



***SUMMARY REPORT***  
*of the 2020 edition on  
Aligning Finance with the  
Sustainable Development Goals*

## *Aligning Finance with the Sustainable Development Goals*

The Private Finance for Sustainable Development Conference is an annual OECD event that brings together relevant stakeholders from the public and private sector of developed and developing countries alike to discuss new approaches in financing the 2030 Agenda for Sustainable Development.

Progress towards achieving the 2030 Agenda remains slow and uneven: we are now at high risk of missing the mark on several Sustainable Development Goals (SDGs). A major obstacle to advancing SDGs in emerging and developing economies is that most private finance and business activities are neither aligned with SDGs nor compatible with low-emission, climate-resilient development pathways.

The two previous editions of the PF4SD Conference explored new ways of mobilising more and better finance (2018) and stressed the need for universal means of measuring the actual social and environmental impacts of development finance (2019). The 2020 edition of the annual PF4SD Conference focused on the theme *Aligning finance with the SDGs*.

Every decision we make, every dollar we spend, every product and service we provide can be better aligned with sustainable development outcomes. The need for a common framework around alignment was discussed at two levels:

- directing development and commercial finance towards socially and environmentally sustainable projects;
- ensuring business operations contribute to the Goals, through their employment, sourcing, supply chain, and other policies.

## Opening of the 3<sup>rd</sup> edition of the PF4SD Conference



OECD Secretary-General **Angel Gurría** opened the third edition of the annual PF4SD Conference, highlighting the urgent need to step up action to align finance with the SDGs. We are only a decade away from delivering on the SDGs, yet progress has been slow and hugely uneven. The environmental crisis we are facing demands radical changes in our governments and policies, in our economic systems, in our production and consumption patterns, and, last but not least, in our financial systems. Secretary-General Gurría offered an overview of the work that the OECD is pursuing to support governments step up action towards a more sustainable and inclusive tomorrow. He also launched a call to find new ways for the public and private sector to work together to ensure that existing and new investments are better aligned with the SDGs.

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Remember the words of the Irish playwright and activist George Bernard Shaw:

*“Progress is impossible without change, and those who cannot change their minds cannot change anything”.*

The OECD is ready to help you change. Together, we can turn this decade into the decade of real, tangible action for a sustainable, prosperous, and inclusive future for all.

Angel Gurría  
Secretary-General, OECD

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**Jorge Moreira da Silva**, Director of the Development Co-operation Directorate at the OECD, underlined the financial system's responsibility to ensure a fairer, greener and safer tomorrow. This entails shifting the culture of profit-making and giving 'return on investment' a new meaning, one focused on the impact for the people and the planet. While we are seeing a remarkable shift in this direction and an increasing engagement of the private sector, we collectively need to do more to align finance with the SDGs.



Jorge Moreira da Silva, Director, Development Co-operation, OECD

The keynote speaker of this Opening session was **Kanini Mutooni**, Managing Director of Europe, Middle East and Africa at Toniic, a network of impact investors. In her keynote speech, she reminded us of the high ambition of the 2030 Agenda, which she defined as "a strategy for mankind". She also expressed disappointment about the slow progress made so far, as low-income countries and fragile contexts continue to be left behind. She launched a call to fundamentally rethink the capitalist mind-set that champions shareholders and economic growth, without considering long-term social, environmental and social implications. She proposed three actions to move forward and better align finance with the SDGs, calling on the different actors in the room to start moving towards this direction, in particular asset owners and managers.



### Three actions to align finance with the SDGs:

- I. Improve transparency, consistency and disclosure of data on sustainability;
- II. Consciously and actively deploy capital leveraging strengths of the private, public sector and civil society;
- III. Shift mindset in how we look at deploying private personal wealth.

**Kanini Mutooni**

*Managing Director of Europe, Middle East and Africa, Toniic*



## Panel: Half a decade of private finance for the SDGs: Why are we off track?



**Moderator:** Janet Longmore, Founder and CEO, Digital Opportunity Trust

### Speakers:

- **Elliot Harris**, Assistant Secretary-General for Economic Development and Chief Economist, UN Department of Economic and Social Affairs (UN DESA)
- **Jamie Cooper**, Chair and President, Big Win Philanthropy
- **Philippe Valahu**, CEO, Private Infrastructure and Development Group (PIDG)
- **Sonja Gibbs**, MD and Head of Sustainable Finance, Institute of International Finance (IIF)
- **Travis Spence**, MD, J.P. Morgan Asset Management
- **Cyrille Pierre**, Deputy Director for Global Affairs, Culture, Education and International development, Ministry for Europe and Foreign Affairs, France

This first panel of the Conference aimed to take stock of the progress made towards mainstreaming sustainable finance, identifying the main obstacles and discussing incentives needed to shift public and private funds towards sustainable development in developing countries.

Panellists reiterated that there is a clear and common sense of urgency to act if we want to get back on track on aligning finance with the SDGs. They stressed that replicable and scalable solutions will not be found without collective action and shared responsibility. As **Jamie Cooper**, from the Big Win Philanthropy, underlined, private sector actors are wary of collaboration with public administrations in developing countries, but international action and financing that is uncoordinated with locally-born solutions can undermine progress. **Janet Longmore**, from Digital Opportunity Trust, underlined that open dialogue is key to build the trust needed to strengthen partnership among actors that do not traditionally work together. Against this background, the Global Partnership for Effective Development Co-operation, with leadership of a multi-stakeholder Working Group of representatives from governments, businesses, civil society, trade unions and other actors, developed the [Kampala Principles](#) on effective private sector

engagement in development co-operation, endorsed by the Steering Committee of the Global Partnership in Kampala, Uganda in March 2019.

