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SDG Impact

UNDP

PREPARED FOR THE G20 DEVELOPMENT WORKING GROUP

INFF Sustainable Investment stocktake

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This stocktake presents country cases where UNDP is supporting the development of integrated national financing frameworks (INFFs) and SDG Investor Map in partnership with governments and international partners. This is a living document based on ongoing partnerships and will be updated regularly. Please reach out to the INFF Facility if you have any questions.

About integrated national finance frameworks

Integrated national financing frameworks (INFFs) help countries finance their national sustainable development objectives and the Sustainable Development Goals (SDGs).

INFFs are voluntary and country-led. Through INFFs, countries develop a strategy to mobilise and align financing with all dimensions of sustainability, broaden participation in the design, delivery and monitoring of financing policies, and manage risk. INFFs are embedded within national plans and financing structures, enabling gradual improvements and driving innovation in policies, tools and instruments across domestic and international sources of public and private finance.

To build cohesion and encourage knowledge exchange between countries implementing INFFs around the world, the INFF Facility, in cooperation with a growing network of partners, is developing joint approaches to bring together expertise, tools and relationships in support of country-led INFFs. For more information about INFFs, visit www.inff.org.

About the INFF Facility

The INFF Facility is a joint flagship initiative of the United Nations Development Programme (UNDP), the United Nations Department of Economic and Social Affairs (UN DESA), the Organisation for Economic Co-operation and Development (OECD), the European Union and the Governments of Italy and Sweden. It supports countries developing INFFs.

The Facility brokers technical assistance, facilitates knowledge exchange and provides access to technical guidance. It helps governments and their partners realise the potential of the INFF approach to accelerate progress towards national sustainable development objectives and the SDGs.

Acknowledgements

The stocktake was carried out by UNDP on behalf of the INFF Facility. The report draws on survey data collected through UNDP country offices in 86 countries in early 2022. The report also analyses market intelligence on SDG enabling investment opportunities available for 24 countries on the SDG Investor Platform as of October 2022. To further explore the databases used, visit our INFF dashboard and SDG Investor Platform.

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Abbreviations

COVID-19	Coronavirus Disease 2019
DWG	Development Working Group
ESG	environmental, social and governance
G20	Group of Twenty
GDP	gross domestic product
IATF	Inter-agency Task Force on Financing for Development
IMF	International Monetary Fund
INFF	integrated national financing frameworks
IOA	investment opportunity area
LDC	least developed country
NDC	nationally determined contribution
OECD	Organisation for Economic Co-operation and Development
PPP	public-private partnership
PIMCO	Pacific Investment Management Company
SDG	Sustainable Development Goal
SIDS	small island developing states
UN	United Nations
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme

Executive Summary

Countries worldwide are grappling with the aftermath of the COVID-19 pandemic and looking to drive forward inclusive, sustainable recovery within the context of rising food prices, high inflation and interest rates and the impacts of conflicts around the world.

Finance is central to realising recovery and progress toward the Sustainable Development Goals (SDGs), and the context that countries face is a challenging one. The costs of achieving the SDGs and demands on public spending have increased. Yet fiscal space has decreased, private sector investment has declined, and debt has risen beyond sustainable levels. The economic outlook is uncertain, and there is a growing financial divide between countries.[1] Getting the 2030 Agenda back on track will require a concerted effort by public and private actors at the national and international levels.

Within this context, more than 80 countries are using integrated national financing frameworks (INFFs) to put in place robust, holistic strategies for financing sustainable development. UN member states first introduced INFFs in the 2015 Addis Ababa Action Agenda as a country-led approach to strengthening public and private financing for sustainable development. Led by ministries of finance and planning, governments are using INFFs to:

- Better understand the scale and types of investments needed to realise sustainable development aspirations,
- Identify the key opportunities to unlock resources and impact, and
- Drive forward policy changes to mobilise and align public and private financing with the SDGs.

Thirty-nine countries are using INFFs to develop a financing strategy for their national development plan for the first time; 25 countries are improving existing financing strategies. A growing number of countries are using the INFF approach to strengthen the financing of Nationally Determined Contributions (NDCs), social policies and other priorities.

Through these financing strategies, governments are taking forward more than 250 specific reforms to public and private financing policies, regulations and instruments. This pipeline of reforms represents a timely opportunity to accelerate progress toward the 2030 Agenda.

Many of these policy reforms focus on private finance. They cut across a wide range of policy issues – taxonomies, debt markets, enabling environments, investment promotion, insurance, fintech and others – designed to mobilise and align private capital with national sustainable development priorities and the SDGs.

More than forty countries are systematically mapping and promoting SDG-aligned investment opportunity areas (IOAs). IOAs are specific subsectors or business models that are commercially attractive and catalytic for national sustainable development priorities. More than 450 IOAs have been identified.[2]

Blended finance is necessary to unlock private capital in roughly one-third of IOAs. Blending private and public investment can effectively address key barriers and risks, particularly in last-mile populations, and help enhance returns for investors in the long run. More than 25 countries prioritise blended finance and public-private partnership (PPP) reforms within their financing strategies.

1 UNDESA (2022). Financing for Sustainable Development Report. https://developmentfinance.un.org/fsdr2022

2 Of the intelligence on 450 investment opportunities available, 345 are published online and others will soon follow.

Determining where governments can use scarce public resources to unlock impact-driven private capital through blended mechanisms is a key point of discussion in many countries. There is a growing focus on promoting management practices and standards that go beyond monitoring alone to integrate sustainability intentionally. As governments formalise their financing strategies, there is a growing demand from countries to learn from one another and access technical assistance to support their implementation.

In response to growing country demand, the Group of Twenty (G20) leaders endorsed the G20 Framework for Voluntary Support to INFFs at the Rome Summit in October 2021. Already, G20 countries are taking encouraging steps to implement the framework.

For example, the European Union and the Governments of Italy and Sweden supported the establishment of the INFF Facility as a vehicle to take forward the G20 framework. The United Nations Development Programme (UNDP), the United Nations Department of Economic and Social Affairs (UNDESA) and the Organisation for Economic Co-operation and Development (OECD) comprise the Facility's secretariat. The Facility responds to country demand for technical assistance as governments design and deliver financing strategies, including support for advancing SDG-aligned IOAs and blended finance interventions, and provides a platform for exchange across countries and access to methodological guidance.

International financial institutions, including the International Monetary Fund (IMF), Asian Development Bank and World Bank, and a growing range of other development partners are increasingly involved in INFFs at the country level.

The G20 has positioned itself to play a leading role in supporting country-led INFFs. Within an increasingly challenging context, countries are using INFFs to frame ambitious, country-led agendas to build a more sustainable finance architecture and accelerate investment in and progress toward the SDGs. Responding to country demands for support in translating IOAs into actual investments, deploying blended finance at scale and implementing a range of other public and private financing reforms will be crucial for realising their potential.

Introduction

In 2015, world leaders adopted the Addis Ababa Action Agenda at the United Nations (UN) Third International Conference on Financing for Development. The Addis Agenda created a holistic and coherent framework for financing the Sustainable Development Goals (SDGs) through seven action areas covering all aspects of public and private finance. At the national level, member states envisaged implementing the SDGs through cohesive national sustainable development strategies supported by integrated national financing frameworks (INFFs).

The Group of Twenty (G20) has positioned itself to play a leading role in supporting country-led INFFs. Under Saudi Arabia's G20 Presidency in 2020, the Development Working Group (DWG) adopted the G20 Financing for Sustainable Development Framework, which included a focus on INFFs. Under the Italian Presidency's focus on "People, Planet and Prosperity", G20 leaders recommitted to achieving the SDGs and endorsed INFFs as central to financing them at the country level. In October 2021, G20 leaders endorsed the G20 Framework for Voluntary Support to INFFs.

In line with the principles of voluntary adoption, country leadership and alignment to national priorities, the framework details five ways G20 members can support INFF uptake and operationalisation:

1. Promote knowledge exchange, technical assistance and training;
2. Align international support for country-led INFFs;
3. Engage G20 member domestic constituencies;
4. Prioritise the integration of economic, social and environmental sustainability; and
5. Review progress and continue to build awareness of INFFs.

These five actions align with the G20 Sustainable Finance Roadmap, endorsed in the Rome Leaders' Declaration in 2021.[3]

INFF momentum continues to grow, even in the face of complex challenges. Extreme poverty is rising, pushing an additional 77 million people into poverty.[4] Women and girls have been particularly affected by job losses, extra burdens of care and increasing gender-based violence. The conflict in Ukraine and rising food prices are pushing many more into poverty and heightening food insecurity. Rising inflation and interest rates may reduce access to international capital and investment for many countries. The climate and biodiversity crises are getting worse.

In this context, the Indonesian G20 Presidency commissioned the INFF Sustainable Investment Stocktake to inform the DWG of INFF developments at the country level, particularly concerning SDG-aligned investment opportunity areas (IOAs) and blended finance.

This report builds on the 2021 INFF Stocktake, drawing on data from the INFF survey conducted by UNDP on behalf of the INFF Facility and including information from UNDP-supported SDG Investor Map, country case studies and consultations with DWG members.[5]

3 INFFs contribute to key parts of the roadmap, such as Action 15, as they align domestic financial systems with the Paris Agreement and national SDG plans and mobilise private finance.

4 UNDESA (2022). Financing for Sustainable Development Report. https://developmentfinance.un.org/fsdr2022

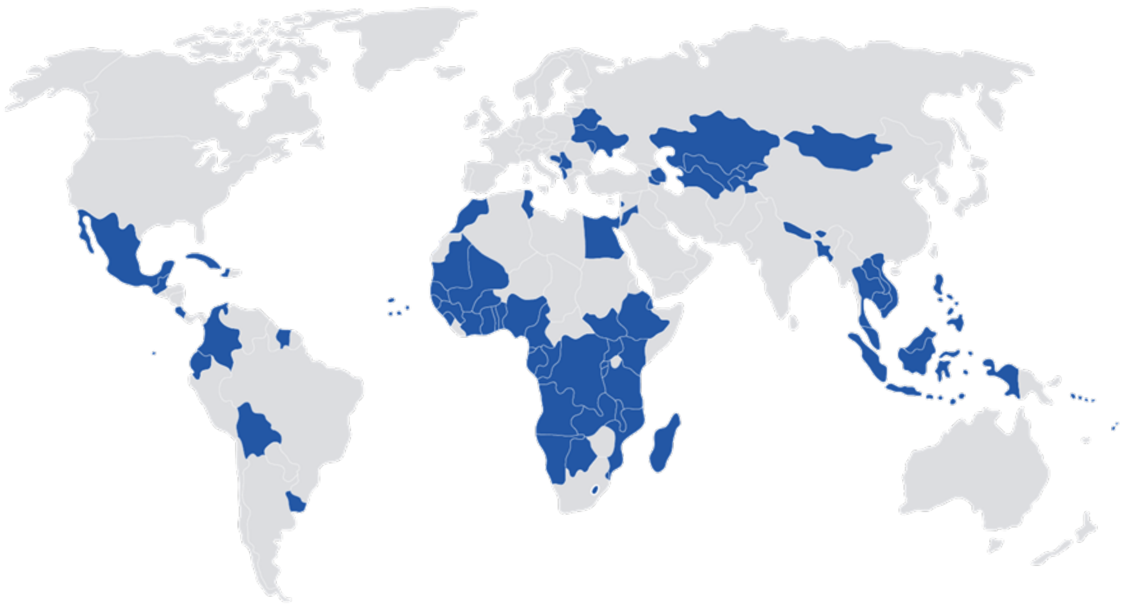
5 The SDG Investor Map is a market intelligence tool developed by UNDP SDG Impact. It makes visible SDG-enabling investment opportunity areas (IOAs) – investment themes and business models – in emerging markets that are aligned to national sustainable development needs, government policy priority areas, and investor interest.

