UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

Promoting investments for sustainable development

Paper by UNCTAD in compliance with OP 31 of A/RES/74/199

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Summary

The present report provides an abbreviated version of a dedicated chapter entitled “Investing in the SDGs” that was included in the *World Investment Report (WIR) 2020: International Production Beyond the Pandemic* at the request of the General Assembly resolution 74/199 (paragraph 31):

> “31. Requests the Secretary-General, in collaboration with the secretariat of the United Nations Conference on Trade and Development, to inform the General Assembly at its seventy-fifth session of the implementation of the present resolution, based on their ongoing research, through a dedicated section of the World Investment Report, with a special focus on the gaps and challenges faced and the progress made in promoting investments for sustainable development as well as concrete recommendations for the advancement of investment for the implementation of the 2030 Agenda, and looks forward to the continuing consideration of these issues in the forthcoming reports of the Inter-Agency Task Force on Financing for Development;”

The WIR chapter V addresses the matter in more detail and depth, including an appraisal of the impact of Covid-19.

The report reviews global investment trends in 10 key SDG sectors, including FDI and project finance, updating the data presented in the first-ever SDG Investment Trends Monitor issued in 2019. It notes that although progress on investment in the SDGs is now evident across six out of 10 SDG sectors (including infrastructure, climate change mitigation, food and agriculture, health, telecommunications, and ecosystems and biodiversity), overall growth is falling well short of requirements. The report also provides an overview of developments in global sustainability finance, which has grown rapidly in number, variety, and size, reaching $1.2–$1.3 trillion today. However, most of these funds are invested in developed countries (e.g. in renewable energy). The global effort to fight the pandemic is boosting the growth of sustainability funds, particularly social bonds, but the challenge remains on how to combine this growth with a greater focus on channeling funds to SDG-relevant investment projects in developing countries, and especially LDCs. This is also an issue of integrating good environmental, social and governance (ESG) practices in business operations to ensure positive investment impact, including through reporting on gender equality. 70 per cent of the world’s 5,000 largest MNEs now report on progress in this area.

The report presents the key findings of the first ever global overview of the current state of national and international investment policies in relation to the SDGs. It notes that although more than 150 countries have adopted national strategies on sustainable development or revised existing development plans to reflect the SDGs, very few of these contain concrete roadmaps for the promotion of investment in the SDGs. Existing investment promotion instruments applicable to the SDGs are limited in number and follow a piecemeal approach. Likewise, almost all international investment agreements pre-date the SDGs and need to be modernized in line with UNCTAD’s Reform Package for the IIA regime.

A more systematic approach is needed for mainstreaming SDGs into national investment policy frameworks and the IIA regime; and to factor investment promotion into national SDG strategies. The concluding section of the Report proposes a set of policy actions aimed at spurring further private sector investment in the SDGs at the dawn of the “decade of action and delivery”.

Introduction

The present report is submitted in response to General Assembly resolution 74/199 on "Promoting investments for sustainable development" requesting that UNCTAD informs its next session "on the gaps and challenges faced and the progress made in promoting investments for sustainable development as well as concrete recommendations for the advancement of investment for the implementation of the 2030 Agenda" (para 31).[1]

It provides an abbreviated version of a dedicated chapter entitled "Investing in the SDGs" that was included in the *World Investment Report 2020: International Production Beyond the Pandemic* (UNCTAD, 2020) at the request of the General Assembly. The WIR chapter V addresses the matter in more detail and depth, including an appraisal of the impact of Covid-19. The WIR also contains data and analysis on global and regional FDI flows, including the sectoral distribution of FDI in developing countries as it relates to the need to promote investment in value addition in the processing of natural resources and in productive diversification to ensure structural change and more inclusive and sustainable development of developing countries (in chapters 1 and 2). It also provides analysis of national and international policy trends (in chapter 3) and on international production in the decade of transformation ahead, with the crisis caused by the COVID-19 pandemic arriving on top of existing challenges arising from the new industrial revolution, growing economic nationalism and the sustainability imperative.

