

Sovereign Investors and the SDGs



Reconciling Financial, Social, and Environmental Objectives

It's All in the Mandate

Purely financial investors have a role to play

Value, not values or goals, moves significant capital

Sustainability and the frontier market megatrend fit a purely financial mandate

Sovereign funds are unique: long-term, large scale, risk-tolerant

Beyond returns: responsibility and leadership

Understand co-benefits: sustainable development conveys unquantified economic and financial returns

Sovereign funds have the scale and network to make new markets investable

Returns are where investors aren't (yet). Get there through partnerships

How can stakeholders channel investment towards the SDGs?

Steps for policymakers and investors

For financial investors:

Understand the sovereign fund community and the qualities of a good investment partner

Sharing knowledge with frontier market sovereigns isn't purely altruistic

Successful partnerships are long and deep

For the policy community:

Some markets are simply not investible, regardless of policy interventions

Match the SWF solution to the governance and capacity levels

For investment recipient countries:

SWF outcomes vary significantly. Find and replicate best practice

The sector has professionalized over the past decade. Become a part of it

Build the institution gradually

Strategic Investment Funds facilitate SWF investment in development sectors

A fund structure for every context

Table 5.1 Capital Multipliers of Selected Funds: Preliminary estimates

Fund	Year	Capitalization	Fund Multiplier	Investment Multiplier	Total Multiplier
EFSI	2015	€21 billion	1x	6.7x	6.7x
Marguerite	2010	€710 million	1x	11.8x	11.8x
GEEREF	2008	€112 million	2x	35.8x	~71x
ISIF	2014	€7.6 billion	1x	2.4x	~2.4
PAIDF	2007	\$625 million	4.2	4	16.7x
PINAI	2012	\$625 million	25x	Unknown	~25x
MMIF	2008	\$408 million	5x	10.3	51.7x
FONSIS ⁸	2016	€28 million	1x	9.6x	9.6x
PBCE	2012	€230 million	3x	~6x	~19x

Source: Halland et al. *Strategic Investment Funds: Opportunities and Challenges*. World Bank Group. 2016.

Multilateral funds:

External skills and credibility

Risk mitigation

Political alignment?

Sovereign development funds:

Local knowledge

Economic policy integration

Hard to execute

Public-private partnerships:

Outsources a complex task

Taps into existing networks

Suitable for low-capacity environments

Conclusion

Thank you for your attention.

Adam Robbins
Practice Lead
Long-Term Investing Initiatives
World Economic Forum

