SDG Impact’s tools make it easier for investors to direct capital to the achievement of the SDGs

Investors identify lack of viable pipeline and market intelligence as main barrier to SDG-aligned investment.

**Impact Management**
- A means to better decisions that drive investment capital to where it is needed
  - SDG Impact Standards
  - SDG Impact Seal
  - SDG Impact Training

**Impact Intelligence**
- Produces data and insights needed for increasing financial flows to the SDGs
  - SDG Investor Maps
  - Dynamic searchable online platform

**Impact Facilitation**
- Fosters matchmaking and collaboration to realize investments
  - SDG Impact Investor Convenings
  - SDG Impact Policy Dialogues
Investor Maps and Impact Facilitation strengthen INFF and DFA processes

Entry-points to kick off Public-Private Financing Dialogue platforms translating SDG oriented NDP priorities into a language that investors can understand

Provides evidence, data and concrete recommendations or viable business models enhancing DFAs processes

Through the SDG Impact Standards it can support Impact measurement and SDG finance reporting

Inform National SDG Financing Strategies with market intelligence
SDG Investor Maps - overview
SDG Investor Maps translate SDG-needs and policy priorities into actionable investment opportunities

- Country-specific market intelligence backed by data and evidence
- Produced locally by COs based on secondary and primary research
- Provided as a public good to investors and governments
- Findings are made available through an online platform for easy access by domestic and foreign investors
- Impact Facilitation events bring findings to life: UNDP Country Offices lead investor convenings and policy dialogues to mobilize private sector capital and catalyze policy changes
SDG Investor Maps identify concrete, investable solutions to increasingly pressing needs at country level

Developing an SDG Investor Map requires filtering down from national priorities to derive ‘investment opportunity areas’

- Define the national priority starting point
  Distil and compare national development needs and national policy priorities to identify sectors where there is demonstrable political/financial commitment to stimulate development & investment

- Identify critical subsectors to focus on
  Prioritize subsectors where there is development need and policy/investment momentum

- Identify priority subregions to focus on
  Identify the subregions where there is both high development need within each subsector, and strong political/financial momentum to spur potential subsector growth

- Derive more specific ‘investment opportunity areas’
  Highlight impactful business models within priority subsectors and subregions where new capital can facilitate scale, and identify potential ‘white spaces’ where new business models are most needed
IOAs are underpinned by 17 data points across five categories for each area

<table>
<thead>
<tr>
<th>Risk factors: potential barriers to this IOA’s potential scalability</th>
<th>Development need</th>
<th>Policy alignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enabling factors: regulatory, financial and partnership case</td>
<td>Priority sector and subsector</td>
<td>Where: priority subregion</td>
</tr>
<tr>
<td>Economic factors: commercial case for investment</td>
<td>Regulatory environment</td>
<td>Financial environment</td>
</tr>
<tr>
<td>Need case: what drives the ‘opportunity’ behind each IOA</td>
<td>Obstacles to scale</td>
<td>Negative externalities</td>
</tr>
<tr>
<td>Overview: where and to what end would investment take place</td>
<td>SDG alignment</td>
<td>SDG indicators</td>
</tr>
<tr>
<td>SDGs / Impact: SDG mapping, at what degree of impact</td>
<td>IMP class</td>
<td></td>
</tr>
</tbody>
</table>
A searchable platform will bring this useful market intelligence to the desktop
SDG Investor Maps in practice - Findings from Brazil
Example: The pilot SDG Investor Map for Brazil found twenty-one Investment Opportunity Areas (IOAs) across six sectors.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food and Beverages</strong></td>
<td>Cold storage infrastructure for horticulture products</td>
</tr>
<tr>
<td></td>
<td>Enhancement of agri-food supply chain operation through Dairy Hubs</td>
</tr>
<tr>
<td></td>
<td>Enhancement of feed/fodder/forage production</td>
</tr>
<tr>
<td></td>
<td>Development of greenhouse crop production sector</td>
</tr>
<tr>
<td><strong>Renewables and alternative energy</strong></td>
<td>Utility-scale and small-scale solar stations linked or not to electricity grid</td>
</tr>
<tr>
<td></td>
<td>Wind farms for decentralized energy production</td>
</tr>
<tr>
<td></td>
<td>Small- and medium scale biogas production</td>
</tr>
<tr>
<td></td>
<td>Mobile medical services in regions (rural and urban)</td>
</tr>
<tr>
<td></td>
<td>Small- to medium size medical clinics (retail healthcare)</td>
</tr>
<tr>
<td><strong>Healthcare</strong></td>
<td>Kindergartens in rural areas and secondary cities</td>
</tr>
<tr>
<td><strong>Services</strong></td>
<td>Development of eco- and agri-tourism in regions</td>
</tr>
<tr>
<td><strong>Technology and communications</strong></td>
<td>Development of IT training centers</td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td>Wide application of energy efficiency technologies in rural households</td>
</tr>
<tr>
<td></td>
<td>Production of active pharmaceutical ingredients (API)</td>
</tr>
<tr>
<td></td>
<td>Wide application of drip irrigation technology</td>
</tr>
</tbody>
</table>

Note: see Country Office Handbook document for detailed explanation of sector taxonomy and on methodology for deriving IOAs.
Brazil Investment Opportunity Areas – Overview of Findings

Key Questions:

- What might limit scale over time?
- Why hasn't investment arrived at scale up to today?