Section A of this report reviews global investment trends in 10 key SDG sectors, including FDI and project finance, updating the data presented in the first-ever 2019 SDG Investment Trends Monitor (UNCTAD, 2019a). Section B provides an overview of global sustainability finance. Section C presents analysis on trends in ESG and SDG integration, the SDG uptake by private sector CSR initiatives and gender reporting and policies in the world's largest 5,000 companies, an important aspect of ESG integration. Section D presents the key findings of the first ever global overview of the current state of national and international investment policies in relation to the SDGs. The concluding section proposes a set of policy actions aimed at spurring further private sector investment in the SDGs at the dawn of the "decade of action and delivery".

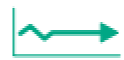
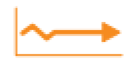
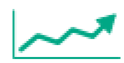
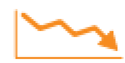
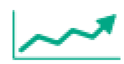
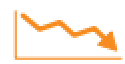
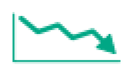
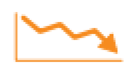
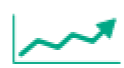
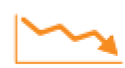
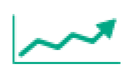
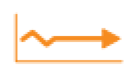
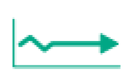
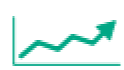
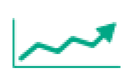
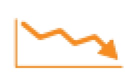
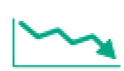
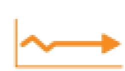
1. Trends in SDG investment in developing countries

UNCTAD first estimated investment requirements for the Sustainable Development Goals (SDGs) in WIR14, identifying 10 relevant sectors (encompassing all 17 SDGs) and identifying an annual investment gap of in developing countries of $2.5 trillion (UNCTAD, 2014). Progress on investment in the SDGs in developing countries – from all sources (domestic and international, public and private) – is now evident across six out of ten SDG sectors, including infrastructure, climate change mitigation, food and agriculture, health, telecommunications, and ecosystems and biodiversity (table 1). However, even in sectors where investment shows signs of growth, the order of magnitude is not yet in the range that would make a significant dent in estimated investment gaps. In addition, investment in important sectors, including education and water and sanitation, appears stagnant at best (UNCTAD, 2019a).

Of the various sources of investment, international private investment in SDG sectors is not yet landing on the ground in developing countries. FDI, and in particular greenfield investment and project finance, have been lackluster in relevant sectors, with the power, renewable energy and transport infrastructure sectors drawing the majority of investment in developing economies, often led by a few large economies.

[1] See https://undocs.org/en/A/RES/74/199.

Table 1: Summary of gaps, directional trends and data availability

Main investment requirements	Most relevant SDGs	UNCTAD estimated annual investment gaps (Billion of dollars)	Overall SDG investment trends	International private sector investment trends
POWER (excl. renewables) Investment in generation, transmission and distribution of electricity	7	370–690		
TRANSPORT INFRASTRUCTURE Investment in roads, airports, ports and rail	9, 11	50–470		
TELECOMMUNICATIONS Investment in infrastructure (fixed lines, mobile and internet)	9	70–240		
WATER, SANITATION AND HYGIENE (WASH) Provision of water and sanitation to industry and households	6	260		
FOOD AND AGRICULTURE Investment in agriculture, research, rural development, etc.	2	260		
CLIMATE CHANGE MITIGATION Investment in relevant infrastructure, renewable energy generation, research and deployment of climate-friendly technologies, etc.	13	380–680		
CLIMATE CHANGE ADAPTATION Investment to cope with impact of climate change in agriculture, infrastructure, water management, coastal zones, etc.	13	60–100		N.D.
ECOSYSTEMS AND BIODIVERSITY Investment in conservation and safeguarding ecosystems, marine resource management, sustainable forestry, etc.	14, 15	N.D.		N.D.
HEALTH Investment in infrastructure, e.g. new hospitals, and R&D on vaccines and medicines	3	140		
EDUCATION Infrastructural investment, e.g. new schools	4	250		

Source: UNCTAD.

Notes: The estimated investment gaps are based on *World Investment Report 2014*. The overall trend assessments for the SDG investment areas are from UNCTAD's *SDG Investment Trends Monitor 2019* and based on available data covering all types of investment and financing, including domestic and cross-border, public and private, and finance mobilization (in addition to capital expenditures). The assessment based on FDI, greenfield and project finance is a specific feature of WIR using the latest data generated for this year's report. For data sources see chapters I and II and the annexes to the report.

