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1. Introduction
In December 2017 with generous support from the Governments of Germany and Italy, the MPTF “Building a Strategy for Financing the 2030 Agenda” was established as an initiative of the Secretary-General. The Executive Office of the Secretary-General (EOSG), UNDP and UNEP are the three Participating UN Organizations in the Fund. The Fund’s scope at the time of establishment aimed to support the Secretary-General in fully developing and implementing his strategy to scale up finance for the 2030 Agenda. In September 2018, the Secretary-General’s Strategy for Financing the 2030 Agenda for Sustainable Development was released during a UN High Level Meeting on SDG Financing. The Secretary-General’s Financing Strategy builds on the UN’s history of supporting Member States on financing for development. It is designed to transform 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: (1) Aligning global economic policies and financial systems with the 2030 Agenda; (2) Enhancing sustainable financing strategies and investments at regional and country levels; and (3) Seizing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance.

In 2019, the focus of the Fund’s activities has been on supporting key elements of the Secretary-General’s Financing Strategy, notably with regards to developing the Secretary-General’s Roadmap for Financing the 2030 Agenda, operationalization of the Secretary-General’s Task Force for Digital Financing of the SDGs, implementation of the Invest4Climate Initiative, support to the climate finance workstream of the Secretary-General’s Climate Action Summit, and support to the UN leadership in advocacy and engagement in key areas on financing for development.

The following report provides the progress of activities undertaken during 2019. Activities undertaken in 2019 are in line with the Fund’s Terms of Reference and actions approved by the Advisory Board. Section 2 provides a snapshot of Fund Facts, including contributions, and approved projects for 2019 and section 3 presents an overview of the Secretary-General’s Strategy and Roadmap for financing the 2030 Agenda, highlighting key activities undertaken to support the implementation of the Financing Roadmap. Section 4 provides developments in the work of the Secretary-General’s Task Force on digital Financing of the Sustainable Development Goals. Lastly, section 5 highlights the activities under the Invest4Climate initiative.
2. Snapshot of Fund Facts\(^1\)

**Total source and use of funds as of 31 December 2019 (in US dollars)**

<table>
<thead>
<tr>
<th>Funds with the Administrative Agent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total contributions from donors</td>
<td>3,731,700</td>
</tr>
<tr>
<td>Interest income</td>
<td>62,686</td>
</tr>
<tr>
<td><strong>Total source of funds</strong></td>
<td><strong>3,794,386</strong></td>
</tr>
<tr>
<td>Transferred to UN entities</td>
<td>3,737,915</td>
</tr>
<tr>
<td>Administrative Agent Fee</td>
<td>37,317</td>
</tr>
<tr>
<td>Bank charges</td>
<td>155</td>
</tr>
<tr>
<td><strong>Total use of funds</strong></td>
<td><strong>3,775,387</strong></td>
</tr>
<tr>
<td><strong>Balance with the Administrative Agent</strong></td>
<td><strong>18,999</strong></td>
</tr>
</tbody>
</table>

The Fund received US$3.7 million of the US$5.0 million committed at the signing of the MPTF. Of the contributions received and amounts transferred to Participating UN Organizations for project implementation, only US$18,999 remains with the Administrative Agent. All remaining available funds have been transferred to Participating UN Organization. As shown in the contribution table below, there is an outstanding contribution of $1.34 million commitment from Italy.

**Contributions**

<table>
<thead>
<tr>
<th>Contributor</th>
<th>Commitment</th>
<th>Deposit to date</th>
<th>Outstanding balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>2,576,487</td>
<td>1,231,700</td>
<td>1,344,787</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,076,487</strong></td>
<td><strong>3,731,700</strong></td>
<td><strong>1,344,787</strong></td>
</tr>
</tbody>
</table>

The table below provides additional information on the amounts transferred to Participating UN Organizations. In 2019, a total of $2.3 million was transferred to EOSG for the Secretariat and support to the Climate Action Summit, as well as to UNDP for the Digital Finance Task Force and Invest4Climate.

**Project Information**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Project Title</th>
<th>Implementing Entities</th>
<th>Amount Transferred 2018</th>
<th>Amount Transferred 2019</th>
<th>Total Amount Transferred</th>
</tr>
</thead>
<tbody>
<tr>
<td>00110011</td>
<td>Implementation support of the Secretary-General’s Financing Strategy (including the Climate Summit)</td>
<td>EOSG</td>
<td>475,401</td>
<td>1,041,403 ($451,403 to EOSG and $590,000 to the Climate Summit)</td>
<td>1,516,804</td>
</tr>
<tr>
<td>00110012</td>
<td>Country engagement and support to the Digital Finance Initiative</td>
<td>UNDP</td>
<td>695,019</td>
<td>1,287,107</td>
<td>1,982,126</td>
</tr>
<tr>
<td>00110013</td>
<td>Finance Initiatives</td>
<td>UNEP</td>
<td>238,985</td>
<td>-</td>
<td>238,985</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>1,409,405</strong></td>
<td><strong>2,328,510</strong></td>
<td><strong>3,737,915</strong></td>
</tr>
</tbody>
</table>

Additional details may be found on the MPTF Office GATEWAY: [http://mptf.undp.org/factsheet/fund/FSA00](http://mptf.undp.org/factsheet/fund/FSA00)

\(^1\) All figures are given in US dollars and may not add up due to rounding.
3. The Secretary-General’s Strategy and Roadmap for Financing the 2030 Agenda

In his Strategy for Financing the 2030 Agenda, the Secretary-General commits to developing a 3-year Roadmap of actions and initiatives to help achieve the objectives in his Financing Strategy.

Under the leadership of the Deputy-Secretary-General and in collaboration with the UN system and key stakeholders (including the World Bank Group and the IMF), the core team established within the Executive Office of the Secretary-General (EOSG), which also functions as the Secretariat for the Multi-Partner Trust Fund "Building a Strategy for Financing the 2030 Agenda", developed the Secretary-General’s Financing Roadmap to implement the Strategy.

The core team mapped the activities of the UN system on financing for sustainable development, offering for the first time, a comprehensive overview of the UN’s approach and value addition in this area. The core team also brought the system together to identify the entry points through which the Secretary-General, together with the UN system can support Member States in mobilizing financing for the SDGs. Three pathways were identified: (i) specific actions by the Secretary-General, with a clear set of ‘key asks’ to galvanize change; (ii) priority areas identified by the Secretary-General for the UN to enhance its work on financing for sustainable development; and (iii) actions by the UN system itself. The Roadmap is a ‘living document’ that the core team will keep updated to ensure it remains relevant to the UN’s evolving work to support Member States to implement the SDGs.

The following section provides details of the specific actions by the Secretary-General and the concrete actions to take this forward. Additional information may be found in Annex 1.

3.1 Specific actions by the Secretary-General, with a clear set of ‘key asks’

Leveraging his unique leadership position within the multilateral architecture, the Secretary-General has set out a selected number of actions that he himself will champion to unlock and scale-up the systemic and transformative changes needed to increase the speed and scale of financing for the 2030 Agenda and Paris Climate Agreement. These actions draw on the Secretary-General’s exclusive role as a global advocate, and his ability to engage and catalyse collaboration at the highest levels. The Secretary-General’s actions focus on ‘game-changing areas’ – i.e., areas where change can fundamentally shift the volumes and patterns of investments to the levels required to meet the SDGs and Paris Agreement, and help ensure that no one is left behind. A summary of these key action areas is provided in figure 1.

Across these action areas, the Secretary-General has ‘15 key asks’ to various stakeholder groups: policy makers and regulators; the financial industry; citizens; International Financial Institutions; and the UN system (see figure 2). Positive change in response to these key asks will help address the systemic impediments and also the high impact opportunities to increase financing for sustainable development. This provides the Secretary-General will a very clear set of consistent advocacy messages.
Call to policy-makers and regulators to:

1. Price externalities into the economic and financial system.
2. Integrate environmental, social and governance (ESG) issues into the concept of fiduciary duty.
3. Put in place policies and regulations that create incentives for long-term market investment in climate-resilient infrastructure, and for divestment from carbon intensive technologies.
4. Prevent receipt of illicit financial flows, assist in repatriating such flows, and prosecute perpetrators.
5. Meet official development assistance (ODA) commitments, shift ODA from ex-post disaster management to ex-ante disaster risk reduction (DRR) and resilience in least developed countries (LDCs) and small island developing states (SIDS), and support graduating LDCs to enhance access to new sources of financing.
6. Regulate new digital financial sectors to provide efficient financial intermediation for inclusion and remittances, prevent cybercrime and money laundering, and mitigate the risks of misuse and unintended consequences.