**Elliot Harris**, from the UN Department of Economic and Social Affairs, argued that governments hold primary responsibility to repurpose their public policies to meet their ambitions on the 2030 Agenda. According to him, governments should be bolder in tackling bottlenecks and barriers to SDGs-aligned investments through better policies and regulation.

In July 2019, the G7 Ministers of Development meeting in Paris called for the promotion of a SDG-compatible finance framework to shift trillions of private investment and savings towards the SDGs. **Cyrille Pierre**, from the Ministry for Europe and Foreign Affairs of France, noted France's leadership role in this process and commended the OECD for driving the analytical work behind the framework in conjunction with UNDP and the support of other partners, including the G7 and G20., in continuous dialogue with civil society.

**Travis Spence**, from JP Morgan, emphasised the recent big step change in the dialogue around Environmental, Social and Governance (ESG) factors, which moved from a "nice to have" to a "must have" in investment portfolios. Since 2016, we are witnessing a shift to a



much more disciplined and widespread approach, in which ESG criteria are becoming financially material factors and the main drivers shaping portfolios.

Despite this progress, **Sonja Gibbs**, from the Institute of International Finance (IIF), emphasised the need for a toolkit to better understand, measure and disclose ESG risks to scale up private finance for sustainable development. This is why the [Future of Sustainable Data Alliance](#), which the IIF joined as Founding Member, was launched at the World Economic Forum in January 2020 to ease access to ESG data. Sonja also stressed the need to get the language right, with common definitions, framework

for categorising and labelling. The next step could then be harmonisation of reporting standards, bearing in

mind the diversity in users of ESG reporting and their needs (policy makers, investors, civil society organisations, etc).

**Philippe Valahu**, from [PIDG](#), argued that if we really perceive a sense of urgency, then we should step up action in terms of local currency financing. Several Expert Discussions during the PF4SD Days focused on how to use risk mitigation instruments to raise local currency financing for sustainable development projects. As an example of a recent milestone in the development of local capital markets, for the first time in January 2020, the London Stock Exchange welcomed a Kenyan shilling green corporate bond on the International Securities Market, guaranteed by [GuarantCo](#) (a subsidiary of PIDG providing local currency credit solutions), to finance clean, safe and affordable student accommodation in Nairobi.

## Keynote Speech: the role of corporations in enhancing the sustainability and inclusiveness of supply chains

**Andrea Illy**, Chairman of Illycaffé, gave a keynote speech during the 2020 PF4SD Conference. Illycaffé is an example of a stakeholder company with a sustainable business model, centred upon value creation at all levels of the coffee chain and committed to environmental respect and regeneration.

Andrea Illy highlighted a promising example of public and private actors joining forces to make developing countries' value chains more sustainable and inclusive. Since 2015, Illycaffé has engaged in a collaboration with UNIDO and the Italian Development Co-operation agency in a public-private partnership initiative to improve the sustainability and inclusiveness of the coffee value chain in Ethiopia, in close synergy with the Ethiopian Coffee and Tea Development and Marketing Authority. The project unfolds through three levels of intervention: the field-crop production and soil management level; the value chain level and the institutional level. It aims to strengthen the Ethiopian coffee sector by adding value to the coffee produced in the country.



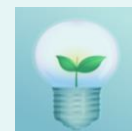
There are opportunities to encourage public-private partnership schemes enhancing the sustainability and inclusiveness of coffee value chains so that they become market standards.

**Andrea Illy**  
Chairman of Illycaffé



## Lightning talk

### Two perspectives on private finance for sustainable development



This first lightning talk presented two different perspectives on challenges and opportunities to accelerate private finance for sustainable development, namely the investment management perspective and the DFIs one.

**Nadia Nikolova** identified four main challenges. First, the lack of a common definition of sustainable development investments. For institutional investors, sustainable investments do not necessarily target developing countries. The second challenge relates to investors' fiduciary duties. Institutional investors invest money of pensioners, insurance policy holders, etc. and are thus obliged to ensure investments in safe assets. Third, regulation is only pushing towards investing in safe assets. Finally, she underlined the lack of transparency on the actual risks and experienced losses.

**Soren Andreasen** highlighted that the slow progress made so far should not lead us to enter a phase of despair, but rather make us increase our focus on learning. The problem is that private capital flows are sticky. Regulation changed the risk calculus, which led many investors to leave developing countries. From the DFIs' point of view, scaling, but also stretching, are needed to catalyse private flows. We need benchmarks. Looking at the experience of the renewable energy sector, when the business opportunities are clear, private finance flows do happen.



**Nadia Nikolova**, Director of  
Infrastructure Debt, Allianz  
Global Investors

It is now that we see the velocity of change increasing. We are increasingly seeing private capital talking to the sustainability agenda. My job is to create instruments that facilitate flows into emerging markets but I need your help. I am humbly asking to share information with my clients, about risk and impact. It is time to act now.

It is time to get real. The SDGs offer vision and values. Real impact lies on the mission and action. It is not just about scaling up to reach the trillions, but also stretching deals, making markets more investment-ready and assessing impact. DFIs want to improve at collaborating with other actors.



