THE PRESIDENT
OF THE
GENERAL ASSEMBLY

14 September 2018

Excellency,

I am pleased to enclose herewith the "toolbox of SDG financing" -- a compendium of recommendations, best practices and initiatives to galvanize action on financing for the SDGs.

This toolbox is a part of my endeavour to push forward financing for development, following the high-level event, entitled "Financing for SDGs--Breaking the Bottlenecks of Investment, from Policy to Impact", that I convened on 11 June 2018.

The purpose of preparing this toolbox is to provide some recommendations of the steps needed to increase private investment in the SDG sectors, as well as improve the sustainability and inclusivity of private investments, which can make a lasting contribution to the SDGs. I hope it will be able to provide useful reference for Member States to explore solutions when it comes to addressing the challenge of financing.

I would like to express my sincere appreciation to UNCTAD and other partners who provided generous contributions to this toolbox, through which I hope their efforts and practices to scale up SDG financing will be amplified and replicated.

This toolbox is available on a temporary website: http://worldinvestmentforum.unctad.org/financing-for-the-sdgs/. It will be redirected to a dedicated website, which will be officially launched during the World Investment Forum to be held in October at Geneva. It will be managed by UNCTAD and continuously updated.

If you have any questions or wish to contribute to this toolbox, please contact my senior advisor, Mr. Yi Zhang (yiz@un.org).

Please accept the assurances of my highest consideration.

Miroslav Lajčák

All Permanent Representatives and
Permanent Observers to the United Nations
New York

FINANCING FOR SDGS: BREAKING THE BOTTLENECKS OF INVESTMENT FROM POLICY TO IMAPACT

A TOOLBOX OF RESOURCES FOR ALL STAKEHOLDERS

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The UN estimates the gap in financing to achieve the Sustainable Development Goals (SDGs) at $2.5 trillion per year in developing countries alone (UNCTAD, 2014).

Whilst governments and the public sector will continue to play a key financing role, particularly in the delivery of essential public services, there is greater scope for the private sector to engage in financing many areas of the SDGs to help close the gap.

Global financial assets are sufficient to meet the financing needs of the 2030 Development Agenda, but the challenge is how to channel them into SDG sectors, enhance the risk-return profiles of new and sometimes vulnerable investments, and generate sustained impact on the ground.

The United Nations seeks to galvanize action on financing for the SDGs by bringing together governments, the private sector and civil society. Towards this end, H.E. Miroslav Lajčák, President of the 72nd General Assembly of the United Nations, convened a luncheon with the business sector (February 2018) and a high-level event on Financing for SDGs (June 2018). He entrusted UNCTAD to become the repository of good practice from the private sector, governments, and international organizations.

The purpose of this website is to present the steps needed to increase private investment in SDG sectors, such as agriculture and infrastructure, as well as improve the sustainability and inclusivity of private investments, which can make a lasting contribution to the SDGs.

This website provides a toolbox of best practice and other initiatives to boost the private financing of the SDGs, as well as cooperation with public sector entities.

<Gallery>

FOUR KEY STEPS TO BOOST FINANCING FOR THE SDGS

1. *Provide leadership - setting guiding principles, galvanizing action, and ensuring policy coherence*

There is both a strong need and will for the private sector to engage in financing the SDGs. However, public entities must still uphold aid commitments, avoid excessive subsidies for private sector activities, and ensure that foreign economic activity does not crowd out domestic players. Regulatory reform at the national and global levels is therefore an important element of the SDG financing equation to encourage investment in SDG sectors and protect the public interest.

Go to best practice and current initiatives

2. *Mobilize investment - raising finance and reorienting financial markets towards investment in SDG sectors*

Financial actors, including institutional investors like pension and insurance funds, manage assets that are invested directly or indirectly through global financial markets and products. Some of these assets can be mobilized for investment in SDG sectors by improving the incentive structure throughout the investment chain and by introducing policy measures that reorient markets away from short-termism and instead encourage greater sustainability performance. At the same time, it is important to develop domestic capital markets.