Call on the financial industry to:

7. Disclose and incorporate long-term risk into investment decision making.
8. Implement sustainable investing strategies, scale up green financial instruments, measure and report on impact.
9. Engage with fossil fuel companies, divest from those unwilling to shift their business models towards low carbon trajectories, and scale-up investment in renewable energy and energy efficiency.

Call on shareholders and citizens to:

10. Increase demand for greener, more sustainable investments of their assets, and for greater sustainability disclosure to increase accountability and transparency.

Call on IFIs to:

11. Work more closely with the UN system through country platforms, notably to increase climate finance, catalyse private finance, and promote financial innovation.
12. Improve debt sustainability by addressing structural issues, curbing illicit financial flows, and developing innovative debt instruments for investment in DRR and resilience.

Accelerate the work of the UN system to:

13. Increase support to countries to develop integrated national financing frameworks, identify and formulate a pipeline of bankable SDG projects, and improve progressive, gender-sensitive taxation and budgeting.
14. Create a shared understanding of sustainable investing practices and improve the quality and availability of SDG investment data in developing countries.
15. Promote a healthy fintech environment in developing countries and strengthen partnerships with development and private finance providers to invest in digital finance solutions for the SDGs.
3.2 Support to the implementation of the Strategy and the Roadmap for Financing the 2030 Agenda

With the support of EOSG, the Secretary-General has been and continues to consistently advocate and engage with varied partners and in diverse fora to take these areas forward:

- In his engagement in international fora, notably the Financing for Development Forum, High-Level Political Forum, Climate Action Summit, SDG Summit, High Level Dialogue on Financing for Development, Review of the SAMOA Pathway, World Bank/IMF meetings, G20 and G7, the Secretary-General emphasized the importance of embedding the principles of the 2030 Agenda and Paris Agreement in economic and financial policies and regulations in order to address current market failures and align incentives with sustainable development.

- The Secretary-General has prioritized scaling-up climate finance by urging countries to meet the US$100 bn/year by 2020 commitment from public and private sources. Notably, during the Climate Action Summit, he reasserted that finance is key for the transition to net zero climate resilient economies. Public and private financial flows need to align with the objectives of the Paris Agreement and be accessible to the actors on the ground, especially within developing countries. Key outcomes from the Climate Summit included encouraging pledges by governments and asset owners to decarbonize investment portfolios and systematically include environmental impacts in investment decision-making. Notably, 12 of the largest asset owners that represent over $2.4 trillion of Assets Under Management, committed to align their investments with the goal of limiting warming to 1.5C. The International Development Finance Club (IDFC) pledged to inject $1 trillion into climate projects by 2025, with at least $100 million for adaptation. MDBs committed collectively to increase their finance to at least $65 billion annually by 2025 (50 percent higher than current levels). In addition, the UN Joint Pension Fund is responding to calls from the Secretary-General and announced plans to reduce its exposure to thermal coal. The Joint Pension Fund is also developing a strategy with fossil fuel companies to understand expectations and timelines related to this shift towards renewable energy.

- The Secretary-General has highlighted the needs of least developed countries (LDCs) and small island developing states (SIDS) in his advocacy efforts. LDCs and SIDS face significant challenges in attracting affordable, long-term finance for sustainable development, climate action and resilience. Many SIDS are at high risk of debt distress. The Secretary-General has actively encouraged the regional economic commission for Latin America and the Caribbean (ECLAC) and the World Bank to develop an innovative debt swap that would reduce the debt burden of certain SIDS in the Caribbean and direct such flows towards investment in resilience. This work by ECLAC is well advanced. It is now under discussion currently with countries and has also been presented to the World Bank for review.

- He called on the financial sector to increase both the scale and speed of their interest in sustainable investment, including by finding new types of financing instruments and leveraging digital technologies. He called on the financial industry to implement and report on global principles and standards for responsible financial practice, including through the new Principles for Responsible Banking. The Secretary-General addressed signatories during the launch of the Principles, collectively representing more than US$ 38 trillion or 25% of the global banking sector. Signatory banks have committed to set, publish and report on targets addressing their most significant potential positive and negative impacts on sustainable development.
In April 2019, the Secretary-General announced his creation of the **Global Investors for Sustainable Development (GISD) Alliance**. The GISD was launched in October 2019 and comprises of 30 recognized leaders of major financial institutions, manufacturing corporations and technology service providers, representing more than $17 trillion in assets under management. The GISD has a two-year timeline until October 2021. The GISD has the following three objectives and has already proposed concrete potential action under each objective:

- **Increase the available supply of long-term investment for sustainable development:**
  - Propose concrete actions to: introduce long-term performance metrics into corporate incentive structures; adjust regulatory frameworks and reporting systems to promote long-term investments for sustainable development; and define long-term benchmark for investments in sustainable development.

- **Realize SDG investment opportunities in developing countries**
  - Propose concrete actions to: change the investment ecosystem to achieve scalability of investment opportunities at the country and regional levels, for example through the development of scalable investment vehicles; advance innovative financing and investment vehicles for sustainable development; strengthen collaboration with Member States, multilateral development banks and other partners on long-term investment, for example through investment platforms based on best practices, and utilization of investment promotion agencies, etc.

- **Enhance the impact of private investment on sustainable development.**
  - Propose concrete actions to: implement and operationalize principles for sustainable and impact investment; implement industry-based standards for sustainability reporting and impact measurement; and establish industry-wide benchmarks to rank performance on SDG-related indicators (in cooperation with World Benchmarking Alliance).

EOSG will continue to support the Secretary-General’s engagement with the GISD to maximize concrete outcomes from this unique Alliance.

- Within the context of the UN development system reform, the Secretary-General called on the UN system to support countries to develop and implement **integrated national financing frameworks (INFFs)**. In the Addis Ababa Action Agenda (AAAA) and more recently in the 2019 Financing for Development Forum, Member States committed to putting INFFs that support nationally owned sustainable development strategies at the heart of countries’ efforts to implement the 2030 Agenda for Sustainable Development. INFFs spell out how national sustainable development strategies will be financed and implemented by helping governments develop a better understanding of the national financial landscape and coordinate efforts to mobilize and align a wide range of financing sources — public and private, domestic and international, with the country’s sustainable development priorities. EOSG plays an integral role in building a partnership between the European Union and the UN system to design an approach that leverages the full capabilities of the UN system in supporting governments that have expressed interest in developing INFFs. EOSG is also contributing technical expertise to strengthen both the methodologies being developed at the global level, and the work at the country level,
including by ensuring that climate finance and gender equality considerations are mainstreamed throughout the INFF process. EOSG participated in the first INFF inter-agency mission to Cabo Verde, contributing technical expertise to the launch of the INFF process in Cabo Verde. EOSG helped create a feedback link between the global level methodology and country level experience, and is making a substantive contribution to the development of the first INFF Roadmap for Cabo Verde. It is envisaged that Cabo Verde and a number of other ‘pioneer’ countries will share their INFF Roadmaps during the Financing for Development Forum in 2020 to promote peer to peer exchange and knowledge sharing.

The Roadmap also includes priority areas identified by the Secretary-General for the UN to enhance its work on financing for sustainable development and a mapping of action by the UN system on financing for sustainable development (details in Annex 1). This mapping of action by the UN system carried out by EOSG, which is aligned with the objectives in the Secretary-General’s Financing Strategy highlights the long history that the UN has in supporting Member States on financing for development. It highlights the work of the UN with respect to:

- Trade finance, debt sustainability and investment policies by UNCTAD and the regional economic commissions.
- International tax cooperation, and tax transparency through DESA’s support to the UN Tax Committee, the Platform on Collaboration on Taxation, a partnership between the UN, World Bank, IMF and Organization for Economic Cooperation and Development (OECD), and the UNDP Tax Inspectors without Borders.
- Climate finance both in terms of intergovernmental negotiations through the UNFCCC, as well as policy advice, project implementation and engagement with the private sector through agencies such as UNEP and UNDP.
- Private finance through initiatives such as PRI, Global Compact, Sustainable Stock Exchanges; UNEP FI, UNDP, and UNCDF.
- Fiscal systems and resources for social sectors through UNDP, UN Women (gender-responsive budgeting), ILO, WHO, UNFPA, and UNICEF.
- Digital finance and financial innovation through agencies such as UNDP, UNCDF, and IFAD.

### 3.3 International Policy Engagement

As called for by the Financing Strategy, the UN, and in the scope of this project, the EOSG, worked closely with global policymakers and regulators to better align economic and financial policies with the SDGs and to promote sustainable financial systems.