INFF progress

Eighty-six countries are using INFFs to put in place robust, holistic strategies for financing sustainable development (Figure 1). This includes countries in every development context: more than 70% of least developed countries (LDCs), 18 small island developing states (SIDS) and 32 countries in fragile contexts. Sixteen low-income countries, 37 lower-middle-income countries, 29 upper-middle-income countries and four high-income countries are developing INFFs.

INFFs are country-led processes used by governments to better understand the scale and types of financing needed for national sustainable development and to design strategies and policy reforms to mobilise and align public and private investment.

Figure 1. Eighty-six countries are developing INFFs.



Countries have made much progress in developing financing strategies since the 2021 INFF Stocktake. At the time of publication, two countries, Nigeria and Mongolia, have launched their financing strategies, twenty countries are in the process of developing financing strategies, and a similar number will develop financing strategies within the next 12 months (Box 1).

Box 1: Mongolia's financing strategy catalyses new financing reforms

In 2020, Mongolia ratified a new Law on Development Policy and Planning, which informed the development of the long-term Vision 2050 and Medium-Term Development Guidelines (2021-2025). The Government of Mongolia estimates the medium-term development plan will cost roughly USD 15 billion. It will be financed by various sources, including the state budget, private sector investment, foreign loans and grants and PPPs.

To meet the development plan's financing needs, Mongolia adopted the INFF approach and developed a financing strategy to outline various financing reforms. The financing strategy, endorsed by the National Committee for Sustainable Development, which the Prime Minister leads, is a framework that brings together initiatives across the financing system in alignment with the medium-term development guidelines.

The adoption of the INFF approach and the development of the financing strategy catalysed the introduction of new financing instruments.

On the public finance side, Mongolia is piloting results-based, SDG-aligned budgeting in the Ministries of Health, Education and Science, Environment and Tourism and Labour and Social Protection. The government aims to encourage gradual, systematic adoption of the new budgeting methodology using a bottom-up approach. To evaluate budget performance and SDG alignment, the government is piloting SDG auditing on select programmes. In 2022, the government developed an SDG bond framework to refinance over USD 2 billion in sovereign debt and explored the feasibility of debt-for-nature swaps. These reforms will ensure that existing public resources and those raised through borrowing are well-aligned with Mongolia's sustainable development priorities.
Mongolia's financing strategy outlines private finance reforms to make the financial system more sustainable and to align private sector operations and investment with the SDGs. A new PPP law under discussion in parliament would help the government transition from a public resource-dominant model of PPPs to one that leverages greater private finance. An SDG finance taxonomy is being developed, building upon the green taxonomy adopted in 2020. The Central Bank included the SDG finance taxonomy and outlined potential policy incentives to promote sustainable investment and loans in the latest Monetary Policy Guidelines. The guidelines will be instrumental in aligning commercial bank loan portfolios, worth over USD 7 billion, with the SDGs.

The Mongolian Stock Exchange published ESG reporting guidance in April 2022 to align the operations of over 200 private companies, a USD 2 billion market capitalisation, with sustainability principles.

In the future, Mongolia's INFF process will drive forward many more reforms and instruments to mobilise and align public, private and blended finance with the nation's sustainable development objectives (Figure 2). The INFF requires strong governance, close coordination and regular monitoring and review processes. Accordingly, Mongolia's INFF brings together partners and stakeholders on a new scale through multi-stakeholder platforms supported by the European Union, IMF, World Bank, Asian Development Bank, UNDP, private sector representatives and civil society actors.

Figure 2: Mongolia's financing strategy pillars

Public financing strategies

INCREASE FINANCING SOURCES

- Develop and implement a Medium-Term Revenue Strategy (MTRS)
- Institutionalize a Sovereign Welfare Fund
- Increase the amount of official development assistance finance

ALIGN

- Establish SDG budget tagging system
- Align public investments with national development priorities
- Upgrade Medium-Term Expenditure Framework
- Introduce gender-sensitive, results-based budgeting
- Introduce the sustainable public procurement principles
- Improve development cooperation, align technical and financial assistance from developing partners with development priorities

IMPACT

- Increase public investment managment and increase the efficiency
- Introduce sustainable financing principles and Environmental Social and Governance (ESG) standards to state-owned enterprises and financial institutions
- Improve national system for combating money laundering and terrorism financing

Conventional Investments → Responsible Investments → Sustainable Investments → Investments with positive impacts

Private sector financing strategies

- Develop financial and capital markets by introducing innovative financing tools
- Promote innovative financing using digital technologies and increasing digital literacy
- Establish impact investment funds to raise funds from domestic and international investors, introduce incentive mechanisms
- Attract and retain international investors by developing investor mapping, preparing the list of investment projects, and create a favorable environment for investors

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- Introduce SDG finance taxonomy which classifies, identifies, and reports the private sector activities aimed at the sustainable development
- Develop a gender-responsive financial system
- Expand Public-Private Partnership, align with national development priorities
- Encourage foreign and domestic donors to contribute to resolving environmental and climate challenges and social sector developments

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- Support the introduction of SDG Impact Standards in the private sector
- Introduce Environmental, social and governance risk assessment standards
- Introduce Environmental, social and governance reporting standards
- Support sustainable financing products, sustainable investments

Strategies for creating a macroeconomic environment

Ensure debt sustainability

- Improve debt management
- Ensure debt sustainability
- Develop sustainable and innovative debt instruments

Ensure macroeconomic and financial sector stability

- Increase long-term, low-cost, and green financing resources
- Implement counter-cyclical macroeconomic policies
- Implement policies to support economic recovery, macroeconomic and financial sector stability

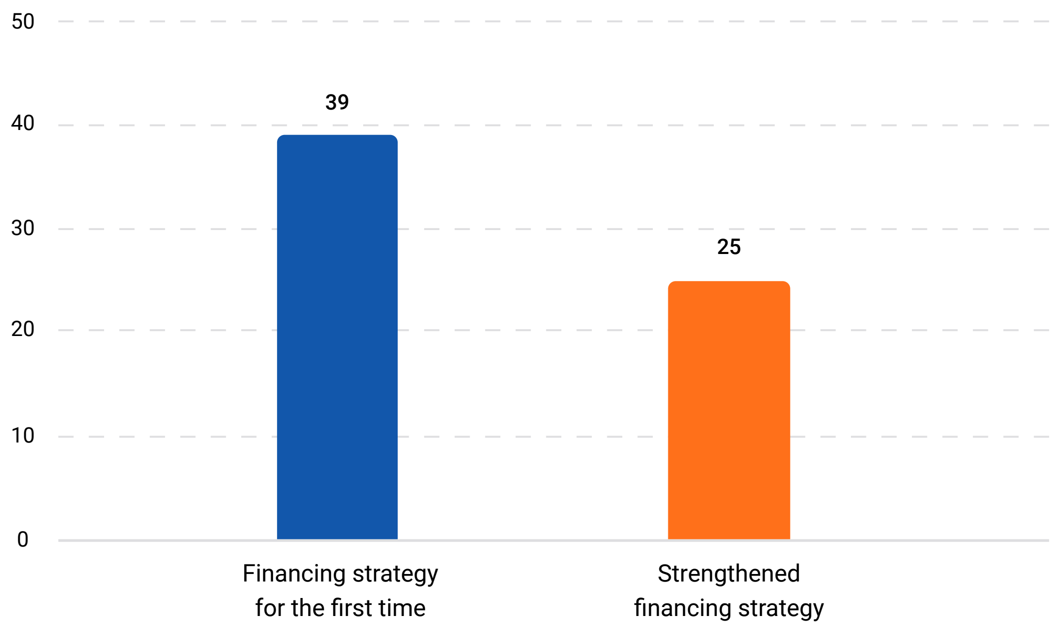
Promote economic diversification, create infrastructure and sustainable environment

- Intensify infrastructure and development projects
- Establish standards, tracking and certification system for a sustainable supply chain
- Establish institutions to support economic diversification

The financing strategies emerging from country-led INFF processes support national medium- and long-term development plans. These plans set out aspirations for sustainable, inclusive recovery and accelerating progress toward the SDGs. The INFF approach will ensure that these aspirations are supported by holistic strategies for mobilising public and private investment.

In 39 countries, the government is putting a financing strategy for their national development plan in place for the first time (Figure 3). Twenty-five countries are strengthening existing financing strategies, typically expanding their approach to include policies that focus on mobilising and aligning private finance with national sustainable, social and economic priorities.

Figure 3: 39 countries are implementing a financing strategy for the first time.



Within the frame of national sustainable development plans and their connections to the 2030 Agenda, a growing number of countries are using INFFs to support sectoral or thematic priorities. In 33 countries, financing strategies mainstream or support development plans that prioritise nationally determined contributions (NDCs) to the Paris Agreement and climate action. In 35 countries, financing strategies mainstream or support development plans that prioritise social sectors, particularly health, education and social protection.

Countries use INFFs to better understand the public and private investments needed to realise sustainable development objectives.