Go to best practice and current initiatives

3. *Channel investment - promoting and facilitating investment into SDG sectors*

More needs to be done to promote investment opportunities in frontier markets that may be perceived as risky, and to facilitate investment in real economic activities. Tax incentives and transfer systems, including the use of special economic zones, can help direct finance to SDG sectors rather than encourage aggressive tax planning and avoidance. Multilateral development banks and other investment funds can leverage innovative forms of financing (such as blended instruments and public-private partnerships) and contribute to de-risking and risk sharing. Developing adequate regulatory frameworks and institutional capacity is essential.

Go to best practice and current initiatives

4. *Maximize investment impact - increasing the sustainable development benefits and minimizing the risks of investment in SDG sectors*

Mobilizing and channeling finance to SDG sectors is a necessary but not a sufficient condition for success. To maximize private sector contributions to the 2030 Development Agenda, policy measures need to be put in place to increase the sustainability dimension of investments, for example, environmental targets and employment legislation, or performance requirements in sensitive sectors.

Go to best practice and current initiatives

The toolbox is an initiative of the President of the General Assembly of the United Nations with support from all stakeholders

In June 2018, the President of the General Assembly of the United Nations convened a high-level event on *"Financing for SDGs–Breaking the Bottlenecks of Investment, from Policy to Impact".*

The event brought together a wide range of representatives from UN Member States, the private sector, UN entities and other international organizations to explore how the United Nations could better align itself with the rapidly-changing world of international finance in support of the 2030 Development Agenda.

Participants took stock of recommendations, initiatives and best practice for investing in SDG sectors in developing countries. This information has been collected and presented as a toolbox of resources for SDG financing on this website.

The toolbox acts as a repository of existing and future global public and private initiatives and, through future interaction with stakeholders, it provides an accessible platform for Member States and financial actors to explore solutions to the challenge of financing the SDGs.

The Office of the President of the General Assembly would like to express its appreciation to all partners that contributed valuable inputs to the toolbox and welcomes future engagement with all stakeholders committed to achieving the SDGs.

TOOLBOX PARTNERS

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PAGE 2

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1. BEST PRACTICE AND CURRENT INITIATIVES PROVIDING LEADERSHIP

The Sustainable Stock Exchange (SSE) Initiative
The SSE initiative aims to achieve sustainable and transparent capital markets worldwide. It invites stock exchanges to make a voluntary public commitment to promote improved environmental, social and corporate governance disclosure and performance among listed companies.

The Principles for Responsible Investment (PRI)
The PRI is the world's leading proponent of responsible investment. It works to support its international network of investor signatories incorporate environmental, social and corporate governance factors into their investment and ownership decisions.

The United Nations Global Compact
The Global Compact encourages businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, covering ten principles on human rights, labor, the environment and anti-corruption.

UNCTAD Action Plan for Investing in the SDGs
UNCTAD's Action Plan proposes a strategic framework for private investment in the SDGs. The Plan addresses key policy challenges and sets out a common set of principles to resolve the policy dilemmas inherent in seeking greater private sector participation in SDG sectors.

UNCTAD Investment Policy Framework for Sustainable Development
The Framework contains a set of core principles for investment policymaking that serve as design criteria for three areas of action: (1) national investment policies; (2) international investment agreements (IIAs); (3) the promotion of investment in SDG sectors.

OECD/DAC Blended Finance Principles
The Blended Finance Principles for Unlocking Commercial Finance for the SDGs give a clear definition and provide a five-point checklist to ensure blended finance meets accepted quality standards and achieves impact.

OECD Policy Framework for Investment
The Framework aims to mobilize private investment in support economic growth and sustainable development. It proposes guidance in twelve policy fields critically important for improving the quality of a country's enabling environment for investment.

OECD Responsible Business Conduct
The OECD Guidelines for Multinational Enterprises are recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide non-binding principles and standards for responsible business conduct in a global context. Accompanying the Guidelines is implementation guidance for due diligence by sector.

The EU Investment Plan for Europe, or "Juncker Plan"
The Plan has three objectives: to remove obstacles to investment and increase investment rates in Europe; to provide visibility and technical assistance to investment projects; and to make smarter use of financial resources.

