

FINANCE UNITED: Impact Investors, financial service providers, and the SDGs

UN Joint SDG Fund Case Study

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UN Joint SDG Fund Institutional Case Study

Lisa Kurbiel, Head of Secretariat



UN JOINT SDG FUND: ACCELERATING THE SDGs



Incentivises
transformative policy
and financing shifts to
accelerate the SDGs.



Leverages catalytic
investments to raise public
/ private resources for the
SDGs.



Offers value-for-money,
transparency and a
competitive design.



Enables partnerships
within and beyond the
UN.

INTEGRATED POLICY

Accelerate SDG achievement through **integrated policy changes** for leaving no one behind.

SDG FINANCING

Leverage SDG financing through **enabling environment** measures and **catalytic investments**.

UN JOINT SDG FUND: ACCELERATING THE SDGs



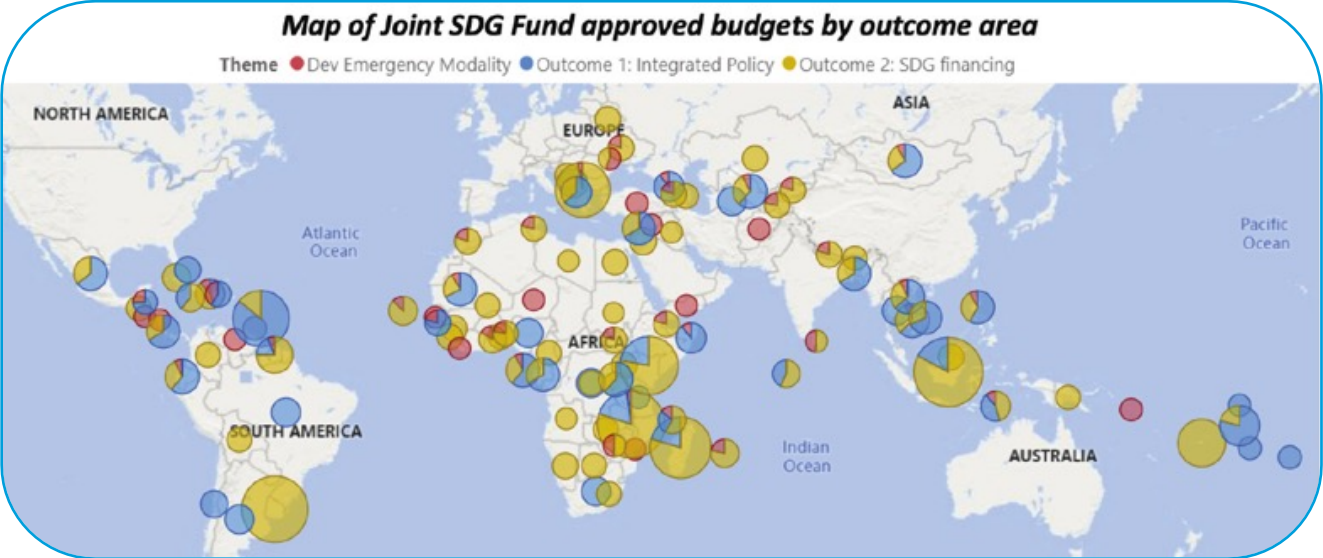
US\$ 240 million in commitments across 118 UN country teams.

147M people accessed new or extended social protection in 39 countries

US\$ 1.7 billion in additional financing catalysed for the SDGs through the Fund's portfolio

307 financial solutions piloted under the Integrated National Funding Frameworks to finance national sustainable development priorities

19 blended investments being structured, including SDG Bonds, Impact Funds, and Loan Facilities to catalyse public/private financing for the SDGs



NEW:

Activated its Development Emergency Modality in 2022 committing \$22.9 million in rapid funds for 83 UNCTs to help respond to the global impact of the war in Ukraine on food, energy and finance systems.

UN JOINT SDG FUND: ACCELERATING THE SDGs



Design-Phase Grant
• up to \$ 200K

Dev. Emergency Grant
• up to \$ 400K

Integrated Policy Grant
• up to \$ 2MM

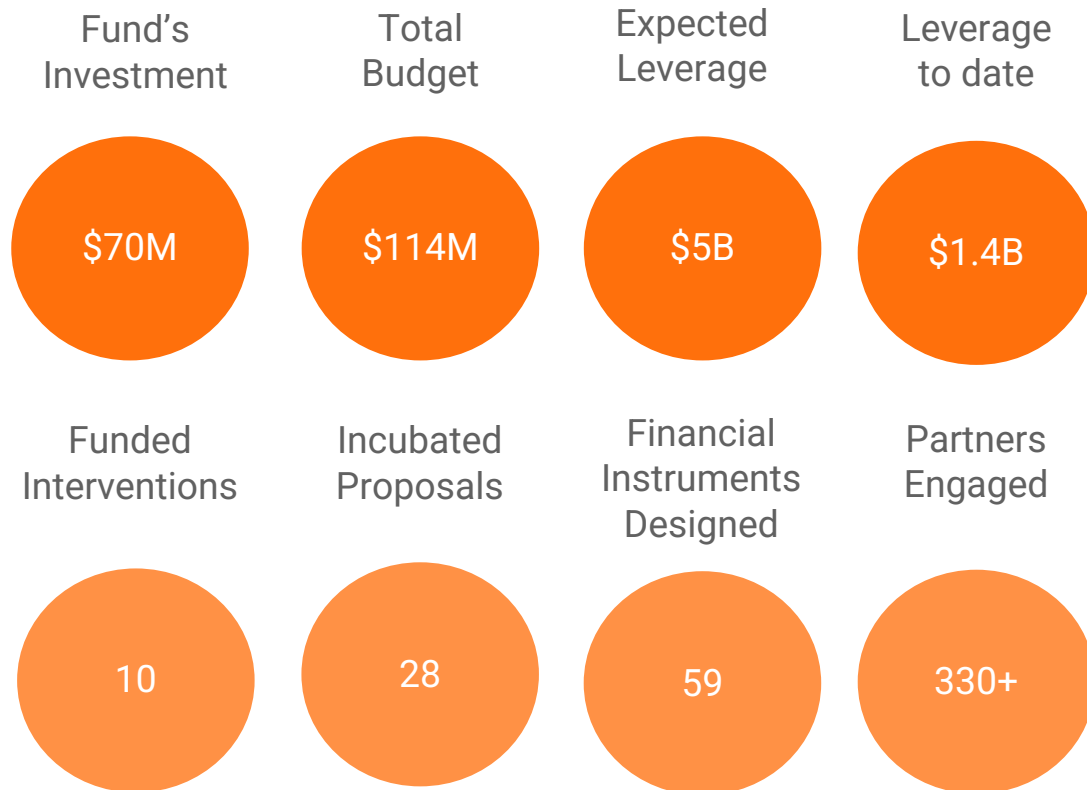
Catalytic Investment Grant
• up to \$ 10MM