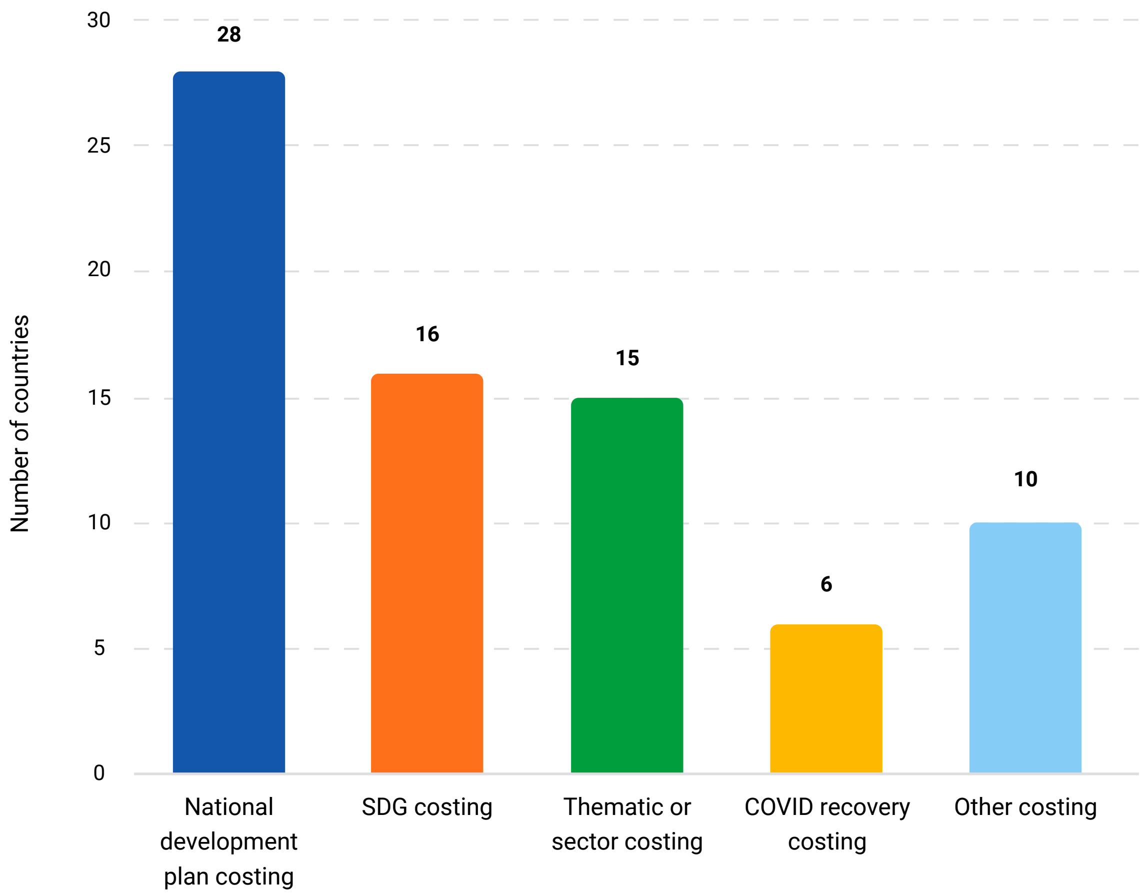
Understanding the scale and range of investments needed to achieve a national plan is foundational to developing a strategy to mobilise these investments.

Eighteen countries are using the INFF process to estimate the costs of implementing their national development plan for the first time. Other countries are updating existing cost estimates, considering a more comprehensive range of financing, assessing costs related to specific thematic or sectoral priorities or adjusting for the additional costs of recovery from the COVID-19 pandemic (Figure 4).

These assessments enable countries to better understand the financial resources needed to achieve the SDGs and the types of public and private investments required.

In Tanzania, for example, the costs of achieving the medium-term development plan are estimated at USD 49.5 billion, with 35% coming from the private sector. In Mongolia, an estimated USD 15 billion is required to realise the medium-term plan, with over 30% of these costs targeted from the private sector and more than 20% through PPPs. In Guatemala, the government is adopting the INFF approach to support the national strategy to combat chronic malnutrition, which is costed at USD 3.8 billion, equivalent to 3.7% of GDP.

Figure 4: Countries are using costings exercises to understand the public and private investments needed to realise sustainable development objectives.



Countries are putting in place financing strategies to support transformative investment in national sustainable development plans.

With a greater understanding of the types of investments needed to achieve national sustainable development objectives, countries are developing financing strategies to mobilise and align these resources. Financing strategies sit at the heart of the INFF approach. Through financing strategies, governments articulate how they will integrate public and private financing policies and instruments with the economic, social and sustainable dimensions of national development plans. Financing strategies set out agendas for reform, outlining adaptations or introducing new policies and instruments designed to mobilise investment, align financing with sustainable development or strengthen the governance of financing.

Two countries, Mongolia and Nigeria, launched their financing strategies in 2022. Roughly 40 countries are currently developing their strategy. In Mongolia, the National Committee for Sustainable Development, the highest governance body on the SDGs and led by the Prime Minister of Mongolia, endorsed the Integrated National Financing Strategy in August 2022. The country is setting up an INFF secretariat housed within the Ministry of Finance to support INFF implementation.

In Nigeria, the President launched the Integrated National Financing Strategy in September 2022. The strategy brings together the medium-term revenue strategy, medium-term expenditure framework and a roadmap of reforms across public and private financing to strengthen the implementation of the 2021-2025 National Development Plan and the SDGs.

The financing strategies emerging from country-led INFF processes are tailored to national institutions, contexts and priorities. The specific objectives, scopes and approaches vary from country to country with some common fundamentals.

For many countries, such as Tanzania, financing strategies are designed to mobilise resources in direct response to the quantified investment costs of a development plan. The Government of Tanzania is using the financing strategy to drive forward a range of public and private financing reforms in line with these costs.

In others, such as Namibia, the focus is on strategic shifts designed to restructure the financing landscape over the medium and long term. In Namibia, the financing strategy will support the long-term national vision and drive forward a range of reforms, from introducing SDG finance taxonomies in the financial sector to aligning public financial resources with the SDGs (Box 2). The strategy will cascade into resource mobilisation strategies for the medium-term national development plans.

Box 2: Wide-reaching reforms under Namibia's INFF

Namibia is an example of a country implementing comprehensive and diverse reforms spanning public-private, domestic and international financing.

The Government of Namibia commissioned a development finance assessment in 2019, which outlined recommendations for developing an INFF. An INFF steering committee and technical committee, led by the Ministry of Finance, are currently developing a financing strategy to support the Vision 2030, National Development Plan VI and Harambee Prosperity Plan II.

In November 2020, Namibia launched the SDG Impact Facility, a multi-stakeholder finance and capacity-building platform that provides grant funding to women and youth entrepreneurs. The facility is an example of a successful collaboration among stakeholders, set up by the Ministry of Industrialisation and Trade and UNDP Namibia with support from Standard Bank Namibia and the Environmental Investment Fund of Namibia. In 2021, Namibia launched an SDG Investor Map highlighting 16 SDG-aligned IOAs across sectors such as healthcare, education, transportation, food and beverage and infrastructure.

The government is currently developing an integrated financing dashboard to provide a single source of information about the resources available to invest in national development priorities. An SDG audit will identify entry points in the public budget and make recommendations for the next budget cycle on SDG-aligned priorities.

Box 3: Focusing on thematic priorities in Bangladesh

Bangladesh was one of the first countries to cost the SDGs and develop an early financing strategy in 2017. Today, the government is using the INFF approach to update and strengthen the financing strategy by considering a broader range of financing sources and strengthening its monitoring and governance frameworks. Several assessments are informing the financing strategy update, including a development finance assessment, SDG Investor Map process, digital finance ecosystem assessment and private sector assessment report.

The financing strategy will support the Perspective Plan (2010-2021), the 8th Five Year Plan (2020-2025) and the LDC graduation plan. The Ministry of Finance leads the process under the newly created SDG financing oversight and coordination committee.

Bangladesh's INFF strongly focuses on thematic financing strategies for the nation's priority SDGs. The government is conducting costing exercises and developing financing strategies for SDG 6 (Clean water and sanitation), SDG 7 (Affordable and clean energy) and SDG 13 (Climate action). The private sector will play a significant role in financing these priority areas. To measure their contributions, the government piloted sustainability self-reporting in the ready-made garments industry, the country's largest exporter. The reporting process measured the SDG impacts and contributions of 47 factories.

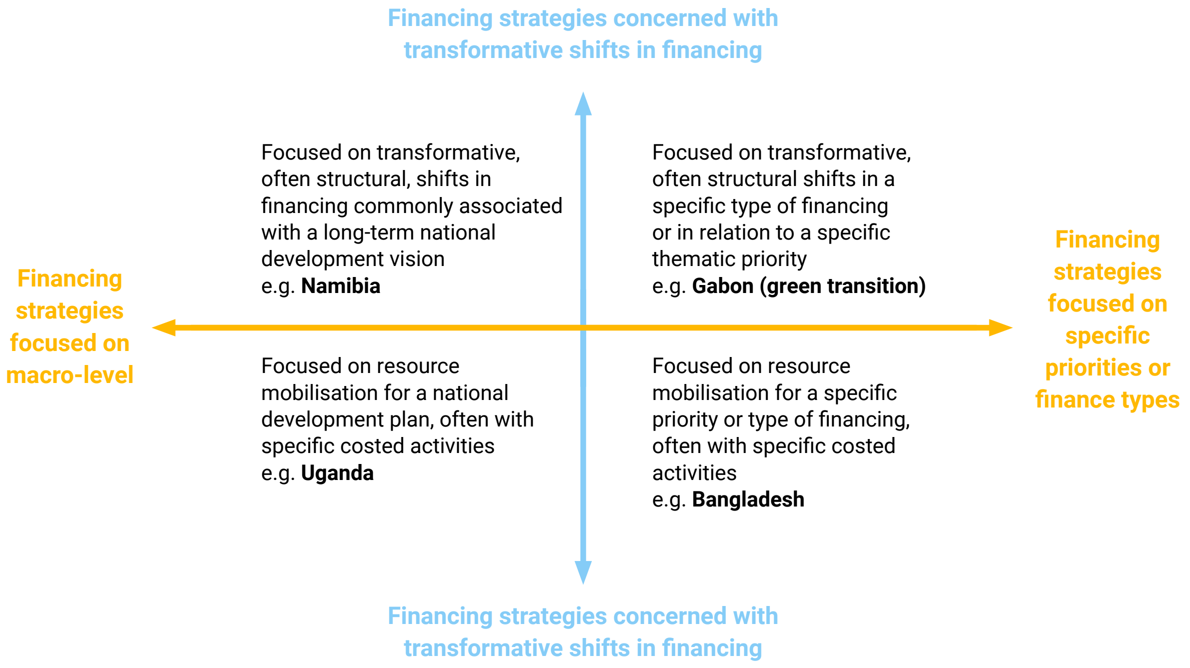
The government also created a digital trade platform to connect investors with investment-ready projects. The platform will showcase projects across 20 SDG-aligned IOAs, including education, healthcare, renewable energy, financial services, food and beverage, technology and communications, consumer goods and infrastructure.

In many countries, financing strategies focus on the macro level, connecting with ambitions that span the SDGs and 2030 Agenda. Others respond to or mainstream specific thematic priorities within the sustainable development agenda. Bangladesh, for example, conducted SDG costing estimates and will use these to develop financing strategies focused on financing interventions in water and sanitation, energy and climate action (Box

3). Gabon is developing a financing strategy that focuses on financing the green transition, envisaging various reforms, such as green taxes, innovative green financing instruments and monitoring public resources allocated to the green economy (Box 4).

