing

The property sector in Africa plays a significant role as a provider of new and affordable housing and employment opportunities to citizens, thus boosting local economies. While the African continent is the most rural region in the world, it is rapidly becoming urbanized. It is estimated that "every day for the coming fifteen years, Africa's cities will have to accommodate an average of 40,000 additional people".[41] In this context, urbanization will "place immense strain on affordable housing provision in the coming decades".[42]

One of the main problems facing Sub-Saharan Africa's housing market is the mismatch between demand and supply, partly because housing sector inputs are vastly expensive, particularly land and finance, which comprise two primary hindrances to affordable housing. The International Finance Corporation reports that "Africa's housing market has few local developers with the technical and financial strength to construct large-scale projects" and support them.[43] For example, Kenya and Nigeria are two African nations that have a dire housing shortage, with a deficit of 2 million units and 17 million units, respectively.[44]

Several initiatives to advance progress on affordable housing have been set in motion based on SDIP's collaboration with the Government of Ghana, international players, local participants and key stakeholders, including:

- Convening an active group of leading regional investors to work with the Government of Ghana, led by the SDG Advisory Unit in the Office of the President;
- Conducting targeted in-depth discussions – called "sprints" – on the affordable housing sector to identify specific financing constraints to crowding in private-sector capital at scale, specifically for the affordable housing sector in Ghana. Sprints have two clear objectives:

  1. To identify a shortlist of potential investable projects in the affordable housing sector in Ghana and to map out clear next steps to get these projects investment ready

  2. To determine the critical bottlenecks limiting investment in this sector, identify different financing models and propose a pathway for investment;

- Holding broader discussions on the opportunities and barriers to investment in the affordable housing sector in Ghana and other countries across the African continent. The main areas of focus have included demand and supply dynamics, affordability constraints and the incorporation of sustainability principles in the affordable housing sector.

## 5.2 Financing for small and growing businesses

Small and growing businesses (SGBs) represent crucial engines in many emerging countries, comprising more than 90% of businesses, hiring over 80% of the workforce and generating up to 70% of GDP in some developing contexts.[45] Yet, despite their pivotal role in sustaining the economies of emerging markets, there is "a historical systemic failure in making capital accessible to them", as these businesses receive only 10% of commercial bank lending.[46] In a post-COVID context, this gap has grown substantially, with 96% of SGB capital providers revealing they have incremental funding needs and 79% expressing a requirement for technical assistance. More specifically, 91% of capital providers report a decline or evaporation in demand, 83% of portfolio companies require support in their liquidity and working capital management, and 60% of capital providers estimate that their entire portfolios will need more than $1 million in incremental funding.[47]

SGBs in Africa handle more than 60% of food production and trade on the continent[48] but, as mentioned, receive just 10% of commercial bank lending. In a survey carried out in 2020 that focused on 90 capital providers operating in sub-Saharan Africa, the Collaborative for Frontier Finance found that before the pandemic, the SGB funding gap was estimated at $930 billion per annum.[49] Various barriers hinder SGBs from accessing finance at the level needed, but a noticeable constraint in countries is that these businesses are unattractive to financial institutions due to the greater perceived risks. Thus, the opportunities to unlock finance for SGBs by developing more effective de-risking mechanisms and increasing direct support to non-bank local capital providers and financial intermediaries are substantial. These entities operate on the ground and present a valuable resource of local knowledge, reach and capability to support SGBs more efficiently.[50] SDIP has contributed to the development of specific financing solutions for SGBs, which include:[51]

- Enhancing regulatory policies and expanding innovative sources of financing, such as SDG bonds;
- Bringing together the John D. and Catherine T. MacArthur Foundation, the World Economic Forum COVID Response Alliance for Social Entrepreneurs, the Collaborative for Frontier Finance, the Global Steering Group for Impact Investment, the Schwab Foundation for Social Entrepreneurship and SDIP to develop an initiative leveraging the collective capabilities of a consortium to support SGBs. This partnership supports the conceptualization of SGB financing initiatives, led by local public and private actors in developing economies, starting in Ghana and Zambia. This initiative importantly functions as a focal point for global expertise across SDIP and the World Economic Forum and aims to support funding for SGBs in a context-driven way that ensures technical design parameters fit the national context, structure and priorities;
- In Ghana, designing a private-sector-led fund of funds with local capital providers and key stakeholders to mobilize investment from national pension funds and other funders. In collaboration with Impact Investing Ghana,[52] the consortium hosted a roundtable gathering premier executive experts to capture feedback and comments from investors in the development finance value chain on a proposed fund of funds;
- Producing a consortium report that highlights the main financing issues for the SGB sector, including core factors to consider when setting up a fund of funds. The report serves as a valuable resource to the local fund designers as they continue with the design and implementation of the fund of funds.

## 5.3 SDIP in Ghana[53]

In partnership with SDIP, the CFR initiative, launched in 2021, was "part of the Government of Ghana's efforts to identify, quantify and develop strategies to bridge the SDG financing gap in line with immediate and longer-term national development priorities".[54] Ghana is generally considered one of the best countries in Africa to conduct business, owing to its growing economy and stable governance. In the years before the pandemic, GDP growth was relatively steady, with annual rates above 6%.[55] SDG budgeting and financing took centre stage in Ghana's national budgeting process, with total funds reserved for SDG implementation reaching $9.3 billion in 2019, representing 73% of total government expenditure.[56] Yet, despite the importance that the government is placing on sustainability and the SDGs as an integral component of its long-term economic development agenda, Ghana faces a significant financing gap to meet its SDG targets, which reached $43 billion in 2021 and is expected to rise to $45.7 billion in 2030.[57] To meet part of this need, the Country Financing Roadmap for SDGs was initiated, focusing on creating solutions for mobilizing

private-sector capital in key priority sectors through public-private collaboration. The *Country Financing Roadmap for the SDGs: Ghana* report is thus the outcome of consultations with over 50 global and local stakeholders, involving public-sector institutions, thought leaders, investors, DFIs and other actors, to devise action plans to unlock capital and financing that will help the country achieve progress towards meeting the SDGs.

Following the success of the first CFR, the Africa Hub is also identifying a country for a second CFR, currently targeting Uganda, Rwanda and Tanzania, with the goal to replicate or scale across West Africa.