**JOINT PROGRAMMES
IMPLEMENTED BY
27 UN ENTITIES**

FAO, IFAD, ILO, IOM,
OHCHR, PAHO/WHO, UN
WOMEN, UNAIDS,
UNCDF, UNCTAD, UNDP,
UNECE, UNECLAC,
UNEP, UNESCA,
UNESCAP, UNESCO,
UNFPA, UNHABITAT,
UNHCR, UNICEF, UNIDO,
UNODC, UNOPS, UNV,
WFP, WHO

CATALYTIC INVESTMENT PORTFOLIO

Blending public and private capital to progressively reach scale and mobilise finance towards the SDGs.



Design grants (up to US\$ 200,000) to demonstrate impact-driven investment thesis.

Catalytic grants (up to US\$ 10 million) provided for financial de-risking and technical assistance.

UN entities and partners design, manage and capitalise impact funds, issue thematic bonds, organise lending and credit enhancement schemes, and run innovation funds and accelerators for impact enterprises.

GEOGRAPHY AND IMPACT OF OUR CATALYTIC INVESTMENTS



Social Impact

Kenya



Food Systems

Malawi
Suriname



Blue Economy

Fiji
Papua New Guinea



Energy/Climate Action

Indonesia
Madagascar
North Macedonia
Uruguay
Zimbabwe

PILOTING THE OECD-UNDP STANDARDS

ALIGNING TO INTERNATIONAL IMPACT STANDARDS



Ensure strategy, systems and tools are in place to manage impact and contribute to the SDGs.

Promote integrity, transparency, and accountability in the pursuit of development impact.

Harmonization of language around development impact and additionality among partners.

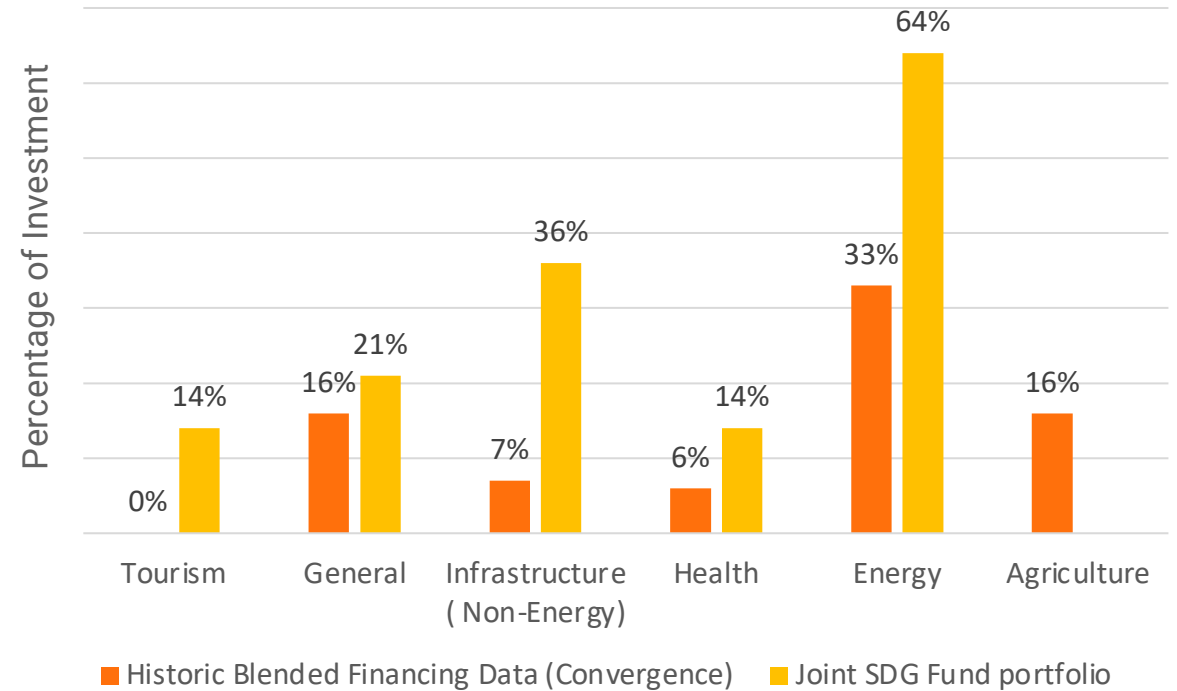
SUMMARY OF THE MAPPING



Standard 1: Impact Strategy

- **Explicit SDG-oriented mandate**
- **Financial and development additionality**
- **Flexibility to align with local contexts, priorities and needs which allows investments in under-represented countries and sectors.**
- **Challenge in ensuring impact-focus in partnering entities especially those outside the UN.**