Across these dimensions, emerging financing strategies can be grouped into four broad categories (Figure 5).

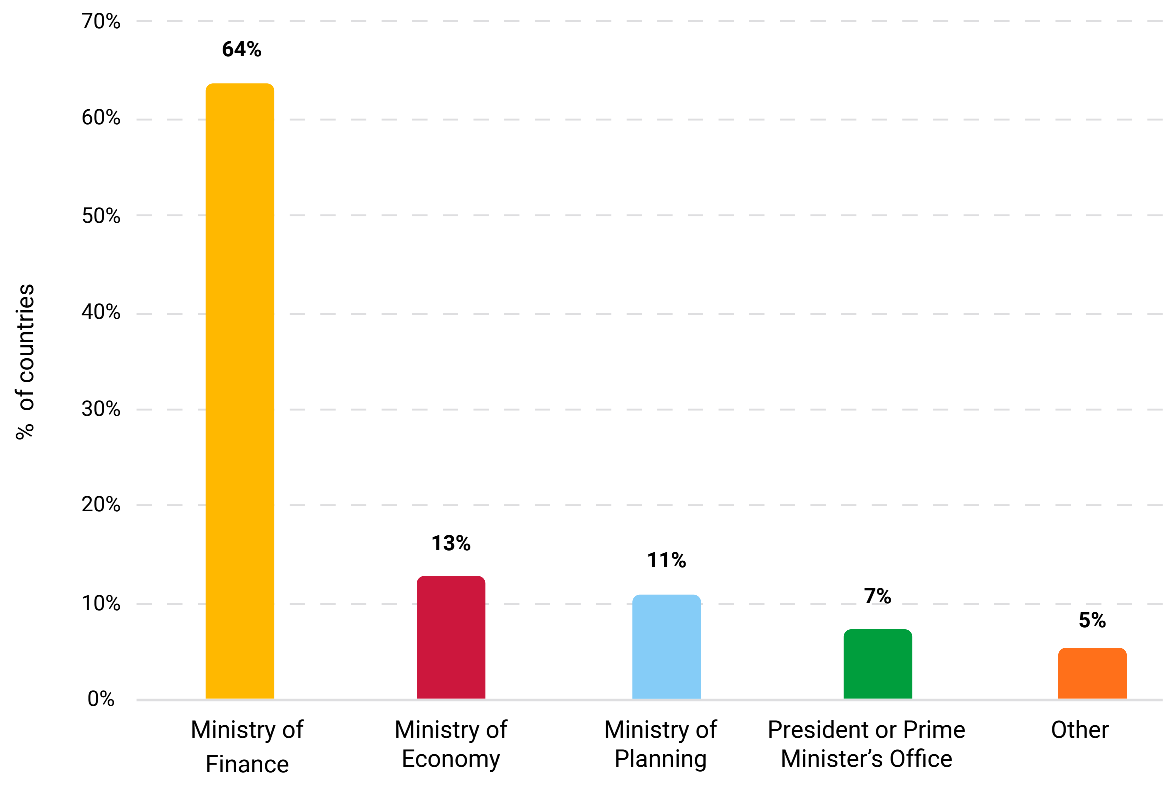
Figure 5: A typology of emerging financing strategies



While the objective of a financing strategy differs from country to country, there are underlying features that are common across all:

- Financing strategies are country-led, with strong leadership from the government and participation and engagement from diverse stakeholders, including the private sector, civil society organisations and development partners.
- Financing strategy development is guided by oversight committees, the majority led by ministries of finance (Figure 6), comprising the policymakers responsible for planning and each area of public and private financing.
- Financing strategies are developed through a consultative, multi-stakeholder process that brings together policymakers and actors from the private sector, civil society, development partners and others.

Figure 6: Oversight committees led by finance ministries guide most INFF processes.



Box 4: Financing Green Gabon

Over 88% of Gabon's land area is forest, absorbing over 140 million tons of CO2 emissions per year. This makes Gabon a critical player in protecting global biodiversity and combating climate change at a regional and global level. It is also the first African country to receive payments for reducing carbon emissions as part of the USD 150 million agreement with the Central African Forest Initiative.

Historically, government revenues and private and foreign direct investment have played a prominent role in financing Gabon's development. However, these financial flows have been in structural decline. Fluctuations in oil revenue, which make up around 60% of Gabon's exports, have increased economic volatility.

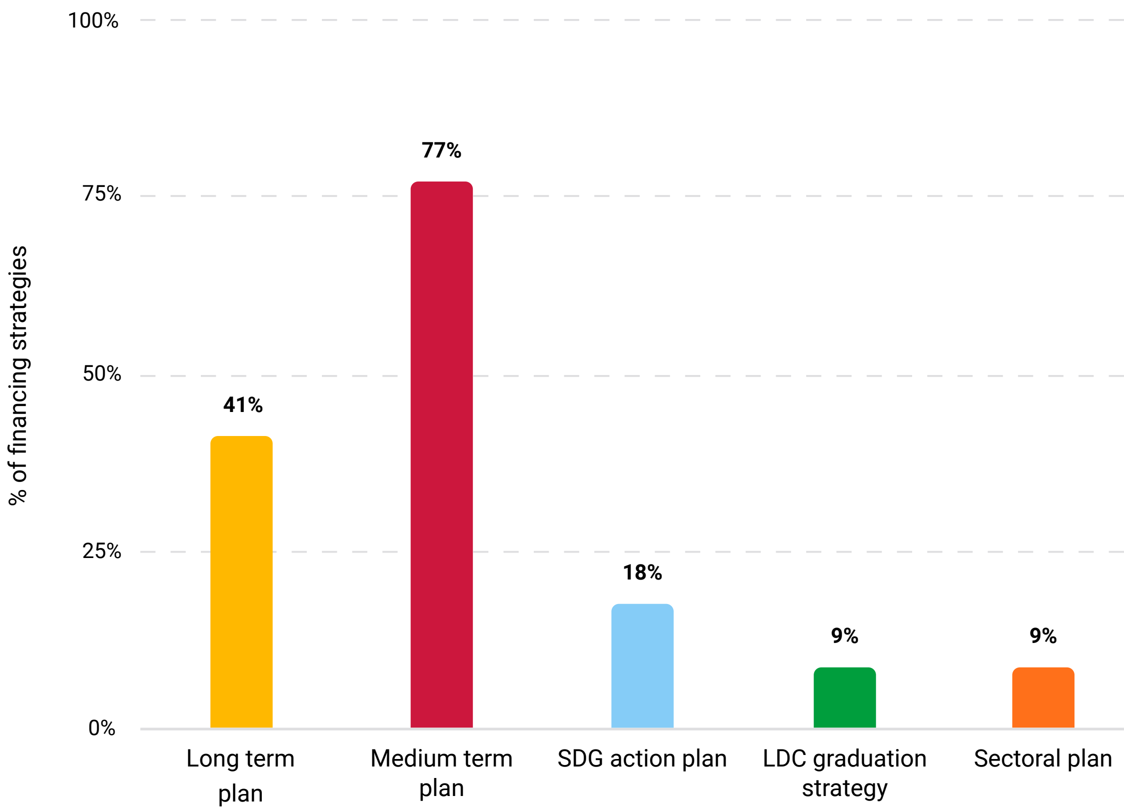
Within this economic context, and under the leadership of the Prime Minister's Office, Gabon launched its development finance assessment and INFF roadmap in 2021. The country is currently developing a financing strategy to support the Strategic Plan for Gabon's Emergence (2009-2025) and the Transition and Acceleration Plan. These plans are drivers of Gabon's goal to transition from an extractives-based economy to a green and sustainable economy.

The financing strategy will focus on mobilising domestic resources and increasing and aligning private finance with Gabon's sustainable development priorities. The financing strategy will prioritise many reforms related to green tax, carbon market development, innovative green financing instruments, ecosystem service valuation, climate finance, PPPs, gender-responsive budgeting and SDG impact investing.

Already, Gabon has conducted a green taxation study that reviews the current fiscal framework and a cost-benefit analysis of climate-related tax expenditures. With the support of Citibank, Gabon is implementing a green tax framework to reduce high tax expenditures.

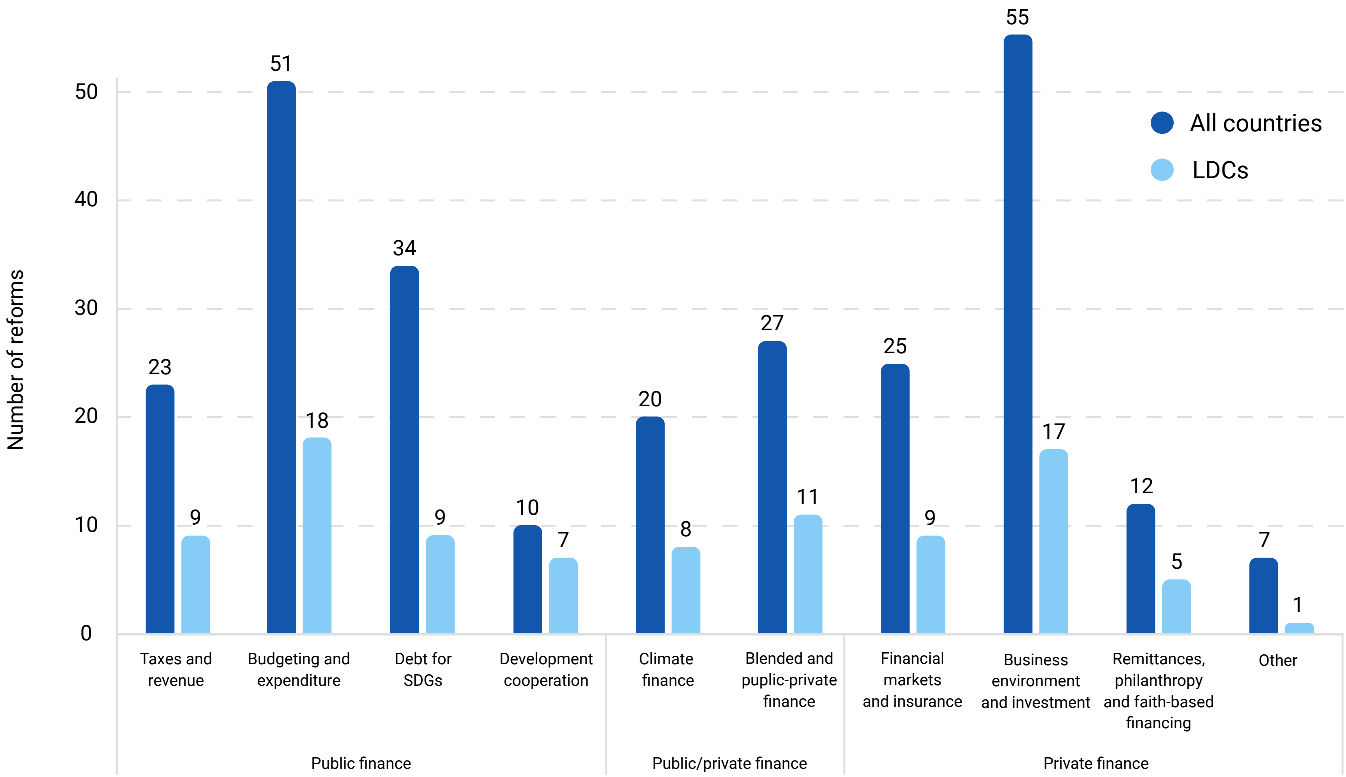
Financing strategies are aligned to planning cycles, with more than three-quarters designed to support the realisation of medium-term sustainable development and recovery plans (Figure 7). Others link to long-term plans or sectoral, subnational or LDC graduation plans. They offer a holistic approach to connecting public and private financing to the sustainable development results prioritised through these plans.

