FINANCIAL INNOVATION FOR THE SDGs
The UN Global Compact’s Financial Innovation for the SDGs Action Platform brings together a multi-disciplinary group of finance practitioners and experts to develop innovative private financial instruments that have the potential to direct private finance towards critical sustainability solutions. Led in collaboration with the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI), the platform will develop guidance on impact investment strategies that support the Sustainable Development Goals (SDGs), map current and emerging financial instruments, and provide a laboratory for the development of new innovative instruments. Ultimately, the goal is to improve the risk/return profile of SDG investments to attract institutional investors.

**Goals of the Action Platform**

- Map current and emerging **SDG finance instruments**, and provide a laboratory for the development of new innovative instruments
- Look for innovations in the **four major gap areas** for SDG investments: (a) identifying new business and financing models, (b) reducing risk, (c) providing investment scale and (d) and matching the risk-return profile of institutional investors
- Involve **all relevant actors in the investment value chain** – companies, banks, insurance, asset managers, pensions funds (public and corporate)
- Focus on **prime SDG sectors** – emerging or frontier markets and economic sectors that can contribute most to the SDGs, including health, food, water & sanitation, energy, infrastructure, education, finance and insurance

**Outcomes**

**Mapping of Financial Innovation**

- **Overview of all financial innovations** with a highly visual graph plotting each solutions by major gap area, asset class and SDGs, and mapping their potential investment size against the overall SDG financing gap
- **Database of financial innovations**, searchable by SDG, asset class or major gap area
- **Standard description and resources**. Description of each financial innovation’s structure, parties, how it fits in the investment value chain and its potential size in terms of investment and impact. Useful resources, including documents and templates for standardization (e.g. standard contracts)

**Benchmarking and Analytics**

- Third-party market and financial research on the blended returns of SDG investments
- Third-party benchmarking (scorecards) of companies’ and investments’ SDG contribution

**Innovation Lab**

- Pilot programme for innovative SDG investment products and solutions
- Annual competition for the most innovative SDG investments
- A tally of financing committed and deployed -- for each solution and in the aggregate
<table>
<thead>
<tr>
<th>Phases</th>
<th>Goals</th>
<th>Activities/Meetings</th>
</tr>
</thead>
</table>
| 1. Consultations | • Consultations with major constituencies – corporations, banks, institutional investors  
• Establish landscape of most innovative solutions by asset class and SDGs  
• Highlight gaps in financing  
• Propose concepts of solutions that could be developed | • In-person meetings  
- **April**: Making Global Goals Local Business, Delhi, April 26-27  
- **July**: Briefing - SDG Business Forum (tbc)  
- **July**: Roundtable, Pimco HQ (tbc)  
- **September**: Roundtables, UNHQ  
• 2-3 virtual meetings  
• Crowd sourcing via online submissions |
| 2. Develop & Test Model Solutions | Develop model solutions and resources among smaller groups of platform members, experts and partners  
Launch web-based mapping of financial innovation for SDG investments with standards, definitions and practical resources | Working group meetings for each categories of innovations:  
• Business models  
• Financial models  
• De-risking solutions  
• Scaling solutions  
• Innovative sources of financing  
In-person meetings in key financial centers (China, South Africa), complemented by virtual meetings  
Review of the work of working group and recommendations by Review Committee for submissions to the web platform |
| 3. Stimulating & Tracking Uptake | Introduce mapping and model solutions to major constituencies – corporations, banks, institutional investors  
Call for unilateral and collective commitments to invest using the tools  
Publicize initial commitments | High-level meetings involving major constituencies – corporations, banks, institutional investors:  
- **Global Compact Leaders Summit – 2018**  
- **PRI In-person – 2018**  
- **UNEP FI Round Table – 2018**  
Open annual competition for the most innovative private SDG finance solution  
Promoting the platform with UN members states, development agencies and banks |
| 4. Public Launch & Mainstreaming | Promotion, marketing and other activities to maximize the use of the platform  
Active curation for new innovation to maintain relevance of the platform over time | Public launch of platform (Davos 2019)  
First annual awards for the most innovative SDG investments  
Launch auction platform to match users and providers of capital |

* See more information on activities and meetings on the last page.
MEMBERS & GOVERNANCE

**Members.** Platform targeted to a small group (~25) of investors and companies committed to leverage private finance for development. Membership is reserved for participants in the UN Global Compact, PRI and/or UNEP FI.