The Fund's Investment - Sector focus



SUMMARY OF THE MAPPING

Indonesia



Joint SDG Fund: US\$ 9.6M

Leverage: US\$ 4.5B

Loans - National and Municipal Bonds - SDG Loan Facility - Impact Fund (loans/equity) - Technical Assistance

The programme brings to scale proven and new financing instruments and develops the capacities of critical stakeholders. Financing is leveraged for the waste and sanitation sector, creation of sustainable and decent jobs, protection of oceans, reduction of greenhouse gas emissions, improving food security and more.

Impact



- Issuance of 5 SDG-thematic bonds and disbursement of 80 SDG-linked loans
- Increasing access to finance for 60 impact driven start-ups and 1,250 SMEs

SDG BOND

\$584 M

1st Sovereign SDG Bond in Southeast Asia

IMPACT FUND

\$30 M

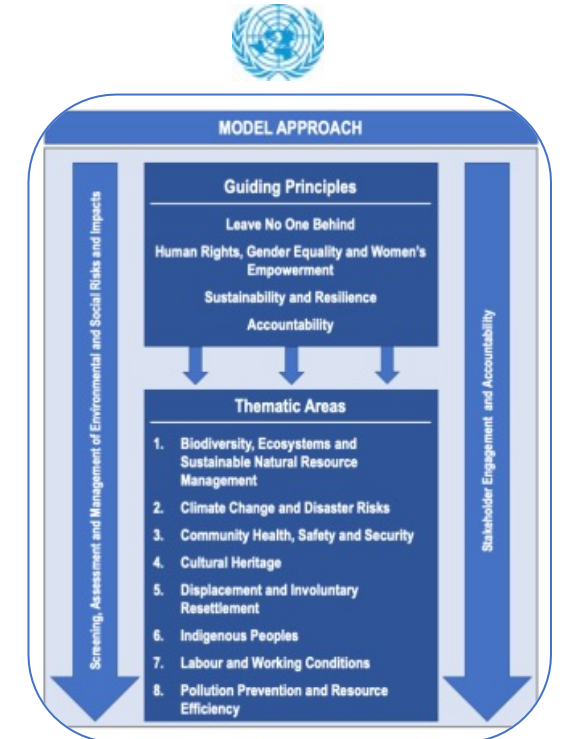
Support to start-ups in Southeast Asia

SUMMARY OF THE MAPPING



Standard 2: Impact Management Approach

- **Strong systems for impact management complying with international/local laws**
- **Comprehensive and adaptive M&E system and policies.**
- **Clear processes to continuously engage with a wide range of stakeholders**
- **Challenge in ensuring capacities and resources of country teams to collect reliable data, monitor and manage impact.**



M&E system and policies:

[UN Environmental and Social Standards](#) &

[JSDGF 2021 Annual Report](#)

SUMMARY OF THE MAPPING

North Macedonia



Joint SDG Fund: US\$ 8M

Leverage: US\$ 39M

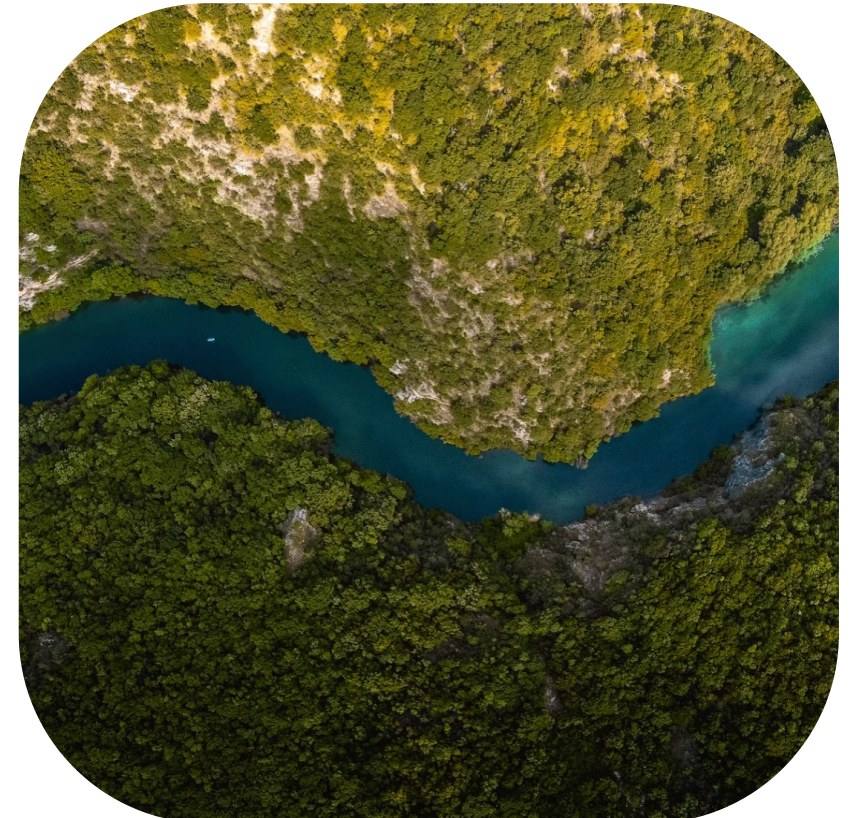
Loans - Performance-Based Payments – Technical Assistance

60% of electricity is generated by coal in North Macedonia. Urgent investment in innovative energy technology is needed to combat the country's severe pollution problem. The Green Financing Facility will leverage local financial institutions' capital to fund renewable energy and energy efficiency technology to underserved SMEs and households.