Figure 7: More than 75% of financing strategies are designed to support the implementation of a medium-term national development plan.



The emerging financing strategies are practical and action-oriented. Countries have already prioritised more than 250 reforms for implementation in the immediate term (Figure 8), with hundreds more identified over the medium term. These reforms will catalyse changes to the policies, regulations, instruments and institutions that govern, mobilise and promote a more sustainable financing architecture at the country level. They cover diverse areas, including budgeting, borrowing, revenue mobilisation, enabling environments, incentives for lending and investment, monitoring tools and systems, macro-reforms and others. Of the reforms prioritised for immediate action, 45% focus on public finance, 38% on private financing and the remainder on public-private mechanisms.

Figure 8: Countries prioritise more than 250 reforms across public and private finance in the short term – and hundreds more over the medium term.



Thirty-three LDCs have adopted the INFF approach and are prioritising over 100 financing reforms (Figure 8). The breakdown of financing reforms in LDCs is similar to that of financing reforms on a global scale.

While financing strategies are still under development, governments are already implementing and advancing impactful reforms:

- Uzbekistan issued a USD 870 million SDG bond in 2021, mobilising resources for implementing seven SDGs.
- Cabo Verde launched the world's first blue economy sustainable financing platform and issued bonds to mobilise capital for social investment.
- Fiji is issuing a blue bond and setting up a blue financing facility that connects businesses and investors.
- Kyrgyzstan is improving the efficiency and SDG impact of its tax incentives regime, equal to 4% of GDP in foregone revenue, through a new Tax Code (Box 5).

- Cambodia is building local auditors' capacity in transfer pricing audits to boost national revenue for sustainable development. The country is also piloting comprehensive tracking for public and private SDG financing through SDG budget tagging and foreign direct investment SDG tagging.
- Togo is using digitalisation to harmonise the tax base and improve tax collection.
- Ecuador, Cuba, Armenia and many others are implementing SDG budgeting reforms to strengthen the allocation of public spending to national sustainable development priorities.
- In April 2022, the Mongolian stock exchange published environmental, social and governance (ESG) reporting guidance to align the operations of over 200 private companies, a USD 2 billion market capitalisation, with sustainability principles and catalyse private sector investment in sustainable development.
- In Rwanda, private insurance providers, investors and the government are working on a blended finance scheme to provide affordable insurance to farmers.
- Bhutan is reviewing its PPP policy to create a better environment for PPP financing.
- South Sudan piloted its public finance management dashboard to monitor the execution and enhance the accountability of sub-national funds.
- Bangladesh launched a digital trade platform to connect investors and businesses.

Box 5: Aligning tax incentives with sustainable development in Kyrgyzstan

Kyrgyzstan is undertaking a development finance assessment to inform the development of its INFF roadmap and financing strategy, which will support the financing of the National Development Programme (2021-2026) and its action plan. The financing strategy will outline priorities related to tax and revenue mobilisation, a medium-term expenditure framework, SDG-aligned budgeting, SDG-aligned debt instruments, debt swaps, banking sector reform, private sector finance, climate finance and diaspora finance.

Kyrgyzstan prioritised tax incentive reform early in its INFF process. The government uses tax incentives to engage and attract private investment and to support specific sectors and taxpayers. The current tax incentives are significant in scale, estimated to cost USD 380 million in 2020 in foregone revenue, or 4% of GDP. Yet, the systems to monitor their use and impact, manage their effectiveness and report on their costs and benefits are underdeveloped.

Through its INFF, Kyrgyzstan became the first country to map its tax incentives against the SDGs. The assessment showed that 40% of the incentives are focused on SDG 8 (Decent work and economic growth), 33% on SDG 1 (No poverty), 9% on SDG 3 (Good health and wellbeing) and 8% on SDG 9 (Industry, innovation and infrastructure). Incentives related to SDG 4 (Quality education) accounted for only 0.2%, prompting discussions on utilising tax incentives to attract private investment to the education sector.

The Ministry of Economy and Commerce introduced a clause on principles of tax incentive effectiveness, which includes tax incentives to promote sustainable development, into the new Tax Code. The new code requires the government to assess and monitor the impact of tax incentives annually. With this requirement, authorities can better direct private investment to national sustainable development priorities.

Unlocking private capital for sustainable investment

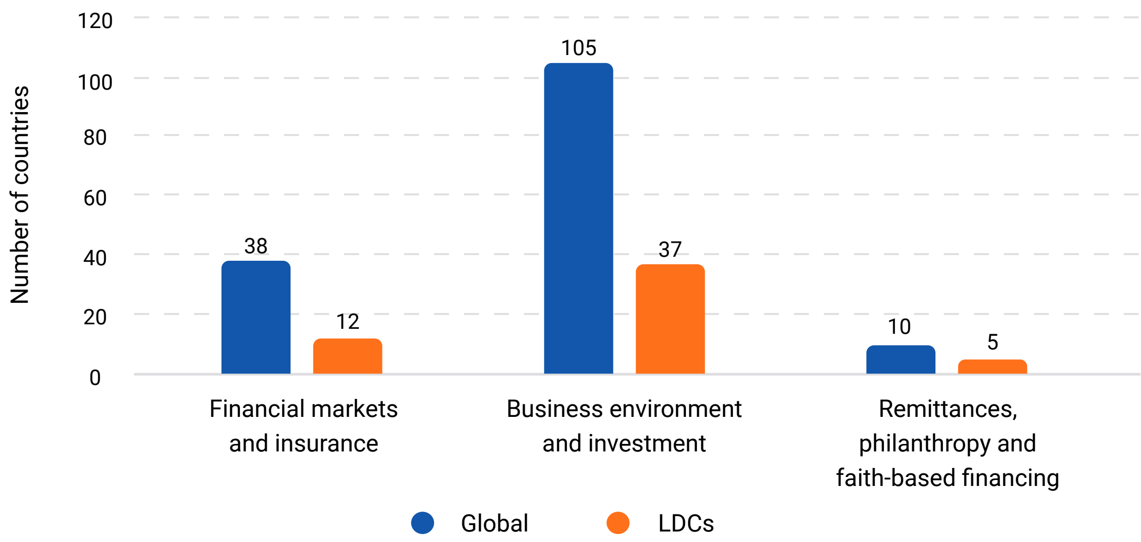
INFF-driven private finance reforms focus on creating an enabling investment environment and developing financial markets and services tailored to the SDGs.

Scaling up SDG-aligned private finance is essential for accelerating progress toward the 2030 Agenda. There are enough resources globally to realise the SDGs: global assets under active management exceed USD 100 trillion. Only 3-4% of this amount is needed to fill the SDG financing gap.[6]

Worldwide, governments use INFFs to mobilise and align private capital with national sustainable development priorities. More than half of the reforms prioritised within emerging financing strategies focus on private finance. There are over 100 reforms related to improving business environments and investments, a fundamental requirement for attracting financial flows domestically and internationally (Figure 9).

Over half of the countries pursuing an INFF are developing an impact investment framework, starting with market intelligence for SDG-aligned investments. Many countries are establishing SDG impact standards or sustainability reporting guidelines to integrate SDG considerations into business decision-making and enable the monitoring of SDG impact over time. There is a strong focus on financial markets as the intermediator of private capital flows, particularly on adopting green and SDG finance taxonomies, insurance and risk finance, banking and capital markets.

Figure 9: Most prioritised private finance reforms focus on creating an SDG-enabling financing and investment environment.



6 UNDP & OECD (2020). Framework for SDG-aligned finance. https://www.oecd.org/development/financing-sustainable-development/Framework-for-SDG-Aligned-Finance-OECD-UNDP.pdf

More than 20 countries are improving or establishing systems for better understanding and tracking private sector contributions to the SDGs. Examples of such initiatives:

- Mongolia is transforming its green taxonomy into an SDG finance taxonomy to monitor the SDG alignment of its commercial bank loan portfolio, worth over USD 7 billion.
- Namibia, Thailand, Uruguay, Mexico and others are also establishing taxonomies to track financial institution allocations against sustainable development priorities.
- In Colombia, more than 300 companies submit data to an SDG corporate tracker (Box 6).
- Companies are strengthening their impact management and measurement capacity in Bangladesh, Uruguay, Ghana and other countries.
- Azerbaijan, Bangladesh, Bhutan, Jordan and others are introducing sustainability reporting guidelines to monitor and report public and private contributions to sustainable development.
- In Ghana, a pipeline builder delivers information on investment-ready SDG-aligned projects. Based on these efforts, the country is exploring a funding structure to scale up opportunities and provide blended financing instruments.

Box 6: Identifying investment opportunity areas in Colombia

Colombia is developing an INFF under the guidance of an INFF oversight committee chaired by the Ministry of Planning.

The country is currently drafting a financing strategy linked to the medium-term development plan and advancing several public and private finance reforms. The reforms span revenue mobilisation, SDG-aligned budgeting, SDG-aligned debt instruments, insurance and risk finance, SDG finance taxonomies and SDG impact investment.

Colombia's INFF process focuses on improving resource mobilisation from the private sector. Twenty-two SDG-aligned investment opportunities have been identified in seven economic sectors: food and beverage, technology and communications, renewables and alternative energy, healthcare, financials, infrastructure and services and education.

Through multi-stakeholder dialogues as part of the SDG Investor Map process, the government identified policy recommendations to improve the impact investment ecosystem. Moreover, a growth-stage impact ventures programme has been established to provide high-impact companies operating within the IOAs with access to investment and impact business model support. In partnership with the private sector, the government also developed an SDG corporate tracker. By the end of 2021, more than 380 companies reported sustainability initiatives through the tracker.

