



**Convening the network of 39 financial centers
towards SDG Investment Opportunities.**

**UNDP Financial Centres
for Sustainability Network**
November 2022

Webinar Agenda



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Sustainable development goals and the Financing Gap

02

FC4S Role SDG Investment Brokering Process

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Investor Convening: Blended Finance Programs and Financial Products

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Way forward

What are the Sustainable Development Goals?



(UN SDGs)

- **The Sustainable Development Goals (SDGs)** are a set of 17 Global Goals set by the United Nations (UN) to tackle a range of issues, from combating climate change to ending poverty and hunger.
- Not only do the SDGs aim to create a world that is more sustainable they also offer real business opportunities
- The latest available data from the SDG Report 2022 reveals that the 2030 Agenda for Sustainable Development is in grave jeopardy due to multiple, cascading and intersecting crises. **COVID-19, climate change and conflict predominate.**

We are on an unsustainable path – despite increasing momentum for “sustainable” finance

We are **pushing against the boundaries of our social and natural systems**, and the pandemic has done nothing but exacerbate the sustainability issues already present. Indeed, through the pandemic, the annual **SDG financing gap has increased** from USD 2.5 trillion to USD 4.2 (Convergence, 2022).

Private sector is seeking opportunities and needs guidance on what and how

72%

of companies
mention SDGs in
reporting

25%

of companies include
SDGs in business
strategies

14%

of companies
mention SDG targets

1%

of companies report
quantitative measures to
show progress

(PwC, 2021)

Not enough of global finance is reaching the people and countries most in need: only 20% is held in developing countries, which are home to 84% of the population (OECD, 2020).

A primary cause for this insufficient financial flow is the **lack of reliable, accessible, and actionable data surrounding SDG investments** in emerging economies.

Having identified this need, UNDP FC4S seeks to continue building the **SDG Investor Maps and Pipelines**, infrastructure which is critical to eliminating the investor/impact information gap.



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FC4S Role SDG Investment Brokering Process

Direct capital to where it is most needed

UNDP Sustainable Finance Hub

From supporting national strategies that deepen public-private collaboration, to developing global Standards for Private Equity funds, SDG Bonds and Enterprises, and investor maps for SDG-enabling investment at global, regional and national levels, the **SFH brings the best of UNDP to accelerate progress of the SDGs.**

UNDP has articulated a moonshot for its next Strategic Plan (2022-25)



UNDP offers solutions to address SDG financing needs through FC4S and the Africa Sustainable Finance Hub

Investor Convening

Produces **data and insights** needed for increasing financial flows to the SDGs.

Foster matchmaking and collaboration and address policy opportunities

Outputs

SDG Investor Maps & Investment Pipeline

SDG Investor Platform:
sdginvestorplatform.undp.org



SDG Financial Products: Thematic Bonds
(Green Bonds, SDG Bonds, Blue Bonds)



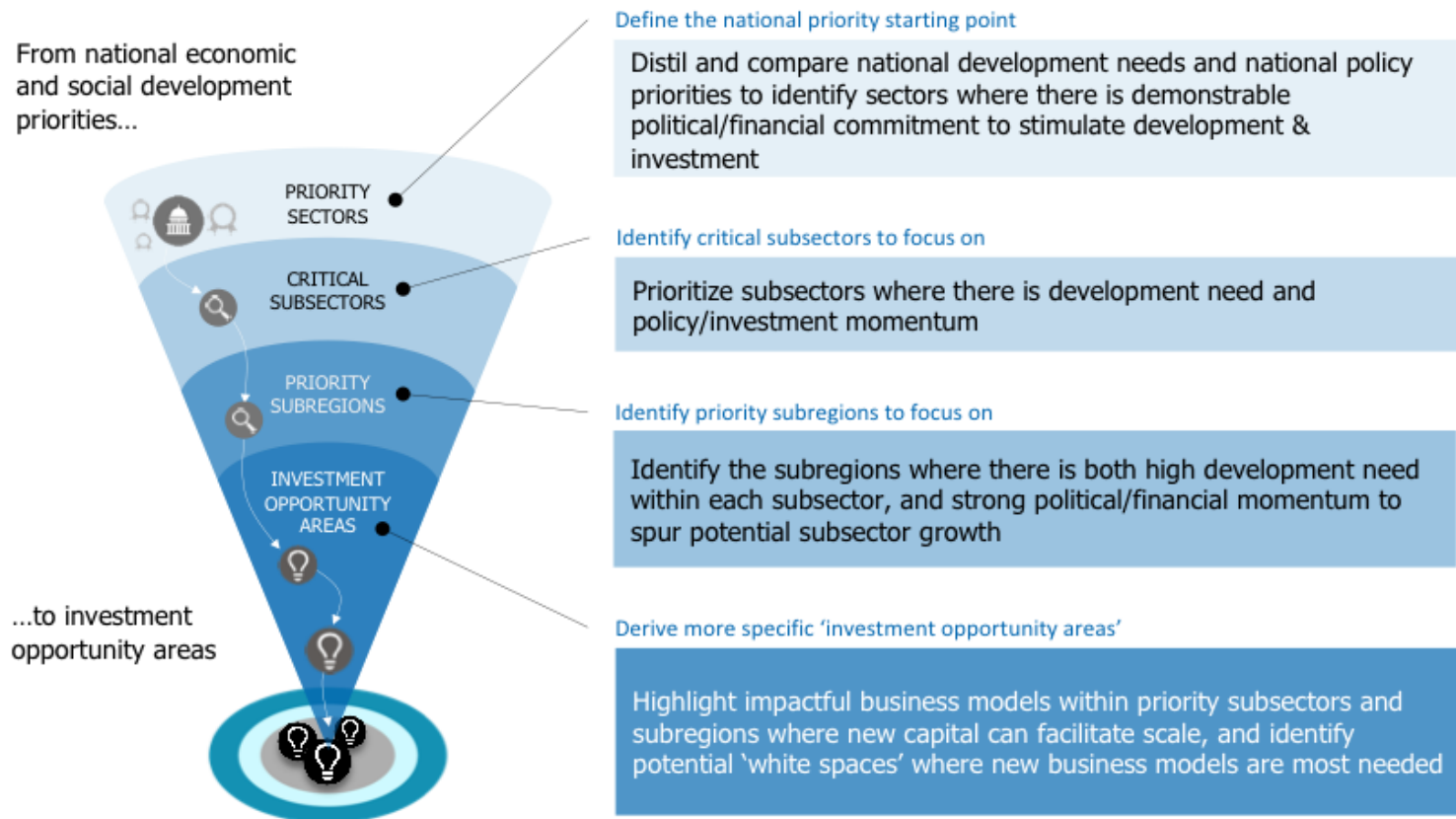
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SDG Investor Map