Impact



- Increase the share of renewable energy
- Increase energy efficiency
- Upgrade infrastructure and technology of energy services
- Reduce pollution and improve air quality



SUMMARY OF THE MAPPING

North Macedonia



Stakeholder	Role of Stakeholder in structure
Deputy Prime Minister	Key Government partner
EBRD	Project partner
Local banks	Qualified banks for lending to SMEs and households
Vendors of Renewable Energy and Energy Efficiency product solutions	Key participants in the value chain



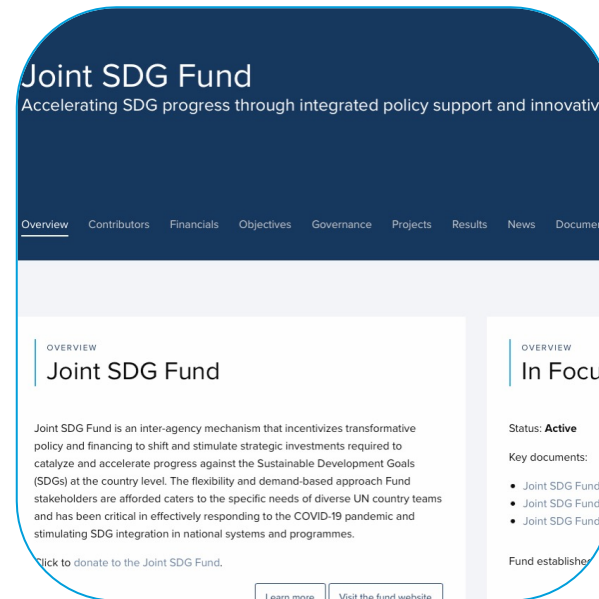
SUMMARY OF THE MAPPING



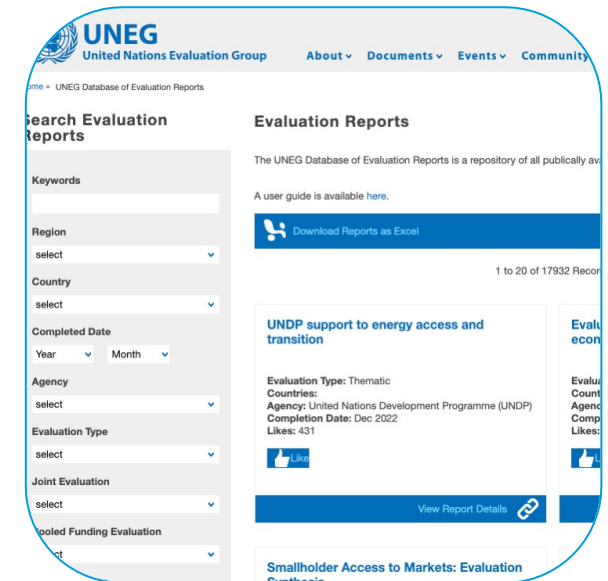
Standard 3: Transparency & Accountability

- **Public systems and policies to report and disclose results, impact and financial information**
- **Challenge in disclosing individual transaction and operational level data as well as ensuring quality and timeliness of information.**

MPTFO Gateway: Joint SDG Fund



UN Evaluation Group Library: Evaluation Reports



SUMMARY OF THE MAPPING



Standard 4: Governance

- **Strong impact-oriented governance with internal / external audits.**
- **Mandate allocation of 7-9% of for M&E, reporting and communications.**
- **Challenge in ensuring private sector participation in governance.**

Joint SDG Fund Secretariat

Coordination and day-to-day management of the Fund and supports all governance bodies.

Strategic Advisory Group

- **Chaired by UN Deputy Secretary-General**
- **Membership is comprised of Ambassadors from 15 Member States**
- **Provides leadership and strategic direction to the Fund**

Operational Steering Committee

- **Oversees the management of the Fund**



Joint Programmes' governance bodies and steering committees

- **Composed by government, UN agencies, local partner and stakeholders**
- **Responsible for JP's decision making, coordination and integrated implementation.**



FINDINGS

SDGs AS OUR NORTH STAR



Acceleration of development impact as the focus of activities, investments as well as partnerships.







The SDGs provide the overarching and primary framing for the Fund.



Going beyond a passive ESG approach and actively promoting sustainable development.