**World Bank/IMF Meetings and engagement with MDBs, Ministers of Finance and Central Bank Governors**

In particular, the EOSG organized the UN Deputy Secretary-General’s high-level engagement in the **World Bank/IMF Spring Meetings in April 2019**. In particular, the Deputy Secretary-General met with the CEO of the World Bank and Presidents of the Inter-American Development Bank; the Asian Infrastructure Investment Bank; and the European Bank for Reconstruction and Development. These meetings offered a platform to discuss how the UN and multilateral development banks (MDBs) can strengthen collaboration in a number of key areas including building the capacity of national and local governments to develop a pipeline of bankable SDG projects; supporting domestic resource mobilization; supporting countries to develop INFFs through closer partnerships at the country level; and working more closely...
together on climate finance, private finance, and innovative instruments, particularly to address disaster risk reduction and climate adaptation needs.

One of the key outcomes from the Deputy Secretary-General’s engagement with the MDBs during the Spring meetings was discussion around initiation of a possible joint framework of collaboration between the UN and the nine major MDBs. A stronger partnership between the UN and MDBs would help to improve Member States capacity to access and implement financing for sustainable development at the scale and speed required to achieve the SDGs. By leveraging respective institutional mandates, such a framework will enhance coherence and maximize outcomes from a range of existing partnership agreements through a more integrated and system-wide approach. Notably, at country level it will promote greater coordination synergies between the UN and MDBs, providing Member States with a more robust, flexible and effective multilateral response to support achievement of national sustainable development goals. EOSG is working with the UN system to develop an engagement pathway that sets out clear desired outcomes in order to take this forward.

The Deputy Secretary-General also addressed a number of high-level events during the Spring Meetings, which included engagement with Ministers of Finance and Central Bank Governors. Key outcomes from the Deputy Secretary-General’s engagement included: securing high-level support for the Secretary-General’s Strategy and Roadmap for Financing the 2030 Agenda; strengthening collaboration with national Ministries of Finance / Central Bank Governors to support implementation of the Roadmap at global and country level; promoting the climate finance agenda with Ministers of Finance and Central Bank Governors and strengthening their relationships with UN in implementations of the SDGs and strengthening the partnership between the UN and World Bank with regards to implementation of the UN-World Bank Strategic Partnership Framework (SPF).

The Secretary-General participated in the World Bank/IMF Annual meetings in October 2019 in Washington D.C. The Secretary-General’s engagement brought a strong voice to promote the SDGs and climate action with Ministers of Finance and Central Bank Governors and strengthen their relationships with UN. The Secretary-General also leveraged the opportunity to urge countries to take urgent action on pledges made in the High-level Summits during the UN General Assembly and encouraged others to define more ambitions climate commitments by the COP26 in Glasgow in 2020. The Secretary-General’s engagement conveyed the strong commitment of the UN to work closely with the World Bank and IMF to support the implementation of his Financing Strategy at global and country level.

Specially, the Secretary-General addressed the:

- **International Monetary and Financial Committee (IMFC)**, which advises and reports to the IMF Board of Governors on the supervision and management of the international monetary and financial system. This provided a platform for the Secretary-General to speak directly to Finance Ministers and Central Bank Governors. At the meeting the SG highlighted the importance of making tax system greener, more progressive and aligned with the sustainable development and climate action agendas. At the same time, he called on the Finance Ministers and the Central Bank Governors to revisit financial regulations that promote long-term investments and facilitates positive impact investments by institutional investors such as pension funds. He also stressed the importance of debt sustainability and urged the international community and

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3 African Development Bank; Asian Development Bank; Asian Infrastructure Investment Bank; European Bank for Reconstruction and Development; European Investment Bank; Inter-American Development Bank Group; Islamic Development Bank; New Development Bank; World Bank Group
member states to create effective debt mechanism systems and become responsible borrowers and creditors.

- **Finance Ministers Coalition on Climate Finance**, which was launched in April 2019 and has 43 members. This Coalition aims to help countries mobilize and align the finance needed to implement their national climate action plans; establish best practices such as climate budgeting and strategies for green investment and procurement and factor climate risks and vulnerabilities into economic planning. The Secretary-General conveyed importance of developing concrete roadmaps within each of their domestic contexts by COP26. He highlighted the types of financial instruments and policy measures that can be developed by Finance Ministers and underscored the centrality and effectiveness of fiscal instruments in shifting incentives in favor of renewable clean energy.

- At the **Small States Forum**, which brings together Finance Ministers and Central Bank Governors from 50 small states to discuss pressing challenges, SG strongly advocated for innovative and effective solutions to challenges that many small countries, and particularly island states, are increasingly facing and threatening their very existence. He called on the international community to urgently increase funding for disaster preparedness and risk reduction, and urgently needed adaptation measures including resilient infrastructure, and increase the ambition of Nationally Determined Contributions under the Paris Agreement by 2020. He also stressed the importance of assisting small states to address debt sustainability and noted that UN will be working closely with countries and their development partners to convert debt to investment in resilience through the debt for climate adaptation swap and resilience building initiative.

**UN General Assembly: High-Level Dialogue on Financing for Development**

The EOSG also supported the Secretary-General’s and Deputy Secretary-General’s high-level engagement in the **UN General Assembly (UNGA)** in September 2019. The EOSG also worked closely with UN-DESA to support the co-conveners (Canada and Ghana) and the office of the President of the General Assembly organize the **High-Level Dialogue on Financing for Development** that took place on 26 September. The Secretary-General’s opening remarks were anchored in his Roadmap for Financing the 2030 Agenda. He emphasized the importance of countries developing integrated national financing frameworks as called for in the Addis Ababa Action Agenda to drive financing of national SDG plans, and offered the UN’s support to countries in this regard. The UN and European Union are partnering with countries on these financing frameworks. The Secretary-General also highlighted the importance of mobilizing the private sector to transform financing for development and to align financing behind the SDGs. The Secretary-General’s GISD Alliance is a key initiative to help align business operations, finance and investment with the 2030 Agenda for Sustainable Development.

Key take-aways and follow-up from the High-Level Dialogue on Financing were very closely aligned with the priorities outlined in the Secretary-General’s Financing Strategy:

- **There is need for a greater sense of urgency to scale-up financing of the SDGs** if the next decade is to be a decade of action. Increasing the speed and scale of financing the SDGs has to be a priority for governments, the private sector and multilateral organizations. There is need to better link financing the SDGs with climate finance, notably to maximize co-benefits for the SDGs from national budgets and large-scale climate financing initiatives. At the global level, in line with the Secretary-General’s Financing Roadmap, the Secretary-General will continue to advocate for
greater speed and scale of public and private, domestic and international financing for the SDGs. One of the key pillars of the Secretary-General’s Financing Roadmap is action to scale up climate finance, highlighting the Secretary-General’s integrated approach to SDG financing and climate financing. At the country level, within the context of the UN development system reform, the new generation of UN country teams, including economists and partnership and development financing specialists within Resident Coordinator Offices, are strengthening the UN’s capacity to support Member States scale up their ambition and action on financing for the SDGs.

- **Reforms start at home.** Political will, governance and enabling policy and regulatory frameworks are key. There are a number of tools that governments can use in this regard and coordination and coherence at country level will be important. The Secretary-General, G77 and the EU recognized the importance of integrated national financing frameworks (INFFs) to help countries utilize existing resources more effectively and efficiently, and to attract new resources to implement sustainable development plans. Central Banks are increasingly in agreement that addressing climate risks and risks to sustainability more broadly are within their mandates. Carbon taxes implemented in a way that mitigates the risks for the most vulnerable can be a powerful tool to both raise domestic revenue and address climate change.

- **International cooperation must be stepped-up to address illicit financial flows, international tax cooperation and debt sustainability.** These 3 areas are game-changers for increasing domestic resource mobilization for developing countries, notably for countries most at risk of being left behind. The challenges are well understood: Illicit outflows from Africa are greater than inflows from aid; international tax cooperation in the context of today’s megatrends (particularly the digital economy) is not fit for purpose to deliver the SDGs; and high risks of debt distress, particularly for SIDS and LDCs, will make it impossible to finance the SDGs. At the same time, there are pathways to address these challenges that can have a transformational impact on domestic resource mobilizations for the SDGs: ending tax havens, returning stolen assets; elevating the work of the UN Tax Committee to promote inclusion and fairness for developing countries; and supporting SIDS access concessional finance and innovative mechanisms to translate debt into investment for resilience. In international fora including the Financing for Development Forum, High-Level Political Forum, SDG Summit, High Level Dialogue on Financing for Development, World Bank/IMF meetings, G20, G7, and the World Economic Forum (WEF), the Secretary-General advocates on these issues. Notably, the Secretary-General calls on policy-makers and regulators to prevent the receipt of illicit financial flows, assist in the repatriation of such flows and to prosecute perpetrators. The Secretary-General also is engaged with the ECLAC and the World Bank to promote innovative debt swap instruments for resilience in the Caribbean.