**Soren Andreasen**, GM, European  
Development Finance Institutions



## Panel: Can financial innovation accelerate the alignment of finance with the SDGs?



**Moderator:** Tor Svensson, Chairman, Capital Finance International CFI.co

### Speakers:

- **Mathilde Mesnard**, Deputy Director, Directorate for Financial and Enterprise Affairs, OECD
- **Florian Kemmerich**, Managing Partner at Bamboo Capital Partners
- **Maria Teresa Zappia**, Chief Investment Officer, BlueOrchard
- **Javier Lozano**, Co-founder and CEO, Clinicas del Azucar
- **Sony Kapoor**, Managing Director, Re-Define

This session brought together a diverse set of panellists, among which policy experts, investors, and experienced innovators to discuss whether and how financial innovation is accelerating alignment of finance with the SDGs.

**Mathilde Mesnard**, from the OECD, set the scene by highlighting that financial innovation is part of the broader efforts to ensure there is alignment of finance with the SDGs, for instance by improving financial inclusion and financial literacy. Blockchain-based solutions and smart contracts, for example, are promising technologies as they can facilitate financing for SMEs and their integration in global value chains. However, governments must ensure that they take a holistic approach so that the right policy frameworks are in place to support innovation while minimising risks and reaping benefits. This is the objective, for example, of the [OECD's 2019 Principles on Artificial Intelligence](#) and the work the OECD is leading to develop in 2020 high-level principles on blockchain.

Financial innovation needs to aim at finding scalable solutions. **Maria Teresa Zappia**, from BlueOrchard, shared insights into Blue Orchard's UCITS Emerging Markets SDG Impact Bond Fund, a promising example of a scalable and fully liquid fund offering investors easy access to a portfolio of bonds of emerging markets' development banks, financial and microfinance institutions, and social enterprises which have been selectively screened based on their impact and SDG alignment.

**Florian Kemmerich** emphasised the importance of investing in small and early-stage enterprises to have an impact, achieve transformation while also achieving financial returns. He also offered insights into the SDG500 fund, launched at Davos in January 2020 by Bamboo Capital, with a coalition of public and private organisations, including UNCDF. The SDG500 is a USD 500 million investment platform composed of six underlying impact funds using either debt or equity to bridge the missing middle financing gap in emerging and frontier markets. The blended structure of the fund allows to package smaller funds in a larger one in which institutional investors can actually invest.

**Javier Lozano**, from Clinicas del Azucar, provided the social entrepreneur's perspective to the panel, explaining how financial innovation and innovative partnerships with government, impact investors, and development finance



providers, allowed his social enterprise to achieve commercial viability and then scale. His social enterprise provides specialised diabetes through one-stop shop clinics in Mexico, including middle- and low-income patients.

**Sony Kapoor**, from Re-Define, argued that large extent of the financial innovation out there is still aiming at rent seeking and profit maximisation. According to him, the continued gap between real and perceived risk shows that financial markets have failed in providing coordination and information. Financial innovation is currently not contributing to align finance to the SDGs, as capital is still not flowing where it should, namely countries with a shortage of capital which have catch-up potential thanks to productivity gaps.

The panel stressed that we collectively need to use our best resources, financial and human, to create financial innovations that allow for a large-scale reallocation of capital towards SDGs-aligned investments.



*“As of today, there are at least 1000 times as many resources being invested by the financial sector in actions that are potentially undermining the SDGs, rather positively contributing to the SDGs.”*

*“The future unicorns do not lie in Silicon Valley. If you wanted to be the next billionaire, I would move to a developing country and set up a new kind of asset manager that uses innovation to help facilitate large-scale reallocation of capital and connect institutional investors to capital opportunities.”*

**Sony Kapoor**  
Managing Director, Re-Define

## Parallel SDG Dialogues

Private finance for  
gender equality and  
women's empowerment  
(SDG 5)



Aligning private finance with  
climate objectives  
(SDG 13)



Is finance flowing to  
sustainable oceans?  
(SDG 14)



Private finance for inclusive  
growth, employment and  
decent work for all  
(SDG 8)





## SDG Dialogue 1

### Private finance for gender equality and women's empowerment (SDG 5)

**Moderator:** Paloma Durán y Lalaguna, Development Co-operation Directorate, OECD

#### Speakers:

- **Alfonsina Peñaloza**, Program Officer, The William and Flora Hewlett Foundation
- **Melinda Wells**, Strategic Partnerships Lead, Equality Fund
- **Jen Braswell**, Director, Value Creation Strategies, CDC group
- **Pearl Uzokwe**, Director of Governance and Sustainability, Sahara Group
- **Royston Braganza**, Chief Executive Officer, Grameen Capital

This session introduced the new OECD Development Policy Paper [Putting Finance to Work for Gender Equality and Women's Empowerment – The Way Forward](#), which finds that while investing in gender equality is a pre-requisite for sustainable development for all, SDG 5 on gender equality may be one of the least funded Goals. Private and public finance actors need to come together to maximise both the quality and quantity of finance for gender equality in developing countries, and better define the concept of “gender investing” across different development actors. The rest of this Dialogue aimed to showcase innovative initiatives that can be replicated.

**Alfonsina Peñaloza**, from the Hewlett Foundation, highlighted that the way private philanthropy's funding for women's rights organisations can improve, e.g. by providing them core funding instead of earmarking for specific projects. She noted that private philanthropy can also help strengthen the ecosystem of women funds, which are relatively small but essential to fund and empower women's movements at the local level.

