THE ROLE OF THE PRIVATE SECTOR IN FINANCING THE SDGS
**THERE ARE MANY APPROACHES FOR SUSTAINABLE INVESTMENTS**

<table>
<thead>
<tr>
<th>Before investment decision</th>
<th>After investment decision</th>
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</thead>
<tbody>
<tr>
<td><strong>Exclusions</strong></td>
<td></td>
</tr>
<tr>
<td>– Values based (i.e. tobacco, alcohol)</td>
<td><strong>Engagement</strong></td>
</tr>
<tr>
<td>– Norms based (i.e. cluster bombs)</td>
<td>– Active dialogue with corporates on ESG topics</td>
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<tr>
<td><strong>Positive screening</strong></td>
<td></td>
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<tr>
<td>– Best-in-class</td>
<td><strong>Proxy Voting</strong></td>
</tr>
<tr>
<td>– Thematic investments (i.e. Cleantech, Microfinance)</td>
<td>– Actively using stakeholder voting rights</td>
</tr>
<tr>
<td><strong>ESG Integration</strong></td>
<td></td>
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<tr>
<td>– Environmental, Social, and Governance-Criteria (ESG) integrated in investment process</td>
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</tbody>
</table>
Diversity of approaches and growth

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<tr>
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</thead>
<tbody>
<tr>
<td>Exclusions</td>
<td>3,633,794</td>
<td>6,853,954</td>
<td>+22%</td>
</tr>
<tr>
<td>Norms-based Screening</td>
<td>3,275,930</td>
<td>5,087,774</td>
<td>+18%</td>
</tr>
<tr>
<td>Engagement and Voting</td>
<td>2,646,346</td>
<td>4,270,045</td>
<td>+14%</td>
</tr>
<tr>
<td>ESG Integration</td>
<td>1,900,040</td>
<td>2,646,346</td>
<td>+18%</td>
</tr>
<tr>
<td>Best-in-Class</td>
<td>353,555</td>
<td>493,375</td>
<td>+18%</td>
</tr>
<tr>
<td>Sustainability Themed</td>
<td>145,249</td>
<td>145,249</td>
<td></td>
</tr>
<tr>
<td>Impact Investing</td>
<td>98,329</td>
<td>202,69</td>
<td>+120%</td>
</tr>
</tbody>
</table>

Source: Eurosif SRI Study 2016
INVESTMENTS FOR DEVELOPMENT: INTERESTING SATELLITE IN LOW-INTEREST ENVIRONMENT

— Average of 4.5% target return
— Solid track record of over 10 years
— Investments correlate only marginally with global equity and bond markets
— Contribution to economic development in developing and emerging markets

The role of the private sector in financing the SDGs

**Allocation of Assets to Different Sectors**

Microfinance as dominating field

*Sector and industry exposures as % of AuM (n=14)*

- 79.8% Microfinance
- 6.1% Energy
- 4.5% Agriculture
- 3.2% Manufacturing
- 2.3% Financial Services
- 1.6% Education
- 1.3% Environment
- 0.4% Health
- 0.2% Conservation
- 0.1% Water
- 0.1% Housing/Community Development
- 0.1% Other
- 0.1% Information and Communication
- 0.1% Technology
- 0.0% Microinsurance
- 0.0% Infrastructure

Types of investments

- 78% private debt
- 11% private equity

PARTNERS:
- KfW, German Federal Ministry for Economic Cooperation and Development (BMZ), CelsiusPro, Blue Orchard

OBJECTIVE:
- Contribute to the adaptation to climate change by improving access to and the use of climate insurance in developing countries

PARTNERSHIP ELEMENTS:
- Technical Assistance (TA) facility of EUR 11mm, fully funded by BMZ and managed by CelsiusPro
- Premium Support Facility of EUR 6mm to support climate insurance products of the Funds’ investees throughout their launch phase
- Each Sub-Funds is supported USD 35m in junior funding by the German government

MAIN CHALLENGES:
- Origination of investments
- Development of climate insurance products
- Measuring impact
CASE 2: LOANS TO SME’S

Partners:
— SECO, UBS, Symbiotics

Objective:
— Loans to small and medium enterprises (SMEs) in emerging and frontier to promote entrepreneurship, job creation and inclusive economic growth while offering a financial return to investors.

Partnership elements:
— SECO and UBS provide 10% first loss risk protection co-funded equally by UBS and SECO
— Symbiotics provides impact assessment study to measure key outcomes at the level of the final beneficiary

Main challenges
— Mobilizing private investors’ money
— Conducting the impact assessment and measurement study via intermediate financial institutions
THANK YOU FOR YOUR ATTENTION!
The role of the private sector in financing the SDGs