- **While private finance is, can and must do more to invest in sustainable development, such investments are overwhelmingly concentrated in developed countries.** There needs to be greater emphasis on shifting private capital towards developing countries, and recognition that in many countries attracting such flows at scale will be very challenging. This will require MDBs and DFIs to take on more risk and leverage financial innovations to free up their balance sheets. AfDB has implemented one such innovation. Blended finance is an important tool to help shift these flows to developing countries. However, blended finance is expensive and complex and while there are examples of success, there are also well documented cases of failure, which have come at great costs to the public purse. Most developing countries have limited public finance and capacity to contribute to blended mechanisms. Matching investors with project pipelines in
developing countries is showing early signs of success, but will need to reach much greater scale. Sustainable investing also needs to move from specific asset classes (like scaling up green bonds) to being mainstreamed across investment portfolios.

- **Digital finance and technology are mainstream - more needs to be done to elevate the nexus between digitalization, finance and sustainability and ensure that developing countries are not left behind.** Digital technologies are playing an increasingly important role across all aspects of finance, including enhancing financial inclusion, identifying and enabling illicit flows, making tax collection more efficient, and increasing the transparency and hence lowering perceived risks to increase private investment in developing countries. However, harnessing the potential of the digitalization of finance for the SDGs depends on connectivity and capacity. The question the UN needs to be asking is what it will take to enable LDCs and conflict-affected countries to benefit from the digital revolution to finance the SDGs, and what support can we offer to make this happen. The Secretary-General has established the Task Force on Digital Financing of the SDGs to recommend and catalyse ways to harness digitalization for the acceleration of financing of the SDGs. The Task Force launched its interim progress report in September 2019. Further details are provided below in section IV.

**Joint UN-AfDB high level meeting with African Heads of States**

During the General Assembly, the EOSG together with the African Development Bank (AfDB) brought African Heads of State together in a joint UN-AfDB high level meeting to offer a more strategic partnership between the UN and AfDB to help African countries accelerate financing for achievement of national sustainable development goals. Co-chaired by the Deputy Secretary-General and the AfDB President, discussions underscored the strong convergence between the continent’s 2063 Agenda for Sustainable Development, the United Nation’s Sustainable Development Goals and the African Development Bank’s High 5s. It also highlighted the domestic revenue gap in one out of every five African country’s ability to meet the basic state functions and emphasized the need for a massive scaling-up of private capital and investment to complement the efforts of African governments. The Deputy Secretary-General emphasized the important role of the AfDB and other MDBs to de-risk investments and attract investment flows towards large-scale projects aligned with the SDGs and the Paris Agreement. At the national level, the Deputy Secretary-General highlighted the need to prioritize the establishment of an enabling business environments to attract private financial flows and strengthen capacity to design bankable projects. The Deputy Secretary-General emphasized the critical link between financing the SDGs and climate finance, noting the importance of aligning African countries national determined contributions (NDCs) with the SDGs and encouraging the AfDB to support countries finance adaptation and disaster risk reduction.

EOSG is following up to outcomes from this High-Level meeting, as well as with regard to discussion between the Secretary-General and the President of the AfDB to:

- Identify key drivers to accelerate the mobilization of finance for the SDGs in Africa notably for clean energy.
- Promote private sector investment in Africa, notably through concrete follow-up measures emanating from the highly successful initiatives such as the Africa Investment Forum
- Explore concrete measures to utilize risk insurance to mitigate impact of natural disasters for LDCs in Africa;
Improving access to finance for graduating LDCs

The Secretary-General in his Roadmap for Financing the 2030 Agenda also highlights the importance of supporting graduating LDCs.\(^4\) Notably, one of the Secretary-General’s key actions is to advocate for the international community to develop a package of incentives to further the development progress of graduating LDCs. Most graduating countries are small island developing states (SIDS) that face a unique combination of development challenges, including geographic and economic isolation, limited resources, environmental fragility, and vulnerability to climate change and natural disasters.

Financing for sustainable development is a key concern of all graduating countries, which requires special attention, given the unique financing risks faced by such countries. Most graduating countries continue to be highly vulnerable to economic and environmental shocks, as evidenced by their high Economic Vulnerability Index (EVI) values. None of the countries recommended for graduation met the EVI, which may reverse the gains expected from graduation. Support for accessing financing for sustainable developments needs to consider country-specific situations, as countries vary with regards to financing needs as well as with regard to access to different sources of finance (public versus private) and nature of funding (concessional, non-concessional, market-rate).

In order to support the SG in these advocacy efforts, EOSG is working with the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (OHRLLS) and the Committee for Development Policy (CPD) to develop a shared understanding of the financing challenges and opportunities faced by graduating LDCs.

Through a consultancy funded by the MPTF, a study was commissioned to develop a framework for channelling finance-related support to the graduating LDCs. The study explored the financial challenges be faced by the graduating LDCs, reviewing access to different sources of finance such as traditional development finance, climate finance, blended finance and selected vertical funds. The study also looked at the capacity building needs of the graduating LDCs. In addition, the study examined the macroeconomic and development finance issues of three graduating LDCs (Bangladesh, Bhutan and Solomon Islands). Elements of a political strategy that may be important for putting into effect a package of incentives for the graduating LDCs was also presented in the study. Few key findings of the report are:

- The SIDS among the graduating LDCs are relatively more dependent on external development finance. These countries do have access to alternative financing provisions and enjoy special preferences in terms of access to concessional finance. It is necessary to take a closer look regarding the effectiveness of these source in the context of LDC graduation.

- Bilateral Development Assistant Committee (DAC) providers still control the majority share of the ODA flow to the graduating LDCs. It is vital to have an explicit understanding that these providers will not only refrain from cutting back their support to the graduating LDCs but would rather provide some predictability regarding future flows.

\(^4\) Graduating LDCs usually refers to countries from the time they are found to be eligible for graduation from the LDC status by the Committee for Development Policy (CDP) until the time they have graduated, after which they may be referred to as ‘newly graduated LDCs’. The CDP uses three criteria to identify countries for inclusion into and graduation from the LDC list by comparing criteria scores with thresholds established by the CDP. The three criteria are: gross national income per capita; human asset index; and economic vulnerability index. UN (2018). Handbook on the Least Developed Country Category.
• A separate arrangement may be considered for protecting the concessional financing of the social services and infrastructure in the graduating LDCs.

• Graduating countries may have better access to development finance through process simplification, softening of terms and conditions of finance mechanisms and by strengthening capacity development of graduating countries.

• Serious policy engagement may be launched with the World Bank (IDA and IBRD) as well as with regional development banks (ADB and AfDB) regarding country-categorisation that may enable the graduating LDCs to ensure a greater share of concessional financing in their entitlement mix.

• A separate, but substantive discussion has to be initiated with the Southern providers to buy-in their concrete financial support for the graduating LDCs.

• The private philanthropies may make explicit and measurable commitments (in areas of their comparative advantage) regarding enhancing their support to the graduating LDCs.

• Flow to the graduating LDCs through the NGO and civil society channel should not suffer due to its transition. This may be a component in a possible understanding with both the bilateral (DAC and non-DAC) and multilateral providers in favour of the graduating LDCs.

• All new and incremental funding facilities for the graduating LDCs may be linked to country-owned reform programmes geared to generation of higher domestic taxes and revenues.

The initial findings of the study were presented to the expert group meeting (EGM) of the Committee for Development Policy and insights and recommendations from the EGM was incorporated in the final report.

This analytical study will feed into the development of a comprehensive strategy that offers a package of incentives for accessing finance for graduating LDCs and a political strategy to ensure the implementation of the strategy. This will inform the Secretary-General’s advocacy with international development partners to help ensure that graduating LDCs have access to affordable long-term finance to further their sustainable development progress.

3.4 Secretary-General’s Climate Action Summit

The Advisory Board of the MPTF approved US$1,765,500.00 to undertake the following activities in preparation of the Secretary-General’s Climate Action Summit. However, the funds available during the year for these activities was US$590,000 as the anticipated remaining contribution of funds from Italy did not materialise during the year. Hence, activities were prioritized and only the activities 1, 2 and 3 were implemented using the allocated Funds. However, activities 4 and 5 were implemented to some extent through the support of funds outside from the MPTF from bilateral donors, notably Italy. These activities were undertaken by the Climate Action Summit Team of the Secretary-General.

I. Gather analytical expertise on public and private climate finance for $100 billion pledge.

II. Engage private and public finance actors to align their portfolios with the Paris Agreement goals through public-private partnerships.

III. Convene and engage financial sector actors across different coalitions if the Climate Action Summit, notably the infrastructure and cities track, energy transition track, industry track and resilience and adaptation track.
IV. Strengthen the capacity of the Office of the Special Envoy for the Climate Summit.