**Melinda Wells** offered insights from her experience at the [Equality Fund](#), a partnership bringing together the philanthropic community, private sector, governments and civil society to mobilise skills and resources supporting women's rights organisations and feminist movements globally. The Fund will combine feminist grant making, multi-sector philanthropy, and gender-lens investing to leverage capital from different sources to advance gender equality.

**Jen Braswell**, from CDC, presented the [2X Challenge](#), a commitment from the DFIs of the G7 to collectively mobilise investment for women's economic empowerment in developing countries. As of today, almost USD 2.5 billion has been committed and mobilised through the 2X Challenge to support businesses that provide women in emerging economies with access to leadership opportunities, quality employment, and products and services enhancing their economic participation and inclusion.

**Pearl Uzokwe**, from the Sahara Group, emphasised that ensuring equal access to resources and opportunities regardless of gender is essential for promoting sustainable development. She called for governments and businesses to be “more deliberate and committed” to support activities connecting girls and women to economic opportunities.

**Royston Braganza**, from Grameen Capital, shared the success of the world's first domestically funded SDG impact bond in India, which focuses on supporting marginalised tribal women to become self-reliant and empowered with trainings to become rug weavers.





## SDG Dialogue 2

## Aligning private finance with climate objectives (SDG 13)

**Moderator:** Jorge Moreira da Silva, Director, Development Co-operation Directorate, OECD

**Opening Remarks:** Amar Bhattacharya, Senior Fellow Global Economy and Development, Brookings Institution

**Speakers:**

- **Mohan Vivekanandan**, Group Executive for Origination and Client Coverage, Development Bank of Southern Africa (DBSA)
- **Emma Navarro**, Vice-President, European Investment Bank
- **Rémy Rioux**, Chief Executive Officer, Agence Française de Développement (AFD), Chairperson, International Development Finance Club (IDFC)
- **Helena Viñes Fiestas**, Global Head of Stewardship and Policy, BNP Paribas Asset Management

This session aimed to take stock of progress and challenges of aligning private finance with the objectives of the Paris Agreement in developing countries, building on findings of the OECD report [Aligning Development Co-operation and Climate Action: The Only Way Forward](#).

The majority of private finance mobilised for development continues to be channelled into economic infrastructure. Sustainable infrastructure will be the foundation to realise the transformation to low emissions and climate resilient development pathways. According to **Amar Bhattacharya** from the Brookings Institution, economic models have not fully captured the high costs associated with climate action. However, the economics to this is catching up, with improved estimates for the co-benefits of climate action such as reduced pollution and improved land use and technology is on our side.

**Emma Navarro**, from the European Investment Bank, underlined that the Bank has made a quantum leap in its ambition towards climate action. However, challenges remain to mobilise and align commercial capital with climate action. An institutional challenge is the creation of new products with different risk profiles to reach climate targets. An external challenge is reaching international consistency on the policy and regulation environments to align financial systems with climate priorities.

**Helena Viñes Fiestas** from BNP Paribas, highlighted challenges to reach this goal from an asset manager perspective. The first challenge relates to the persistent scarcity of consistent and reliable information disclosed by companies and issuers. The second challenge is of a political nature and concerns the lack of coherence of the objectives of different policies.

**Mohan Vivekanandan**, from the DBSA, highlighted the challenge of high interest rates and risk of debt distress in many African countries. Ensuring a 1.5°C future requires sufficient capital to support the transition – keeping in mind growing population and urbanisation rates, energy demand and mobility. Public policies and institutional frameworks play a key role in improving the enabling environment for private finance to flow, as well as to create and attract the needed innovation and expertise.

**Remy Rioux**, from AFD, highlighted that national development banks, as public institutions, should leverage on their ability to dialogue with governments and influence discussion at the policy level. He also underlined that while there exists plenty of short-term macroeconomic signals, there is lack of credible judgement on the direction and speed of long-term trajectories.







## SDG Dialogue 3

### Is finance flowing to sustainable oceans? (SDG 14)

**Opening and introductory remarks:** Jorge Moreira da Silva, Director, Development Co-operation, OECD

**Moderator:** Rodolfo Lacy, Director, Environment, OECD

#### Speakers:

- **Peter Thomson**, UN Secretary-General's Special Envoy for the Ocean
- **Simon Dent**, Blue Investments Director, Althelia Funds
- **Melissa Garvey**, Global Director of Ocean Protection, The Nature Conservancy
- **Alice Gugelev**, Managing Director of Global Development Incubator (GDI)

This session focused on how to increase the scale and impact of investments for healthy and productive oceans and ensure a transition from the current short-term, destructive approach to ocean assets towards a more sustainable, climate-resilient Sustainable Ocean Economy. **Peter Thomson** stressed that there is a palpable sense of urgency from different stakeholders recognising that we are facing an ecological crisis.

**Alice Gugelev** highlighted that a clear disconnect between investors and project developers is hindering progress to achieve a sustainable blue economy. Locally-driven investment plans focusing on both returns and impact are needed to scale up finance for the sustainable oceans economy at the local level. For instance, in Kenya, the Jumuiya Ya Kaunti Za Pwani (JKP) initiative is helping Kenya's six coastal counties to empower local communities to harness the potential of sea and land resources and attract blue investments. This inclusive approach managed to generate a pipeline of over KES 8 billion to finance projects in the regional blue economy.