Direct capital to where it is most needed

SDG Investor Maps identify concrete, investable solutions to pressing needs at country level

Filtering down from **national priorities** to derive **Investment Opportunity Areas (IOAs)**



The SDG Investor Maps process follows a standardized 8-step methodology applied globally

1. Research market in order to determine interest areas

Collect **national level data** on:

- Development Needs
- Policy Priorities



2. Synthesize national needs and priorities

Establish a set of **3-5 national priority sectors** that capture both national development needs & policy priorities.



3. Assess subsector needs and policies

For each subsector, research:

- Sectoral development needs
- Sectoral investment policies



4. Synthesize subsector needs and policies

Create a **repertoire of 1-4 priority subsectors** within each national priority sector which align both national needs and current policies.



5. Evaluate subregion and subsector alignment

By analyzing the subregional development needs and investment policies, identify the **subregions most aligned with each subsector**.



6. Create priority areas based on alignment

Produce a **repository of priority subregions** to further study, ordered by subsector.



7. Viable business model identification

Identify **potential business models** that could tackle sub-sectoral and subregional development needs whilst capitalizing on policy and investment momentum.



8. Add range of supporting information for investors

For each business model, add a range of supporting information that can enable investors to facilitate impactful deals. Create **15-25 IOAs (investment opportunity areas)** backed by data.



It generates **hypotheses** around what needs are underinvested in, where ...
... and identifies **investable business models** to address those needs.

IOAs are underpinned by business and impact data points to inform private sector due diligence



SDG Investor Maps result in comprehensive data sets presented on the SDG Investor Platform

 **Filters**

Region

Sub-Saharan Africa 

Country

Select Country 

Sector

Education 

Subsector

Select Subsector 

SDGs Addressed

Select SDGs Addressed 

Indicative Return

Select Indicative Return 

Showing 8 Investment Opportunity Areas



Distance learning

EDUCATION

 **South Africa**

EXPECTED IMPACT

Improve accessibility, quality and educational outcomes of distance learning.

INDICATIVE RETURN

< 5%

TIMEFRAME

Medium Term

ESTIMATED MARKET

33-40% of total higher education enrolments in distance education (8)



Institutional education finance

EDUCATION

 **South Africa**

EXPECTED IMPACT

Improve quality and accessibility to education.

INDICATIVE RETURN

5% - 10%

TIMEFRAME

Short Term

ESTIMATED MARKET

1,922 registered private schools and 402 private tertiary institutions in South Africa (12)



Low- to mid-fee private schooling

EDUCATION

 **South Africa**

EXPECTED IMPACT

Enable access to more affordable private school options and help address education access and quality needs

INDICATIVE RETURN

20% - 25%

TIMEFRAME

Short Term

ESTIMATED MARKET

538,000 students are enrolled in private schools

The global [SDG Investor Platform](#) brings market intelligence and impact management support to the desktop of foreign and domestic investor.



SAMPLE INVESTMENT OPPORTUNITY AREA

Health Care Professional Training Centres



Business Model: Finance private health care training centers for mid-level health workers, such as radiographers or emergency service workers.



HEALTHCARE Healthcare Provision



GEOGRAPHY

Main urban centers, such as Pretoria and Johannesburg.



DEVELOPMENT NEED

South Africa has a critical **shortage of healthcare professionals** (nurses, doctors, EMS and social workers); challenges exist in getting access to medical training for key industries.