Capital spending announcements for greenfield FDI projects (in eight SDG sectors for which data is available) amounted to $134 billion annually on average during 2015-2019, marking an increase of 18 per cent from 2010-2014. However, this increase was due largely to heightened investment levels in the first two years of the SDG framework (2015 and 2016) (table 2). In the last three years, it fell back to pre-SDG levels. One positive sign was the number of renewable energy projects, which almost doubled over the period.

Table 2: Value and number of announced greenfield projects in SDG sectors, value and number, five-year average, 2010–2019

(Billions of dollars and per cent)

	Developing economies			Of which: LDCs		
	Average ($ billions)		Change (%)	Average ($ billions)		Change (%)
	2010–2014	2015–2019		2010–2014	2015–2019	
Total	113,9	134,4	18	11,5	14,9	30
Number of projects	*1.313,2*	*1.251,6*	*-5*	*111,2*	*108,8*	*-2*
Power (excluding renewables)	19,5	36,2	85	4,8	5,4	12
Number of projects	*58,0*	*54,6*	*-6*	*6,0*	*8,0*	*33*
Transport services	23,3	22,2	-5	1,6	2,2	41
Number of projects	*305,2*	*254,2*	*-17*	*26,0*	*27,4*	*5*
Telecommunication	17,8	8,9	-50	1,3	0,9	-31
Number of projects	*165,6*	*103,2*	*-38*	*23,0*	*11,8*	*-49*
Water, sanitation and hygiene	2,1	2,0	-7	0,0	0,0	162
Number of projects	14,4	14,8	3	0,6	0,6	0
Food and agriculture	22,1	22,3	1	1,5	3,7	146
Number of projects	*410,8*	*398,4*	*-3*	*37,4*	*34,4*	*-8*
Climate change mitigation	21,5	36,9	72	1,9	2,3	22
	100,2	*182,0*	*82*	*6,0*	*11,6*	*93*
Climate change adaptation	..	..		..	..	
Ecosystem and biodiversity	..	..		..	..	
Health	6,6	5,2	-22	0,4	0,4	-1
Number of projects	*188,0*	*180,2*	*-4*	*9,8*	*9,8*	*0*
Education	1,0	0,8	-16	0,0	0,1	126
Number of projects	*71,0*	*64,2*	*-10*	*2,4*	*5,2*	*117*

Source: UNCTAD, based on Financial Times Ltd, fDi Markets (www.fDiMarkets.com).
The database covers 138 economies (including 45 LDCs).

The trends in FDI inflows in developing economies based on balance-of-payments data largely mirrors the assessment from the greenfield project data (table 3). The largest increase in FDI in absolute terms was in the power sector. However, the overall level of growth in realized FDI in 2015-2018 (5 per cent, to $71 billion) is comparatively modest relative to that in announced greenfield investment. In LDCs, despite the increase in FDI across sectors, the values are still a fraction of investment needs and insufficient for meaningful progress towards the SDGs.

Table 3: FDI in SDG sectors, five-year average, 2010–2018
(Billions of dollars and per cent)

	Developing economies				Of which: LDCs			
	Number of economies	Average ($ billions) 2010–2014	Average ($ billions) 2015–2018	Change (%)	Number of economies	Average ($ billions) 2010–2014	Average ($ billions) 2015–2018	Change (%)
Power	39	14.1	21,3	51	6	0.8	0.8	4
Transport services	36	17.8	17.8	0	7	0.4	1.3	217
Telecommunication	16	9.1	12.0	32	1	0.3	0.4	20
Water. sanitation and hygiene	10	0.3	0.7	113	-	-	-	
Food and agriculture	38	22.7	16.3	-28	7	0.5	0.8	42
Climate change mitigation	..	..	..		..	..	..	
Climate change adaptation	..	..	..		..	..	..	
Ecosystem and biodiversity	..	..	..		..	..	..	
Health	21	2.5	2.0	-20	3	0.002	0.006	140
Education	14	0.8	0.7	-13	2	0.002	0.005	191

Source: UNCTAD.
Note: The latest year for which data are available is 2018. The number of economies represents those with full or partial data available for both periods.