**Melissa Garvey** noted that innovative financial solutions need to be further explored to attract finance towards blue investments. The Nature Conservancy, a global environmental non-profit, explored an

innovative mechanism: debt conversion for ocean conservation. This deal raised funding to buy USD 21 million of Seychelles' sovereign debt to refinance it under better terms, and then direct a portion of repayments to fund blue and green projects. The Seychelles committed to conduct a Marine Spatial Plan to secure protection of its ecological assets. TNC also setup an innovative financing mechanism to insure and conserve coral reefs in Quintana Roo, Mexico. Working with the tourism association and subnational governments, revenues from a tourism tax were redirected to a trust fund which directs investments for restoration and maintenance of coral reefs and manage an insurance policy for the reef itself. Lastly, TNC is partnering with AXA XL to create Blue Carbon Resilience Credits, tradable credits that value the combined carbon sequestration and coastal protection benefits of coastal wetlands.

Finally, **Simon Dent** offered insights into the Sustainable Ocean Fund, a pioneering impact investment vehicle managed by Althelia Funds. It is an example of a fund, that, after almost three years of operations, closed last year with more than USD 100 million investments in marine and coastal enterprises subject to ESG scans, which proved to deliver marine conservation and improved livelihoods while generating economic returns.





8 DECENT WORK AND  
ECONOMIC GROWTH



## SDG Dialogue 4

### Private finance for inclusive growth, employment and decent work for all (SDG 8)

**Moderator:** Monika Queisser, Head, Social Policy Division, Employment, Labour and Social Affairs, OECD

**Speakers:**

- **Vic Van Vuuren**, Director, Enterprises Department, International Labour Organisation (ILO)
- **Paddy Carter**, Director, Research and Policy, CDC Group
- **Paola Simonetti**, Deputy Director, Economic and Social Policy Department, International Trade Union Confederation (ITUC)
- **Admassu Tadesse**, President and CEO of the Trade and Development Bank
- **Kruskaia Sierra-Escalante**, Senior Manager, Blended Finance, International Finance Corporation

SDG 8 promotes “sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all”. The fact that 30 million African youth are expected to enter the labour market every year by 2030 makes SDG 8 one of the most pressing challenges. This session focused on how to ensure that private finance is aligned with SDG 8 in developing countries.

**Admassu Tadesse**, from the TDB, highlighted that the Bank supports innovative, impactful and scalable SMEs, as they are the biggest job creators in Africa yet they face the biggest challenges in accessing finance, especially in local currency.

**Vic Van Vuuren**, from the ILO, highlighted that the focus should be on local SMEs in developing countries. Improving their access to finance, but also providing non-financial services such as capacity building is important, especially in fragile contexts. ILO is driving the Decent Work agenda fully cognizant that there needs to be a thriving private sector and that we need to bring sustainable enterprises at the core. The challenge lies in demonstrating investors that it is possible to invest also in difficult areas, for instance where there is no rule of law, no regulatory framework and high political turnover.

**Paddy Carter**, from CDC, highlighted that in many developing countries, hardly anyone is unemployed, but almost nobody is formally employed. The challenge is not creating jobs per se, but quality formal jobs. He emphasised that DFIs need to focus on high-impact investments, to set the example as market leaders that

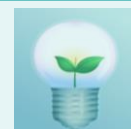
others will want to replicate. It happens that businesses in partner countries are reluctant towards DFIs funds incentivising formalisation and instead prefer investors with a purely commercial mandate. According to CDC experience, it is hard to provide empirical evidence of the multiplier effect DFIs aim at.

However, DFIs made progress in measuring job creation. **Kruskaia Sierra-Escalante** noted that IFC is looking at direct job creation on individual projects, but also developed models to estimate indirect job creation. IFC made significant progress in assessing development impact with the new Anticipated Impact Measurement and Monitoring (AIMM) system.

**Paola Simonetti**, from ITUC, stressed that accelerating SDG 8 passes through freedom of association, collective bargaining and social dialogue. The Global Deal multi-stakeholder partnership, hosted by OECD with ILO and Sweden, aims at enhancing social dialogue, as it is a lever to achieving decent work, quality jobs and increased productivity. Political will is critical: governments need to invest in institutions that can underpin dialogue between companies and workers, while safeguarding the right to organise and establishing a regulatory framework for workers according to international labour standards. The [2019 Trade Union Take on the SDGs](#) report highlights that governments have insufficiently integrated social dialogue into the implementation process of the SDGs in national planning.



## Impact Investing Lightning Talk



### Speakers:

- **Javier Lozano**, Co-founder and CEO, Clínicas del Azúcar
- **Bjoern Stuewer**, Founder and CEO, Roots of Impact
- **Peter Beez**, Senior Policy Advisor, Swiss Agency for Development and Cooperation
- **Priscilla Boiardi**, Policy Analyst, Development Co-operation Directorate, OECD

With this lightning talk, participants were taken on a journey to find out about Social Impact Incentives (SIINC), a pay-for-success model that directly rewards social enterprises with ongoing premium payments for achieving predefined social results. Clínicas del Azúcar is a social enterprise operating in the Mexican healthcare sector to address needs of patients with diabetes with 16 clinics in the country. Despite success in reaching lower middle-income groups, Clínicas was concerned about the commercial viability of the business model if extended to patients at the Bottom of the Pyramid (BoP).