EXPECTED DEVELOPMENT OUTCOME

Improved **universal health coverage** as a result of a well-trained workforce.



STAKEHOLDERS IMPACTED

Aspiring **health care workers**, health care **providers**, the healthcare **system** and **patients**.



SAMPLE ENABLING ENVIRONMENT

The **Human Resource Strategy** for the Health Sector deals with the supply of health professionals and equity of access to education and training.

IMP CLASSIFICATION: Contribute to solution.



MARKET SIZE CONSIDERATIONS

South Africa will have a shortage of more than **2,000 doctors and 11,000 nurses in 2020**; an additional **12,000 healthcare workers** have been required to fight COVID-19.



INDICATIVE RETURN PROFILE

63% IRR according to an analysis conducted on the training of healthcare professionals in South Africa.



TIMEFRAME EXPECTATION

Medium Term: Positive financial returns in 5-10 years.



SELECTION OF ACTORS

Investors: RH Bophelo.

Companies: Life Healthcare, Netcare Education.

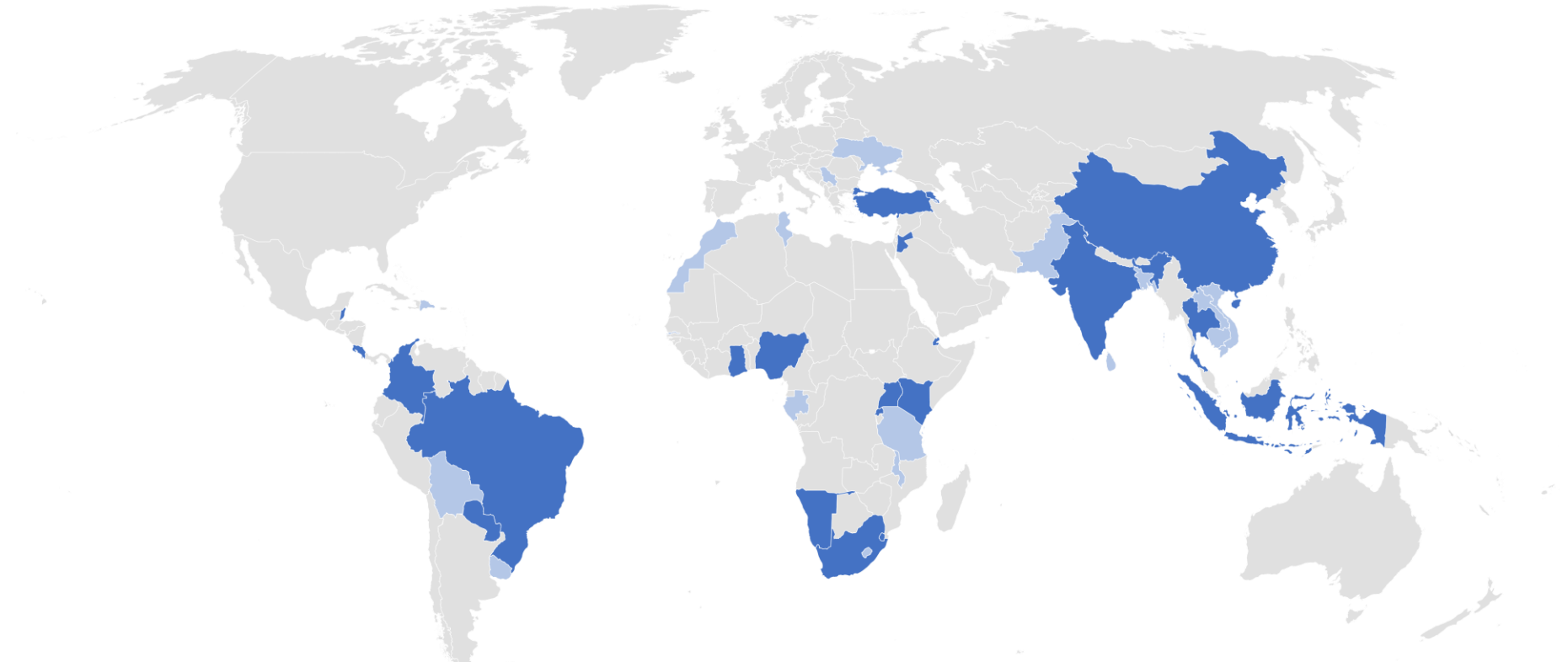
Public Sector: Youth Employment Service, Sector Education and Training Authorities, Technical and Vocational Education and Training.