## 5.4 Innovative finance and de-risking mechanisms

**Non-financial de-risking and risk management – in collaboration with the Global Future Council on SDG Investment**

As a consequence of the COVID-19 pandemic, financial flows to developing countries have substantially decelerated, with the annual funding gap to address SDGs increasing by almost 50% in 2020.[58] This financing gap can only be closed when the concerns of private investors, who are influenced by perceived risks and barriers in emerging markets, are adequately addressed. Expanding private-sector capital investment requires a review of current approaches to risk mitigation and the introduction of new innovative measures to further lower the overall risk profile of a country or sector that, in turn, translate into lower project risk. The White Paper, "Reshaping Risk Mitigation: The Impact of Non-financial Levers" was published to explore these concerns and proposes an urgent need to move towards non-financial de-risking measures by providing a detailed framework for action and implementable steps.[59] Considerations are in place to develop a systematic approach or blueprint to follow up on these steps through specific case studies and interviews. As mentioned in the White Paper, a more comprehensive approach to risk mitigation needs to be adopted to increase the attractiveness of a country's business environment and enhance potential projects for private capital. Risk mitigation also needs to be understood in the broader sense, as it has usually been dealt with on an investment- or project-specific basis through financial transfer measures.[60]

The positive outcomes of implementing non-financial measures can be seen in two concrete examples that demonstrate on-the-ground impact: the Colombia roads public-private partnerships programme, and South Africa's renewable energy programme. Combining non-financial de-risking measures to create a welcoming terrain for private investors that lowers the risk perception is dependent on governments, DFIs and other key stakeholders working collaboratively to align on the various factors that will make the approach successful.[61]

**Advancing dialogue on sustainable finance in Africa**

*EU-Africa Business Forum*

- The SDIP Africa Hub organized a webinar at the 7th EU-Africa Business Forum in February 2022, on reducing investment risk perception in Africa. The webinar was moderated by Africa Hub Director Joel Barnor, with panellists including Cecile Billaux, Head of Unit, Directorate-General for International Partnerships, European Commission; Mohan Vivekanandan, Group Executive, Origination and Client Coverage, DBSA; and Runa Alam, Chief Executive Officer and Co-Founder, Development Partners International. The discussion opened avenues for exploration and served as a catalyst promoting a series of further dialogues hosted by SDIP and focused on investment risk to identify the contributions of key players, including the private sector, DFIs, governments and international organizations. The aim was to pin down the role each of these actors can play in reducing investment risk in Africa and accelerating and increasing investment into SDGs.[62]

*Sustainable Investment Innovation Roundtables*

- The SDIP Africa Hub launched a series of virtual discussions convening a closed group of senior financial experts. These roundtables sought to emphasize new sector financing approaches, niche emerging market structures, and capital market innovations globally and within the African region.

# 6 Strengthening transition finance for a nature-positive and net-zero global economy

The SDIP ASEAN Hub has established several initiatives to generate a capital flow to climate change and sustainable development through the "transition" investment class. Building on the innovation finance roundtables commenced in 2020, from which new financing mechanisms emerged, such as the Energy Transition Mechanism now in pilot stage in Indonesia, transition finance has become an important mechanism to meet the growing urgency for climate action. Transition finance is in the form of structured loans in the bank market and labelled bonds in the capital market. The term has become synonymous with the net-zero transition. More recently, it now also relates to the transition to a nature-positive global economy.

The SDIP ASEAN Hub, formed in 2017 at the World Economic Forum on ASEAN in Cambodia, has focused efforts on the sustainable development financing challenges in the region. The Hub Steering Group comprises regional executives from Citi, Standard Chartered Bank, the International Finance Corporation, InfraCo Asia (Private Infrastructure Development Group), Prudential and the Asian Development Bank, among others, who provide strategic input, guidance and expertise to the Hub's programmes.

Mobilizing investment requires enabling environments to encourage innovative finance mechanisms. Key initiatives that have taken place through the ASEAN Hub have centred on the energy transition, just transition and financing nature and biodiversity.

## 6.1 Financing the transition to clean energy

Phasing out coal from the electricity sector has been described by the United Nations Secretary-General as "the single most important step to get in line with the 1.5-degree goal of the Paris Agreement".[63] About 75% of the world's coal-fired power capacity is situated in EMDEs.[64] While many have started the shift from coal to clean energy, their transition pathway is very challenging. In the past decade, low- and lower-middle-income countries (where half of the global population lives) accounted for only 5% of global investment in the energy transition.[65] SDIP is working with its communities and other Forum platforms on several initiatives related to the energy transition.

The Coal to Renewables initiative is one of the collaborations with the Forum Platform for Shaping the Future of Energy, Materials and Infrastructure. SDIP further amplifies the "Principles for Financing a Just and Urgent Energy Transition" (the JUET Principles, described below) with a community of leading energy companies, financial institutions, non-governmental organizations and renewable energy experts to establish a compendium of energy transition financing solutions to repurpose older, less efficient coal-fired power plants into clean energy assets. Transitioning from coal to renewable energy in a "just" way across EMDEs is the key to delivering on net zero by 2050. Ultimately, the ambition is for the community to actively use the shared case studies and knowledge to form transaction partnerships and embark on widespread transitions. An online toolkit living document has been produced with case studies, how-to guides and best practices for stakeholders to design and implement solutions.

## 6.2 Financing a just transition

The crises of climate change and inequality are profoundly interlinked. As put forward in a Laudes Foundation article, "Climate change impacts economic opportunity, poverty and inequality, which can lead to social unrest and polarisation, making support for climate action challenging. Given these links, these two crises demand an ambitious, global response."[66] Both the public and private sectors are needed in financing the transition, as evidenced in the Just Energy Transition Partnership announced by South Africa at COP26. While this pioneering financing model continues to overcome the barriers to success, other EMDEs are watching and learning. The Hub is working with the Forum's Climate Action, and Energy, Materials and Infrastructure teams as well as the Civil Society community to develop an initiative that fosters South-South sharing and learning for the just transition. This means rallying global support and investment for those who are potentially negatively affected by the transition, including workers, communities and consumers.

