Item 9: Investment for development: Investing in the sustainable development goals

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TRADE AND DEVELOPMENT BOARD
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Agenda Item 9

Investment for development
Investing in the Sustainable Development Goals: An Action Plan

Statement by
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The United Nations Sustainable Development Goals (SDGs) will need to bridge a large investment gap.

Estimated annual investment needs in key SDG sectors, 2015–2030
(Trillions of dollars, annual average)

- Total annual investment needs: 3.9
- Current annual investment: 1.4
- Annual investment gap: 2.5
The potential for private sector investment is significant, especially in infrastructure, food security and climate change.

Potential private-sector contribution to investment gaps at current and high participation levels (Billions of dollars)
Strategic framework for private investment in the SDGs

**LEADERSHIP**
Setting guiding principles, galvanizing action, ensuring policy coherence

**IMPACT**
Maximizing sustainable development benefits, minimizing risks

**MOBILIZATION**
Raising finance and reorienting financial markets towards investment in SDGs

**CHANNELLING**
Promoting and facilitating investment into SDG sectors
### Policy options for each element of the framework

#### 1. Leadership
- Agree a set of guiding principles for SDG investment policymaking
- Set SDG investment targets
- Ensure policy coherence and synergies
- Multi-stakeholder platform and multi-agency technical assistance facility

#### 2. Mobilization
- Create fertile soil for innovative SDG-financing approaches & corporate initiatives
- Build or improve pricing mechanisms for externalities
- Promote Sustainable Stock Exchanges
- Introduce financial market reforms

#### 3. Channelling
- Alleviate entry barriers, while safeguarding legitimate public interests
- Expand use of risk sharing and mitigation mechanisms for SDG investments
- New incentives schemes, a new generation of investment promotion institutions
- Build SDG investment partnerships

#### 4. Impact
- Build productive capacity, entrepreneurship, technology, skills, linkages
- Establish effective regulatory frameworks and standards
- Good governance, capable institutions, stakeholders engagement
- Implement SDG impact assessment systems
A Big Push for private investment in the SDGs: Action Packages

1. New generation of investment promotion strategies and institutions
   - At national level:
     - New investment promotion strategies focusing on SDG sectors
     - New investment promotion institutions; SDG investment development agencies developing and marketing pipelines of bankable projects
   - New generation of IIAAs:
     - Pro-active SDG investment promotion and facilitation
     - Safeguarding policy space for sustainable development

2. Reorientation of investment incentives
   - SDG-oriented investment incentives
     - Targeting SDG sectors
     - Conditional on sustainability contributions
   - SDG investment guarantees and insurance schemes

3. Regional SDG Investment Compacts
   - Regional/South-South economic cooperation focusing on:
     - Regional cross-border SDG infrastructure development
     - Regional SDG industrial clusters, including development of regional value chains
     - Regional industrial collaboration agreements

4. New forms of partnerships for SDG investment
   - Partnerships between outward investment agencies in home countries and IFAs in host countries
   - Online pools of bankable SDG projects
   - SDG-oriented linkages programmes
   - Multi-agency technical assistance consortia
   - SVE-TNC-MDG partnerships

5. Enabling innovative financing and a reorientation of financial markets
   - New SDG financing vehicles
   - SDG investment impact indicators
   - Investors' SDG contribution rating
   - Integrated reporting and multi-stakeholder monitoring
   - Sustainable Stock Exchanges (SSEs)

6. Changing the global business mindset
   - Global Impact MBAs
   - Training programmes for SDG investment (e.g. fund management/financial market certifications)
   - Entrepreneurship programmes in schools

Guiding Principles

Balancing liberalization and regulation
Balancing the need for attractive risk-return rates with the need for accessible and affordable services for all
Balancing a push for private funds with the push for public investment
Balancing the global scope of the SDGs with the need to make a special effort in LDCs
Stakeholder engagement through UNCTAD's World Investment Forum and Investment Policy Hub

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