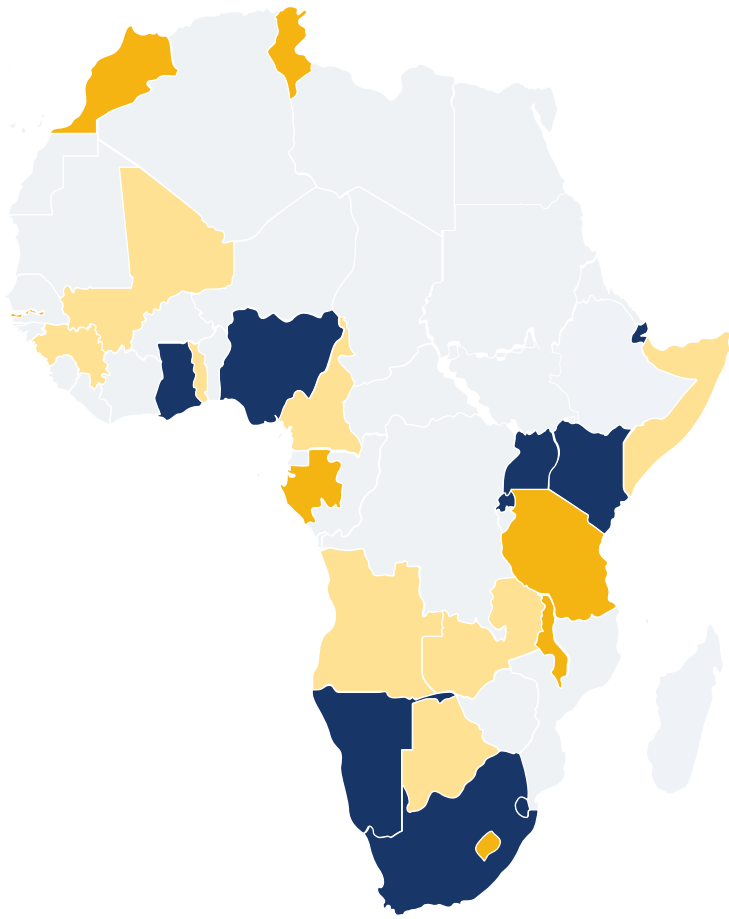
CASE STUDY

[Netcare Education](#)

21 SDG Investor Maps are completed with 350+ IOAs and 25 facilitation events & \approx 25 are ongoing



9 completed SDG Investor Maps are on the African continent, 10 are in progress & under finalisation



Completed



Under Finalisation



In Progress



Under Discussion: Côte d'Ivoire, Sierra Leone, South Sudan, Zambia and others.