In 2017, a social impact incentive (SIINC) was developed by Roots of Impact in partnership with the Swiss Agency for Development and Cooperation (SDC), the Inter-American Development Bank (IDB)

and others in order for Clínicas to scale up operations and serve those most in need. Premium payments were based on the achievement of proven social outcomes, which are then disbursed by the outcome payer SDC. Initial results have shown a significant increase in the proportion of BoP patients. Clínicas was also able to open up clinics in low-income neighborhoods, while maintaining high quality services. The Inter-American Development Bank was critical in providing technical cooperation for research and marketing as well as for managing the funds for SIINC. Clínicas del Azúcar was able to secure a loan with the IDB to continue increasing the number of clinics in Mexico. Given the success of this SIINC with Clínicas del Azúcar and other social enterprises in Latin America, SDC and Roots of Impact are replicating SIINCs also with other social enterprises in different countries and sectors.





## Panel: The road ahead: A new course for 2030



**Moderator:** Nancy Lee, Senior Policy Fellow, Centre for Global Development

### Speakers:

- Judith Karl, Executive Secretary, United Nations Capital Development Fund (UNCDF)
- José Meijer, Vice-President of the Board of Trustees at ABP, Netherlands Pension Fund
- Amit Bouri, CEO, the Global Impact Investing Network (GIIN)
- Gavin Wilson, Co-Chair, Global Future Council on Development Finance
- Drew Smith, Director General, International Assistance Policy, Global Affairs Canada
- Alix Peterson Zwane, Chief Executive Officer of the Global Innovation Fund

In this session, panellists were asked to take a hard look at the status quo and explore what it takes to set a new course towards financing the SDGs in countries most in need. Five years after the adoption of the Addis Ababa Action Agenda, finance is still not flowing to countries that have the furthest to go to reach the SDGs. The IMF estimated that low-income developing countries will need an average additional spending of 15% of GDP on education, health, roads, electricity, water and sanitation in 2030 ([IMF, 2019](#)). Yet, many low-income countries are at a high risk of debt distress and the overall supply of external resources to developing countries has declined ([OECD, 2018](#)).

However, we also see private actors stepping up their action towards sustainable finance. The head of Blackrock, a leading asset manager, in his [annual letter to CEOs](#) foresee a “fundamental reshaping of finance” in the near future and announced to clients a series of initiatives putting sustainability at the core of their investment approach, such as exiting investments in thermal coal production companies ([Blackrock, 2020](#)). From the investment banking side, J.P. Morgan announced the creation of a Development Finance Institution “to expand its development-oriented financing activities in emerging markets” ([J.P.Morgan, 2020](#)). From the banking perspective, in September 2019 over 130 banks collectively holding USD 47 trillion in assets committed to the Principles for Responsible Banking ([UNEP FI, 2019](#)).

*Change is essential at this point.*

*Failure to change is really  
NOT an option.*

**Nancy Lee**  
Centre for Global Development

**Nancy Lee**, from the Centre for Global Development, argued that we need to find better, more scalable ways of managing the risks of high impact investments in difficult environments. The risks are often too high for commercial impact investors, including DFIs. And donor grant finance is too scarce to be a scalable solution for off-loading risk. She made the case for a new actor in the development finance architecture with a greater risk tolerance, a willingness to accept below-market returns, and the capacity to offer subordinated capital to maximize investment space for other investors. Her proposal is the [Stretch Fund](#), a new public-private actor whose core purpose would be to stretch the capital and development impact of DFIs and private investors.

**Judith Karl**, from UNCDF, spoke of how the organization works to support promising local businesses in Least Developed Countries (LDCs) so that they can access commercial finance on their own, preferably from local banks. UNCDF targets risky deals in local currency at small ticket sizes (between USD 250,000 and USD 1 million) as they are the investments with the greatest potential for development impact but also the biggest challenges to access finance. Judith emphasised that when colleagues say there is no pipeline in these countries, they are right. There are only a few safe, large deals that generate high return and preserve the financier's triple-A credit rating. UNCDF believes the best use of grant resources is to generate a pipeline of investable opportunities that supports local entrepreneurs; shows local banks that these deals are investable, even profitable; and then links the new businesses to onward growth capital.

**Alix Zwane** shared insights from her experience as CEO of the Global Innovation Fund (GIF), a hybrid investment vehicle receiving grants from donors' ODA budgets and investing in social innovation projects targeting the poorest people in developing countries with blended finance approaches using both debt and equity. The GIF is an example of a patient and flexible investment vehicle with an evergreen structure successfully using blended finance to support innovators in bridging the "pioneer gap" between grant/seed funding and commercial finance that early-stage companies face.

**José Meijer**, from ABP, the Netherlands' pension fund, highlighted that institutional investors are increasingly entering the SDG-investing space. For instance, ABP, with EUR 399 billion in assets under management as of 2018, aims to invest EUR 58 billion in investments that contribute to the SDGs by the end of this year. According to José, ABP has started to invest in SDG-related projects in 2015, which did not negatively influence the risk-return balance of the fund's investment portfolio.