Contribution to multiple SDGs: Joint SDG Fund

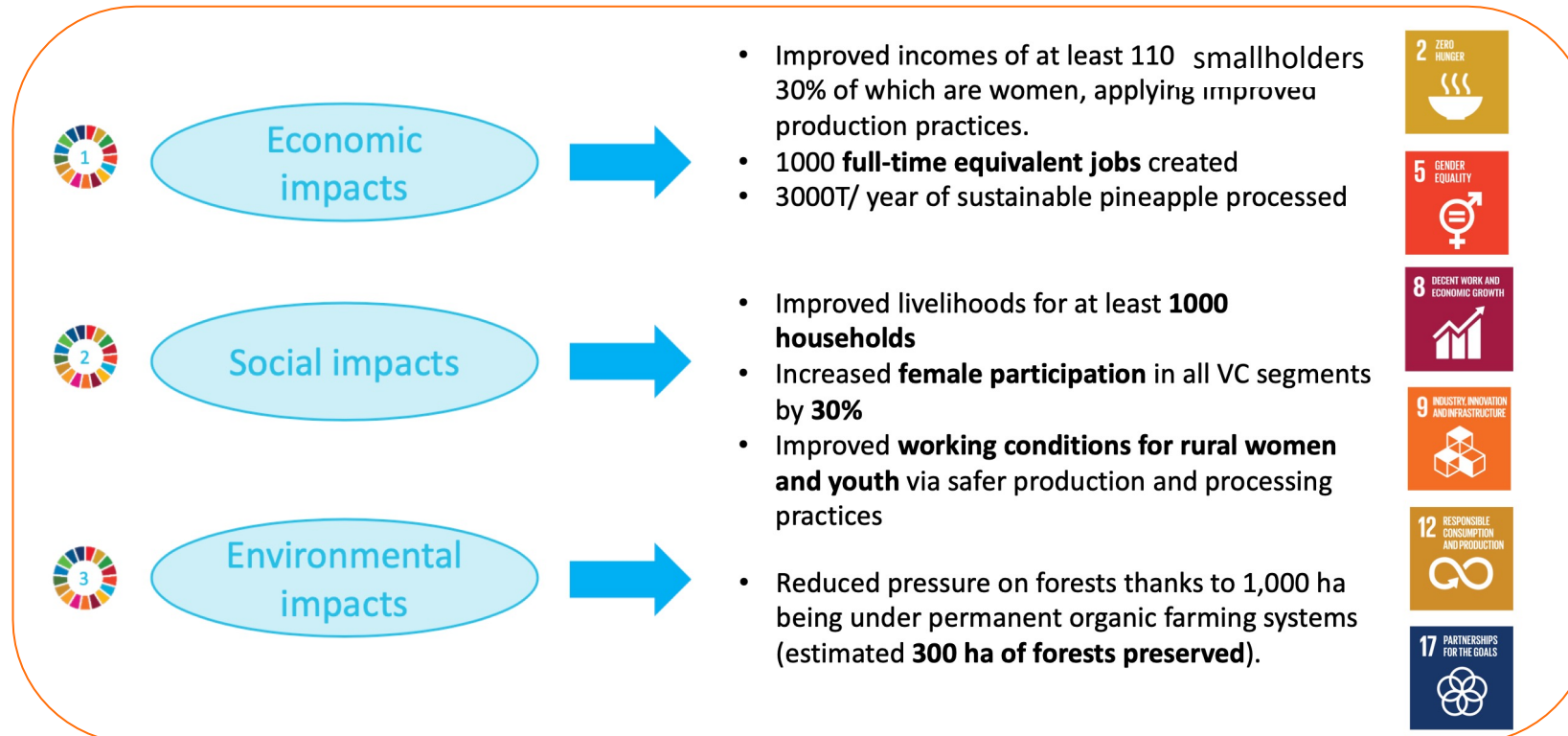
Table 1. Joint SDG Fund's direct contribution to select SDG indicators

SDG Indicator	Direct Contribution of the Joint SDG Fund 2021
<input type="checkbox"/> SDG 1.3.1. Proportion of population covered by social protection floors/systems	 <p>147 million additional people (50.4 percent women and girls) accessed new or extended social protection services, including at least 14 million children, 16 million older persons, 4 million persons with disabilities, and 1 million pregnant women.</p>
<input type="checkbox"/> SDG 1.a.1. Proportion of resources allocated by the government directly to poverty reduction programmes	 <p>US\$ 211 million catalysed to sustain and expand the national social protection systems</p>
<input type="checkbox"/> SDG 5.c.1. Proportion of countries with systems to track and make public allocations for gender equality and women's empowerment	 <p>38 countries are developing of have finalized monitoring and review systems to track public allocation and activities for gender equality and women's empowerment</p>
<input type="checkbox"/> SDG 17.3.1. Foreign direct investments (FDI), official development assistance and South-South Cooperation as a proportion of total domestic budget.	 <p>US\$ 1.7 billion catalysed from both the public and private sector for accelerating SDGs in programming countries since 2019.</p>

SDGs AS OUR NORTH STAR



Contribution to multiple SDGs: *Suriname*



MULTI-LAYERED GOVERNANCE



FUND OF FUNDS

A pooled fund that invests in country-based financial vehicles and deals based on a multi-layered governance.

NETWORK EFFECT

The Fund leverages the expertise and resources of its diverse stakeholder groups.

CHALLENGES

Complex system serves as a challenge in coordinating policies/ standards, ensuring adequate capacities and understanding of the impact thesis, and guaranteeing agile decision-making.