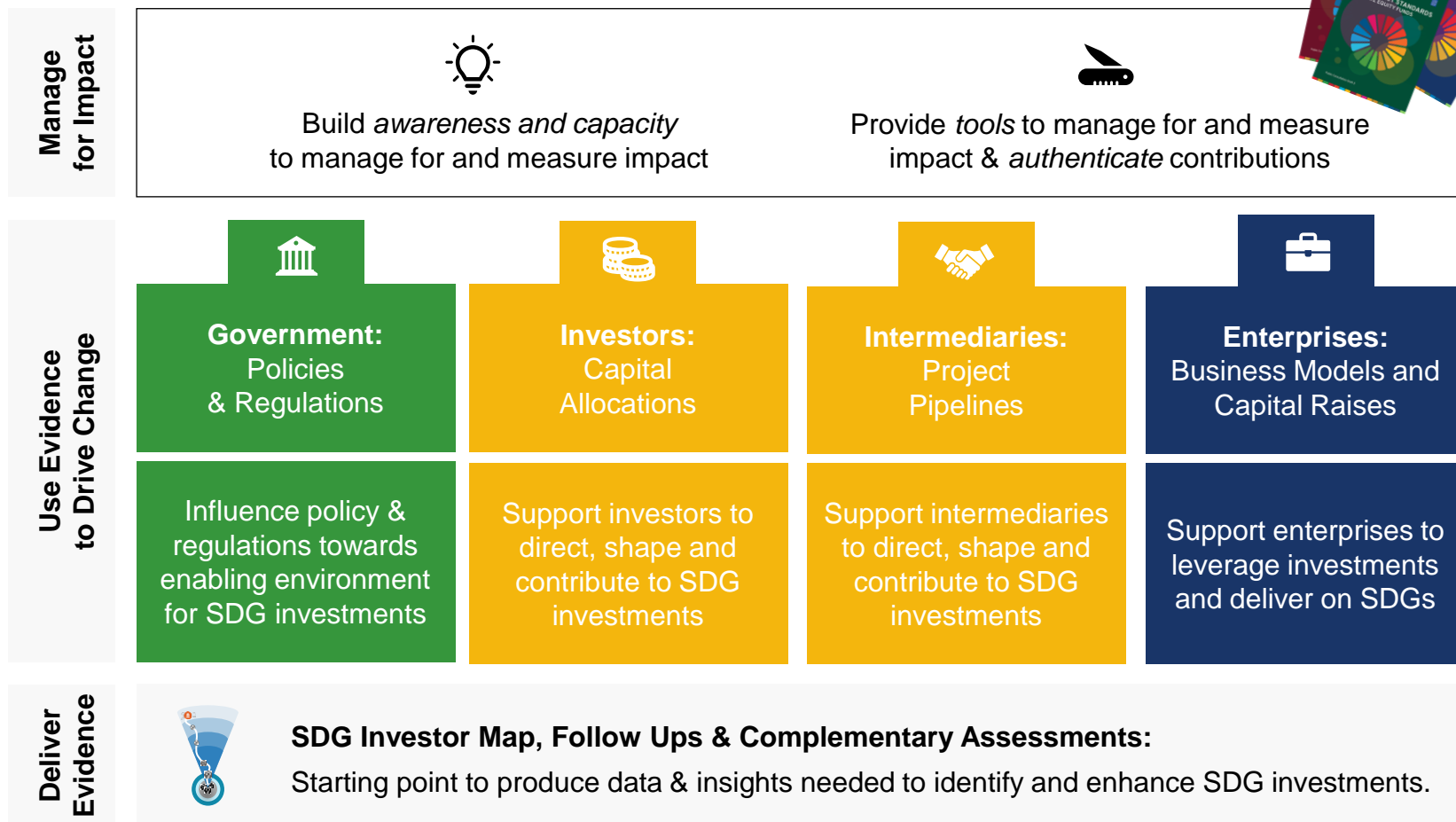


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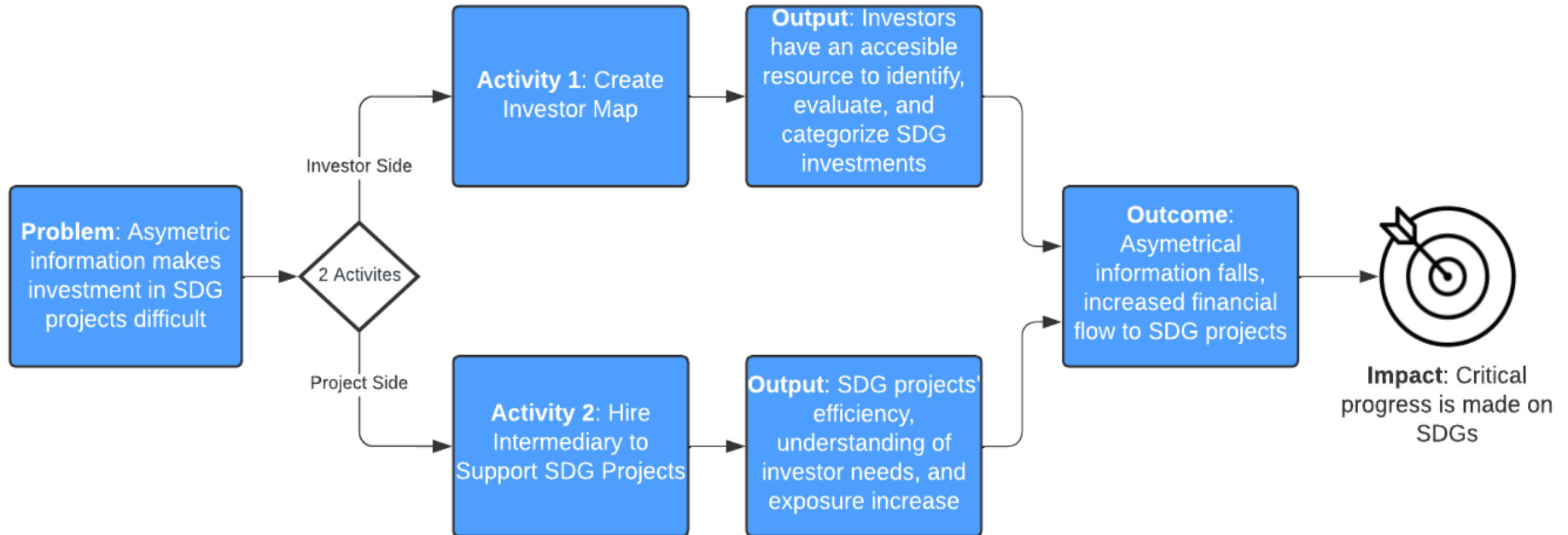
SDG Investment Pipeline Builder