On the public finance side, Colombia developed a budget tagging methodology to improve budget alignment with the SDGs. The methodology is complemented by a Policy Priority Inference tool that helps governments identify which budget spending has the highest impact on the SDGs, increasing the efficiency and SDG impact of public expenditures. Colombia integrated SDG financing tools into their Territorial Planning Toolkit, which enables subnational governments to design SDG-aligned public investment projects.

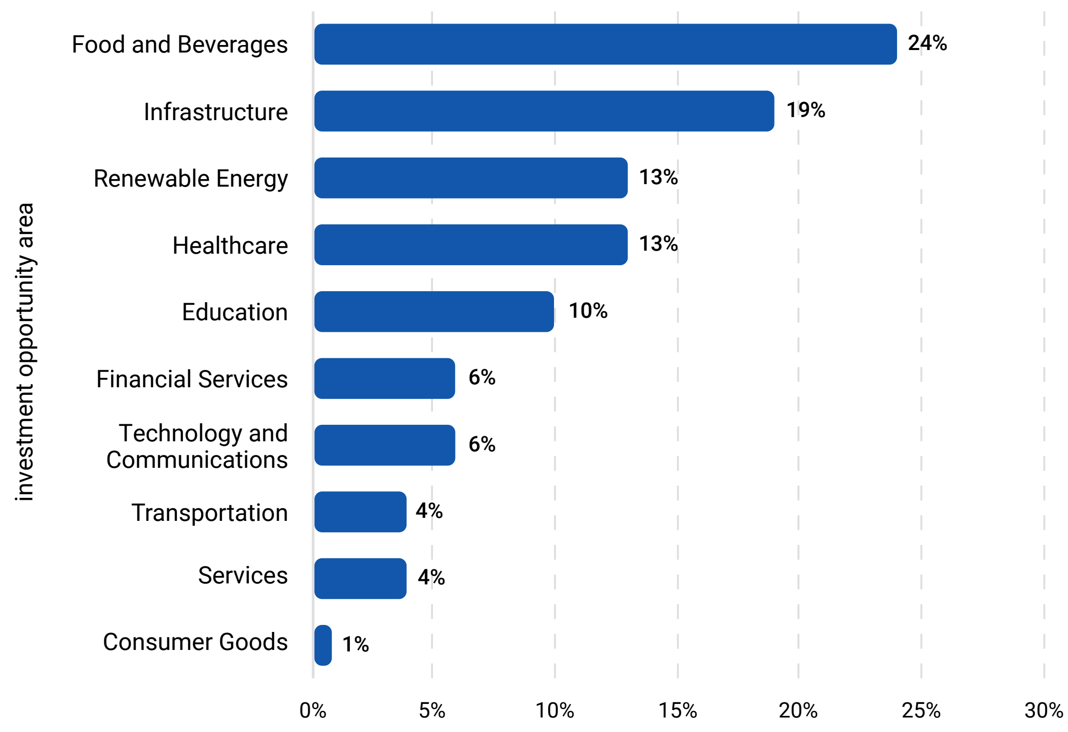
More than 40 countries are systematically mapping SDG-aligned investment opportunity areas where commercial finance can accelerate SDG progress.

At the foundation of private sector resource mobilisation for the SDGs is the need to identify the investment opportunities that can accelerate sustainable development progress. To obtain this market intelligence, many countries developing an INFF are systematically mapping SDG-aligned Investment Opportunity Areas (IOAs). These IOAs represent specific sectors and subsectors attractive to private capital and catalytic for national sustainable development plans (Table 1).

More than 40 countries are using the SDG Investor Map tool to identify IOAs and have chosen to promote them on the SDG Investor Platform.[7] SDG-aligned IOAs show where private investment could contribute to the SDGs and current sustainable business models could be scaled. This information is a critical component of financing strategies as it pinpoints areas where private sector financing can be promoted, where the existing ecosystem can help drive investments and where investments can be channelled to meet financing gaps.

IOAs are developed using examples of actual deal flows collected from interviews with investors, investor exits and case studies. Business intelligence is mapped for applicable regions, investment timeframes, return profiles, impact categories, impacted stakeholders, possible negative externalities, and market risks.
Countries have identified 490 IOAs across sectors, including infrastructure, food and beverages, renewable energy, healthcare, education and financial services (Figure 10).

Figure 10: SDG-aligned IOAs prioritised at the country level



Source: UNDP analysis from the SDG investor Platform

7 The SDG investor platform allows countries to connect their IOAs with private sector investors looking for SDG investments. Investors can use the SDG Investor Map to explore investment themes aligned to the SDG needs of the country, strengthening the potential for deep sustainable development. The data in the SDG Investor Map provides a starting point for investors, intermediaries and enterprises to construct a pipeline and structure deals.

These IOAs centre around economic sectors that have important implications for food security, land use, resource conservation and livelihoods. They hold the potential for cascading impacts on individual and community wellbeing.

Many countries have assessed the potential impacts and opportunities for different gender and age groups, focusing on marginalised groups (based on sex, gender, age, ethnicity, class or other factors of discrimination, bias or inequality). For example, in Indonesia, telemedicine in rural areas presents a strong business case and impact potential. If done right, investments in this sector can benefit the underserved rural population, improve access to reproductive health consultations for women and men and reduce maternal mortality rates, ultimately contributing to SDGs 3 and 5.

IOAs can identify private capital priorities within financing strategies, focusing on NDCs, social sectors, equality and social protection. For example, renewable energy remains a critical focus in many countries, amplified by public and private sector dialogue and governments' clear articulation of NDC actions. Education, healthcare and gender equality sectors feature prominently in many IOAs as essential contributors to the quality of human capital. Progress in these areas directly correlates with increased workforce productivity and GDP.

Nearly a fifth of all IOAs feature technology to reach last-mile populations, driven by increasing smartphone penetration and the availability and affordability of internet services across emerging economies. Social distancing norms during the COVID-19 pandemic accelerated the digitalisation of business models, contributing to the scale-up of technology-based solutions.

For example, Indonesia identified InsurTech platforms as a priority IOA. Investment in this subsector can provide insurance with low premiums and broader coverage to low-to-middle-income groups by scaling digital insurance. Eswatini has similarly identified priority investment opportunities in mobile payment technologies.

However, technology is not a silver bullet for outpacing development challenges. It is necessary to explore innovations that use hybrid or 'phygital' models that can help consumer segments, especially those with lower exposure to digital technology, adopt products and services.

The SDG Investor Map points to investable areas that are aligned to national SDG priorities that are supported by government policies and where there is investor interest. For example, within the infrastructure sector, the primary focus is on IOAs that can solve connectivity and infrastructure accessibility challenges for last-mile populations.

In addition, to keep people and planet at the centre of such market intelligence, many IOAs focus on women and youth as economic drivers. For example, smart farming and precision agriculture in Thailand can deliver strong economic and sustainability impacts if undertaken with an awareness of gender inequalities and informed by a gender analysis (Box 7).

Box 7: Considering the gender dimension of Thailand's agriculture sector

Thailand's agricultural sector employs nearly a third of the female workforce. Women play a significant role in labour-intensive activities and are almost exclusively responsible for post-harvest activities. By comparison, men are typically responsible for mechanised agricultural work or associated with greater income-generating potential.

Smart farming and precision agriculture models offer great potential for transforming Thailand's agricultural sector. However, these opportunities need to be intentionally managed to maximise positive impacts and minimise negative impacts on existing gender inequalities. If done right, precision agriculture services and capacity building could empower women by reducing farmers' manual labour and increasing productivity and income.

However, if not managed carefully, there is a risk that women farmers will continue to be disproportionally excluded from technological advancements, further aggravating the income gap between men and women and entrenching gender inequality.

Some countries are identifying business models that can reduce negative environmental impacts and channel investments towards regenerative solutions. For example, in Cambodia, investment in sustainable irrigation systems, greenhouses and solar technologies could increase profitability in farming, improve climate resilience and increase the proportion of agricultural land under sustainable agriculture. Scaling such business models to maximise their positive impacts requires financial assistance, for example, subsidies or loans, to small business owners and landholders, particularly women.

IOAs are identified through a highly consultative process, resulting in intimate conversations with investors, businesses, think tanks, government agencies and networks through bilateral and group discussions. More than 500 discussions have been held across emerging economies, generating insights into plotting pathways from market intelligence to actual transactions.[8] This work involves:

- Identifying enterprises, particularly small businesses that are investment-ready;
- Offering capacity-building to convert project pipelines to investor portfolios;
- Providing incubation and accelerator support;
- Advocating for private sector-focused policy;
- Establishing a strong architecture for impact measurement and management; and
- Putting together attractive and complementary funding structures.

8 For every SDG Investor Map developed, the research team conducts at least 25 structured interviews with domestic, regional and global investors, businesses, government agencies and other key stakeholders. As of October 2022, the SDG Investor Platform hosts 24 maps across the globe.

Table 1: Sample of IOAs from top 5 sectors on the SDG Investor Platform

SECTOR	SUB-SECTOR	SAMPLE OF EMERGENT INVESTMENT THEMES	SDG FOCUS
Infrastructure	Infrastructure	1. Engineering and construction services to build roadways. 2. Internet and digital infrastructure for last mile connectivity	11 SUSTAINABLE CITIES AND COMMUNITIES 1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 13 CLIMATE ACTION
	Real Estate	1. Affordable, safe and climate resilient housing 2. Financing for affordable housing, home improvement and rentals	
	Utilities	1. Affordable sanitation services under water utilities 2. Expansion of electrical transmission capacity under electrical utilities 3. Green Hydrogen infrastructure development under electrical utilities 4. Water de-salination using solar powered infrastructure under water utilities	
	Waste Management	1. Construction of waste water treatment plants 2. Electronic waste recycling 3. Integrated waste management for commercial and household waste 4. Solid waste management 5. Waste collection and segregation facilities	
Food and Beverage	Food and agriculture	1. Affordable irrigation systems to improve farming productivity 2. Cold storage and warehousing solutions to reduce agricultural waste 3. Animal feed production and distribution 4. Aquaculture supply chain management 5. Tech based solutions for across agri-value chain [input side, post-harvest side, financing, market access] 6. Food processing to reduce post-harvest waste and improve food security	2 ZERO HUNGER 13 CLIMATE ACTION 15 LIFE ON LAND

SECTOR	SUB-SECTOR	SAMPLE OF EMERGENT INVESTMENT THEMES	SDG FOCUS
Healthcare	Bio-technology and Pharmaceuticals	1. Essential medicines / Active Pharmaceutical ingredients manufacturing including 2. Sanitary products for women 3. Production and delivery of herbal medicines	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH
	Health care providers and delivery	1. Digital healthcare delivery/Telemedicine 2. Specialty treatment centers 3. E-pharmacy and diagnostic services 4. Healthcare professional training centers 5. Extension/Satellite hospitals for primary care at the last mile 6. Hospital records and medical data management 7. Healthcare for ageing population 8. Medical Imaging based on AI technology	
	Medical Technology	1. Medical disposables manufacturing 2. Affordable medical equipment and consumables	
Education	Education Infrastructure	1. Affordable education loans for students and institutions [Affordable Private Schools] 2. Pre-school educational institutes 3. Residential infrastructure for students	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH
	Education Technology	1. E-learning platforms 2. Online vocational training for K-12 3. Online professional skilling programs 4. Learning Management Systems	
	Formal Education	1. Distance learning 2. Affordable Private Schools 3. Accreditation and certification services 4. Teacher training	

SECTOR	SUB-SECTOR	SAMPLE OF EMERGENT INVESTMENT THEMES	SDG FOCUS
Renewable Energy	Alternative Energy	1. Biofuel and Biogas Production 2. Energy storage and transmission 3. Electric Vehicles 4. Solar rooftop projects 5. Community grids for hyperlocal energy distribution 6. Hybrid power plants 7. Off grid energy production and distribution	 
	Forestry and paper	1. Private Forest Management for sustainable commercial activity 2. Forest by-product processing 3. Mixed plantation forestry for timber production	

Identifying IOAs often reveals policy and regulatory challenges and opportunities, which, if addressed, could mobilise greater amounts of private finance. However, the IOAs only identify opportunities for positive impacts, not specific impacts. How an investment or business model is structured and implemented has significant implications for its SDG contribution. INFFs help raise awareness not only of specific business opportunities but of the policy and regulatory reforms that can foster a more enabling environment for impact investing.