MULTI-LAYERED GOVERNANCE: KENYA



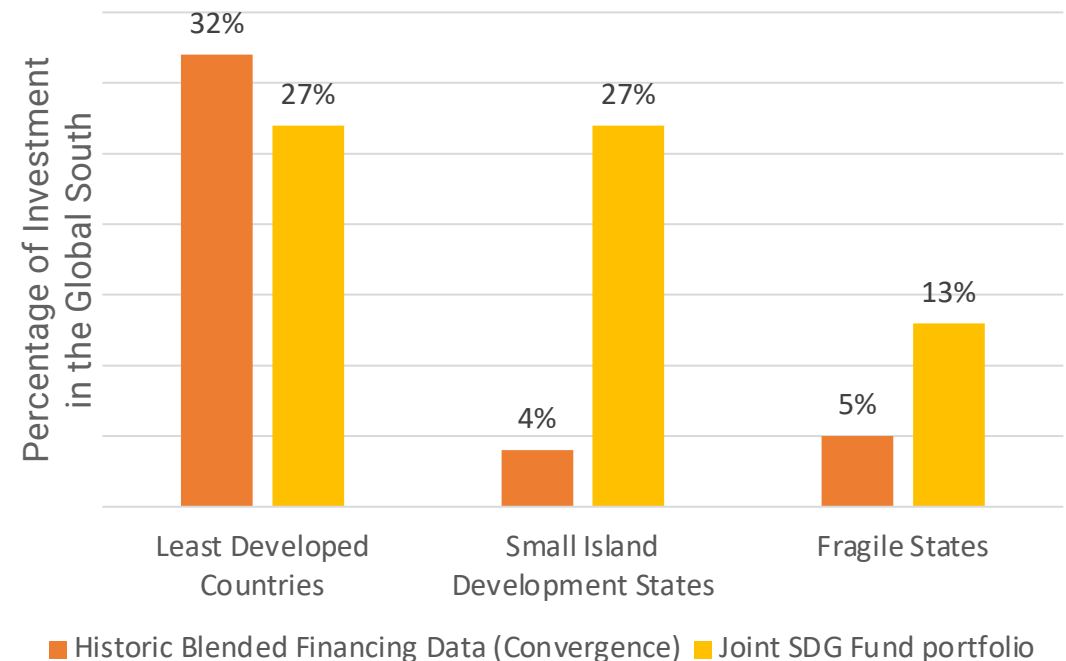
INVESTING IN THE GLOBAL SOUTH



The Fund invests in under-represented geographies building on its flexible impact management system and partnership network.

Additional challenges in ensuring the quality and timeliness of data and reporting from investment partners and their clients.

The Fund's Investment in the Global South



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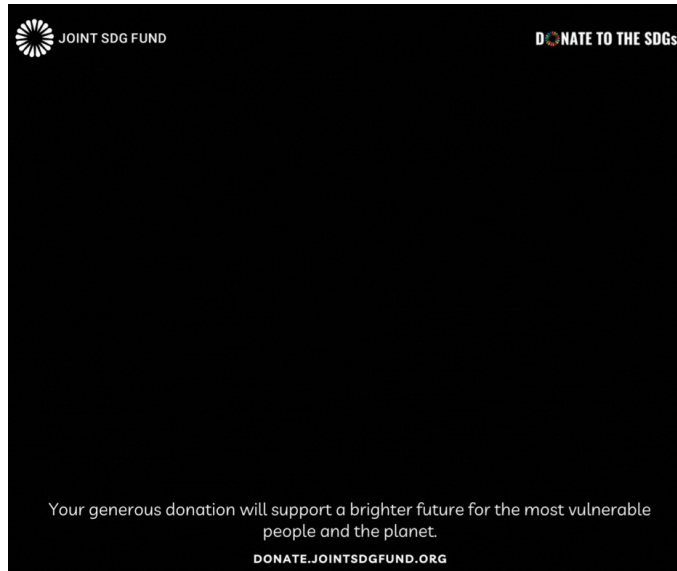