SDG project preparation and Investor convening

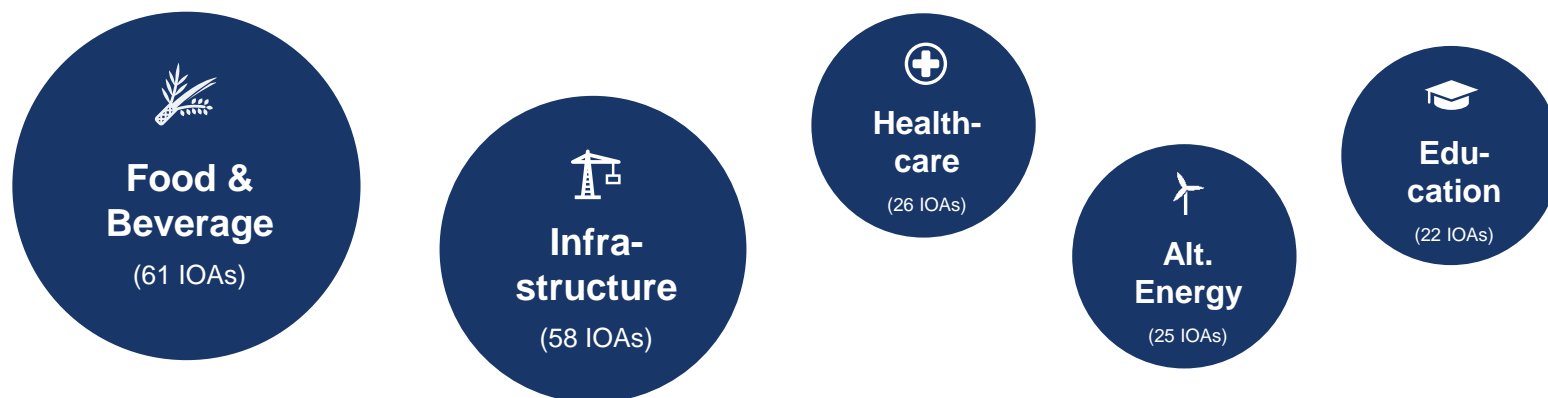
SDG Investment Roadmap and Stakeholders



The Pipeline builder utilizes the SDG Investor Maps to provide comprehensive solution to both entrepreneurs and investors



15 African SDG Investor Maps¹ identify common priority sectors & similar promising types of IOAs



Prominent IOA Categories & Regional Features

Energy

Agricultural crops & processing

Education & training

Housing

Water & sanitation

Eastern Africa: Healthcare products, waste management & recycling

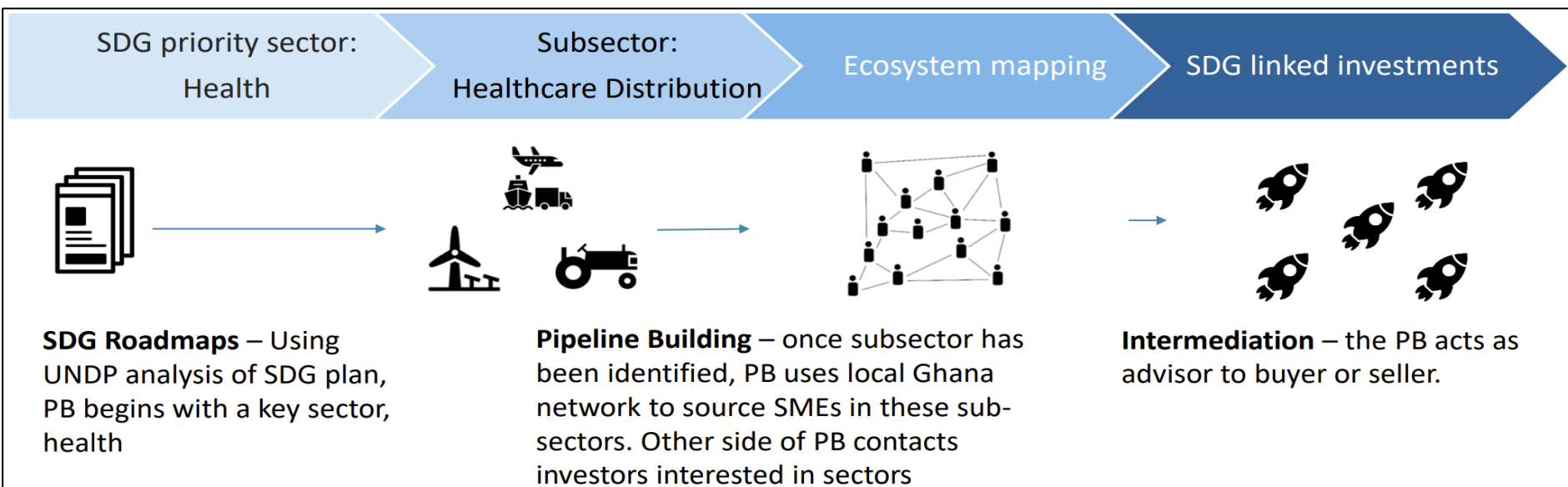
Western Africa & Northern Africa: Road, sea and air transportation

Southern Africa: Digital and payment platforms

1) N = 245 IOAs. Includes data from SDG Investor Maps under finalisation, namely Gabon, Malawi, Mauritius, Morocco, Tanzania and Tunisia. These results are preliminary and pending completion & validation by Governments and other SDG Investor Map partners.

Pipeline builder Example in Ghana

The Ghana SDG Investor Map led to a Pipeline of 15 potential investments across seven sectors that meet the West African nation's SDG priorities with a base value of USD 39 million worth of SME investments



Project Example:

- Telemedicine scalable platform centralizes diagnostic services and delivers medical imaging at low cost. Extensive track record in Accra since 2011, strong yoy revenue growth with annual average of medical images delivered: c-25'000-30'000.
- Existing investors: Dutch family in healthcare since the 1990s, Fidelity Ghana

Ongoing SDG Investment Brokering Activities in Africa



In Nigeria, FC4S Lagos, UNDP Nigeria and UNCDF are advancing the SDG Investor maps to an **SDG Investment Pipeline** of Projects that will meet the development needs of the country.



In Ghana the impact intermediary Pipeline Builder **identified USD 39 million of potential investments in 15 SMEs** guided by the Ghana SDG Investor Map.



