Supply of SD Finance

- Box 4.2: UN principles for responsible investment

- The Principles for Responsible Investment were developed by an international group of institutional investors reflecting the increasing relevance of environmental, social and corporate governance issues to investment practices. The process was convened by the United Nations Secretary-General.

- Responsible investment is an approach to investment that explicitly acknowledges (the relevance of environmental, social and governance (ESG) factors to the performance and profitability of investment and to the long-term health and stability of the market as a whole.) It recognizes that the generation of long-term sustainable returns is dependent on stable, well-functioning and well governed social, environmental and economic systems.

- The principles for responsible investment (PRI) recognize that institutional investors have a duty to act in the best long-term interests of their beneficiaries and that environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios. They also recognize that aligning investors objectives with broader objectives of society will result in greater financial and socio-economic returns.

- Principle 1: We will incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes.
- Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.
- Principle 5: We will work together to enhance our effectiveness in implementing the Principles.
- Principle 6: We will each report on our activities and progress towards implementing the Principles.
China-Africa Development Fund

The China-Africa Development Fund, more commonly known as CAD Fund, is a Chinese investment fund focusing on stimulating and facilitating Chinese investments in Africa. It is China's largest private equity fund focusing on African investments.[1]

Focus

CAD Fund's primary purpose is to serve Sino-African trade cooperation through market-based mechanisms by reducing risk to Chinese investors in Africa. It does this by providing bridging finance, financial advice, Africa specific managerial advice, and identifies potential investment opportunities. It also helps African projects find suitable Chinese investment partners. It aims to invest in low risk projects which provide sustained and consistent returns over a long period of time.

History

The creation of CAD Fund was announced as one of the "Eight Measures" for Sino-African relations at the Beijing summit of the Forum on China-Africa Cooperation (FOCAC) by President Hu Jintao on November 4, 2006. It was established in June 2007 with US$1 billion of initial funding by the China Development Bank and is envisioned to grow to US$5 billion in the future.[1] The fund entered into its second round of fundraising in May 2010 to raise US$2 billion.[3]

Investments

As of 2010 the fund had invested in 30 projects in Africa worth around US$800 million. In 2009 alone, the fund invested US$140 million of China's total US$1.3 billion invested in Africa that year.[3] The fund is focused on industrial development and the acquisition of stakes in mining interests.
Demand for SD Finance

Government can create a market for SD goods and services in requirements to get government money and supports;
• Government procurement projects (infrastructural).
• Research Funding (Science Europe oversee €36 billion a year
• Associations
• Non-Profits
• Industrial Supports via Industrial Agencies
Can impose regulation and rules on consumption patterns,
• Packaging
• Recycling
• Carbon footprints
• Water footprints
• Energy Efficiency
• Emissions
The ability to deliver the SDGs will need extra finance, data but also increased capacity in the Civil Service. Whenever about the legal and technical requirements to collect data to monitor the SDGs do we have the civil/public servants/administration who actually are trained, in a MPA in SD, to actually understand what they are implementing and reviewing? The Global Association of the MDPs does this but there is a lot to be done across all nations before September 2015. What is more worrying to me is where does the altruism in governments come from in the first place? Do I assume it’s in the permanent bureaucracy of nations? In their recruitment process? People apply because they learn about public service in civics courses in school? Do civics course teach SD? Did they teach the MDGs? Many of the goals and targets need a medium to long term vision that is independent of political cycles and private interest. Governments need top professionals with a public sector vocation to achieve these SDGs or nothing will really happen. Private sector, NGOs and Academic will follow suit if and only if they observe a commitment in government departments and its professionals in funding, licensing and regulation to name a few areas.

The problem at the moment is that micro data tends to be collected from Companies, Households and on the Environment separately, or not at all! Such data can be made interoperable with geo coding (see Aid Data project funded by US AID). There is no reason not to have company surveys include social and environmental disseminations and vice versa. The Central Statistics office will tell you that it’s not an issue for them but they play to the needs of independent departments of social welfare, environment and economic planning! To me the data revolution is not really about technology and the building of bottom up meta data but more about the need for a reform of government structures, people and agencies to enable and facilitate such!
Partnerships

• The UN Secretary General, in his synthesis report – The Road to Dignity by 2030 – suggests four levels of monitoring to ensure robust accountability for the SDGs: national, regional, global, and thematic. The report calls for “a culture of shared responsibility, one based on agreed universal norms, global commitments, shared rules and evidence, collective action and benchmarking for progress.”
• Even with technological innovations the ability to get coordination across government departments and particularly between government and non-government entities can be problematic due to all sorts of legal, privacy and HR issues. Good data and participatory practices in oversight (boards of companies and NGOs, external reviews of government departments) could help. Internalize the external interests in your review structures that include SDGs.

• Many companies and financial houses are embedding good principles/statues/values around SD into their day to day objectives. If this is the case why don’t publicly funded or volunteer based associations do the same? Most legal entities get the support of government in some way. If the government can lead by example in government procurement contracts, or in industrial policy, it could credible require ex-ante that all non-profit, and some activities of for profits, do the same.

• By design in Memorandums of Incorporation and Governance structures it would make it ex-ante easier to increase participation in monitoring and evaluation on the SDGs by all parties. They would naturally create and dictate the data, and other, requirements of such monitoring.
The Compartmentalization of Technical and Policy Work

Good work, but I think we need just a little more detail right here!