

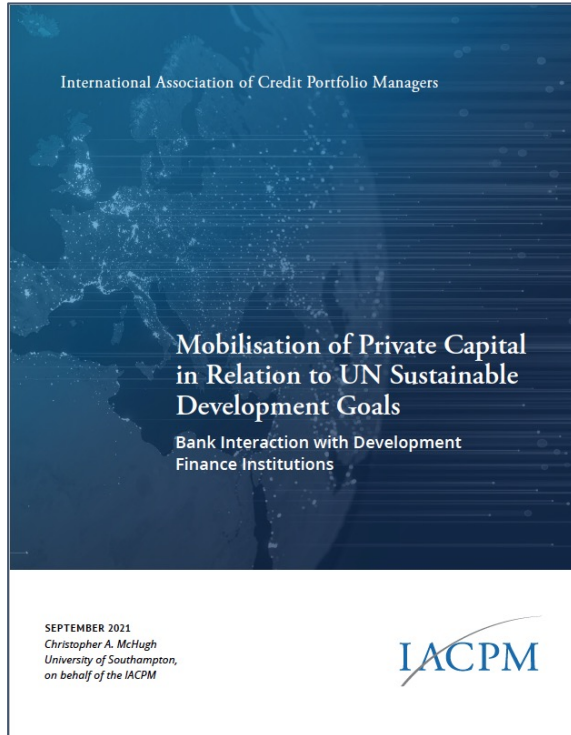


Mobilisation of Private Capital in Relation to  
UN Sustainable Development Goals

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[www.iacpm.org](http://www.iacpm.org)

# White Paper



Available on the 'Research' page at  
[www.iacpm.org](http://www.iacpm.org)

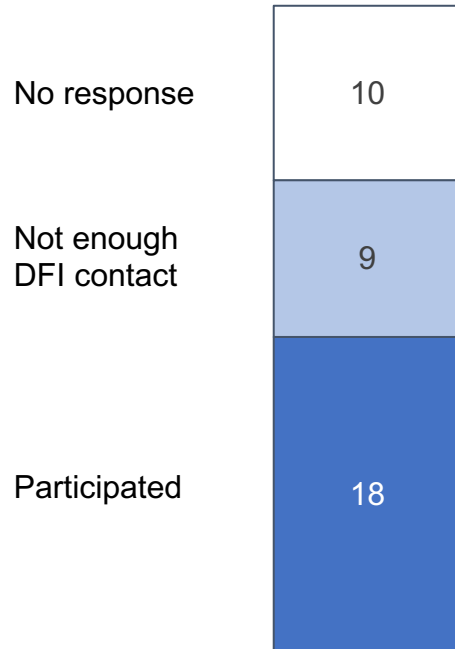
# Agenda

- Background
- Participation
- Key findings
- Future work
- Q&A

# Background

- Private sector mobilisation mandate for MDBs
- Increased focus on sustainable finance in the private sector
- Quantitative research: empirical analysis of lending
  - Causal relationships not clear
- Qualitative research has focused on development banks views rather than the private sector

# Participation



- Focus on 37 institutions \*
  - 27 engaged
  - 18 participated in interviews
- 22 interviewees total from the 18 banks