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DONATE TO THE SDGs





JOINT SDG FUND



SDG Impact

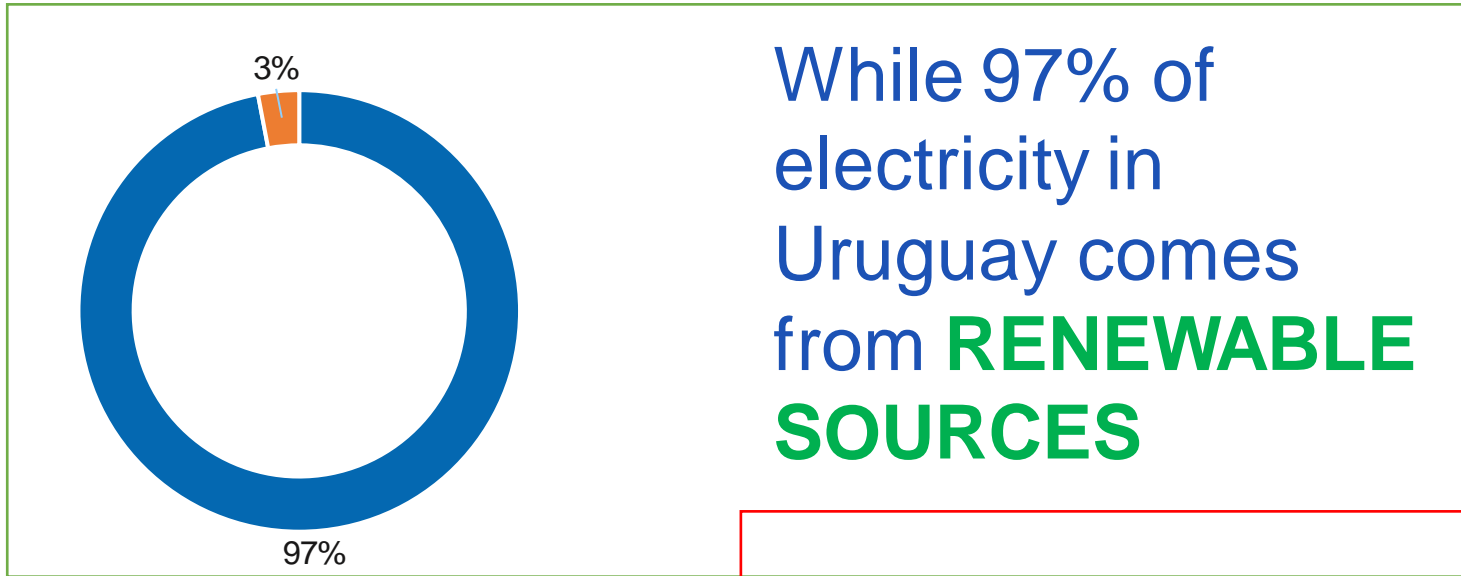


RENEWABLE ENERGY INNOVATION FUND
IN URUGUAY

Adopting the OECD-UNDP Impact Standards for Financing
Sustainable Development (IS-FSD)



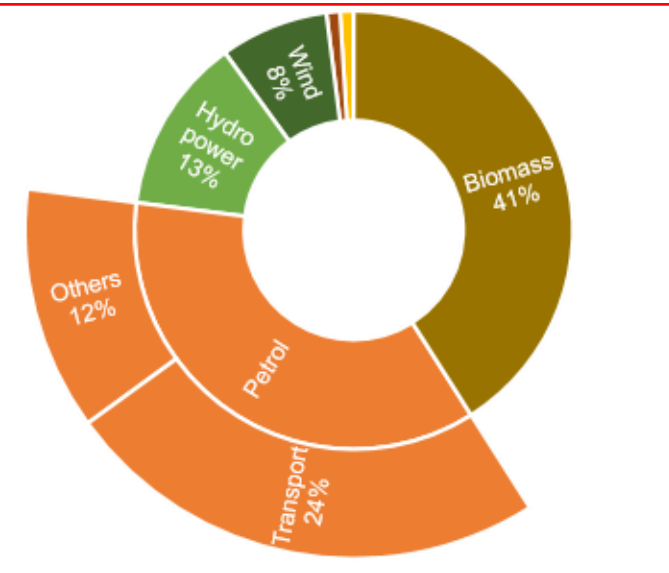
REIF - Combatting Climate Change in Uruguay



■ Renewable ■ Non-renewable

36% of consumption still comes from **FOSSIL FUELS**

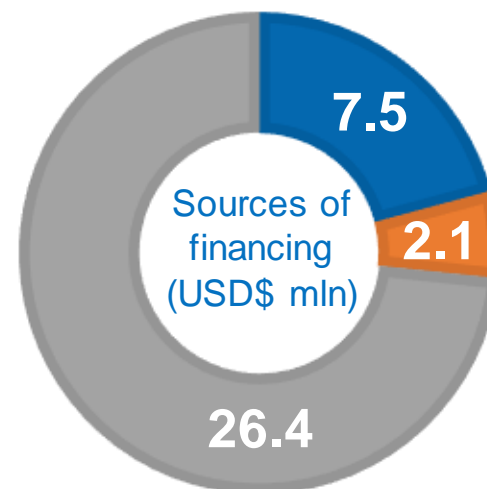
■ Petrol ■ Solar power ■ Hydro power
 ■ Natural Gas ■ Biomass ■ Wind



THE FIRST SUSTAINABLE TRUST FUND IN URUGUAY

REIF's goal is to accelerate the second energy transformation in the country by financing:

- Electromobility
- Energy Storage & Smart grids
- Power to X
- Waste Management



- Co-financing by Joint SDG Impact Fund
- Technical Assistance
- Tax incentives, tariff subsidies, guarantees, investment subsidies



OECD-UNDP Impact Standards for Financing Sustainable Development (IS-FSD) help align sustainable incentives at all levels