The Hub paved the way for a blueprint for linking the finance and investment community with civil society to define a pathway for the just transition. Developed in partnership with the Forum's Civil Society community and Platform for Shaping the Future of Energy, Materials and Infrastructure, the JUET Principles seek to address the parameters and standards of a just transition. Launched at COP26, they identify eight principles:[67]

- Support country transition plans
- Invest in community engagement programmes
- Ensure no investment leakage to high emissions
- Recycle investment for a continuous pipeline
- Localize technology transfers and technical assistance
- Develop large-scale, country- or sector-wide financing solutions
- Leverage the carbon markets
- Act now, with urgency

These principles can be useful as guidance for structuring a just transition financing transaction.

## 6.3 Transition finance as a new investment class

The market is moving rapidly towards "green" investments. The tolerance for financing or investing in the transition period is limited. Capital providers have limited tools for determining the voracity of transition claims and no standardization exists in the market yet. The Hub established the Emerging Markets Transition Investment (EMTI) initiative in collaboration with the UN-convened Net-Zero Asset Owner Alliance and the EU-ASEAN Business Council to convene stakeholders in transition finance with the aim of supporting the development of the transition investment class. The EMTI initiative consists of:

- A public webinar[68] launching the EMTI in April 2022, with a keynote address from Aun Pornmoniroth, Deputy Prime Minister and Minister of Economy and Finance of Cambodia, and a panel including Asia-Pacific regional public- and private-sector finance and energy leaders;
- A private roundtable hosted by the SDIP ASEAN Hub Director, with over 30 debt issuers, investors, regulators and certifiers, to determine the opportunity and barriers for transition investment in EMDEs, with a report on the findings to be issued in August 2022;
- The remaining series of private roundtables that will delve deeper into investor advocacy and the enabling market conditions during 2022/2023;
- An initial report or white paper on the findings to be presented at COP27, providing recommendations for the structural requirements to enable a transition bond market, including policy, taxonomy and incentives, with a summary of the key outcomes, including a detailed analysis by technical consultants.

# 7 Nature and biodiversity financing

SDIP is collaborating with teams and initiatives throughout the Forum that address nature and biodiversity financing. This work has concentrated in the Asia-Pacific region. While highly prone to climate change and natural disasters, Asia-Pacific simultaneously holds the highest density of carbon prospecting in the world for natural climate solutions – investment in conservation and land management programmes that increase carbon storage and reduce carbon emissions[69] – including both terrestrial and blue carbon. The SDIP ASEAN Hub has initiatives to support the development and implementation of nature-based solutions, which are increasingly important due to their potential for combating environmental disasters caused by climate change and nature loss.

At Ecosperity Week 2021, Temasek, AlphaBeta and the Forum launched the *New Nature Economy: Asia's Next Wave* report. The report positions the Asia-Pacific region at the heart of the global biodiversity crisis, with 63% of the region's GDP at risk from nature loss and as much as 42% of all species in South-East Asia at risk of extinction.[70] Investing in nature-positive business opportunities in the region could generate $4.3 trillion and 232 million jobs annually by 2030 (14% of GDP in 2019).[71] As countries continue to face post-COVID-19 fiscal stressors, the Asia-Pacific region can become a powerhouse for a new 21st-century nature-based economic model.

## 7.1 Nature Action Agenda

The Nature Action Agenda (NAA) is a multi-sector movement to catalyse economic action to stop biodiversity loss by 2030 and, ultimately, enable humans to live in harmony with nature.[72] Despite these aims, alongside an increasing number of financing commitments, investment in this sector remains slow. Identifying risks and barriers and developing a plan for the private sector to step in are urgently needed.

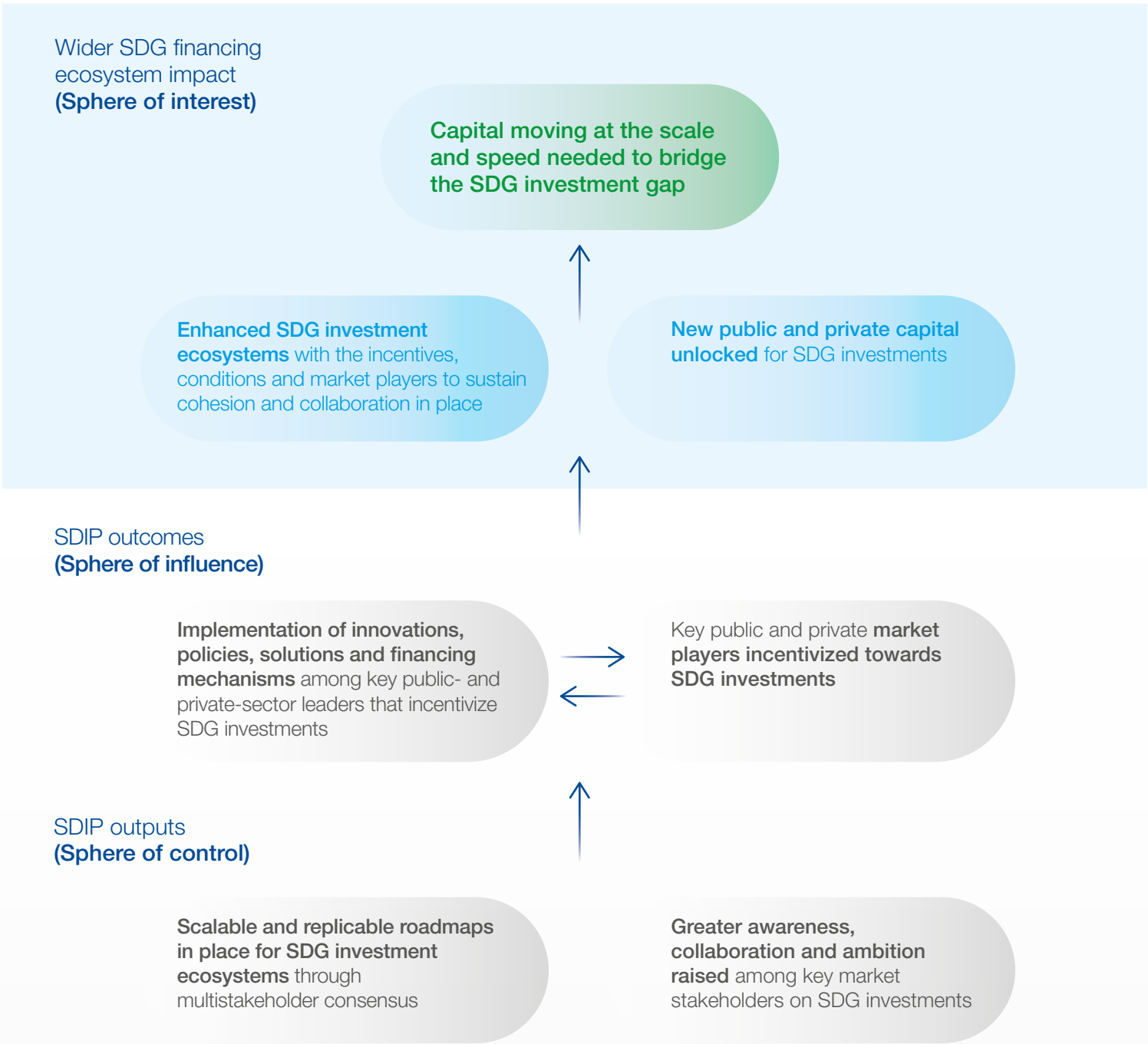
Working in collaboration with the SDIP ASEAN Hub, the Nature Action Agenda launched the Building a Natural Capital Market in Asia-Pacific initiative as part of its mission to contribute meaningfully to enabling capital flows for sustainable development in this region. With SDIP's EMDE finance and investment expertise and NAA's nature and biodiversity specialization, this initiative functions as a hub, bringing together a diverse base of stakeholders comprising over 20 organizations, including banks, insurance companies, fund managers, academics and philanthropists. The aim is to learn from and go beyond carbon credits to identify ways for markets to value nature as an asset class and help capital flow to nature-based solutions, ultimately funding the preservation, restoration and sustainable management of nature and biodiversity. The project is working on a market structure, policy and instruments, including biodiversity credits and nature funds, to mobilize capital, especially private-sector investment.