Key Highlights:

17% Average IRR
19 Regulations and Laws referenced
21 Sources per IOA*

13 Subsectors
21 IOAs
5 Business Model Types: Product, Service, Infrastructure, Technology, Financing
5 Need Cases: Productivity, Climate, Inequality, Gender, Access to Finance

Priority Sectors

- Renewables
- Food & Beverage
- Healthcare
- Transportation

* SDG Impact

13 Subsectors
21 IOAs
5 Business Model Types: Product, Service, Infrastructure, Technology, Financing
5 Need Cases: Productivity, Climate, Inequality, Gender, Access to Finance

SDG Impact
Mixed plantation forestry for commercial timber production

Overview:
- To address the rate of deforestation and biodiversity loss in the Atlantic Forest, investors could consider sustainable forestry models focused on the breeding and planting of mixed (native & bulk) timber species over deforested land, with the aim of commercializing resultant sustainable timber to commodity markets.

Need case:
- The deforestation rate of the Atlantic Forest in Brazil grew by nearly 60% between 2015-2016 and, though the pace has slowed down, over 11,000 hectares were destroyed between 2017-2018; deforestation has also hurt biodiversity, with the Atlantic Forest being the Brazilian biome with the highest number of endangered fauna.
- This IOA could contribute directly to SDG15, particularly 15.2.1. (progress towards sustainable forest management) and 15.3.1. (proportion of land that is degraded over total land area), and indirectly to SDG12 and SDG13.

User or beneficiary:
- This investment would benefit forests in states like Minas Gerais, Piauí, Paráná, Bahia and Santa Catarina, regions where a large share of land (80%, vs. Amazonia’s 20%) can be focused towards commercial use.

Economic factors:
- A benchmark investor is deploying this model at an IRR of 11.7% with potential for >17% if operation is doubled.
- Institutional investments in mainstream reforestation today represent an industry of $35 billion in Brazil, where there are approximately 50 million hectares available for reforestation.
- While mixed species reforestation can include fast growing species that can be commercialized on an annual basis, higher quality timber will take 10-15 years to grow and generate returns.

Enabling factors:
- The approval in June 2019 of the National Plan for Commercial Forestry seeks to increase the country’s tree planting area by 20% up to 2030.
- Programa ABC, Pronamp and Pronaf Eco are BNDES loans to investors in reforestation or forestry protection businesses; and the BNDES Climate Fund Facility lends at below-market rates.

Risk factors:
- Small-scale illegal commercialization remains unchecked (tax evasion, labor rights, sustainable harvesting), driving the emergence of pockets of unfair and unsustainable competition.
- Recent decrees allowing environmental fines to be replaced by environmental recovery and conservation actions may disincentivize environmental protection.

Impact management:
- Investments falling under this IOA are likely to act to avoid harm (IMP classification A), given that this business model yields a commercial outcome that can reverse harmful practices in this specific subsector and geography.

Note: selection of insights from SDG Investor Map (not comprehensive for this IOA): ¹Agência Brasil, 2017; ²Globo, 2019; ³SOS Mata Atlantica, 2019; ⁴Dalberg analysis; ⁵denotes areas not covered by either urban areas, forests or agriculture; ⁶Dalberg analysis; ⁷BNDES, 2019; ⁸BNDES, 2018.
SDG Investor Maps - Process
The process follows a standardized 8-step methodology:

1. **Collect information** on national development needs and policy priorities
2. **Synthesize needs and policies** into a set of national priority sectors
   - sectors w/ national need + policy alignment
3. **For each sector, collect information** on sectoral development needs and sectoral investment policies
   - sectoral dev needs
   - sectoral inv policies
4. **Synthesize needs and policies** into a set of priority subsectors
   - subsectors w/ national need + policy alignment
5. **Identify the subregions** most aligned to each subsector
   - subregional dev needs
6. **Synthesize information** into a set of priority subregions to dig deeper into by subsector
7. **With this context**, identify potential business models that could tackle subsectoral and subregional development needs whilst capitalizing on policy and investment momentum
8. **For each business model**, add a range of supporting information that can enable investors to perform diligence and eventually shape impactful deals

Output: 15-25 investment opportunity areas (IOAs) supported by actionable information

**KEY**
- research/data collection
- synthesis exercise
- outputs
Steps 1-6 generate hypotheses around what key needs are underinvested in and where.
Steps 7-8 focus on identifying the investable, scalable business models that address these needs.

7. With this context, identify potential business models that could tackle sub-sectoral and subregional development needs whilst capitalizing on policy and investment momentum.

8. For each business model, add a range of supporting information that can enable investors to perform diligence and eventually shape impactful deals.
What stakeholder consultations does an SDG Investor Map require?

Stakeholders are involved at four stages of the methodology.

<table>
<thead>
<tr>
<th>Step</th>
<th>Stakeholders to involve</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Public sector experts</td>
<td>Validate development needs and policy priorities</td>
</tr>
<tr>
<td>3</td>
<td>Public sector experts</td>
<td>Validate subsector longlist with specialized stakeholders</td>
</tr>
<tr>
<td>7</td>
<td>Private sector stakeholders - institutional investors, commercial banks, VC/impact investors</td>
<td>Interviews to distill and discuss Investment Opportunity Areas</td>
</tr>
<tr>
<td>8</td>
<td>Private sector stakeholders</td>
<td>Final validation meeting</td>
</tr>
</tbody>
</table>
How long does it take to carry out a SDG Investor Map?

A SDG Investor Map takes **an estimated of 2 - 6 months to complete**, depending on:

- team composition,
- availability of data/documentation,
- availability of stakeholders,
- market size
Key contacts

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