In Rwanda, FC4S, UNDP and the Development Bank have worked in providing technical assistance on the **Green Bond Issuance** with an estimated value of \$38M.



In Cote d'Ivoire, Abidjan International Finance and the UNDP are working on the SDG Maps and **SDG Investor Platform** which are necessary in building a pipeline of projects.



In Kenya, Nairobi International Finance Centre, UNDP Kenya and FC4S are in discussions to establish a **pipeline builder** which can be marketed during Building Bridges 2023



In Cabo Verde, the UNDP, Cabo Verde Stock Exchange and Luxembourg Stock exchange are developing Blu-X, a platform to promote the listing of sustainable financial instruments with a specific focus on the blue economy.



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SDG INVESTMENT PIPELINE BUILDER: KENYA & NIGERIA



SUMMARY

- FC4S has aligned with Nairobi International Finance Centre and FC4S Lagos priorities for an SDG Pipeline Builder to broker international and domestic capital into SME SDG Investments in the two countries.
- FC4S will work with an investment intermediary to support Nairobi International Finance and FC4S Lagos in packaging green investable projects to be brokered for international and domestic financing.
- FC4S plans to expand the pipeline builder to Cote d'Ivoire and Morocco

FC4S APPROACH TO THE SDG INVESTMENT PIPELINE BUILDER

FC4S will leverage the following to implement the Pipeline builder

1. Facilitate technical expertise from an investment intermediary
2. Convene UNDP Stakeholders who have developed the SDG Investor Maps for Kenya and Nigeria
3. Provide Kenya and Nigeria with a network of investors from the pool of FC4S members in Europe, the Americas and Asia

KEY PARTNERS

1. Nairobi International Finance Centre
2. FC4S Lagos
3. Ministry of Finance and Economic Planning
4. UNDP Kenya and UNDP Nigeria
5. UNDP SDG Impact
6. UNDP Africa Finance Sector Hub
7. UNCDF
8. GSIV

RWANDA GREEN BOND ISSUANCE



SUMMARY

- FC4S has aligned with Kigali International Finance Centre priorities for a green bond issuance to meet the funding gap required to launch a range of climate-resilient and development projects.
- The Rwanda Green Bond Issuance is set to be a private placement with the European Investment bank with a ticket size of \$150M to \$200M
- The Rwanda Green Bond Issuance is the first pilot for FC4S sustainable finance products, upon which other member centers can replicate to meet climate finance needs.

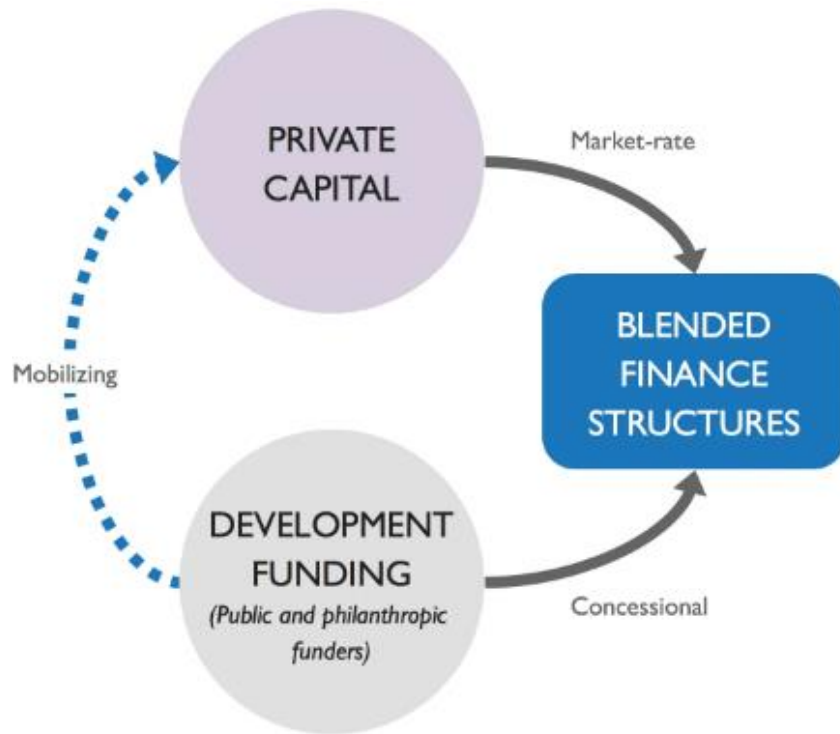
MAIN WORK ACTIVITY

1. Strategic Orientation and Stakeholder engagement
2. Green Bond Framework Development
3. Financial Structuring of the Bond
4. Independent review and certification of the bond
5. Underwriting and Investor Outreach
6. Market placement
7. Monitoring and reporting framework of Green Proceeds

KEY PARTNERS

1. Ministry of Finance and Economic Planning
2. The Rwandan Development Bank (BRD)
3. Rwanda Green Fund (FONERWA)
4. Rwanda Stock Exchange
5. Rwanda Capital Markets Authority
6. UNDP Rwanda