Initial outputs are a briefing paper written in partnership with climate change investment and advisory firm Pollination, to be published during the Forum Sustainable Development Impact Meetings in September 2022, and a more detailed white paper exploring avenues for mobilizing capital for the nature and biodiversity market that includes findings from pilot transactions for the voluntary biodiversity credits market, to be published at the World Economic Forum Annual Meeting 2023 in January.

# 8 Measuring the impact (theory of change)

SDIP's work spans beyond a project-by-project approach to tap into systems change that achieves its mission to move capital at the level and speed needed to bridge the SDG investment gap. The SDIP theory of change creates pathways for impact through activities and deliverables leveraging the partnership's unique public-private network at the local, regional and global levels.

FIGURE 2 **Wider SDG financing ecosystem impact, SDIP outcomes and SDIP outputs**




**Source:** World Economic Forum SDIP

# 9 Communicating SDIP's impact within the sustainable finance ecosystem

An integral part of SDIP's mission is measuring impact and assessing the extent to which the multistakeholder partnerships and initiatives convened have achieved a sufficient amount of visibility, thus successfully pushing boundaries at the intersection of economics, finance and development. SDIP has influenced the way development financing achievements are communicated within the sustainable finance ecosystem, with a focus on how this reach extends across governments, private-sector actors, donors, and beyond.

Throughout the past year, SDIP members and partners contributed thought pieces, articles, videos and dialogue with the aim of extending the limits of how they influence development finance communication with a particular focus on impact. The SDIP communications and visibility plan has adopted a strategy of reinforcing the core value proposition, clarifying what is and what is not within SDIP's remit, and integrating impact areas supported by SDIP's theory of change. Reinforced by its local, regional and global reach, SDIP's proposed outlook and plans for action have led to a series of discussions and targeted dialogue within the media that positions the work of SDIP as a significant pillar within the overall development finance landscape.

## 9.1 Events

**SDIP Annual Meeting (virtual), June 2021**

**Sustainable Development Impact Summit (virtual), September 2021**
"Bridging the Gap for Emerging Economies": A panel of experts discussed how to implement the actions needed to ensure sustainable and equitable development in emerging economies.[73]

**COP26 (virtual), November 2021**
"A vision for 'Just Energy Transformation' worldwide and the impact on ambition": The "Principles for Financing a Just and Urgent Energy Transition" were presented and discussed at COP26 during the World Wildlife Fund (WWF) event.[74]

**World Economic Forum Annual Meeting 2022, May 2022**
Through its participation in the World Economic Forum Annual Meeting 2022, SDIP supported a concerted focus on nature and climate financing as a key action required to advance progress in EMDEs. SDIP collaborated with the Forum's Civil Society community and the Energy and Global Risks teams on the following sessions:

- "Financing a Just Transition in Emerging Markets": This session explored the tools and models that governments, civil society and the private sector can use to expand on the JUET Principles, work collaboratively, share the responsibility for the energy transition and deliver just solutions, particularly in emerging economies. It focused on the meaning of the energy transition, mechanisms for financing a just transition, access, affordability and community impact via labour market disruption. It served as a clear call to action from the participants to facilitate a South-South dialogue and sharing and learning community.

- "Accelerating Energy Transitions in Emerging and Developing Economies": Accelerating clean energy transitions in emerging and developing countries is critical to the development and environmental goals. With the current trajectory of growing emissions, a sevenfold increase in investment is needed by 2030 to be on track to achieve net-zero objectives. This workshop sought to explore the missing links and identify necessary actions for successful clean energy transitions in emerging and developing economies.

– "Building a Biodiversity Credits Market in the Asia-Pacific Region": This high-level meeting convened select leaders in climate and biodiversity finance from government, business, international organizations and civil society to discuss the strategic direction of a biodiversity credits market in Asia-Pacific and provide key mandates to accelerate its creation. Participants worked to define a collective leadership agenda to speed up action on the ground towards voluntary biodiversity credits.

– "Rethinking Risks to Accelerate Sustainable Investments": In this session, panellists and participants in breakout groups explored the issue of risk perception versus reality, a problem that persists due to regulatory gaps. Key outcomes included the need for an improved international cooperation framework between central banks, private finance and public-sector DFIs. A significant opportunity also exists to "mutualize" certain risks using insurance and guarantees.