REIF WAS DESIGNED WITH IMPACT CONSIDERATIONS AT ITS CORE APPLYING IS-FSD



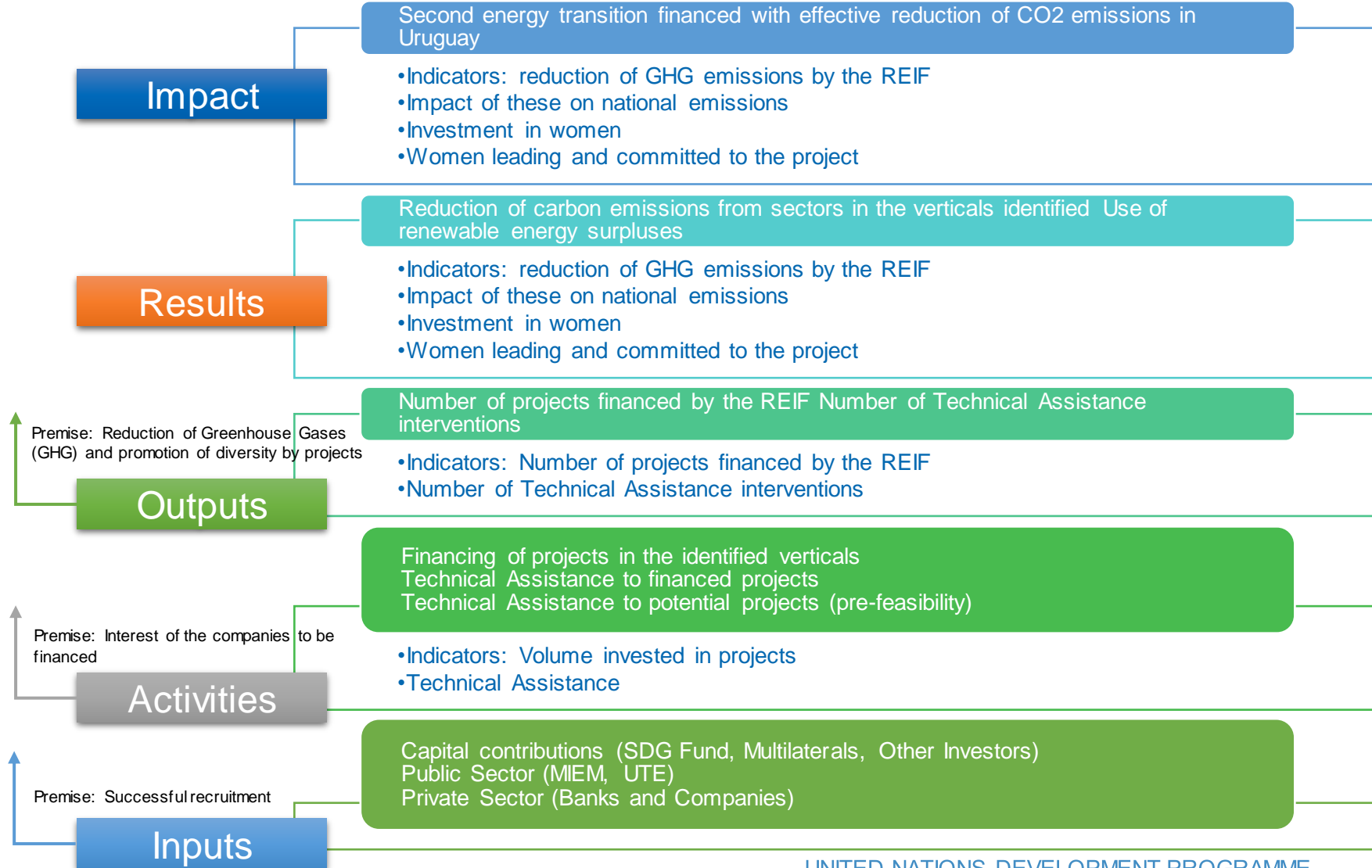
- Standard 1 (**Strategy**):
Embedding foundational elements into purpose and strategy
- Standard 2 (**Management Approach**):
Integrating foundational elements into operations and management approach
- Standard 3 (**Transparency**):
Disclosing how foundational elements are integrated into purpose, strategy, management approach and governance, and reporting on performance
- Standard 4 (**Governance**):
Reinforcing commitment to foundational elements through governance practices

Impact Framework

The theory of change shown in the table below, allows to understand how the thesis is achieved.

Theory of Change

STRATEGY

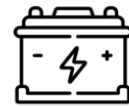


Impact Framework

2.1) STRATEGY



REIF investments and their contributions to the SDGs



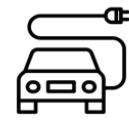
Energy Storage & Smart Grid



Power to X



Waste Management



Electromobility



Impact Framework

2.2) MANAGEMENT



Impact Framework Toolkit

<ul style="list-style-type: none"> · Taxonomy · ABC Categories 	<ul style="list-style-type: none"> · Impact Due Diligence · ESG · Impact Action Plan 	<p>Management Committee</p>	<p>Impact ESG Disclosures</p>	<p>Report + Follow-up of Impact and ESG</p>
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Impact Framework

2.3) TRANSPARENCY



To demonstrate leadership in the impact fund market and support the generation of knowledge on the subject, the fund is committed to maintaining impact data and public learning for society and investors throughout a Management Annual Report of the REIF (2.1.5.2; 2.4.1)

2.4) GOVERNANCE



- **Investment committee:**
 - Responsibility: The main one is to approve the investments (loans) of the fund. Additionally, review and approve the Framework (4.1); evaluate the analysis of the beneficiaries' ability to pay (when reimbursable); decide on the change of leadership of the REIF; evaluate and monitor the suggested impact targets (1.2.3), the risks and material impacts of potential investments identified by due diligence (2.4; 2.4.3; 2.1.6); approve the investment impact goals (2.1.6); suggest improvements in the action plan so that the technologies happen, receive resources from the REIF and achieve their goals (2.1.5.1); and submit applications for TA interventions that accompany the investment (1.2.3).
 - Participation: Chair of the REIF; finance expert; risk expert; impact expert and energy expert.
- **Strategic committee:**
 - Responsibility: Review and approve the Framework (4.1); request and approve the technical evaluation and feasibility analysis of the technologies; evaluate and monitor the suggested impact targets (1.2.3), the risks and material impact of potential investments identified by due diligence (2.4; 2.4.3; 2.1.6); suggest plans for the technologies to happen and receive resources from the REIF (2.1.5.1).
 - Participation: energy expert; gender expert; expert in impact and ESG risks; representative of the United Nations; representative of a beneficiary sector; investor representative; and government representative (4.2.1).

Why the OECD-UNDP Impact Standards for Financing Sustainable Development?



1. Market signal of Impact Integrity

2. Technically robust approach for a **360/holistic view** of how to **embed impact** into the financial structure since its inception, strategy, implementation, disclosure and governance. This includes Impact measurement and management (IMM)

3. Practical management standards that make it easy to explain to traditional actors how to transition towards **sustainable** finance products

What's next?

REIF is being set up

Challenge to fill the position of IMM lead in the Investment Committee at the local level. Considering tapping into regional expertise.

Long term goal of scaling model up to target other SDGs and “retail” impact

Download the SDG Impact Brochure



Thank you

