POSITIVE IMPACT INITIATIVE

RETHINKING IMPACT TO FINANCE THE SDGS

3RD & 4TH SEPTEMBER 2018
How to address the financing gap for sustainable development?
RETHINKING IMPACT TO FINANCE THE SDGS
A POSITION PAPER & CALL TO ACTION

• What do we mean by an impact-based paradigm?
• What are the implications for the finance sector?
• What about other stakeholders?
1. WHAT IS “THE FINANCING GAP”? 

Global financing gap: US$2.5 Tn, of which US$1.3 Tn in Africa, mainly in infrastructure
THE SDG FINANCING GAP IS FIRST AND FOREMOST A BUSINESS MODEL GAP

• Limitations in public and private financing

• Current private-public partnerships are not enough to overcome these limitations

Figure 2: SDG Financial Flows Relative to SDG Investment Needs
2. POSITIVE IMPACTS CAN BECOME PART OF BUSINESS MODELS

- 4th industrial revolution: moving from product centred strategies to multi-service strategies
- Client and client needs are the new value generators
- SDGs = fulfilling needs = creating positive impact

> Positive impacts as carriers of financial value, rather than externalities

Figure 3: Business Model Evolution
EXAMPLE: THE MULTI-IMPACT LAMP-POST

Figure 4 The multiple impacts of a lamp-post

- Repayment of investment via multiple service contracts (less exposure to counterparty risk)
- Reduction of cost-to-impact ratio
EXAMPLE: THE GLOBAL SERVICE COMPANY FOR ENERGY EFFICIENCY

- Integration of the impact value chain means the positive impact (energy efficiency) can become the driver of the business model and enable significant growth

- Reduction of cost-to-impact ratio
3. UNDERSTANDING & DRIVING CLIENTS’ & INVESTEES’ POSITIVE IMPACTS IS A MATTER OF STRATEGY

Figure 6 – The Impact Journey
IN PRACTICE…

«Positive Impact Finance is that which serves to finance Positive Impact Business. It is that which serves to deliver a positive contribution to one or more of the three pillars of sustainable development, once any potential negative impacts to any of the pillars have been duly identified and mitigated.»

The Principles for Positive Impact Finance
NEXT STEPS – TOWARDS A POSITIVE IMPACT ECOSYSTEM

Improving current business models

- Guidance & Tools for the implementation of the Principles

Frameworks

- How to implement holistic impact analysis, building on frameworks currently used by financial institutions’? What is a Principles – compliant product/service?

Impacts

- What impact categories to use to identify potential positive impact in the market and inside portfolios? How to monitor, measure and report on impact?

New business models

> Stimulating demand: impact-based programmes / requests for proposals
YOUR QUESTIONS, YOUR FEEDBACK

- What do you make of this new conception of impact-based business and finance?
STAY TUNED

• Next PI Webinar: October, focus on implementation

• Release of final position paper and first Principles guidance / tools at the UNEP FI Global Roundtable, from 26-28 November in Paris.

• Positive Impact Updates: sign up online
  http://www.unepfi.org/positive-impact/positive-impact/
THE MORE FEEDBACK THE BETTER: HELP US SPREAD THE WORD

Consultation open until 15 September.

- Twitter: #PositiveImpactNews
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