## 9.2 Articles, publications and media

### 2021

**June**

"World Economic Forum partners Ghana for maiden Country Financing Roadmap for SDGs": CNBC Africa interview with Diana Guzman, Head, Sustainable Development Investment Partnership

*Country Financing Roadmap for the SDGs: Ghana*: Insight Report

"Ghana is charting a future away from international aid": Social media video on a self-reliant future for one of Africa's biggest nations

**July**

"How SDG bonds can accelerate a green recovery": World Economic Forum Agenda article on SDG bonds as a crucial and innovative way of raising private funds

Accelerating Sustainable Development after COVID-19: The Role of SDG Bonds: Publication providing an overview of SDG bonds as a mechanism to help mobilize the financing required to achieve the SDGs in developing Asia

**September**

"Reshaping Risk Mitigation: The Impact of Non-financial Levers": White Paper

"How emerging economies can overcome the private sector's risk perception": World Economic Forum Agenda article on the risk perception associated with investing in emerging markets

"There is a way to invest profitably – and help save the world": World Economic Forum Agenda article on the possibility of achieving returns from investments in emerging markets while supporting progress towards the SDGs

"Small and growing businesses make the biggest impact on economies, and they need more support": World Economic Forum Agenda article on the need to unlock more financing for small and growing businesses, particularly in Sub-Saharan Africa

**November**

"How finance, ag-tech and more can speed the energy transition - 4 experts explain": World Economic Forum Agenda article on solutions to accelerate, sustain and support the energy transition

"Key Stakeholders Call for Collective Action to Finance a Just and Urgent Energy Transition": News Release

**December**

Country Financing Roadmap for the SDGs: Saint Lucia: Insight Report

"Saint Lucia Builds Investment Reference Guide to Boost Sustainable Development": News Release

### 2022

**April**

"Sustainable Investment Pathways: Playbook": Guide to replicating and expanding the Sustainable Investment Pathways initiative as part of the goal to move capital at the level and speed needed to bridge the SDGs

**May**

"7 sustainable finance challenges to fix global inequality": World Economic Forum Agenda article on seven risks for meeting the SDGs and suggestions on how to mitigate them

**June**

"3 actions to accelerate emerging market climate transition": World Economic Forum Agenda article outlining three practical, scalable short-term actions to unlock more capital for emerging market and developing economies

# **Appendix:** SDIP governing bodies, donors, members and staff

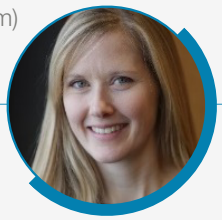
## A1 Global Steering Group

Co-Chair

**Susanna Moorehead**

Chair, Development Assistance Committee, OECD

Co-Chair (ad interim)



**Antonia Gawel**

Head, Climate Change; Deputy Head, Centre for Nature and Climate, World Economic Forum

**Koen Doens**

Director-General, Directorate-General, International Partnerships (INTPA), European Commission

**Hiromichi Mizuno**

United Nations Secretary-General's Special Envoy for Innovative Finance and Sustainable Investments

**Daniel Hanna**

Global Head, Sustainable Finance, Standard Chartered Bank

**Donald Kanak**

Chairman, Insurance Growth Markets, Prudential

**Patrick Dlamini**

Chief Executive Officer, Development Bank of Southern Africa

**Thierry Déau**

Chief Executive Officer, Meridiam

Observer

**Haje Schütte**

Senior Counsellor and Head, Financing for Sustainable Development Division, OECD

# A2 SDIP Africa Hub Steering Group

**Christopher Kirigua**, Executive Director and Regional Head, Sustainable Finance, Africa and the Middle East, Standard Chartered Bank

**George Kotsovos**, Executive, Energy and Infrastructure Finance, Standard Bank of South Africa

**Janice Kotut**, Managing Director, GuarantCo (2020-2021)

**Christopher Marks**, Managing Director; Head, Emerging Markets, Corporate Banking Division, Mitsubishi UFJ Financial Group (MUFG)

**Mathieu Peller**, Chief Operating Officer, Africa, Meridiam

**Tim Streeter**, Head, Investor Relations, Private Infrastructure Development Group

**Peter Sullivan**, Head, Public Sector, Africa, Citi

**Mohan Vivekanandan**, Group Executive, Origination and Client Coverage, Development Bank of Southern Africa; Chair, Africa Hub Steering Group

# A3 SDIP ASEAN Hub Steering Group

**Isabel Chatterton**, Director and Regional Head, Industry, Asia-Pacific, International Finance Corporation

**Colin Chen**, Head, ESG Finance, Asia-Pacific, Mitsubishi UFJ Financial Group (MUFG)

**Raphael Erasmus**, Head, Sustainability and Corporate Transitions, Asia-Pacific, Citi

**Donald P. Kanak**, Chairman, Insurance Growth Markets, Prudential; Co-Chair, ASEAN Hub Steering Group

**Rajeev Kannan**, Managing Executive Officer and Co-Head, Asia-Pacific, Sumitomo Mitsui Banking Corporation

**Allard Nooy**, Chief Executive Officer (2013-2022), InfraCo Asia (Private Infrastructure Development Group)

**Ramesh Subramaniam**, Director-General, South-East Asia Department, Asian Development Bank; Co-Chair, ASEAN Hub Steering Group

**Jason Ving**, Regional Head, ASEAN and South Asia, Public Sector and Developmental Organizations, Standard Chartered Bank

# A4 Global Future Council on SDG Investment

**Runa Alam**, Chief Executive Officer and Co-Founder, Development Partners International

**Faheen Allibhoy**, Managing Director, Development Finance Institution, JP Morgan

**Søren Peter Andreasen**, Chief Executive Officer, Association of European Development Finance Institutions

**Caroline Anstey**, President and Chief Executive Officer, Pact

**Maria Antonia Arroyo**, Principal and Co-Founder, Ignite Impact Fund

**Marc-André Blanchard**, Executive Vice-President and Head, Caisse de dépôt et placement du Québec (CDPQ) Global

**Liz Bronder**, Managing Director, Global Sustainable Finance, Bank of America

**Christian Deseglise**, Group Head, Sustainable Infrastructure and Innovation, HSBC

**Riham Elgizy**, Head, Investment Valuation, Saudi Aramco

**Jonquil Hackenberg**, Partner and Head, Sustainability, PA Consulting Group

**Elliott Harris**, Assistant Secretary-General for Economic Development; Chief Economist, Department of Economic and Social Affairs (DESA), United Nations