Project finance in developing countries in SDG sectors – mostly power, infrastructure, telecommunication, and water and sanitation – announced in 2015-2019 amounted to an annual average of $418 billion, down 32 per cent from the pre-SDG period (2010-2014) (table 4).

Table 4: Project finance in SDG sectors, value and number, five-year average, 2010–2019
(Billions of dollars and per cent)

	Developing economies			Of which: LDCs		
	Announced projects, average ($ billions) 2010–2014	Announced projects, average ($ billions) 2015–2019	Change (%)	Announced projects, average ($ billions) 2010–2014	Announced projects, average ($ billions) 2015–2019	Change (%)
Total	**616.1**	**417.7**	**-32**	**41.7**	**33.5**	-20
Number of projects	***478***	***676***	***42***	***40***	***79***	*99*
Power (excluding renewable energy)	162.8	73.4	-55	6.7	9.5	41
Number of projects	*144*	*117*	*-19*	*13*	*18*	*37*
Climate change mitigation	117.3	125.7	7	11.5	13.0	13
Number of projects	*80*	*334*	*318*	*15*	*39*	*170*
Transport services	310.2	191.6	-38	23.0	9.9	-57
Number of projects	*209*	*178*	*-15*	*10*	*18*	*88*
Telecommunication	8.0	4.0	-50	0.3	0.5	85
Number of projects	*10*	*8*	*-22*	*1*	*1*	*-29*
Water and sewerage	17.8	23.0	29	0.2	0.6	142
Number of projects	*35*	*41*	*17*	*1*	*2*	*200*

Source: UNCTAD. For complete data description, see UNCTAD, 2020, chapter I.
Note: Includes both cross-border and domestic projects, and all public or all private projects. For further details, see chapter I (box I.3). Climate change mitigation is estimated with data on the renewable energy sector.

The number of projects increased by more than 40 per cent, because of many relatively low-cost renewable energy projects. The value of financed projects targeting LDCs remained negligible (about $8 billion, or 6 per cent of the total in all developing economies) and failed to grow over the last five-year period.

The COVID-19 crisis will make the task of channelling private investment to SDG-relevant sectors in developing countries even more daunting and risks upending scant progress made in the last 5 years.

2. SDG-financing trends in global capital markets

Sustainability funds target ESG or SDG-related themes or sectors, such as clean energy, clean technology or sustainable agriculture and food security. They have grown rapidly in number, variety, and size. UNCTAD estimates that funds dedicated to investment in sustainable development have reached $1.2 - $1.3 trillion today (figure 1). They include sustainability-themed equity funds, green bonds, and social bonds.

Figure 1: Sustainability investing

	Sustainability-dedicated investment		Responsible investment			
	Impact investing	Sustainability themed	Positive or best-in-class screening	Norms-based screening	ESG integration & engagement	Negative screening
Key features	Investment with an intention to generate positive, measuarable social and environmental impact alongside a financial return	Investment in themes or assets constructed around the SDGs (e.g. green bonds, sustainability-themed funds)	Selecting best performing companies across industries in terms of sustainability performance	Screening against minimum standards of business practice based on international norms (e.g. UN, ILO)	Integrating ESG factors in investment decisions to better manage risk and enhance financial returns	Excluding activities or industries with clearly defined negative impacts from an investment portfolio
Return expectations	Social return & submarket/market financial return	Financial market rate & social, environmental impact	Financial market rate focused			
Market size	$1.2 - $1.3 trillion		$29 trillion			

Source: UNCTAD, adepted from Financing for Sustainability Report 2020.
Note: Market size data are UNCTAD's calculation on Momingstar, the Climate Bond Initiative and GSIA

Sustainability-themed equity funds include mutual funds and exchange-traded funds that use ESG criteria as part of their security selection process or seek a measurable positive impact alongside financial returns. UNCTAD estimates there are close to 3,100 such funds worldwide, with assets under management of about $900 billion. From 2010 to 2019, the number of sustainable funds in Europe and the United States, the two largest markets for sustainable investment, rose from 1,304 to 2,708, with assets under management growing from $195 billion to $813 billion. Sustainable funds in developing economies remain a relatively new phenomenon. In China there are 95 sustainability-themed funds, with assets under management of nearly $7 billion as of 2019. Most were created in the last five years. ESG funds also experienced growing traction in Brazil, Singapore and South Africa in recent years, albeit from a low starting level.