\* *Follow up to an initial mail to all IACPM private sector bank members*

# Participation

*Participating Banks by Total Assets*



■ < \$500m      ■ \$1bn - \$2bn  
■ \$500m - \$1bn      ■ > \$2bn

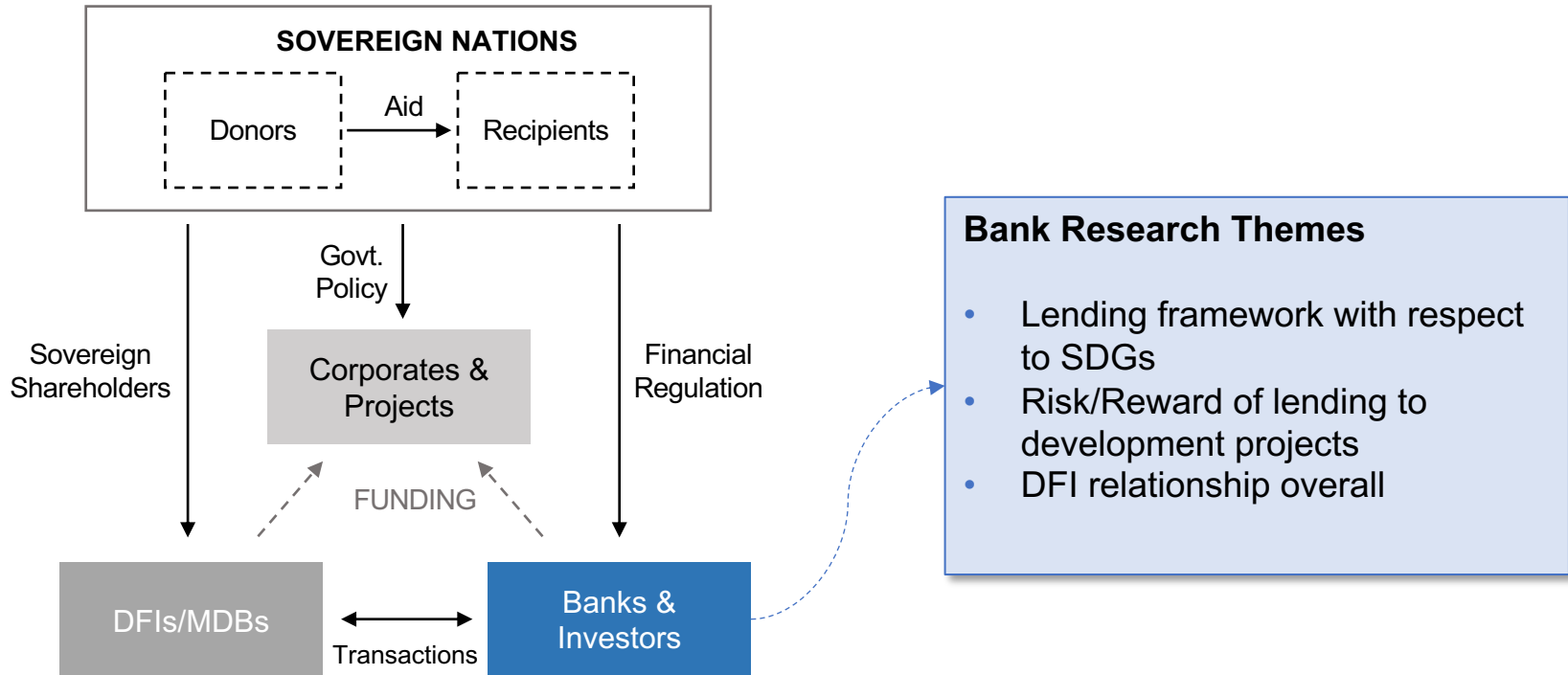
The views of different business lines interviewed included participants from:

- Credit Portfolio Management
- Debt Capital Markets
- Project Finance
- Relationship Management (SSAs, Banks, NBFIs)<sup>3</sup>
- Sustainable/Responsible Finance
- Syndicate
- Trade Finance
- Treasury/Funding

# Participation

- Interviews conducted February to April 2021
- All interviews conducted virtually (video or telephone)
- All interviews in confidence
- Most participants required a pre-interview discussion
- Transcripts are not available to IACPM
- Results are generalised (reported 'as is')

