



Executive Summary

Financing Sustainable Development — The Challenge

Two thousand and fifteen was a landmark year for multilateral agreements. The 2015 Agenda, with its 17 Sustainable Development Goals (SDGs) and the Paris Agreement on climate change provide a pathway for a more prosperous, equitable and sustainable future. The Addis Ababa Action Agenda (AAAA) establishes a blueprint to support the implementation of the 2015 Agenda by providing a global framework for financing sustainable development that aligns all financing flows and policies with economic, social and environmental priorities. This year, 2015, is a defining year for the next, bolder and more urgent phase of implementation of the SDGs and the Paris Agreement. The upcoming 'decade of action' (2020–2030) requires significant public and private investment to bring the SDGs and goals of the Paris Agreement to life for all people, everywhere.

Financing for sustainable development is available, given the size, scale and level of sophistication of the global financial system — with gross world product and global gross financial assets estimated at over US \$ 8 trillion¹ and US \$ 2 trillion respectively.² However, available finance is not channeled towards sustainable development at the scale and speed required to achieve the SDGs and goals of the Paris Agreement. The financing gap to achieve the SDGs in developing countries is estimated to be US \$ 2.5 trillion per year,³ while coal-fired capacity has grown by 2,000 MW, with another 6,000 MW in the pipeline, driven

¹ World Bank Databank (2015). Gross Domestic Product.

² Allianz Global Wealth Report (2018).

³ UNCTAD (2014). World Investment Report.

by investments of over US \$4.8 billion by the financial industry since signature of the Paris Agreement.⁴ At the same time, global flows of foreign direct investment (FDI) have fallen by 20 per cent in 2020,⁵ and private investments in SDG-related infrastructure in developing countries were lower in 2020 than in 2019.⁶

Investments in sustainable development are growing in some areas and countries, and there is evidence that investing in the SDGs makes economic sense, with estimates highlighting that achieving the SDGs could open up US \$2 trillion of market opportunities and create 8 million new jobs, and that action on climate change would result in savings of about US \$2.6 trillion by 2030.⁷ The SDGs are increasingly incorporated into public budgets and development cooperation, and many countries have taken steps to 'green' their financial systems.⁸ Green bond issuance has increased tremendously — from US \$2.6 billion in 2012 to US \$6.6 billion in 2020;⁹ innovative SDG-related financial instruments are unlocking new sources of finance; and the digitalization of finance is demonstrating its potential to improve the mobilization and utilization of funds for the SDGs. Financial industry regulators are increasingly acknowledging the potential implications of climate-related risks on financial stability, and global sustainable investments — at US \$1.1 trillion in the five major developed markets in 2018¹⁰ — is reportedly on the rise. This highlights a growing recognition by the financial industry in the value of long-term sustainable investing and the importance of considering climate-related risks into investment decision-making. However, sustainable investments

⁴ Research released at COP24 by Urgewald, BankTrack and 26 NGO partners. <https://www.urgewald.org/en/news/2019/12/17/paris-agreement-2019-2020-2021>

⁵ UNCTAD (2020) World Investment Report.

⁶ Inter-agency Task Force on Financing for Development (2020). Financing for Sustainable Development Report.

⁷ Business and Sustainable Development Commission (2019). Better Business Better World; Report of the Global Commission on the Economy and Climate (2019).

⁸ Inter-agency Task Force on Financing for Development (2020). Financing for Sustainable Development Report.

⁹ Climate Bond Initiative (2020). Green bonds. The State of the Market.

¹⁰ Global Sustainable Investment Review (2019). Major markets are: Europe, United States, Japan, Canada, Australia/New Zealand. Note, environmental, social and governance (ESG) related portfolios are mainly about ownership transfer rather than direct investment in the real economy.

represent only a small share of the US \$2 trillion in global private sector financial assets.¹¹ The lack of common definitions, standards, and impact measurements, as well as the fact that reported sustainable investments do not necessarily represent investing in real assets but also in financial assets, mean that such numbers should be treated with care. Similarly, the strong growth in green bond issuance still only represents about 2.5 per cent of total bonds issued globally.¹²



the financial system from global to local levels in support of the 2030 Agenda by addressing the barriers that constrain channeling finance towards sustainable development, and leveraging opportunities to increase investments in the SDGs at scale. The Strategy focuses on three objectives, namely:

Aligning global economic policies and financial systems with the 2030 Agenda.

Enhancing sustainable financing strategies and investments at regional and country levels.

Seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance.