Green bonds promote investment in climate action (SDG 13), affordable and clean energy (SDG 7), and sustainable cities and communities (SDG 11). The global green bond market saw rapid growth in 2019, to nearly $260 billion, a 51 per cent year-on-year increase. The proceeds of green bonds are primarily used in three sectors (energy, buildings and transport).

Social bonds are seeing significant growth this year, as the global effort to fight the COVID-19 pandemic is boosting their number. In the first quarter of 2020, social bonds related to COVID-19 crisis relief raised $55 billion, exceeding the total value of social bonds issued in all of 2019. The rapid response to the pandemic by the bond market can be attributed to the well-established sustainable debt market that consist of green, social and sustainable bonds. Each of these are based on a set of principles or guidelines issued by the International Capital Market Association (ICMA), which immediately made it clear that existing guidance for social and sustainability bonds were immediately applicable to COVID-19 response bonds. In addition, stock exchanges actively support the fast growing COVID-19 bond market, for example by waiving listing fees.

In addition to sustainability funds, the much broader category of responsible investment refers to general investment funds that adopt sustainability-linked investment criteria. This type of investment does not directly target SDG-relevant sectors. The total assets under management of these funds could be about $29 trillion.

Over the next ten years, the “decade of delivery” for the SDGs, capital markets can be expected to significantly expand their offering of sustainability-themed products. The challenge will be how to combine growth with a greater focus on channeling funds to SDG-relevant investments in developing countries, and especially LDCs, LLDCs, SIDS and other vulnerable economies. To date, most of the assets that sustainability-themed funds invest in are in developed countries.

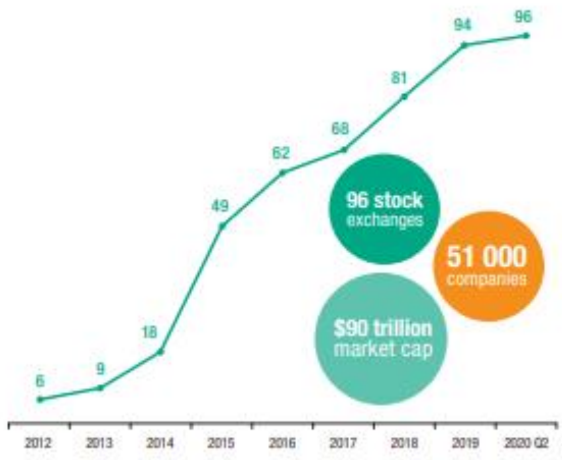
3. ESG integration trends

Progress on investing in the SDGs is not just about mobilizing funds and channeling them to priority sectors. It is also about integrating good environmental, social and governance (ESG) practices in business operations to ensure positive investment impact. Global capital markets are again instrumental in this process. Security regulators and policymakers, as well as international organizations, such as the UN Sustainable Stock Exchanges initiative and the International Organization of Securities Commissions (IOSCO), push for ESG integration in capital markets.

Stock exchanges have an important role to play in promoting sustainability in the capital market. They provide a platform for sustainable finance and guidance for corporate governance. The last decade has witnessed a sharp increase across a range of sustainability initiatives undertaken by exchanges. More than half of exchanges worldwide now provide guidance to listed companies on sustainability reporting. Other activities include training and the development of relevant tools and platforms for the development and transaction of sustainability-themed financial products (figure 2).

Companies and institutional investors acknowledge the need to align investment and business decisions with positive SDG outcomes. The SDGs are increasingly becoming a focus of investor interest and company reporting for impact. A key challenge is the quality of disclosure and harmonization of reporting standards.