# Taking a private sector bank perspective

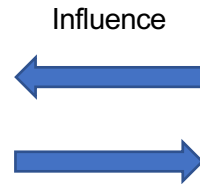
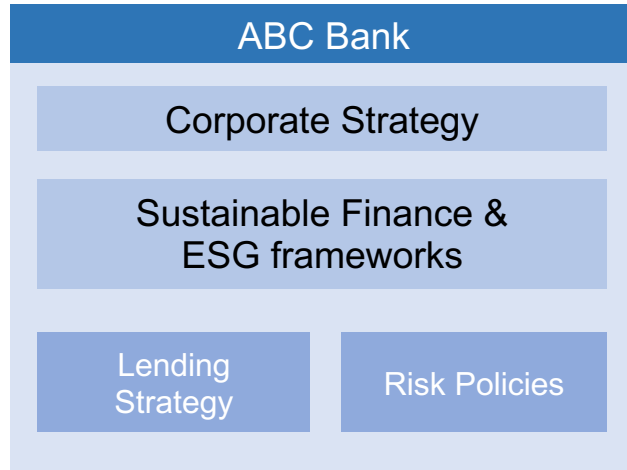




# Lending framework with respect to the SDGs

- Corporate awareness of the SDGs
- Alignment with the SDGs
- SDGs in the broader context of ESG and other frameworks
- Alignment with corporate strategy
- Integration of the SDGs

# Lending framework with respect to the SDGs



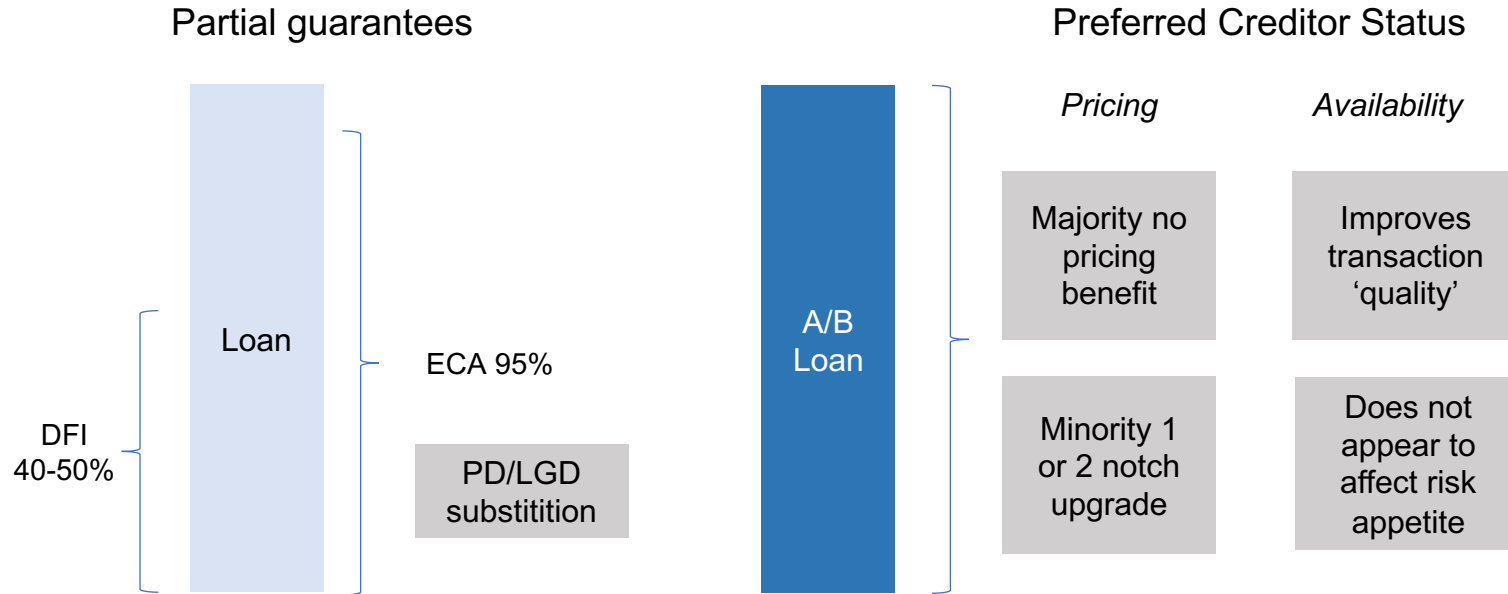
Paris Agreement

- Other Reporting
- Financial (eg. TCFD)
  - Regulatory
  - KPIs
  - GRI/SASB
  - Thematic Bonds