V. Ensure participation and active contribution of developing countries (especially most vulnerable developing countries) in the Secretary-General’s 2019 Climate Summit.

VI. Post-Summit follow-up.

i. Gather analytical expertise on public and private climate finance for $100 billion pledge

Under the Paris Agreement, developed countries reaffirmed the pledge made at the 2009 Copenhagen climate talks, to mobilize $100 billion a year in finance by 2020 (from public and private sources). There are various existing estimates on “progress” towards the 100 billion goal, and including the 2015 OECD report that found that by 2020, developed countries are projected to have mobilized between $93 and $133 billion. Many developing countries questioned the OECD Report, claiming the figures were inflated and questioned the methodology and accuracy of self-reporting.

To undertake an independent analysis on the $100 billion pledge, the Climate Action Summit Team established a Technical Task Team comprising of five independent experts (from July to end – September 2019) to draft a report, with the objective of advising the Secretary-General on three critical issues in the lead up to the Climate Action Summit:

1. Progress towards the $100 billion by 2020 target – what is the current state of climate finance?
2. Mobilizing more climate finance in the short term (1-4 years) – how can we go beyond the $100 billion to deliver on the scale of finance needed to support the ambitions of the Paris agreement and the fast-growing impacts of climate change?
3. Transforming the finance system – what do we need to do to shift the whole of the financial system for the longer term?

The report helped to set an agenda to deliver on the ambition needed on climate finance in 2020 and beyond. Key findings of the report, which was submitted in September 2019, include:

- **Public vs private finance:** The experts state, “we do not find merit in arguments calling for counting only public finance. Also, there is no stipulation for counting only grant-based or grant-equivalent finance”. “....mobilised private finance is a core component of the $100 billion that must be accounted for in a clear, transparent, and convincing way. The approach taken by the OECD in its latest report is a good step forward and provides a useful foundation on which to build”.

- **Methodological problems for reporting on climate finance:** The experts argue that ‘the methodology used to determine climate-specific finance is not applied on a consistent basis across reporting countries and is not fully transparent for both bilateral and multilateral providers”.... “Consequently, climate finance provided by some bilateral countries are over-reported, in our view in the order of $3-4 billion”.

- **Progress on the $100 billion.** The experts’ assessment is that “on the present course, there is a serious risk of falling short of the $100 billion target by 2020”. [see table below produced by the experts]
Climate finance flows, 2013-2017

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral public climate finance from developed countries</td>
<td>22.5</td>
<td>23.1</td>
<td>25.9</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Multilateral public climate finance attributed to developed countries</td>
<td>15.5</td>
<td>20.4</td>
<td>16.2</td>
<td>18.9</td>
<td>27.5</td>
</tr>
<tr>
<td>Officially-supported export credits from developed countries</td>
<td>1.6</td>
<td>1.6</td>
<td>2.5</td>
<td>1.5</td>
<td>2.1</td>
</tr>
<tr>
<td>Private climate finance mobilised by developed countries</td>
<td>12.8</td>
<td>16.7</td>
<td>N/A</td>
<td>10.1</td>
<td>14.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>52.2</td>
<td>61.8</td>
<td>52-54</td>
<td>58.6</td>
<td>71.2</td>
</tr>
</tbody>
</table>

- **Going beyond the $100 billion target**: “set an ambitious target for 2025 of a substantially higher magnitude, with a specific target for adaptation grant finance”. The experts state that Increased contributions to multilateral climate funds are a key way to scale up. They also call for “MDBs to scale up their own finance, delivery of the additional and urgent concessional financing for the multilateral climate funds especially the GCF, and improved private sector mobilization, are all needed if the $100 billion target is to be met by 2020. These three steps will also lay the foundation for a more robust climate finance architecture for the period leading up to 2025”.

Outreach during the Summit Weekend events and UNGA: The experts participated in several finance-related events on the 21 and 22 September (the weekend before the Summit). One of the lead authors delivered a presentation on the report on the 26 September at the High-level Dialogue on Financing for Development (https://www.un.org/esa/ffd/ffddialogue/).

**ii. Engage private and public finance actors to align their portfolios with the Paris Agreement goals through public-private partnerships**

The Climate Action Summit team worked closely with the MDBs, and the IDFC towards aligning their financial flows with the goals of the Paris Agreement. This effort involved the UN Deputy Secretary-General’s high-level engagement in the World Bank/IMF Spring Meetings in April 2019, in particular, as a keynote speaker at the launch of the ‘Coalition of Finance Ministers for Climate Action’ event on 13 April 2019. This and other outreach events - helped to build the necessary momentum for the ‘Coalition of Finance Ministers for Climate Action’.

The Climate Action Summit Team also successfully engaged private-sector partners through an initiative known as the “Asset Owners Net-Zero Alliance”. Leading up to the Summit, and through the Secretary-General’s leadership and support, members such as Calpers joined the Alliance, which was formally launched at the Climate Action Summit and acknowledged in the Secretary General’s closing speech. The members of this Alliance commit to transitioning their investment portfolios to net-zero GHG emissions by 2050 and regularly reporting on progress, including establishing intermediate targets every five years, in line with Paris Agreement. The Alliance has 12 members: Allianz, Caisse des Dépôts, CDPQ, Folksam Group, PensionDanmark, Swiss Re, Alecta, AMF, CalPERS, Nordea Life and Pension, Storebrand, and Zurich.

Additional outreach and engagement activities in the run-up to the Summit were carried out. In the months leading up to the Summit, the Climate Action Summit Team convened several meetings,
culminating in successful events in Abu Dhabi (30 June and 1 July 2019). The Abu Dhabi events focussed on the following finance elements:

- Delivering on international financial commitments, in particular, the ambitious replenishment of the GCF and the $100bn goal.
- Ensuring that MDBs, and the IDFC implement their commitment to align their financial flows with the goals of the Paris Agreement.
- Increasing adaptation and resilience finance.
- Greening the financial system.

The outcomes of the Abu Dhabi climate-finance events helped to design and lay a strong foundation for finance outcomes for the Climate Action Summit.

iii. Convene and engage financial sector actors across different coalitions if the Climate Action Summit, notably the infrastructure and cities track, energy transition track, industry track and resilience and adaptation track

Following up on the outcomes in Abu Dhabi, the Climate Action Summit Team convened several stakeholders across different coalitions.

For example, a meeting was convened in New York (28 August 2019) with key supporting countries (including France, Germany, UK, Denmark and the Netherlands) and the institutional actors (including WB, GCF, GIF, GEF, UNDP, SE4All) to get coherence and avoid the proliferation of similar initiatives. The meeting discussed next steps needed to deliver concrete results at the Summit for four finance-related initiatives designed to help lower the financial and technical costs of transition in developing countries: 1) Climate Investment Platform; 2) VERT-Infra instrument for closing the investment gap in sustainable infrastructure; 3) Leadership for Urban Climate Investments (LUCI); and 4) Closing the Investment Gap (CIG) Initiative. These initiatives were showcased during the Weekend Summit events. See full Summit Weekend Programme: https://adobeindd.com/view/publications/46533ac9-32e4-44b0-a8e9-4302e1f4babe/2fpi/publication-web-resources/pdf/FINAL_AGENGA_FOR_WEB.pdf

Highlights from the Climate Summit Weekend on finance-focussed activities:

- “Aligning Public and Private Finance with The Paris Agreement” (organisers: Climate Action Summit Team and Government of Switzerland). Key objectives of the session:
  - Showcasing best practice examples of financial institutions that follow up on alignment recommendations by TCFD, NGFS and UNEP FI.
  - Offering concrete methodologies that governments and financial institutions can use to apply the recommendations (PACTA and PCAF).
  - Showcasing the important role that governments (including members of the Coalition of Finance Ministers for Climate Action) and development finance institutions have in the alignment of financial flows and climate impact of investment decisions towards the Paris Agreement
- “Accelerating ambitious carbon pricing” (organisers: Climate Action Summit Team and World Bank). Key objective of the session:

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5 See full Summit Weekend Programme: https://adobeindd.com/view/publications/46533ac9-32e4-44b0-a8e9-4302e1f4babe/2fpi/publication-web-resources/pdf/FINAL_AGENGA_FOR_WEB.pdf
o Identify priority actions to strengthen institutional capacities to put a price on carbon, as well as to facilitate the use of carbon pricing to enable to a carbon-neutral industry transition.

o Address competitiveness concerns of industry – through the findings of the High-Level Commission on Carbon Pricing and Competitiveness.

o Actions to support governments to put a price on carbon:

➢ “MDBs and the private-sector: Enhancing partnership for Paris Alignment” (organizers: European Bank for Reconstruction and Development). Key objectives of this session:
  o Call to action for enhanced cooperation between MDBs and the private sector.
  o Partnering with financial institutions to establish a harmonized method to assess and price climate risks.
  o Determining investment principles informed by long-term low emissions and climate resilient strategies and roadmaps.
  o Facilitating access to finance for clients that adopt more advanced climate management practices.