Figure 2: SSE initiative members, 2012-2020 Q2
(number of exchanges)

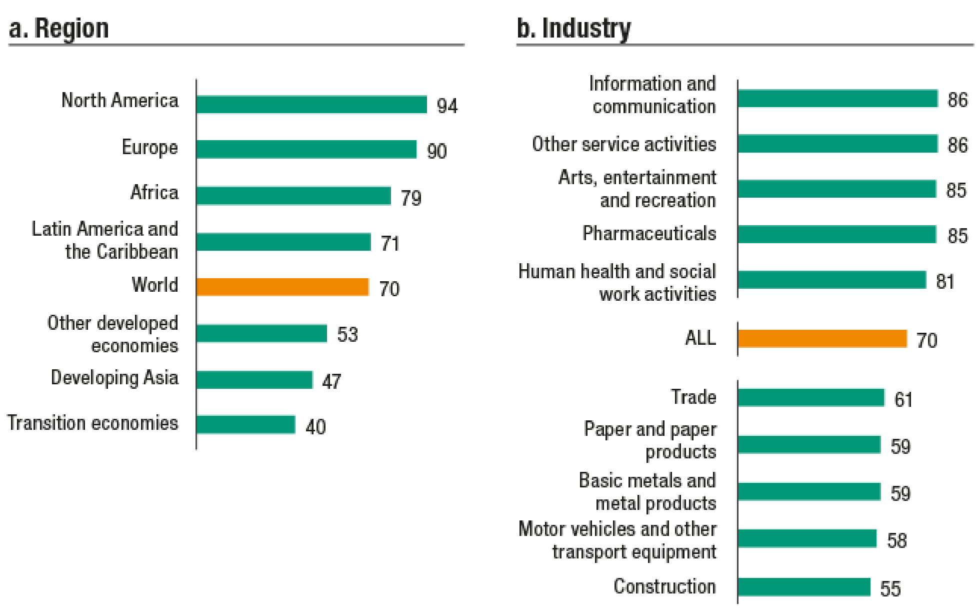


Source: UNCTAD, SSE database.

To take private sector contribution to the SDGs to the next level of implementation and delivery will require enhanced measurement and reporting by MNEs. The Global Reporting Initiative (GRI), mapped the SDGs to its widely used reporting standard. In 2019, UNCTAD published the Guidance on Core Indicators as a framework for corporate reporting on their contribution towards the attainment of the SDGs (UNCTAD, 2019b) to facilitate harmonization and data comparability.

One SDG on which companies are increasingly expected to report is gender equality. About 70 per cent of the world's 5'000 largest MNEs now report on progress in this area. Overall, women's representation remains unequal (figure 3).

Figure 3: Gender reporting rates, by region and top five/bottom five industries, 2018
(Per cent)



Source: UNCTAD.
Note: Share of companies reporting on gender (n = 3,103) out of all companies indata set (n = 4,439).

At the global level, the reported share of women employees in the largest MNEs is 17 per cent, with 9 per cent at the managerial level, but a larger share (18 per cent) at board level, where regulation and investor pressure have led to better representation.

Globally, about four out of five companies have published a diversity policy. The degree to which such policies translate into concrete action can be proxied by the presence of flexible working arrangements or the provision of childcare services that might positively benefit women and facilitate their participation in the labour market. The number of companies with such arrangements or facilities is far lower than those with diversity policies.

4. Mainstreaming the SDGs in investment policies

Following up on the adoption of the UN Sustainable Development Goals in September 2015 more than 150 countries around the globe have adopted their own national strategies on how to promote and implement the SDGs and on what priorities to set in this process. According to UNCTAD's count, at least 128 countries have adopted such strategies or revised them in view of the SDGs. These strategies often take the form of a national development plan into which the SDGs are integrated. The UN is assisting developing countries not only in mainstreaming SDGs in their national development strategies, but also in identifying the financing needs associated with achieving the SDGs and the possible sources of finance through the Integrated National Finance Framework (INFF) process, and by promoting an active participation of the private sector in financing the 2030 Agenda. In their voluntary national reviews concerning their roadmap towards the SDGs conducted since 2016, UN member countries have elaborated on their SDG strategies and - besides presenting past achievements and setting future policy priorities – identified major challenges for achieving the Goals.