In his Financing Strategy, the Secretary-General commits to providing a **three-year Roadmap** of actions and initiatives to mobilize investment and support for financing the 2030 Agenda. Based on consultations across the UN system and with other stakeholders, the Secretary-General's Roadmap for Financing the 2030 Agenda has been developed with the following three parts:

Part I: Specific actions and 'key asks' championed by the Secretary-General, where his leadership can galvanise the required change. **See figure 1.**

Part II: Priority areas highlighted by the Secretary-General to enhance the work of the UN system to accelerate financing for sustainable development. **See figure 2.**

Part III: Detailed mapping of activities by the UN system itself, offering for the first time, a comprehensive overview of the UN's approach and value addition in financing for sustainable development. **See figure 3.** The mapping of UN activities is not/T(inadT(See f)-15e scn6tbae scnxaabl1 (e o)2 (.1 (v)2 (will(equir)1m

implementation of the 2030 Agenda. The Roadmap has been prepared in close consulta-



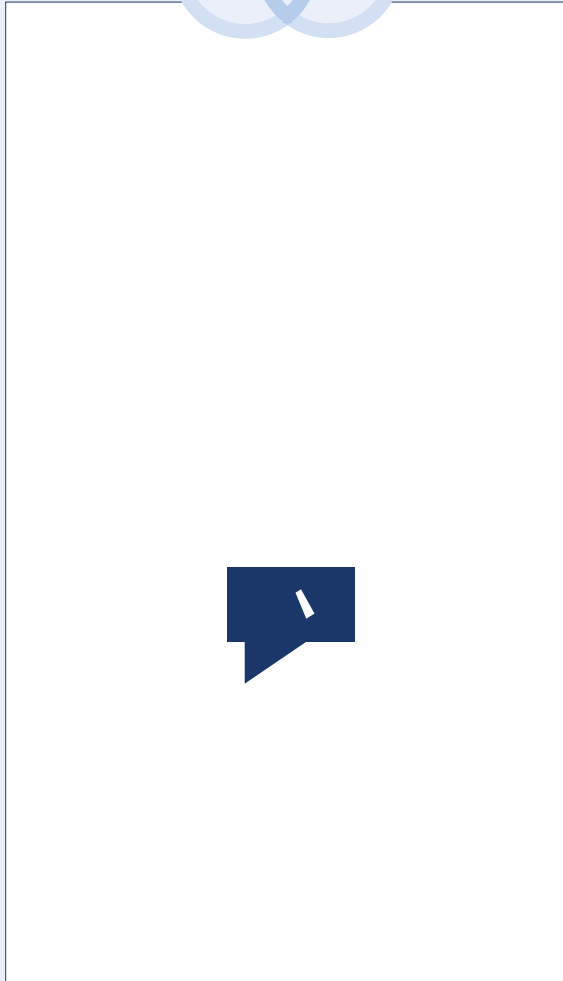






FIGURE 1

Specific Actions of the Secretary-General across 6 Areas

Objectives	Secretary-General's Financing Strategy			
	<p>Aligning global economic policies and financial systems with the \mathcal{Z} Agenda</p> <p>Enhancing sustainable financing strategies and investments at regional and country levels</p> <p>Seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance</p>			
Actions across 6 Areas	Advocacy	<p> Integrate the SDGs and Paris Agreement into Economic & Financial Policies and Practice</p> <ul style="list-style-type: none"> Advocate with global leaders to embed the principles of the \mathcal{Z} Agenda in economic and financial policies and regulations Call on the financial industry to set strategies and targets that progressively align financial portfolios with the SDGs and the Paris Agreement, and to report on progress 	<p> Scale-up Climate Finance</p> <ul style="list-style-type: none"> Urge countries to meet the commitment of US \$1 billion/year by \mathcal{Z} \mathcal{Z} from public and private sources, including through the \mathcal{Z} Climate Action Summit Call on governments to create an enabling investment environment for green, climate-resilient development Call on the financial industry to scale-up financing for pathways consistent with low carbon trajectories 	<p> Highlight the needs of LDCs and SIDS</p> <ul style="list-style-type: none"> Encourage collaboration between public and private actors to unlock all sources of finance and financial innovation, notably for climate action and resilience Urge the international development community to develop a package of incentives to further the development progress of graduating LDCs
	Engagement	<p></p>		



Call on the financial industry to:

7.






FIGURE 3

SUMMARY OF PART 3

Mapping of UN activities on

The UN system supports countries to mobilize financing for

1 Goal	Accelerate the Mobilization of Finance for			
3 Objectives	 Aligning economic policies and financial systems with the			



Header Row				
Cell 1	Cell 2	Cell 3	Cell 4	Cell 5
Cell 1	Cell 2	Cell 3	Cell 4	Cell 5
Cell 1	Cell 2	Cell 3	Cell 4	Cell 5