➢ “Mobilising institutional investors” (organisers: Executive Office of the Secretary-General and the Permanent Mission of Qatar to the UN).
  o Discuss best practices to accelerate the integration of climate change analysis into the management of large long-term and diversified asset pools of institutional investors, particularly Sovereign Wealth Funds.
  o Unite like-minded institutional and impact investors to join efforts into climate investment themes in developing countries.
  o Introduce Sovereign Wealth Funds to the new GCF co-investment solutions where strategic partnerships could be established between the GCF and Institutional Investors.

**Overall climate finance outcomes of the Climate Action Summit**

The Summit generated noteworthy commitments from the development finance institutions, particularly the MDBs and the IDFC. The MDBs committed collectively to increase their finance to at least $65 billion annually by 2025 (50 percent higher than current levels) and both the MDBs and IDFC have committed to align their financing with the Paris Agreement. The private sector too came forward with a large number of commitments that have yet to be systematically documented. This was backed by important commitments from the Central Banks and Supervisors Network for Greening the Financial System (NGFS) and on the Task Force on Climate-related Financial Disclosures (TCFD). There was also progress on carbon pricing, with increasing momentum in the private sector supported by the Carbon Pricing Leadership Coalition.

### 3.5 Secretariat support to the Fund

The core team established within the EOSG is responsible for development and implementation of the Secretary-General’s Strategy and Roadmap for Financing the 2030 Agenda for Sustainable Development. Notably, in 2019, the core team, drawing on the UN system and other stakeholders, developed and released the Secretary-General’s Financing Roadmap, 2019-2021, to support the implementation of the Secretary General’s Financing Strategy, as committed in the Strategy.

The core team catalyzes key initiatives of the Secretary-General, provides technical expertise and brings the UN system together to deliver on Secretary-General’s Financing Strategy and Roadmap. The team also built strong collaborative partnerships within the UN system as well as with Member States, the private sector and international financial institutions to drive the key initiatives of the Financing Roadmap.
The core team provides strategic advice and technical expertise to shape and inform engagement by the Secretary-General and Deputy Secretary-General on financing for sustainable development. This includes developing a coherent narrative and supporting the Secretary-General and Deputy Secretary-General in high-level policy-shaping events related to financing the 2030 Agenda.

The core team also helps create a community of practice and a culture of knowledge sharing. For example, the core team engages on a regular basis with technical experts across the UN system and bring experts together to exchange on various aspects of their work.

The core team also provides secretariat support to the Fund. Specifically, during the reporting period, the core team:

- Developed a proposed plan of action for 2019 funding, which resulted in the funding allocations for 2019 for the Digital Finance Task Force; the Climate Summit; and the MPTF Secretariat. The funding allocation was approved by the Advisory Board in two meetings that the Secretariat in March and May.

- In line with the Fund’s terms of reference, in collaboration with participating UN organizations and the MPTF Office, prepared the required documentation for the Operational Steering Committee’s review and approval, and facilitated funding transfers.

- Drawing on inputs from the Participating UN Organizations and in collaboration with the MPTF Office, the core team prepared the consolidated 2018 narrative report and ensured that financial reporting obligations for 2018 were fulfilled in line with the fund’s terms of reference. The core team has also prepared the interim 2019 narrative progress report and uncertified financial report for the period January – September 2019.

- Created a website for the Secretary-General’s Strategy and Roadmap for Financing the 2030 Agenda: [https://www.un.org/sustainabledevelopment/sg-finance-strategy/](https://www.un.org/sustainabledevelopment/sg-finance-strategy/)

4. Task Force on Digital Financing of the SDGs

4.1 Members, mandate, and approach

The Secretary-General’s Digital Financing Task Force of the SDGs is co-Chaired by Achim Steiner, Administrator of UNDP, and Maria Ramos, the former CEO of Absa Group, Ltd. The Task Force has 17 members including government ministers, technology entrepreneurs, bank and investment CEOs, central bank governors, civil society representatives, multilaterals and thought leaders—from both developed and developing countries with broad geographical representation. As an example, the former interim President of the World Bank and newly appointed Managing Director of the IMF is a member.

The Task Force’s core mandate, set by the Secretary-General, is to recommend and catalyse ways to harness digitalization for the acceleration of financing of the SDGs. As aptly described by Achim Steiner—“The Task Force is mandated by the Secretary-General to understand and anticipate how the profound changes at the intersection of finance, technology and sustainability are going to determine the actions of governments and market actors.” The work of the Task Force is centered around four core questions:

1. How will the digitalization of financing reshape the financial and monetary systems?
2. How has the digitalization of financing already contributed to financing of the SDGs?
3. What are the digital-finance–enabled opportunities for financing the SDGs and the digital-finance–associated barriers and risks?
4. How best, and by whom, can the opportunities be realised and risks mitigated?

The Task Force’s approach and methodology is grouped into the following **six areas of work, each of which will directly contribute towards answers to the four core questions**.

1. Narrative that evokes potential of harnessing disruptive change
2. Use cases that validate the potential
3. Opportunities for deploying fintech to accelerate SDG-aligned financing (closely tied to the Secretary-General’s finance strategy and the climate agenda)
4. Barriers/Risks- how fintech can overcome barriers, how to overcome barriers to fintech, and how to mitigate fintech related risks
5. Roles- who needs to do what to realize the opportunities
6. Initiatives & platforms that advance practices identified through the above areas

### 4.2 Consultations and content development mechanisms

The Task Force of seventeen members held their inaugural meeting at the World Economic Forum annual meeting in January 2019. The members put forward their priorities on how to seize the potential of financial innovations, new technologies and digitalization to provide equitable access to finance, a main priority in the Secretary-General’s Strategy for Financing Agenda 2030. A second meeting of the Task Force was held in June 2019. The third Task Force meeting was held in February 2020, in New York. Aside from meetings of the Task Force, there have been multiple bilateral discussions on specific topics, as well as meetings with Task Force members’ Sherpas, and content discussions with industry experts on digital finance.

The Task Force is supported by a joint UNDP-UNCDF Secretariat, which facilitates discussions and supports the development of content either through targeted discussions or through the commissioning of research pieces. The work of the Task Force is complementary to its sister initiative, the High-Level Panel on Digital Cooperation, and is cognizant of other initiatives being advanced by, with and through the UN, including the UN’s broad, Financing for Development process emanating from the Addis Ababa Action Agenda.

### 4.3 Progress made in the work of the Task Force in 2019

Under the guidance of the co-Chairs, the Task Force made considerable progress in 2019. There were two main phases in undertaking the work and developing the report of the Task Force. The period up to September 2019 was the first phase of the Task Force’s work and the second phase was from October 2019 to June 2020.

Some key accomplishments during January-September 2019 are as follows:

1. In February 2019, the Task Force put forward its [Framework Document](#), highlighting the areas it believed to have great potential and risk, and highlighted areas for investigation. At the same time, it launched a ‘Call for Contributions’ which, combined with the Secretariat research, have yielded over 200 short papers on key themes. These themes, listed below, relates to specific SDGs as well as cross-cutting development challenges.

   **Theme #1. Climate change.** Financing for responses to climate change will be a major focus of the High-Level Summit on Financing and the Climate Summit, both of which take place in September under the auspices of the UN Secretary-General’s office.
Theme #2. Affordable and clean energy. Some of the most interesting experiments already underway, such as PAYGO models for solar and clean cookstoves, involve this area. But to achieve scale, there is a gap that must be closed between retail-level innovations and the national and capital markets.

Theme #3. Gender equality. This is both an SDG in itself and an enabler of all the others. It presents the Task Force with an opportunity to explore gender-lens investing and also the risks of an intensified gender digital divide as the pace of digital financing accelerates.

Theme #4. Decent work and economic growth. Like gender equality, this is an SDG of its own and an enabler of the others. It offers one of the most direct routes to ensuring that the digitalization of finance is understood in the broader context of the changing global economy.

Theme #5. Migrants and refugees. More than 65 million people—the highest figure since the end of World War II—are living as cross-border refugees or internally displaced persons. A Task Force focus on this theme would support the newly established global compacts on refugees and feed into their work at the intergovernmental level. This theme also has cross-cutting potential since remittance flows related to refugee status increasingly support SDGs across developing countries.