Existing investment promotion instruments applicable to the SDGs are limited in number and follow a piecemeal approach. UNCTAD's global review of national investment policy regimes shows that less than half of UN member States maintain specific promotion tools for investment in the SDGs. For these countries, on average, each target no more than 3 SDG-related sectors or activities in its regulatory framework. Many other countries do not have such policies at all. Countries promote inward investment in the SDGs primarily through incentive schemes. Several key SDG sectors, such as health, water and sanitation, education and climate change adaptation, are rarely covered by specific investment promotion measures. Developed economies also promote outward investment through state guarantees and loans using sustainability criteria (table 5).

Since the adoption of the SDGs, some efforts have been made to enhance promotion of investment in SDG sectors. In total, 55 countries implemented almost 200 policy measures related to these sectors, with the vast majority of them aiming at liberalizing or facilitating investment. Most policy changes affected food and agriculture, transportation or innovation and were adopted by developing economies, with developing Asia alone responsible for 42 per cent of them. The pandemic has triggered a shift in priorities towards more promotion of investment in the health sector, food security and digitalization.

Factoring in the SDGs in the international investment treaty regime presents a daunting task. The vast majority of the 3'300 existing treaties pre-date the SDGs. Since the adoption of the SDGs in 2015, 190 IIAs have been concluded. Of those, more than 30 per cent include provisions addressing the SDGs directly, and almost 60 per cent include a reference to sustainable development in their preamble. In addition, several countries are reformulating their treaty models in line with UNCTAD's Reform Package for the IIA regime.

Table 5: Selected policy instruments relevant for investment in the SDGs, selected examples

National policies investment promotion applicable to SDG sectors	
Investment incentives of host countries	• Incentives applicable to SDG-related projects • Conditioning incentives to certain SDG-related investor performances • SEZs focusing on SDGs
Investment targeting, facilitation and aftercare	• Specific targeting of SDG-related investment • Preparation of SDG project pipelines • Image-building (advertise host economy as an SDG champion) • Priority treatment by local IPAs in the establishment process of SDG investment • Aftercare services after establishment of SDG investors
Investment guarantees and loans for outward investments related to the SDGs	• Conditioning investment guarantees and loans to prior environmental and social impact assessment • Linking the guarantees and loans to certain SDG-related investor performance • Providing guarantees and loans exclusively for investments in certain SDG sectors
›nal policies for regulating the entry of investment relevant to the SDGs	
Rules regarding entry and admission of foreign investment	• SDG-related approval requirements for investment • Full or partial entry restrictions in SDG -relevant sectors • National security-related FDI screening mechanism covering SDG sectors • Denial of investment incentives for investment in SDG-relevant sectors
national investment agreements	
Promotes and protects foreign investment	• Flag SDGs as a core treaty objective • Confirm contracting parties' right to regulate • Prohibit lowering of environmental and social standards as a means for attracting investment

A more systematic approach is needed for factoring investment promotion into national SDG strategies, and mainstreaming SDGs into national investment policy frameworks and the IIA regime.

Conclusions and recommendations

A new set of global actions to facilitate a "Big Push" in private sector investment in the SDGs is urgently needed. Current investment in SDG sectors, especially in developing countries, is too low (section 1), sustainability financing largely bypasses developing countries (section 2) and SDG-specific policies are not being rolled out fast enough (sections 3 and 4). Furthermore, this situation has been compounded by the impact of the Covid-19 crisis, which risks subordinating progress on the SDGs to the priority of economic recovery. A Big Push for private investment in the SDGs can build on the six areas of transformative action proposed in UNCTAD's Investment Policy Framework for Sustainable Development (IPFSD) (UNCTAD, 2015), taking into account the progress made since then by UNCTAD and others.

This set of six policy action areas can serve as an implementation framework for the UN Secretary-General's Strategy for Financing the 2030 Agenda for Sustainable Development, which he launched in 2018 to further enhance the UN's role in supporting and accelerating finance for sustainable development with the aim to improve global coordination, strengthen partnerships, and channel investment to SDG sectors in the most vulnerable countries.[2]

With actions aimed at helping especially developing countries to overcome the investment mobilization, channelling and impact challenges, the six pack incorporates the four guiding principles for private sector investment in the SDGs proposed by the IPFSD, namely balancing liberalization with regulation, ensuring both attractive risk/return profiles and accessible and affordable goods and services for all, aligning measures to attract private funds with the fundamental role of the State, and differentiating between the global scope of the SDGs and special efforts for LDCs and other vulnerable economies (figure 5).