Around one-third of SDG-aligned IOAs will require blended finance.

A range of financing models can be used to scale and drive the business solutions necessary to realise IOAs. In many cases, purely commercial models can be promoted, driven organically by market forces. In others, blended and public-private models can unlock private capital for the IOAs, particularly to reach last-mile populations. Across more than 40 countries mapping SDG-aligned IOAs, one-third of the IOAs will require lending public and private financing to achieve the desired results.[9]

Blended finance has featured prominently in the financing for sustainable development agenda as a gateway to attracting private capital into sustainable investments. Accordingly, blended finance is a priority reform area for INFF-driven financing strategies. Eighteen countries developing an INFF are implementing or planning reforms and instruments related to blended finance. Some countries, such as Cameroon and Tanzania, have already piloted blended finance within their INFF.

Blended finance is one of the priority themes of the DWG under the Indonesian G20 Presidency, given the country's focus on leveraging blended finance to fund sustainable development and its previous experience piloting innovative financing instruments.

9 This calculation includes both the published and unpublished IOAs from the SDG Investor Map.

In many IOAs, there is potential to mobilise private capital. Yet, the risks associated with scaling business models are high and return expectations are contingent on factors beyond the private sector's control. In these instances, concessionary capital may be required.

A major point of debate in IOA dialogues with the private sector is the minimum threshold for classifying a business model as 'impact driven'. Essential to understanding whether a business model is 'impact driven' is examining the management and decision-making practices of the company or investor.

Impact needs to be managed intentionally within business and investment strategies, management approaches, governance systems and transparency and reporting practices. The OECD-UNDP Impact Standards for Financing Sustainable Development can help investors, enterprises, donors and development finance institutions evaluate the extent to which impact is embedded into strategic and management decisions. Investors can use the Standards to screen potential enterprises before investing and as a guide for integrating sustainability into their management practices.

For example, EduTech models can be truly impactful only if they scale beyond urban and peri-urban areas by using affordable price points and accessible technology. Similarly, business models promoting affordable housing can be impactful when the risk appetites of low-income populations guide implementation.

Blended finance can de-risk investments, creating opportunities for the private sector to drive disruptive solutions to meet the unmet demands of under-served populations. However, these mechanisms should be paired with technical assistance to strengthen impact management practices. If business models are intentionally designed to improve community wellbeing, including adequately managing and measuring impacts on profit, people and planet, they can shift the needle on development challenges.

Blended finance will also play a key role in financing the net-zero transition (Box 8). Public-private financing structures can help decarbonise current investments and transition to low-carbon investments. Blended finance can provide concessions to small businesses in early-stage adaptation and mitigation subsectors with the goal of crowding-in private sector capital in the long term.

Box 8: Financing green transitions: the link between INFFs and NDCs

At COP26 in Glasgow last year, 153 countries committed to new 2030 emissions targets through NDCs. Finance was one of the four action areas of the summit, and it was acknowledged that realising NDCs will require investment from a range of public and private sources.

As countries begin NDC implementation, many are connecting their climate commitments to an INFF process. INFFs provide a platform for mainstreaming NDCs and other energy, climate or related priorities within financing strategies.

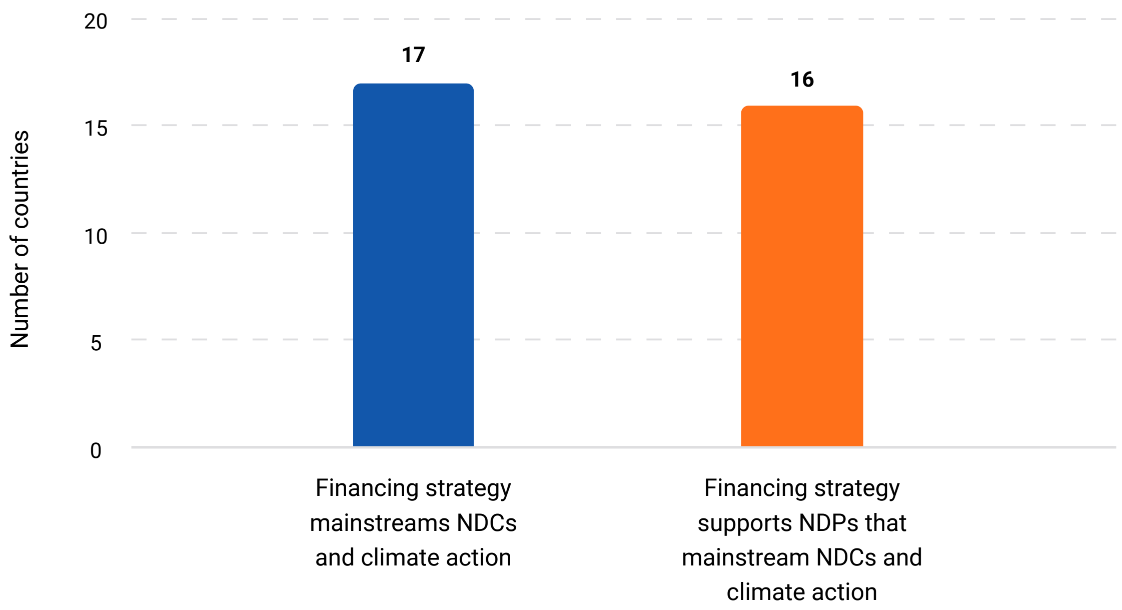
Seventeen countries will mainstream NDC financing within their financing strategy. Another 16 countries prioritised NDCs in a national development plan supported by an INFF financing strategy (Figure 11).

With many more countries interested in using INFFs to support NDC implementation, these numbers are expected to grow. Central to Gabon's national strategic plan is the "Green Gabon" agenda. The country is developing a green tax framework, including taxes on carbon and energy-intensive technologies and incentives for green investments and financing instruments. The Maldives will cost its NDC through an INFF process, and climate will be a central focus in its development finance assessments and financing strategy. Cambodia introduced green financial instruments in its economic recovery plan, and the INFF will lay the foundation for green and SDG bonds that link financial resources with climate-resilient projects.

Other countries are developing a dedicated climate financing strategy through an INFF. In Bangladesh, the INFF will support the implementation of the 8th Five Year Plan. Within that broad scope, the country is developing a financing strategy on SDG 13 (Climate action) alongside others on energy (SDG 7) and water and sanitation (SDG 6). The strategy will outline the financing needs and investment options for the NDC and the Bangladesh Climate Change Strategy and Action Plan.

The Inter-Agency Task Force on Financing for Development, led by UNDESA, is developing technical guidance on mainstreaming climate objectives within INFFs to be released later this year.

Figure 11: More than 30 countries are using INFFs to strengthen NDC financing



For example, electric vehicle manufacturing and distribution is emerging as a key contributor to reducing greenhouse gas emissions. However, scaling this technology is only possible when other parts of the value chain, such as charging infrastructure, are readily available. Governments and development finance institutions play a critical role in transforming the entire value chain by sharing and de-risking these capital-intensive infrastructure investments.

Such efforts should be accompanied by strengthening impact management capacity and ensuring actors commit at each point in the financing value chain. This will ensure that impact is embedded in decision-making, management practices and business operations to promote and enable a whole-system transformation. Managing for impact is essential to maximise social, environmental and economic impacts, minimise negative impacts and leverage capital effectively for the SDGs.

The SDG Investor Map identifies common challenges that create entry-level barriers to investments. A few country-level examples are provided in Table 2.

Table 2: Recurring challenges to private sector participation

CHALLENGES	DESCRIPTION AND MITIGATION	IOA EXAMPLES REQUIRING BLENDED FINANCE
High Capital Expenditure	How can blended finance reduce entry barriers by subsidising upfront capital expenditure?	**Djibouti:** Large solar farm installations that could address Djibouti's power needs require high capital investment. **Turkey:** Capital-intensive solar component production requires risk-sharing modalities.
Lack of skills and capacities for project execution	Lack of technology to build a product or service solution; lack of skills to manage operations and scale up; demand-side capacity gaps in adopting and engaging products and services	**Rwanda:** Capacity-building activities may be necessary to unlock the full-scale potential and implement innovative technologies for water treatment plants. **Jordan:** Physical capacity and infrastructure are required to support the private sector implementation of TVET programmes.
Affordability	Driving otherwise successful business models to last-mile populations through blended finance	**Bangladesh:** Poorer customers will need concessional interest rates and innovative loan structures to afford and service loans for housing. **Belize:** A Blended Finance Enterprise Fund helps business owners and entrepreneurs access affordable financing through different stages of the business cycle while providing local and international investors with investment opportunities. **Rwanda:** Private insurance providers, investors and the government are working on a blended finance scheme to provide affordable insurance to farmers.

CHALLENGES	DESCRIPTION AND MITIGATION	IOA EXAMPLES REQUIRING BLENDED FINANCE
Legislative and regulatory considerations	Rigidity in regulatory frameworks hinders private sector participation	**South Africa:** Waste recycling programmes have been influenced by restrictive legislation: short procurement durations, difficult procurement and tender processes have negatively impacted implementation. De-risking mechanisms and incentives are needed to attract private-sector capital. **India:** To drive healthcare services through adequate infrastructure, skilled capacities at the primary level, adequate incentives and subsidies will be required for the private sector to service remote, underserved populations.