According to **Galvin Wilson**, from the Global Future Council on Development Finance, we should give credit to the SDGs process and framework for being able to transmit the message well beyond the development community. The [Global Future Council on Development Finance](#) convened by the World Economic Forum that Gavin Wilson is co-chairing is looking into the main constraints to closing the SDG financing gap from three sides: (i) the supply side; (ii) the demand side; and (iii) the intermediaries' side. On the supply side, we need to better understand to what extent we can aggregate smaller investments to make them digestible to big investors. Aggregation allows to have big pools of capital and reduced overall risk, thus making it easier to apply blended finance approaches. On the demand side, recipient countries need to be more strategic and shift their approach from project-by-project funding to a country-wide SDG financing one. Finally, on the intermediaries' side, we need to better understand how to expand the funnel connecting all the capital available to the projects. We see that the private sector is increasingly stepping in this intermediation challenge but multilateral organisations are also well-placed to contribute to that.

Last but not least, **Drew Smith**, from Global Affairs Canada, shared insights based on his experience in a donor government active in the private sector space. The development finance landscape is becoming increasingly complex. To keep pace with this change, Canada has been developing tools, capacity and networks. Drew underlined that one of the biggest challenges is being fit-for-purpose within an organisation. Another significant challenge for donors is better understanding how to price products so as to maximise impact while minimising concessionality. He proposed the following three "Es" to go forward: (i) Equity – we need to get more funding into places that need it the most; (ii) Evolution – we need to evolve and build on traditional approaches to grant funding; (iii) Experimentation – we need to be bold, experiment and learn from it.

## Closing of the PF4SD Conference

**Shin Song Bum**, Minister, from the Permanent Delegation of the Republic of Korea to the OECD provided closing remarks, stressing that we should further promote closer co-operation between the development community and the finance community. He concluded by paraphrasing a famous prediction of the British economist John Maynard Keynes:

“

In his essay *Economic Possibilities for our Grandchildren* (1930), Keynes concluded that “assuming no important wars and no important increase in population, the economic problem may be solved, or be at least within sight of solution, within a hundred years.” I would like to dare to paraphrase his prediction. The current challenge of our time may be solved, or be at least within sight of solution, by the year 2030, but **only under the assumption of important collective action of the public and private sector.**

**Shin Song Bum, Minister, Permanent Delegation of the Republic of Korea to the OECD**



”

**Susanna Moorehead**, the Chair of the OECD Development Assistance Committee (DAC) then gave forward-looking-statements, highlighting the importance of respecting each other's values, motivations and attempts to make progress. She also officially announced that the DAC agreed on the **Community of Practice on Private Finance for Sustainable Development**, which aims at sharing experienced, lessons learnt and best practices, as well as more effectively engaging with the private sector.



**Susanna Moorehead**  
@DACchairOECD

Fresh off the press! The [#OECD DAC](#) has just launched a new Community of Practice on Financing Sustainable Development.

It will seek to answer some of the burning questions that have been asked at [#pf4sd](#) & include a broad set of stakeholders to be a safe space to share experience





**Jeffrey Schlagenhauf**, Deputy-Secretary General of the OECD, brought the 2020 PF4SD Conference to a close, underlining that it is clear that business as usual is not an option. He highlighted that while SDG financing gap might seem daunting, knowing the magnitude of the challenge better equips us to prepare a sound strategy. He stressed that we need to change our collective business models and review the way these models interact in order to ensure all actors, public and private, are aligned with the SDGs. The OECD stands ready to support governments to learn how to make the best and most effective use of scarce public resources and to more effectively engage with the private sector to support the countries left behind.



**PRIVATE FINANCE  
FOR SUSTAINABLE  
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BETTER POLICIES FOR BETTER LIVES

*"The OECD is ready to support governments to learn how to make the best use of scarce public resources, as well as to more effectively engage with the private sector, to support the countries left behind."*

**Jeffrey Schlagenhauf**  
Deputy Secretary-General, OECD

## Private Finance for Sustainable Development Conference

4<sup>th</sup> edition

**SAVE THE DATE**  
**2 – 4 February 2021**

OECD Conference Centre, Boulogne-  
Billancourt

[oecd-events.org/PF4SD](https://oecd-events.org/PF4SD)

#PF4SD



# PF4SD Expert Discussions

At the side of the high-level 2020 PF4SD Conference, the OECD hosted a series of back-to-back Expert Discussions on a variety of topics related to aligning finance with the SDGs (28 and 30 January 2020).

→ Find the Expert Discussions *key takeaways* [HERE](#) ←

## Expert Discussions Schedule

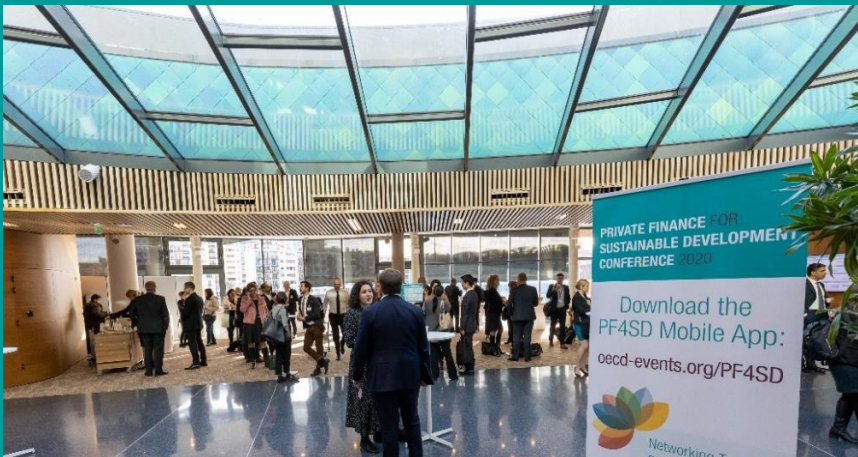
Tuesday 28 January 2020					
9:30-11:00   <					





# PF4SD 2020 in pictures

The 2020 PF4SD Conference attracted over 620 participants, including representatives from the public sector –governments, development agencies, development finance institutions and pension funds – and the private sector, including corporations, foundations, investors, asset managers, banks, and insurance companies. The event convened about 200 high-level speakers.