Peace-Nexus Foundation
The Foundation engages with governments, communities and companies to facilitate a dialogue on how business development can create benefit and support ongoing peace

processes. It has also created an investment fund, which employs financial tools to incentivize peacebuilding.

Institute for Economics and Peace: Global Peace Index
The Index presents data on the impact of peace and political stability on economic performance. Peacefulness is correlated with strong performance on a number of macroeconomic variables, including foreign direct investment, which is more than twice as high in highly peaceful countries than in less peaceful ones.

BACK

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PAGE 3

2. BEST PRACTICE AND CURRENT INITIATIVES- MOBILIZING INVESTMENT

AVIVA Sustainable Finance Toolkit
The €300 trillion global capital markets should be mobilized and refocused on sustainable and long-term goals. This toolkit aims to help create the right incentivizing policy environment so that financial markets can support Europe's transition to a sustainable economy.

The European Investment Bank (EIB) Economic Resilience Initiative
The initiative aims to mobilize finance to support the capacity of economies in the southern Mediterranean and Western Balkans to respond to crises and shocks, such as the migrant crisis, while maintaining strong growth. It boosts economic resilience in these regions by investing in infrastructure, developing the private sector and stimulating growth and job creation.

The European Investment Bank (EIB) Climate Awareness Bonds
In 2007, the EIB issued the world's first Green Bond, labelled a Climate Awareness Bond (CAB). As of 31 December 2016, EIB remains the largest issuer of Green Bonds with over EUR 15bn raised across 11 currencies. The funds are earmarked to match disbursements to EIB lending projects contributing to climate action in the fields of renewable energy and energy efficiency.

World Bank-BNP Paribas SDG Bonds
World Bank-issued bonds that link returns to the performance of companies included in the Solactive SDG World Index that are advancing the SDGs; proceeds are used to support the financing of World Bank projects that are aligned with the SDGs.

Government of Sweden: Innovative Examples of Financing for Development

A compilation of examples from different sectors of Swedish society. The showcase also aims to engage stakeholders and promote a more action-oriented dialogue in various national and international forums.

The Danish SDG Investment Fund
Six Danish pension funds, under the management of IFU, have established the Danish SDG Investment Fund. It contributes to the SDGs through commercial private sector investments in developing countries, as well promoting the sale of Danish technology and know-how and, at the same time, ensuring a solid return for investors.

OECD Centre on Green Finance and Investment
The Centre helps catalyse and support the transition to a green, low-emissions and climate-resilient economy through the development of effective policies, institutions and instruments for green finance and investment.

The Bill and Melinda Gates Foundation
We work with partners worldwide to tackle critical problems in five program areas: (1) infectious disease and child mortality; (2) the delivery of health products and services; (3) market-based innovations to stimulate inclusive and sustainable economic growth; (4) U.S. high school and post-secondary education; (5) strategic relationships and policies.

S&P Global Trucost SDG Evaluation Tool
The Tool helps companies to identify business risks and opportunities aligned with the SDGs. It provides a quantitative analysis of corporate performance on the SDGs across the value chain, from raw material inputs to product use and disposal, within the context of a company's geographic operations.

Dutch SDG Investing (SDGI) Agenda
The Agenda is an incubating initiative with the ultimate goal of establishing "highways for SDG Investing" – at home and abroad. The signatories to the Agenda include 18 Dutch financial institutions and three enabling networks.

Yes Bank
The bank is India's fourth largest private sector bank. It believes that financial institutions serve as catalysts for a sustainable economy and has helped develop the Indian climate finance market, as well as aligning its operations with the SDGs. Since inception, the bank has striven to be a part of India's growth story and has adopted a strategic approach to sustainability, under its visionary leadership.

The Move Humanity Initiative
Move humanity is a global initiative to end extreme poverty, founded by Human Act in 2016 in Copenhagen, Denmark. Move humanity wants to mobilize a significant increase in private development assistance from the world's wealthiest individuals.