2. In April 2019, the Task Force finalized its landscape study, assisted by Accenture Development Partners and the Secretariat, that answered three questions:
   - How is the digitalization of finance changing the financial system?
   - What is the current experience in harnessing the digitalization of finance in pursuit of the SDGs?
   - What are the high-impact opportunities for digital financing of the SDGs, today and in the future given these trends?

3. From April to September 2019, the Task Force Secretariat has led an intensive round of consultations across four continents (Africa, Asia, Europe, North America) through which it has reached over 8000 participants through conferences, workshops and small group meetings. These have been co-hosted by Task Force members (Central Bank of Kenya, DBS, UN DESA, IEX, World Economic Forum) and key stakeholders such as the DNB (the central bank of the Netherlands) and UNIPOL. Outcomes of convenings, interviews with key stakeholders and summations of important articles and events are included in bi-weekly newsletters. The work of the Task Force has been visible – it was featured in the Financial Times and in Op-eds in China, Kenya and the United States.

4. In addition, from April through September 2019, the Task Force organized high level events during United Nations Summits, including the Financing for Development Forum, High Level Political Forum and a half day summit during the UN General Assembly week. These events have been co-sponsored by the Permanent Missions of India, Canada and Malawi, UN DESA as well the Ministry of Foreign Affairs of the Netherlands. These events have brought together not only Task Force members who themselves are a diverse group, but also other important players from multilaterals and private sector, resulting in content-rich discussions that continually feed into the repository of work.

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6 This includes four presentations in front of the full chamber of the UN Trusteeship Council and a single large conference of the Afro-Asian Fintech Festival with over 1500 in the main event hall.
5. In June 2019, the Task Force met a second time and agreed on the core elements to present in its Progress Report to the Secretary-General. Key themes were discussed in detail, taking into account the views of the diverse members, as well as Sherpas, who all provided strategic inputs, that were captured by the Secretariat, and eventually fed into the Progress Report.

6. Also, in June 2019, with UNIPOL, the Secretariat contributed to a meeting of Italian fintech actors in Milan and co-hosted a meeting on fintech and sustainability. These meetings included fintech startups and large/medium finance companies that have good practices on sustainable finance.

7. From June to August 2019, working groups within the Task Force have concentrated on specific topics; as a result, four of its members (DBS, IEX together with World Economic Forum, and UN Women) have released their own papers on key topics including sustainable banking in the ASEAN region, digital finance and gender, and fintech and the capital markets. In addition, three members (Ant Financial, Central Bank of Kenya, IEX) conducted challenges on digital financing of the SDGs and the Secretariat conducted two in India and Malaysia.

8. In September 2019, under the auspices of the UN General Assembly, the Task Force co-Chairs launched the Progress Report during the High Level Dialogue on Financing Sustainable Development and held a half day Summit of CEOs, Ambassadors and high-level UN representatives to highlight the potential and risks that the digitalization of finance poses to the SDGs. The report’s key takeaway:

- The digital revolution in fintech offers major opportunities to accelerate financing of the SDGs — primarily by putting more control into the hands of citizens. The report points out that ordinary citizens are already in fact the world’s financiers. Collectively, the taxes they pay, the purchasing decisions they make, and their savings and investments shape the world economy. Despite this collective power, at the individual level, most people experience the financial system as something difficult to understand, much less to influence.

- There are three disruptive ways that fintech can shift the center of gravity of the financial system towards the citizen: first, by increasing the quality and user-friendliness of relevant financial information; second, by reducing financial intermediation that does not add consumer value; and third, by presenting citizens with platforms for collective action, whether through crowd-funding or through consumer, employee, or shareholder actions.

- There is already precedent for digitalization to advance financing of the SDGs through citizen choices. The issuance of more than half a trillion dollars of green and sustainable development bonds was made possible in part by the availability of affordable, reliable data thanks to digitalization.

- Among the ways fintech can advance pursuit of sustainability at scale is its well-known role in expanding financial inclusion, especially to savings accounts; its role in mobilizing domestic savings into long-term investment; the enhancement to government revenue by making it harder to evade taxes; and through improved measurement and management of risks and impacts. The report calls for systematic international cooperation, including on the part of the United Nations, to leverage these opportunities.
Along with national- and regional-level cooperation to accelerate SDG-aligned digital financing and to shape incentives for market-led innovations.

- Along with the opportunities to use digital financing to advance the SDGs, Harnessing Digitalization outlines the risks. These include a deepening of the digital divide, whether by leaving behind altogether the people who lack access to necessary infrastructure or through algorithmic biases. The report also details the big unresolved issues around data privacy and the risks of fraud, money laundering, and illicit financial flows. Throughout, the report acknowledges the urgent need for robust regulatory capacity to keep pace with the speed of change.

In October 2019, the Task Force reached a key moment in its work, and began work in its second and final phase. During the final phase, the Taskforce will select the key areas on which to focus its deliberations and recommendations from the broad topic of fintech and the SDGs. With this in mind, and building on the Progress Report of the Co-Chairs to the Secretary General issued during the UN General Assembly in New York in late September, a consultation has been underway involving the Task Force members and their Sherpas, the UN, member states, market actors, policy makers, regulators and experts. The key activities in the next phase included the following:

1. Building out of substantive focus areas, including decent work, displaced people, gender, clean energy and climate. On climate, the Task Force is building out use cases such as the digital basis for improved climate risk assessment by investors, the roll out of PAYGO approaches to distributed clean energy, the digital basis of efficiency gains to carbon markets, the exploratory use of tokenization/crypto-currencies in incentivizing clean energy use, and the use of payment platforms and gamification to incentivize citizens’ low carbon consumption.

2. Commissioning of research pieces on key topics, such as fintech governance, the idea of local/sub-regional data markets, how digitalization has disrupted banking & insurance sectors- these are examples of topics being discussed.

3. Dedicated, content-driven meetings of Sherpas and industry experts that have not been part of the work of the Task Force. These meetings will not only help to foster recommendations, but also provide a venue to challenge and provoke different thinking from those who are knowledgeable on the subject, but not necessarily of the Task Force, examples include:
   - In October 2019, the Task Force was invited to co-organize an event with the European Commission and Netherland’s APG Asset Management in Amsterdam. The meeting was a unique opportunity to bring together Dutch key players in Fintech, Sustainable Finance and Policymaking to bridge the gap between digital finance and the advancement of the SDGs.
   - Also in October 2019, the Task Force was invited to the Building Bridges initiative that was organized jointly by Sustainable Finance Geneva (SFG), Swiss Sustainable Finance (SSF) and the Geneva Financial Center (GFC) which aims to forge new links between the world of finance and the Sustainable Development Goals (SDGs), in order to maximize our collective impact. The initiative coincided with the Annual General Meeting in Geneva of the International Network of Financial Centers for Sustainability, which was attended by delegations from approximately 30 global financial centers, including one of the Task Force Members, the Governor of Central Bank of Kenya.
   - Again, in October 2019, The Task force organized its second Sherpas Meeting in Washington DC. The meeting convened Task Force Sherpas to provide clear advice on moving the research and outreach of the Task Force forward. It was a working meeting
where the Sherpas, with participation from other external experts, dived into the potential areas that the Task Force could advance. The core aim of the meeting was to develop a powerful portfolio of recommendations to bring to the Task Force for their consideration for adoption. The participants a) reviewed progress and work ahead: recommendations, research, initiatives and platforms; b) set up and agreed on a framework for selecting recommendations; c) developed and prioritised recommendations and related initiatives and platforms, d) agreed on activities and milestones to next Task Force meeting

- In November 2019, the Task force convened a three-day off-site meeting at the Rockefeller Foundation’s center in Bellagio, Italy. The off-site comprised just under twenty people and was made up of a mix of people already deeply involved in the Task Force, and an equal number of people who have had little involvement to date, enabling a balance of continuity and ‘new eyes’ on the topic.
- In January 2020, SDSN Germany, the Sustainable Digital Finance Alliance and the Task Force will organize a high-level conference "Connecting the Dots: Digitalization, Finance & Sustainable Development" in Berlin.
- The third meeting of the Task Force members will be held in February 2020 to build out on the areas outlined in the Progress Report. The objective of the meeting is to formulate actionable recommendations and identify further areas of deep-dive discussions and research required to strengthen the final report of the Task Force.

The final report of the Task Force is expected to be launched in June 2020. The release of the final report will be accompanied by a series of launches in different countries, venues and for diverse constituencies, alongside a digital roadmap for ensuring its wide dissemination. Further post-launch actions are likely to be required but will depend on the findings and recommendations.

5. **Convening on Finance – Invest4Climate**

The Invest4Climate platform aims to further mobilize, coordinate, and deliver the innovative financial solutions needed to close the climate financing gap and help countries make the transition to a low-carbon resilient future that supports job creation and economic growth. It is a joint World Bank Group and UNDP partnership, co-launched by the United Nations Secretary General and World Bank President in September 2017.