**Donald P. Kanak**, Chairman, Insurance Growth Markets, Prudential

**Joan Larrea**, Chief Executive Officer, Convergence

**Nancy Lee**, Senior Policy Fellow, Center for Global Development

**Joaquim Levy**, Director, Economic Strategy and Market Relations, Banco Safra Brasil

**Debra McCoy**, Partner, Sustainability and Responsibility, Bain & Company

**Sherry Madera**, Chief Industry and Government Affairs Officer, Refinitiv

**Daniel R. Mintz**, Founding Managing Director, Olympus Capital Asia

**Susanna Moorehead**, Chair, Development Assistance Committee, Organisation for Economic Co-operation and Development (OECD)

**Ahmed Saeed**, Vice-President, Operations, Asian Development Bank

**Renard Siew**, Global Shaper, Kuala Lumpur Hub, Global Shapers Community

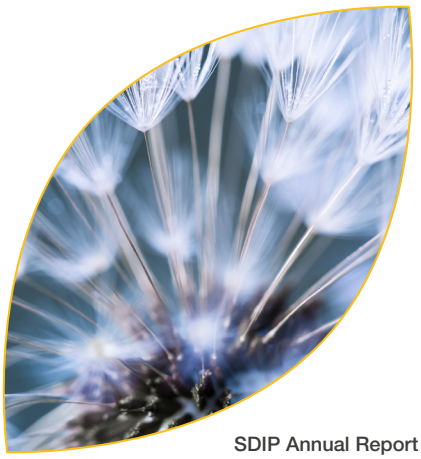
**Preeti Sinha**, Executive Secretary, United Nations Capital Development Fund

**Judith Stroehle**, Senior Research Fellow, University of Oxford

**Clemente del Valle**, Director, Center for Sustainable Finance, Universidad de los Andes

**Mohan Vivekanandan**, Group Executive, Origination and Client Coverage, Development Bank of Southern Africa

**Gavin E.R. Wilson**, Chief Executive Officer, DAI Capital; Commissioner, Business and Sustainable Development Commission (2016-2018)



# Contributors

## SDIP Global Steering Group Co-Chairs

**Sean de Cleene**
Member of the Executive Committee, World Economic Forum (former Co-Chair ad interim)

**Antonia Gawel** (ad interim)
Head, Climate Change; Deputy Head, Centre for Nature and Climate; Member of the Executive Committee, World Economic Forum

**Susanna Moorehead**
Chair, Development Assistance Committee, OECD

## SDIP Secretariat, World Economic Forum

**Diana Guzman**, Head, Sustainable Development Investment Partnership

**Sameera Hassan**, Specialist, Strategic Engagement and Communications

**Lindsey Ricker**, Lead, Programming and Community, Centre for Nature and Climate

**Uta Saoshiro**, Lead, Sustainable Investment Pathways

**Alessandro Valentini**, Specialist, Sustainable Finance

## SDIP Africa Hub, World Economic Forum

**Joel Barnor**, Director

## SDIP ASEAN Hub, World Economic Forum

**Justin Baldauf**, Programme Specialist

**Nikki Kemp**, Director

## Acknowledgements


John D. and Catherine T. MacArthur Foundation

Collaborative for Frontier Finance

COVID Response Alliance for Social Entrepreneurs

Global Steering Group for Impact Investment

Government of Ghana

Government of Saint Lucia

Schwab Foundation for Social Entrepreneurship

# Endnotes


1. United Nations Conference on Trade and Development (UNCTAD), SDG Pulse, "Developing country external debt: A cascade of crises means more countries face debt distress", Figure 1, 31 May 2022, https://sdgpulse.unctad.org/debt-sustainability (accessed 12 August 2022).
2. World Health Organization, "WHO Coronavirus (COVID-19) Dashboard", 12 August 2022, https://covid19.who.int (accessed 12 August 2022).
3. OXFAM International, "COVID-19 death toll four times higher in lower-income countries than rich ones", Press release, 3 March 2022, https://www.oxfam.org/en/press-releases/covid-19-death-toll-four-times-higher-lower-income-countries-rich-ones (accessed 12 August 2022).
4. United Nations Development Programme (UNDP), Data Futures Platform, "Global Dashboard for Vaccine Equity", July 2022, https://data.undp.org/vaccine-equity (accessed 12 August 2022).
5. Organisation for Economic Co-operation and Development (OECD), *Economic Outlook for Southeast Asia, China and India 2022: Financing Sustainable Recovery from COVID-19*, OECD Publishing, Paris, 2022 https://www.oecd-ilibrary.org/development/economic-outlook-for-southeast-asia-china-and-india/volume-2022/issue-1_e712f278-en (accessed 15 August 2022).
6. World Bank, "The World Bank in Africa Overview", 13 April 2022 update, https://www.worldbank.org/en/region/afr/overview (accessed 15 August 2022).
7. Wilkes, Tommy, "Emerging markets drive global debt to record $303 trillion – IIF", Reuters, 23 February 2022, https://www.reuters.com/markets/europe/emerging-markets-drive-global-debt-record-303-trillion-iif-2022-02-23 (accessed 15 August 2022).
8. Chabert, Guillaume, Martin Cerisola and Dalia Hakura, "Restructuring Debt of Poorer Nations Requires More Efficient Coordination", International Monetary Fund, 7 April 2022, https://blogs.imf.org/2022/04/07/restructuring-debt-of-poorer-nations-requires-more-efficient-coordination (accessed 15 August 2022).
9. United Nations Conference on Trade and Development (UNCTAD), "Global trade hits record high of $28.5 trillion in 2021, but likely to be subdued in 2022", 17 February 2022, https://unctad.org/news/global-trade-hits-record-high-285-trillion-2021-likely-be-subdued-2022 (accessed 9 August 2022).
10. Henry, Patrick, "Economic inequality has deepened during the pandemic. That doesn't mean it can't be fixed", World Economic Forum, Agenda, 7 April 2022, https://www.weforum.org/agenda/2022/04/economic-inequality-wealth-gap-pandemic (accessed 10 August 2022).
11. World Food Programme, "A global food crisis – 2022: A year of unprecedented hunger", July 2022, https://www.wfp.org/global-hunger-crisis (accessed 10 August 2022).
12. United Nations Economic Commission for Africa (UNECA) "Africa's progress towards achieving the SDGs and targets needs strategic acceleration – 2020 Africa Sustainable Development Report", 28 February 2022, https://www.uneca.org/stories/africa%E2%80%99s-progress-towards-achieving-the-sdgs-and-targets-needs-strategic-acceleration-%E2%80%93-2020 (accessed 10 August 2022).
13. United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), *Asia and the Pacific SDG Progress Report 2022: Widening disparities amid COVID-19*, 17 March 2022, https://www.unescap.org/kp/2022/asia-and-pacific-sdg-progress-report-2022 (accessed 10 August 2022).
14. Ahmed, Masood, and Vera Songwe, "An Economic Tsunami Is About to Hit the Poorest Countries: Inaction by the G20 Will Make it Worse", Center for Global Development, 15 July 2022, https://cgdev.org/blog/tsunami-about-hit-poorest-countries-inaction-g20-will-make-it-worse (accessed 10 August 2022).
15. See World Economic Forum, "Sustainable Investment Pathways: Playbook", April 2022, https://www3.weforum.org/docs/WEF_Sustainable_Investment_Pathways_Playbook_2022.pdf (accessed 10 August 2022).
16. This section is based on World Economic Forum, "Sustainable Investment Pathways: Playbook", April 2022, https://www3.weforum.org/docs/WEF_Sustainable_Investment_Pathways_Playbook_2022.pdf (accessed 10 August 2022).
17. See World Economic Forum, *Country Financing Roadmap for the SDGs: Saint Lucia*, Insight Report, December 2021, https://www3.weforum.org/docs/WEF_Country_Financing_Roadmap_for_the_SDGs_Saint_Lucia_2021.pdf (accessed 10 August 2022).
18. World Economic Forum, "Saint Lucia Builds Investment Reference Guide to Boost Sustainable Development", News release, 3 December 2021, https://www.weforum.org/press/2021/12/saint-lucia-builds-investment-reference-guide-to-boost-sustainable-development (accessed 10 August 2022).
19. Ibid.
20. Ibid.
21. Ibid.
22. World Economic Forum, *Country Financing Roadmap for the SDGs: Saint Lucia*, op cit.