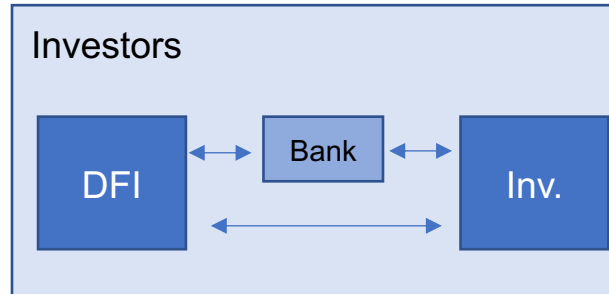
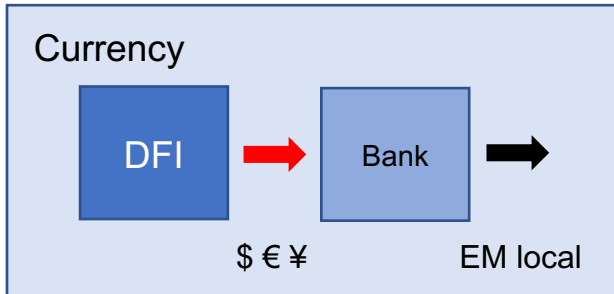
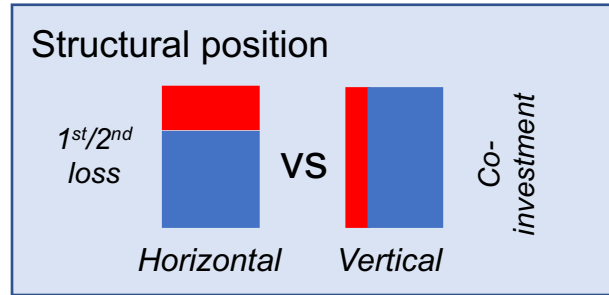
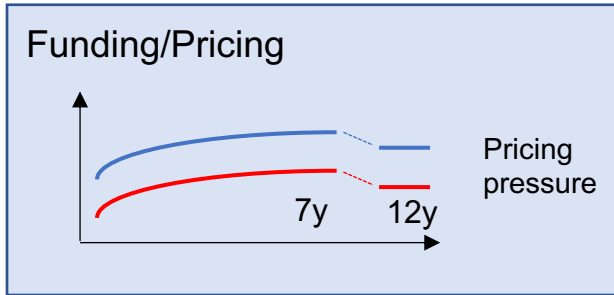
# Risk/reward of lending to development projects

- 'Political umbrellas'
- Preferred Creditor Status
- Credit policy & risk appetite (country/sector)
- PD/LGD adjustment
- Pricing

# Financial effects of DFI involvement



# Transaction structures



# Bank relationships with DFIs

- DFI/Bank working relationships
- Relationships between bank business areas
- DFI/Investor linkages
- Organisational structure
- Complexity

# Looking to the future

- What should DFIs be doing differently when engaging with private sector banks on lending to projects?
- What role do regulators and governments play in nurturing the relationship between DFIs and private sector banks?
- How can DFIs mobilise the private sector more effectively?

# Key Challenges



1

Aligning bank lending and investment with a broader range of SDGs within existing risk mandates.



2

Developing an investment framework building on the SDGs to help banks frame their activities in developed markets.



3

Finding more effective transaction structures to increase deal flow significantly to investors such as large asset managers.



4

Maintaining the complex bank/DFI relationships to ensure that mutual understanding is both current and comprehensive.



5

Increasing the speed and efficiency with which DFI/bank transactions can be structured and executed.



## Thank you to ...

- IACPM Staff
- IACPM Board
- Primary contacts in member institutions
- Participants

*Please share the research and your views*

# Q&A

Please submit any questions through the Q&A box or send an email to 'meetings@iacpm.org'

If you have further questions about the research:

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