The new set of global actions for a "Big push" in private sector investment in the SDGs includes policy tools that have been elaborated and put into practice by UNCTAD and others since the declaration of the SDGs in 2015, such as the Global Action Menu for Investment Facilitation, the IIA Reform Package, the Entrepreneurship Policy Framework, and the Accounting Development Tool. It also considers several other UN initiatives aimed at engaging investors and capital markets, including stock exchanges, institutional investors, impact investors, and family businesses, in the pursuit of the SDGs. The proposed transformative actions include the following six:

- Mainstreaming the SDGs in national investment policy frameworks and in the international investment treaty regime.
- Re-orienting investment promotion and facilitation strategies toward SDG investment.
- Establishing regional SDG Investment Compacts.
- Fostering new forms of partnerships for SDG investment.
- Deepening ESG integration in financial markets by establishing a global monitoring mechanism with a harmonized approach to disclosure.
- Contributing to changing the global business mindset.

The "Big push" can be operationalized through various UNCTAD's and the UN's technical assistance and capacity-building tools (e.g. the INFFs, Investment Policy Reviews, business facilitation, and entrepreneurship training). It is conceived as a "living document" that can be regularly updated and adapted in light of the General Assembly's annual guidance on the matter.

UNCTAD will continue its regular monitoring of global SDGs investment trends and policy through its well-established mechanisms, e.g. the Global SDG Investment Trends Monitor, the Global SDG Investment Policy Monitor and the World Investment Report. It will also continue to promote investment in the SDGs through global platforms, such as the World Investment Forum, in partnership with all key investment-development stakeholders.

[2] See https://www.un.org/sustainabledevelopment/wp-content/uploads/2019/07/EXEC.SUM_SG-Roadmap-Financing-SDGs-July-2019.pdf.

Figure 5: A "big push" for action: six policy packages

1. New generation of investment policies

- **At national level**
  New investment policies based on IPFSD building in the SDG angle in a holistic and effective manner
- **At international level**
  IIA Reform based on UNCTAD Reform Package and the forthcoming IIA Accelerator to bring "old-generation" treaties speedily up to date.

2. Reorientation of investment promotion and facilitation

- **SDG-oriented investment facilitation based on UNCTAD's Global Action Menu**
- **SDG investment guarantees and insurance schemes**

3. Regional SDG Investment Compacts based on UNCTAD Guiding Principles

- **G-20 Guidelines**
- **ACP Guidelines**
- **D-8 Guidelines**
- **Regional/South-South economic cooperation**
  focusing on:
  – Regional SDG SEZs

4. New forms of partnerships for SDG investment

- **Home-host country IPA networks**
- **Create investment-ready and ESG-aligned financial products and investment projects in developing countries**
- **Online pools of bankable projects**
- **SDG-oriented linkages programmes**
- **Family business for sustainable development initiative**

5. Enabling a re-orientation of financial markets

- **Guidelines for corporate SDG contribution indicators**
- **UN Sustainable Stock Exchanges Initiative**
- **Strengthen the credibility of sustainable financial products** (through the development sustainability assessment standards and reliable data)
- **Fully integrate sustainability along the entire investment value chain, and across public and private markets**
- **Develop more sustainability-themed capital market products dedicated to the SDGs**

6. Changing the global business mindset

- **UN-SG Global Investors Initiative**
- **Training programmes for SDG investment (e.g. fund management/ financial market certification)**
- **Entrepreneurship programmes** for vulnerable groups (migrants, women, youth)
- **Improve corporate reporting and benchmarking on gender and diversity**

GUIDING PRINCIPLES

- Balancing liberalization and regulation
- Balancing the need for attractive risk-return rates with the need for accessible and affordable services
- Balancing the global scope of the SDGs with the need to make a special effort in LDCs
- Balancing the push for private funds with the continued fundamental role of public investment

Source: UNCTAD, based on IPFSD 2015.

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