23. World Economic Forum, "Saint Lucia Builds Investment Reference Guide to Boost Sustainable Development", op. cit.

24. Government of Saint Lucia and International Trade Centre, *Saint Lucia National Trade Strategy 2020-2024*, 2020, https://exportsaintlucia.org/wp-content/uploads/2020/09/National-Export-Strategy-2020-2024.pdf (accessed 10 August 2022).

25. World Economic Forum, *Country Financing Roadmap for the SDGs: Saint Lucia*, op cit.

26. Ibid.

27. Sustainable Development Investment Partnership (SDIP), *Annual Report 2020/21*, 2021, http://sdiponline.org/library (accessed 10 August 2022).

28. Friends of Ocean Action, "Blue Recovery Hubs", https://www.weforum.org/friends-of-ocean-action/blue-recovery-hubs (accessed 11 August 2022).

29. World Economic Forum, *Country Financing Roadmap for the SDGs: Saint Lucia*, op cit.

30. Friends of Ocean Action, "Blue Recovery Hubs", op. cit.

31. Organisation for Economic Co-operation and Development (OECD), *Towards a Blue Recovery in Fiji: COVID-19 Appraisal Report*, 2022, https://doi.org/10.1787/a3661a09-en (accessed 11 August 2022).

32. World Economic Forum, "Sustainable Investment Pathways: Playbook", op. cit.

33. World Economic Forum, "Global Future Council on SDG Investment", https://www.weforum.org/communities/gfc-on-sdg-investment (accessed 8 August 2022).

34. Organisation for Economic Co-operation and Development (OECD), *Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet*, OECD Publishing, Paris, 2020, https://www.oecd-ilibrary.org/development/global-outlook-on-financing-for-sustainable-development-2021_e3c30a9a-en (accessed 17 August 2022).

35. Alam, Runa, "There is a way to invest profitably – and help save the world", World Economic Forum, Agenda, 23 September 2021, https://www.weforum.org/agenda/2021/09/there-is-a-way-to-invest-profitably-and-help-save-the-world (accessed 15 August 2022).

36. Kanak, Donald Perry, and Gavin E. R. Wilson, "3 actions to accelerate emerging market climate transition", World Economic Forum, Agenda, 14 June 2022, https://www.weforum.org/agenda/2022/06/3-actions-to-accelerate-emerging-market-climate-transition (accessed 7 August 2022).

37. BlackRock Investment Institute, "The big emerging question: How to finance the net-zero transition in emerging markets", 2021, https://www.midcoastforum.org/wp-content/uploads/bii-the-big-emerging-question-2021.pdf (accessed 11 August 2022).

38. Findings from the Emerging Markets Transition Investment roundtable in June 2022 (forthcoming publication).

39. Sustainable Development Investment Partnership (SDIP), *Annual Report 2020/21*, op. cit.

40. African Development Bank, *African Economic Outlook 2021: From Debt Resolution to Growth: The Road Ahead for Africa*, 2021, https://www.afdb.org/sites/default/files/documents/publications/afdb21-01_aeo_main_english_complete_0223.pdf (accessed 11 August 2022).

41. United Nations Human Settlements Programme (UN-HABITAT), *Affordable Land and Housing in Africa*, Volume 3, 2011, https://unhabitat.org/sites/default/files/download-manager-files/Affordable%20Land%20and%20Housing%20in%20Africa.pdf (accessed 11 August 2022).

42. Ibid.

43. International Finance Corporation, "IFC Partners with CITIC Construction to Develop Affordable Housing in Africa", Press room, 29 May 2015, https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=18738 (accessed 11 August 2022).

44. International Finance Corporation, "Affordable Housing in Africa: Rapid urbanization is pushing up demand for housing in Sub-Saharan Africa", News, 2022, https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/trp_featurestory_africahousing (accessed 11 August 2022).

45. Mwape, Austin, Hamdiya Ismaila, Diana Guzman and Drew von Glahn, "Small and growing businesses make the biggest impact on economies, and they need more support", World Economic Forum, Agenda, 20 September 2021, https://www.weforum.org/agenda/2021/09/small-and-growing-businesses-make-the-biggest-impact-on-economiesand-they-need-more-support/?msclkid=a0bf8a46c7a411ecbfd5764b3d779cd0 (accessed 11 August 2022).