Invest4Climate has three main roles: acting as a convener, a deal facilitator and a knowledge provider clustered around a series of transformational climate themes. By leveraging the convening power of its partners, Invest4Climate brings together public and private stakeholders, including governments, private investors, development finance institutions, new infrastructure investment banks, philanthropic foundations and the insurance industry, to:

- Identify policy and regulatory barriers to scaled up investment and develop solutions and political support to address them;
- Facilitate the identification of project risks and allocation of these risks to those that can best manage them through financial structuring, including credit and guarantee facilities;
- Bring visibility to potential investments and identify opportunities for action; and
- Mobilize multiple sources and types of finance and risk mitigation instruments and combine them effectively to maximize deployment and impact.
5.1 World Bank Partnership Status

UNDP and World Bank Invest4Climate teams have formalized their partnership and agreed to work together on two deliverables in 2019, outlined below. To date, UNDP and World Bank Invest4Climate teams have jointly convened the Investment COP, a private finance convening in the margins of COP 24 in Katowice and held joint meetings and panels at the last two Innovate4Climate events in Singapore, and during the World Bank/IMF Spring Meetings in Washington, DC. The World Bank has recently expanded its Invest4Climate team beyond the cross-cutting Climate Change division to include representatives from the Financial Solutions and Social, Urban, Rural and Resilience Global Practices, as well at the Climate Business division of the IFC and the Global Infrastructure Facility.

5.2 Current Deliverables

Joint UNDP-World Bank Group Deliverables

i. Climate Investment Barriers Report, with the UNDP, World Bank, IFC, GIF

A joint report focused on scaling private finance and investment into sustainable cities that will:

• highlight key challenges in scaling up private finance for climate investments
• outline some of the major ways in which both the international system, and both central and local governments are seeking to overcome such challenges; and
• followed by the articulation of some potential funding structures and related initiatives for piloting on 1) private sector financing for climate investments in cities; and 2) long-term refinancing for climate-friendly projects that have reached the operational stage.

The report would be prepared on a collaborative basis by the World Bank Group and the UNDP Invest4Climate team. The World Bank Group contribution would be provided by the Climate Change Group’s (CCG) Invest4Climate team, the Infrastructure Finance, PPPs and Guarantees Department, including both the Global Infrastructure Facility (GIF) and Financing Structuring and PPP (FSP) units, and the IFC Climate Business Department).

The initial conclusions and proposed funding structures and initiatives were vetted with a broad range of public and private stakeholders during a side event at the time of the UN Secretary-General’s Climate Action Summit. The audience for the report included decision-makers at the Climate Action Summit, not just technical leads on investment and financing. Following the completion of the report, piloting of the financing structures would begin in the second half of 2020.

The report already has a concept note and is currently being developed by the appropriate teams across the World Bank and UNDP.

ii. Invest4Climate Side Event alongside the Climate Action Summit, with the World Bank, IFC, GIF

This planned event will take place at the offices of the one of the Global Infrastructure Facility’s Private Sector Advisory Board members. It will bring together senior technical representatives from across the investment community, public and private, national and international, to present Invest4Climate’s interim analysis of barriers to institutional investment in low-carbon and climate resilient infrastructure in cities and the proposed credit enhancements, financing vehicles, technical assistance, natural capital solutions and policy support offered to domestic and international institutional investors and municipal governments.
The event will kick-off with board room sessions to present proposed financial instruments, technical assistance facilities or other projects to a targeted group of technical stakeholders to stress-test and further refine the offer. Following the board room sessions, a high-level panel will share the interim findings with an invite-only group of senior representatives from the investor, development finance and government communities.

**UN Deliverables**

There are two deliverables that are being implemented by UNDP on behalf of the UN system: an ecosystem mapping of climate investment opportunities, and secondly, recommendations for the UN system for how it could ‘broker’ resources and support from the private sector investment community, for developing countries.

**iii. Ecosystem of Climate Investment Initiatives**

The mapping of the current landscape of private and blended climate finance and investment actors and opportunities for UNDP/UN engagement, is currently in development with over 80 different critical networks, funding opportunities, technical assistance facilities, and more, already mapped. This will be presented in report form and potentially in an interactive web version for each access.

**iv. Recommendations to the UN System for Climate Investment ‘Brokering’**

Internal (UN agencies, funds and programmes) and external (institutional investors and other stakeholders) interviews and analysis for how the UN can best support enhanced private and blended investment in climate action, with a focus on low-carbon and climate resilient infrastructure, is also currently in development.
Annex 1: Further details on the Secretary-General’s Roadmap for Financing the 2030 Agenda

Priority Areas of the Secretary-General

The Secretary-General has also prioritized a number of areas to enhance the work of the UN system accelerate financing for sustainable development.

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<th>Priority Areas of the Secretary-General to enhance the work of the UN system</th>
<th>UN Action Areas</th>
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| **Aligning global economic policies and financial systems with the 2030 Agenda** | 1.1. Strengthen international cooperation to promote financial & economic policies in support of the SDGs  
1.2. Promote alignment of global financial flows with climate action  
1.3. Channel private investment towards the SDGs, notably in developing countries |
| Highlight the global financial and economic policies and actions needed to realize the 2030 Agenda  
- Integrate sustainability considerations into macroeconomic policies and regulations  
- Promote SDG-aligned trade and investment agreements; debt sustainability in the context of the 2030 Agenda; inclusive global taxation cooperation on fundamental frontier issues, including taxation in the digitalized economy and the relationship between the tax and the SDGs (notably on gender equality, the informal economy and the environment)  
Galvanise the public and private sectors to scale up climate finance  
- Collaborate with public and private investors to scale-up green, renewable energy and energy efficiency investments, and divest from fossil fuel, including through the Climate Finance Leadership Initiative and the Global Investors for Sustainable Development Alliance  
- In collaboration with climate financing mechanisms and IFIs, expand the use of green financing instruments  
- Mobilise the financial industry to transform financing for sustainable development  
- Support the Global Investors for Sustainable Development Alliance to identify and take forward solutions to increase long-term SDG investments  
| Mobilise the financial industry to implement and report on global principles  
- Collaborate with the financial industry to implement and report on global principles  
| **Enhancing sustainable financing strategies and investments at regional and country levels** | 2.1. In collaboration with IFIs, promote sustainable financial systems at country level  
2.2. Improve access to climate finance at regional and country levels  
2.3. Increase domestic resource mobilization and enhance the composition, effectiveness and efficiency of public spending  
2.4. Curb illicit financial flows related to the proceeds of crime  
2.5. Enhance ODA & concessional finance for countries at risk of being left behind, notably for DDR and resilience |
| Boost domestic resource mobilization efforts to increase financing for SDG priorities, notably for social services  
- In line with UN reform, increase the UN’s support to countries to develop and implement integrated national financing frameworks for SDG plans (including sustainable financing strategies)  
| Improve country access to sustainable and green finance, notably for DDR and resilience in LDCs and SIDS  
- In collaboration with climate financing mechanisms and IFIs, strengthen country capacity to increase access to green finance, promote carbon pricing and remove inefficient fossil fuel subsidies  
- Promote financing opportunities for graduating LDCs & SIDS, given their vulnerabilities, including through thought leadership and partnerships with development and private sources of finance  
- In collaboration with MDBs and IFIs, strengthen the UN’s engagement with national development banks to enhance their role in SDG and climate finance  
| Strengthen international and regional cooperation, and country capacity to prevent, reduce and recover illicit financial flows  
- Influence international and national policy-making to create systemic linkages between combating illicit financial flows and sustainable development  
- Strengthen the UN’s work on anti-corruption at country level to prevent related illicit financial flows  
- Collaborate with financial centers to eliminate safe havens for illicit funds and enhance international cooperation for their expeditious recovery and return |
| **Seeing the potential of financial innovations, new technologies and digitalization to provide equitable access to finance** | 3.1. Catalyze new sources of finance & financial innovations to scale-up investment in the SDGs  
3.2. Enhance global collaboration & country action to harness the potential and mitigate the risks of digital financing for the SDGs  
| Accelerate innovative and digital financing mechanisms for the SDGs  
- Support the Task Force on Digital Financing of the SDGs to deeply explore the potential and risks of digital financing for the SDGs, and take forward recommendations, notably at country level  
| In collaboration with MDBs and IFIs, create new strategic partnerships and mechanisms to unlock new sources of finance and financial innovation for investment in the SDGs |
Mapping of UN activities on financing for sustainable development

The figure below provides a summary of the mapping carried out by the core team of the UN’s activities on financing for sustainable development.