BACK

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PAGE 4

3. BEST PRACTICE AND CURRENT INITIATIVES - CHANNELING INVESTMENT

UNCTAD Global Action Menu for Investment Facilitation
Investment facilitation is the set of policies and actions that make it easier for investors to establish and expand their investments and conduct their day-to-day business. The Global Action Menu proposes measures to support investment facilitation at the national and international levels in low income countries.

The Water Finance Facility
The Facility mobilizes large-scale private investment from domestic institutional investors, such as pension funds, insurance companies and other qualified investors. It issues local currency bonds in that support national priority actions on water and sanitation service delivery.

SDG Compass
An inventory of existing business indicators mapped against the SDGs, which allows companies to explore commonly used indicators and other relevant indicators that may be useful when measuring and reporting on contributions to the SDGs.

HSBC SDG Bond
HSBC launched the world's first corporate SDG bond based. The issue aims to raise $1 billion to support projects that offer broad social, economic and environmental benefits aligned with seven SDG targets.

Uktrisht Impact Bond
The world's first health impact bond developed by USAID, Merck for Mothers, UBS Optimus Foundation, PSI, Palladium, and HLFPPT; it aims to reach up to 600,000 pregnant women with improved care during delivery and save the lives of up to 10,000 women and newborns over five years.

Government of Seychelles Blue Bond
The bond developed from a $20 million World Bank package to finance the transition to sustainable management of the government of Seychelles' small-scale artisanal fisheries, including efforts to rebuild fish stocks, harvest control measures, restructure fishing capacity, and facilitate post-harvest and scientific services.

ICRC Humanitarian Impact Bond
The world's first humanitarian impact bond to build and run three new physical rehabilitation centers in Nigeria, Mali, and DRC over a five-year period. Outcome

Funders include the governments of Belgium, Switzerland, Italy, UK, and la Caixa Foundation.

Pandemic Emergency Financing Facility
The mechanism developed by the World Bank Group in collaboration with WHO, Japan, Germany, and private sector partners, provides more than $500 million to cover developing countries against the risk of pandemic outbreaks over the next five years.

The Dubai Green Fund
Dubai Electricity and Water Authority (DEWA) launched a plan to develop a AED100 billion ($27 billion) Dubai Green Fund to provide financial tools for investors in clean energy and support the transition of the UAE to a green economy.

BACK

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PAGE 5

4. BEST PRACTICE AND CURRENT INITIATIVES - MAXIMIZING INVESTMENT IMPACT

The Africa Infrastructure Fellowship Programme (AIFP)
Meridiam, The World Economic Forum and the Global Infrastructure Hub (GI Hub) launched a new partnership to help governments build infrastructure procurement capabilities within their civil services. The AIFP aims to bring together governments and the private sector to support public sector infrastructure professionals.

The UNDP Impact Investment Summit
Impact Investment has the potential to help overcome development challenges while targeting the financial bottom line. The Summit brought together key stakeholders from the impact investment ecosystem with governments and international development organizations.

The OECD Social Impact Investment Initiative
The initiative proposes global standards to enable the collection of internationally comparable data, as well as case-studies of actual transactions. The aim is to document the variety of approaches, instruments, practices and policy issues in developed and developing countries.

Ocean Unite
Ocean Unite is an expert group of leaders, thinkers, and strategists that aims to drive positive change for people and the planet. It supports key global events, builds and

creates new business relationships, engages a growing global audience, and disrupts the status quo when necessary.

Business for the Planet (B4P)
B4P is an investment management firm that designs financial impact investments that help to end poverty. B4P has identified a segment of US institutional investors that are interested and smart enough to create both social impact and generate a financial return.

The Global Covenant of Mayors
The Global Covenant of Mayors for Climate & Energy is an international alliance of cities and local governments with a shared long-term vision of promoting and supporting voluntary action to combat climate change and move to a low emission, resilient society.

Colombia’s plastic bag tax
In July 2017, the Colombian Government introduced a tax on single-use plastic bags. The objective of this legislation is to encourage consumers to use reusable bags, thus drastically curbing marine litter, which is mostly plastic waste, and one of the biggest threats to the oceans.

BACK

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