Other financial instruments: Blended finance in closing the SDG financing gap



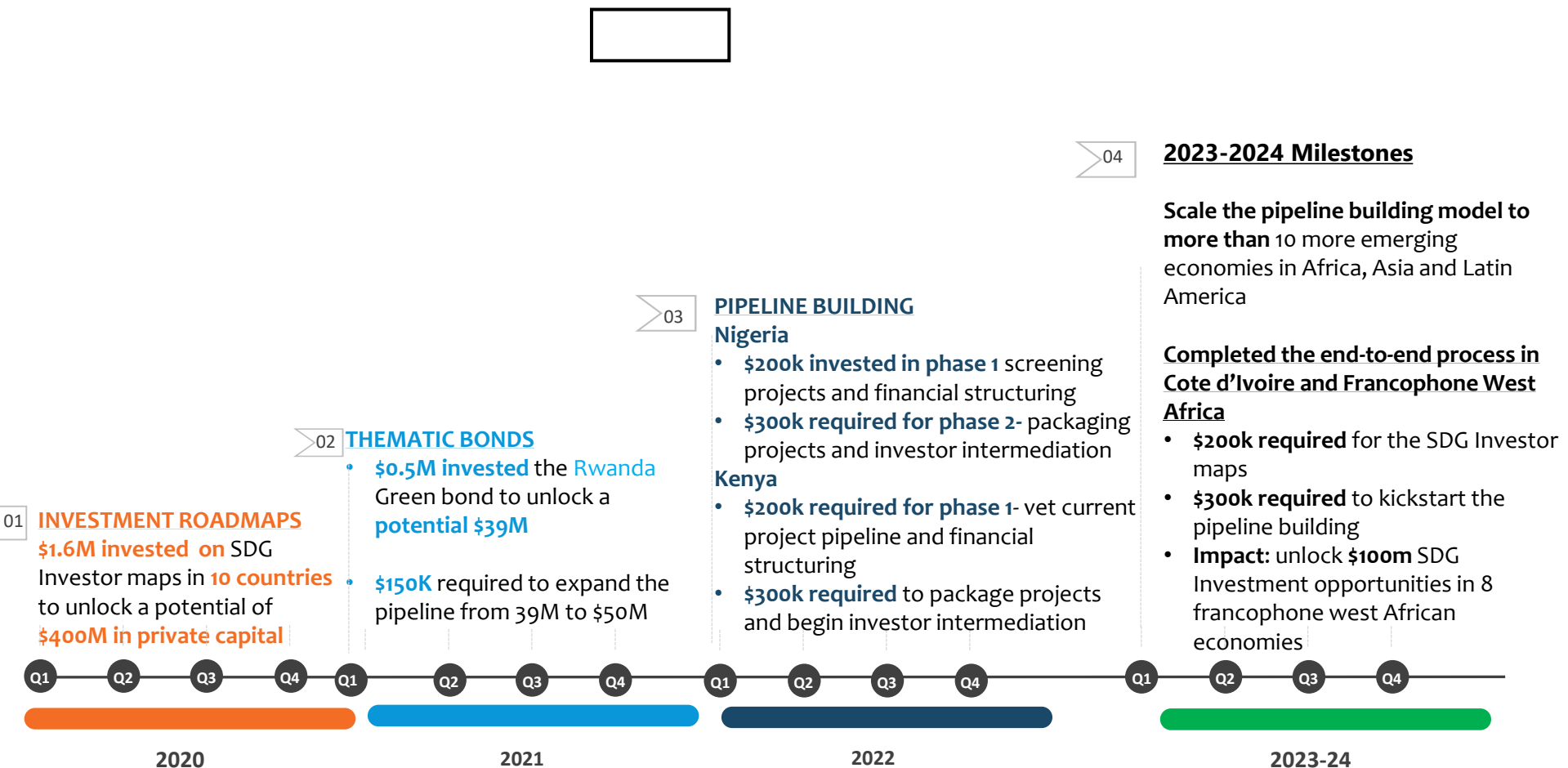
- 1) Blended finance is the use of catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development.(Convergence, 2022).
- 2) Blended finance addresses 2 key barriers
 - I. High perceived and real risk
 - II. Poor returns for the risk relative comparable investments
- 3) Blended finance transactions have three signature characteristics:
 - I. The transaction contributes towards achieving the SDGs.
 - II. Overall, the transaction expects to yield a positive financial return.
 - III. The public and/or philanthropic parties are catalytic. The participation from these parties improves the risk/return profile of the transaction in order to attract participation from the private sector.



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Projects Update and Next steps

Unlocking \$160M of SDG Investment Projects in Nigeria, Kenya, Rwanda and Cote d'Ivoire



Next Steps

7th – 19th December 2023	UN Biodiversity Conference (COP 15)- UNEP
16th – 20th January 2023	World Economic Forum Annual Meeting
April 14 – 16, 2023	IMF World Bank 2023 Spring Meetings
6-17 November 2023	2023 UN Climate Change Conference (UNFCCC COP 28)



Questions?

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Thank you!