46. Ibid.

47. Collaborative for Frontier Finance, "Emerging Market Small and Growing Business Capital Provider's Survey Results", June 2020, https://static1.squarespace.com/static/59d679428dd0414c16f59855/t/5f3291a6c9f2f453aa9e6125/1597149609329/Sub-Sahara+Impact+Capital+Providers_COVID-19+Survey+Review_June+2020.pdf (accessed 11 August 2022).

48. Mwape, Ismaila, Guzman and von Glahn, "Small and growing businesses make the biggest impact on economies, and they need more support", op. cit.

49. Collaborative for Frontier Finance, "Emerging Market Small and Growing Business Capital Provider's Survey Results", op. cit.

50. Mwape, Ismaila, Guzman and von Glahn, "Small and growing businesses make the biggest impact on economies, and they need more support", op. cit.

51. Ibid.

52. Impact Investing Ghana, "Catalysing Impact Investing in Ghana and West Africa", https://impactinvestinggh.org (accessed 7 August 2022).

53. For more information, see World Economic Forum, *Country Financing Roadmap for the SDGs: Ghana*, Insight Report, June 2021, https://www3.weforum.org/docs/WEF_SDIP_CFR_Ghana_Report_2021.pdf (accessed 11 August 2022).

54. World Economic Forum, "Sustainable Investment Pathways: Playbook", op. cit.

55. World Economic Forum, *Country Financing Roadmap for the SDGs: Ghana*, op. cit.

56. Ibid.

57. Ibid.

58. World Economic Forum, "Reshaping Risk Mitigation: The Impact of Non-financial Levers", White Paper, September 2021, https://www3.weforum.org/docs/WEF_Reshaping_Risk_Mitigation_2021.pdf (accessed 7 August 2022).

59. Ibid.

60. Ibid.

61. Vivekanandan, Mohan, and Joel Barnor, "How emerging economies can overcome the private sector's risk perception", World Economic Forum, Agenda, 19 September 2021, https://www.weforum.org/agenda/2021/09/how-emerging-economies-can-overcome-the-private-sector-s-risk-perception (accessed 11 August 2022).

62. African Union, 7th EU-Africa Business Forum, *REPLAY* "Reducing investment risk perception in Africa, Accelerating investments at scale to meet the SDGs", Webinar recording, 2022, https://eabf.app.swapcard.com/event/eabf22/planning/UGxhbm5pbmdfODA3OTk4 (accessed 7 August 2022).

63. United Nations Framework Convention on Climate Change (UNFCCC), "UN Chief Calls for Immediate Global Action to Phase Out Coal", 2 March 2021, https://unfccc.int/news/un-chief-calls-for-immediate-global-action-to-phase-out-coal (accessed 17 August 2022).

64. De Miguel, Valentin, and Melissa Stark, "This is how to accelerate the move from coal to renewables in emerging markets", World Economic Forum, Agenda, 16 June 2022, https://www.weforum.org/agenda/2022/06/accelerating-coal-to-renewables-in-emerging-markets (accessed 17 August 2022).

65. Lacina, Linda, "How finance, ag-tech and more can speed the energy transition – 4 experts explain", World Economic Forum, Agenda, 12 November 2021, https://www.weforum.org/agenda/2021/11/finance-ag-tech-energy-transition-climate-action (accessed 11 August 2022).

66. Mehra, Amol, "Accelerating our progress towards a Just Transition", Laudes Foundation, 24 February 2022, https://www.laudesfoundation.org/latest/blog/2022/02/accelerating-our-progress-towards-a-just-transition (accessed 11 August 2022).

67. World Economic Forum, "Principles for Financing a Just and Urgent Energy Transition", October 2021, https://www3.weforum.org/docs/WEF_JUET_Principles_2021.pdf (accessed 7 August 2022).

68. EU-ASEAN Business Council, "The Financing of Net Zero Transition in Emerging Markets", YouTube, 11 April 2022, https://www.youtube.com/watch?v=zqsjnl06wl4 (accessed 18 August 2022).

69. Hartmann, Teresa, and Gabriela Martinez, "What are natural climate solutions?", World Economic Forum, Agenda, 16 September 2021, https://www.weforum.org/agenda/2021/09/what-are-natural-climate-solutions-ncs-alliance/#:~:text=Natural%20climate%20solutions%20(NCS)%20%E2%80%93,additional%20environmental%20and%20social%20benefits (accessed 18 August 2022).

70. Khatri, Akanksha, and Steve Howard, "How to address Asia-Pacific's biodiversity crisis and encourage nature-positive growth", World Economic Forum, Agenda, 29 September 2021, https://www.weforum.org/agenda/2021/09/how-to-address-asia-pacific-s-biodiversity-crisis-and-encourage-nature-positive-growth (accessed 11 August 2022).

71. Temasek, World Economic Forum and AlphaBeta, *New Nature Economy: Asia's Next Wave. Risks, Opportunities and Financing for a Nature-Positive Economy*, 2021, https://alphabeta.com/wp-content/uploads/2021/09/210917-new-nature-economy-asia_high-res_spread.pdf (accessed 11 August 2022).

72. World Economic Forum, "Nature Action Agenda", https://www.weforum.org/projects/nature-action-agenda (accessed 7 August 2022).

73. World Economic Forum, "Bridging the Gap for Emerging Economies", Session recording, 20 September 2021, https://www.weforum.org/events/sustainable-development-impact-summit-2021/sessions/bridging-the-gap-for-emerging-economies (accessed 19 August 2022).

74. World Wildlife Fund, WWF Climate and Energy, "A vision for 'Just Energy Transformation' worldwide and the impact on ambition", Session recording, 4 November 2021, https://www.youtube.com/watch?v=98JTTf4VxHQ (accessed 11 August 2022).

WORLD ECONOMIC FORUM

COMMITTED TO IMPROVING THE STATE OF THE WORLD

The World Economic Forum, committed to improving the state of the world, is the International Organization for Public-Private Cooperation.

The Forum engages the foremost political, business and other leaders of society to shape global, regional and industry agendas.

World Economic Forum
91–93 route de la Capite
CH-1223 Cologny/Geneva
Switzerland

Tel.: +41 (0) 22 869 1212
Fax: +41 (0) 22 786 2744
contact@weforum.org
www.weforum.org