# #PF4SD in the media



## 2020 PF4SD on Development Matters Blog Series

### Blog #1

[Shifting public and private finance towards the Sustainable Development Goals](#)

By the PF4SD team, OECD

### Blog #2

[How Blended Finance can plug the SDG financing gap](#)

By Jean-Philippe de Schrevel, Founder and Managing Partner of Bamboo Capital Partners

### Blog #3

[Why should investors care about ocean health?](#)

By Dennis Fritsch, PhD, Researcher, Responsible Investor

### Blog #4

[New approaches to scaling private sector funding for sustainable development](#)

By Sonja Gibbs, Managing Director & Head of Sustainable Finance, IIF



## 2020 PF4SD on Devex

### Article #1

[What to watch in development finance in 2020](#)

By Adva Saldinger

### Article #2

[Opinion: aligning public and private finance with the SDGs – a three-stop approach](#)

By the PF4SD team, OECD

### Article #3

[What it may take to engage pension funds to finance the SDGs](#)

By Adva Saldinger



## #PF4SD on Twitter

#PF4SD was used more than **1,100** times on Twitter during the 2020 PF4SD Days, reaching an estimated audience of **6.1 million** users

### TOP HASHTAGS

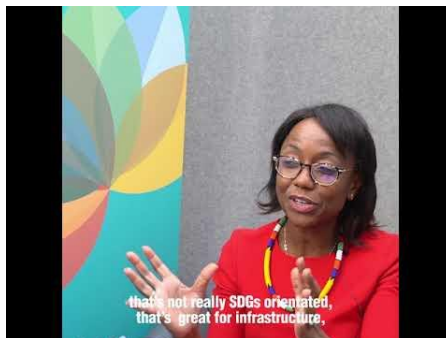
#AHORA #ODA #GRI #GPEDC #OECD  
#Paris #wef20 #FMBBVA #eccellenze #SDGs #risks20 #COP15  
#impinv #SDG #airpollution #transparency #ClimateAction #Geneva #DBSA  
#climate #impactinvesting #oceanfinance #BlueEconomy #investors  
#BBVAMF #climatecrisis #SustainableFinance #ClimateFinance #blending #GLI  
#Biodiversity2020 #MohanVivekananda #AdmassuTadesse #SDG5  
#Agenda2030 #developmentfinance #RefikAkinci  
#effectiveness #nationaldevelopmentbanks #BlendedFinance #CO2 #finance  
#desarrollo #circulareconomy #justtransition #StopEACOP #NDBs  
#timefor8 #investinAfrica #diplomaciaazul #sviluppo  
#SDG14 #CDPAList #portugalémar #SustainableDevelopment #climateneutrality #filantropía  
#ODS #Tanzania #KampalaPrinciples #FMBBVAXelDesarrollo #SaveOurOcean #SDG500  
#SDG13 #youth #championMayors #ForPeopleForPlanet #NabilMouraKadri #youth2030 #COP25  
#Evaluation #FightInequality #PrecisionMedicine #EqualityFund #investment  
#WhatWorks #development #GenderEquality #GENDERNET #incineration  
#poverty #gender #diplomacy #economy #GlobalGoals #Uganda #UNSC  
#data #LDCS #gender #2030Agenda #IDFC #ocean #COP26  
#health #actnow #impact



Peter Thomson on the sustainable blue economy



From profit to purpose: Kanini Mutooni of Tonic



Emma Navarro of EIB calls for financing of climate-resilient pathways



Mobilising investments in developing countries: Andrea Illy of illycaffè



Admassu Tadesse of Trade & Development Bank on aligning finance with SDGs in LDCs



OECD experts unravel what aligning finance with the SDGs really means



... and more on the [OECD-on-Development Youtube Channel](#)



## More articles on PF4SD

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[The missing piece when aligning finance with the SDGs](#), Publish What You Fund

[Ensuring Mobilisation and Impact Remain Aligned to Achieving Elusive SDGs](#), CFI.co

[Three takeaways from OECD's Private Finance for Sustainable Development week](#), Convergence

[ICC advances blended finance to raise capital for UN Sustainable Development Goals](#), ICC

[Is blended finance the key to health and development?](#), Wemos

[National development banks: Building bridges between Public and Private Climate Action](#), IDFC

[La Fundación Microfinanzas del BBVA ya es la segunda del mundo tras la Bill&Melinda Gates](#), El mundo

[Economía.- La Fundación Microfinanzas BBVA, líder en financiación al desarrollo tras la Fundación Bill&Melinda Gates](#), Lavanguardia

[La Fundación Microfinanzas BBVA, líder internacional en financiación al desarrollo tras la Fundación Bill&Melinda Gates](#), Europapress

## Background material

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# 2020 PRIVATE FINANCE FOR SUSTAINABLE DEVELOPMENT CONFERENCE

Watch the conference recordings

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[Afternoon sessions](#)

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