International support for country-led INFFs

With a large and growing pipeline of policy reforms, regulations and instruments, countries are increasingly interested in learning from one another and accessing technical support. As countries prioritise SDG-aligned IOAs, there is interest and opportunity to connect governments with investors and develop blended finance vehicles to realise the potential of private capital in these priority areas.

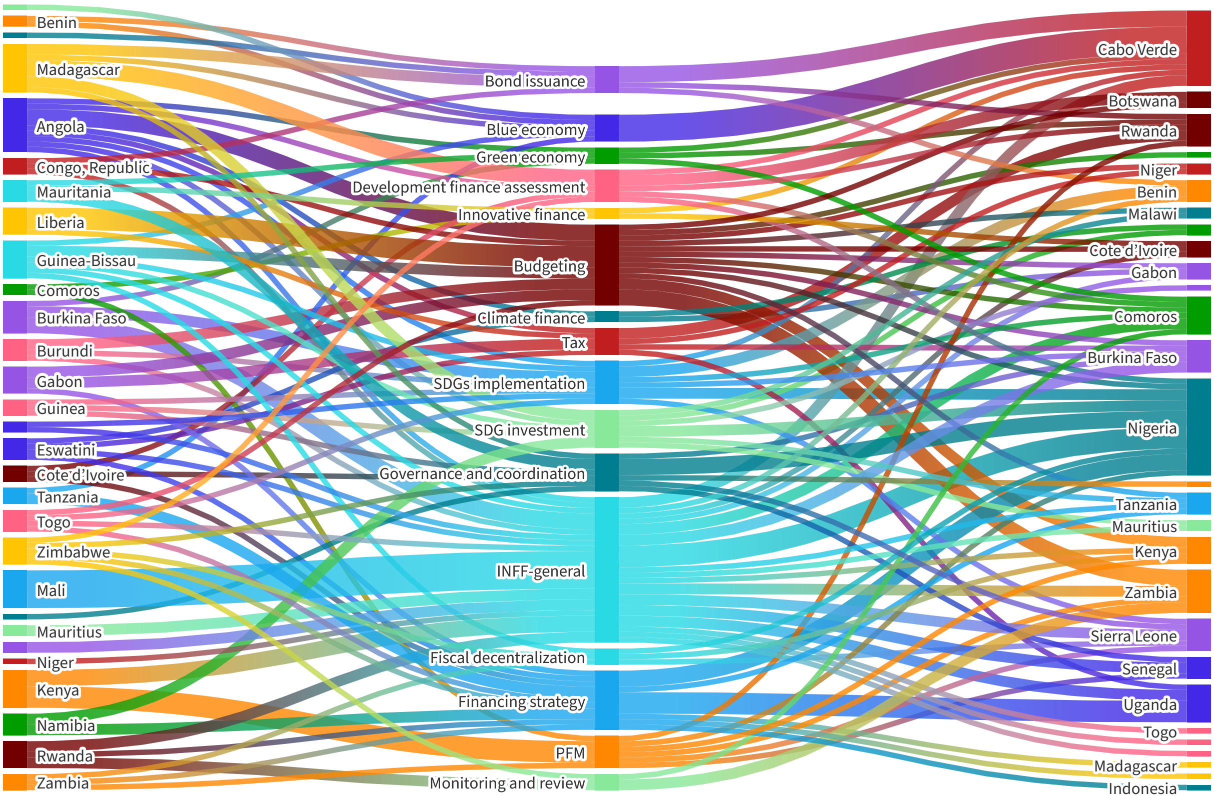
Many governments are sharing their INFF experiences and lessons with others.

In 2022, government-to-government knowledge exchanges created a space for governments and partners to learn from one another and incorporate and adapt innovations within their national context. In Africa, there have been several exchanges:

- **Burkina Faso, Gabon and Cabo Verde:** Burkina Faso's Ministry of Economy, Finance and Foresight invited delegates from Gabon and Cabo Verde to their national workshops to learn about the dos and don'ts of the INFF process and successful innovations.
- **Chad, Cameroon and Benin:** Chad's inception workshop included representatives from Benin (Ministry of Finance) and Cameroon (Ministry of Finance, Ministry of Planning and Economic Development) to help build an understanding of the INFF process and ground it within the realities of their government counterparts.
- **Republic of Congo, Benin, Cabo Verde and Tanzania:** The Republic of Congo organised similar exchanges with delegates from Benin, Cabo Verde, Gabon and Tanzania, sharing innovative reforms and solutions between countries.
- **Tanzania, Indonesia, Cabo Verde, Mexico, Philippines:** Tanzania heard about INFF experiences from counterparts in Indonesia, Cabo Verde and Mexico (on innovative financing mechanisms to unlock private capital). Tanzania also shared its own experiences developing a financing strategy with the Philippines.
- **Haiti, Gabon, Cabo Verde:** Haiti held an exchange with Gabon and Cabo Verde during its development finance assessment process to discuss linkages with green and blue finance agendas.

Governments have also convened larger exchanges to facilitate learning across multiple countries. The Government of Nigeria, for example, hosted a regional exchange on INFFs and open budgets for more than 50 governments in September 2022. A post-workshop survey highlights countries' interest in sharing their experiences and learning from their peers across different thematic areas (Figure 12).

Figure 12: Countries are interested in learning from each other's experiences (requesting country – theme – sharing country).



Source: Survey responses from government participants at the INFF and Open Budgets Workshop in Abuja, September 2022.

International organisations, private sector actors and civil society organisations increasingly engage in INFFs at the country level.

Many international organisations actively engage in INFF processes at the country level, providing technical support and participating in financing dialogues. At the global level, international partners develop tools and guidance for aligning development cooperation with INFFs.

More than 20 UN agencies are involved in INFF processes at the country level. A few examples of UN and international partner engagement:

- UNDESA operates as the secretariat of the Inter-agency Task Force on Financing for Development (IATF) and maintains the INFF methodological guidance. It will launch a series of guidance notes in 2023 on how INFFs can contribute toward thematic priorities, such as climate finance, the 'leave no one behind' agenda, taxation and debt policy, and in specific contexts, including SIDS and LDCs.
- UNDP works with governments in 86 countries to support INFF design and implementation, including financing solution delivery in specific public and private financing policy areas, drawing on the expertise and capacity of its Sustainable Finance Hub.

- UNICEF supports INFF processes in over 40 countries with a strong focus on public financial management reforms in social sectors.
- The Joint SDG Fund supports joint programmes taking forward INFF activities in more than 60 countries.
- UN Women published technical guidance on mainstreaming gender equality within INFFs.
- The ILO is working on guidance for mainstreaming decent work into INFFs. The ILO's International Training Centre delivered training for public officials, international agencies and private sector actors on blended finance and INFFs.
- The OECD is a knowledge partner and supported the development of INFF guidance materials through the IATF. It has also developed a dynamic and holistic approach to (a) improving the use of official development finance in different country and sectoral contexts and (b) maximising development partners' contribution to INFFs.
- International financial institutions are increasingly engaged in INFF processes (Box 1).
- Finance in Common, the coalition of more than 500 public development banks, recently launched a report highlighting the importance of public development banks' engagement with INFFs as part of efforts to scale up sustainable finance.

Civil society organisations engage at the national level in many INFF processes, including as part of INFF oversight committees and as participants in financing dialogues. At the global level, the Civil Society Financing for Development Group published an analysis of the potential risks of INFF implementation and will monitor how processes are taken forward at the country level.

There is growing engagement and interest across the private sector and investment communities. For example, the Pacific Investment Management Company (PIMCO) is a significant SDG bond purchaser and has issued best practice guidelines for sovereign green, social and sustainable bond issuance. The guidelines include aligning bond frameworks with the sovereign bond issuer's national long-term development strategy and INFF.

Box 9: International financial institutions and INFFs

International financial institutions support INFF processes in more than 50 countries. They participate in INFF oversight committees and financing dialogues and provide technical inputs to INFF processes through SDG costing assessments, public expenditure and financial accountability processes, public expenditure reviews and various other assessments. They also offer joint technical assistance in an increasing number of settings, covering issues such as public financial management, financial regulation, debt instruments and other INFF priorities.[10]

The World Bank engages in more than 40 INFF processes, including in Tunisia where they co-hosted INFF financing dialogues. The IMF is involved in more than 25 INFF processes and participates alongside the European Union, UNDP and UNDESA in regular country-focused dialogues to coordinate technical assistance and capacity development. Other international financial institutions, including the Asian Development Bank, Islamic Development Bank and African Development Bank, are engaged in INFFs in more than 30 countries.

10 UNDP published a compendium of global and country examples of UNDP-IFI partnership for sustainable finance, including a focus on IFI collaboration in support of country-led INFFs. See: UNDP, 2022, Partnerships for sustainable finance: UNDP and international financial institutions accelerating finance for the SDGs.

The G20's role in supporting INFFs

Within the context of growing international engagement, the G20 positioned itself to play a leading role in supporting INFFs. In June 2021, the G20 development ministers endorsed INFFs and offered support for countries developing national frameworks. In October 2021, G20 leaders endorsed the G20 Framework of Voluntary Support to INFFs, covering five areas:

1. Promoting knowledge exchange, technical assistance and training;
2. Aligning international support for country-led INFFs;
3. Engaging G20 member domestic constituencies;
4. Prioritising the integration of economic, social and environmental sustainability; and
5. Reviewing progress and continuing to build awareness of INFFs.

G20 members have already taken key steps, including the launch of the INFF Facility, an important vehicle for implementing the G20 framework.

The INFF Facility was launched at the 2022 Financing for Development Forum to respond to the demand for support from countries developing INFFs. UNDP, UNDESA and the OECD comprise the Facility's secretariat. Two G20 members - the European Union and the Government of Italy - and the Government of Sweden support the Facility's operations.

The Facility supports countries in three critical areas:

1. Brokering support in response to country demand for technical assistance;
2. Deepening cooperation between public, private, and civil society actors to help national institutions deliver financing strategies and reforms; and
3. Providing a platform for countries to learn from one another, collaborate and access innovative tools, knowledge and guidance.

As countries implement their financing strategies and shape a more sustainable financing architecture at the country level, G20 members should reflect on how they will continue to take forward the G20 framework.

Through its focus on aligning support for INFFs, the G20 framework can help ensure that international support is responsive to financing priorities that are nationally articulated. Members should carefully consider how to align their development cooperation country strategies with the reform priorities articulated through each country's financing strategy.

By promoting knowledge exchange, providing technical assistance and training, and engaging their domestic constituencies, G20 members can help countries access the technical expertise needed to deliver reform agendas. Crucially, this support can help countries connect with international capital to unlock the potential of SDG-aligned investment opportunity areas, turning opportunity into impact.

Lastly, regularly reviewing and communicating INFF progress to G20 members is critical for maintaining and building international support. This support will be instrumental in realising the transformative potential of INFFs over the medium term and beyond.

INFF | Integrated National Financing Frameworks

For more information, visit www.inff.org