**Investors**
- Public pension funds
- Corporate pension funds
- Asset managers
- Commercial & investment banks

**Companies operating in prime SDG countries and sectors:**
- Health
- Sanitation & water
- Education
- Infrastructure
- Bank & insurance

**Fees.** Private sector members are expected to contribute financially to support the activities of the platform, based on revenue. Public sector members are invited – but not required – to contribute financially. Fees for participation in the action platform are in addition to the fees paid for Global Compact, PRI and UNEP FI participation.

**Annual fee based on revenue (USD)**

- >5b 20,000
- 1 - 5b 15,000
- 250m - 1b 10,000
- 50m - 250m 5,000
- 25 - 50m 2,500
- <25m 500

**Public sector (e.g. public pension funds)**

- No required financial contribution
- Voluntary contribution welcome

**Qualifications.** Participation in the platform will require the involvement of employees with subject matter expertise and ability to influence internal decisions on SDG-related investments. This includes the following professionals:

**Investors**
- Investment officers (pension funds)
- Asset management (asset managers)
- Product Development (asset managers)
- Country & product specialists (asset managers, banks)
- Origination & structuring (banks)

**Companies**
- CFO’s office and/or investor relations
- Strategy or market development
- Corporate pension fund representative

**Governance**

*Working Groups* will be created for a specific purpose and limited duration throughout the project, with a chair (likely a member with subject-matter expertise) and a secretary (Global Compact team).

*Review Committee* composed of platform members representing each major constituencies – corporations, banks, institutional investors. The committee will provide technical advice and recommendations for research and consultation activities, select innovation concepts that will be explored, and select most innovative solution in the annual competition.
Experts
The platform will provide access to all key actors in the private investment chain.

Partners
The platform will bring together major public and non-profit actors in the Financing for Development space.

Core Partners

Other Partners*

* Partnership with these organizations have not yet been formalized.
SDG Financing Opportunity

“Achieving the Global Goals opens up **US$12 trillion of market opportunities** in the four economic systems examined by the Commission. These are food and agriculture, cities, energy and materials, and health and well-being. ... The total economic prize from implementing the Global Goals could be 2-3 times bigger, assuming that the benefits are captured across the whole economy and accompanied by much higher labour and resource productivity.”

*Better Business, Better World, January 2017*

*The Business & Sustainable Development Commission*

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**SDG Financing Gap**

Investment needs for sustainable development and potential participation from the private sector in developing countries

Consultation & research for initial mapping: May - August
- Consultation with members, partners and experts
- Crowd sourcing using online platform
- Desk research

Working sessions: Sept 18-22, New York
Initial mapping presentation and work sessions to finalize the map and determine key white space for innovation

INITIAL MAPPING
FINANCIAL INNOVATION FOR THE SDG
by SDG, asset class, potential investment and impact size.

Phase 1:
Apr – Oct ‘17
Discovery process to identify key financial innovations and white spaces

Phase 2:
Nov ‘17 – Aug ‘18
Creation of multi-stakeholder working groups where promising solutions and products are developed

Phase 3:
Sep – Dec ‘18
Stimulating and tracking uptake

Phase 4:
2019 –
Public launch & mainstreaming

Final Mapping
FINANCIAL INNOVATION FOR THE SDG
With standards, definitions and resources for commercialization

DETAILS OF ACTIVITY AND MEETINGS

Call for commitments at high-level Global Compact, PRI and UNEP-FI events
Competition for the most innovative SDG investments
Promotion with UN members states, development banks and agencies
Auction platform to match users and providers of capital

Public launch in Davos 2019