







GUIDELINES FOR AFRICAN BORDERLANDS SDG INVESTOR MAPS

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This document was designed by Temidayo Ibitoye.

ABBREVIATIONS

Abbreviations	Descriptions
ABC	Africa Borderlands Centre
AFCFTA	African Continental Free Trade Area
ASFH	Africa Sustainable Finance Hub
CPPRI	Conflict Prevention, Peacebuilding, and Responsive Institution
CO	UNDP Country Office
DFI	Development Finance Institution
EIOA	Emerging Investment Opportunity Area
FC4S	Financial Centre for Sustainability
FCS	Fragile and Conflict-affected States
F4P	Finance for Peace Initiative
GPN	Global Policy Network
ICT	Information and Communication Technology
IFC	International Finance Corporation
IICPSD	Istanbul International Centre for Private Sector Development
INFS	Integrated National Financing Strategies
IOA	Investment Opportunity Area
MIGA	Multilateral Investment Guarantee Agency
OCHA	UN Office for the Coordination of Humanitarian Affairs
REC	Regional Economic Community
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
UNHCR	United Nations High Commissioner for Refugees
WB	World Bank

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INTRODUCTION

1.1 Background

The SDG Impact is a flagship initiative developed by UNDP to empower investors with clarity, insights, and tools to achieve the SDGs. Its objective is to guide businesses and investors to embed sustainability at the core of management decisions and direct capital to where it can make the most difference to people and the planet. One of its signature tools is the [SDG Investor Map](#), a market intelligence product produced by UNDP Country Offices (COs) and partners to help private investors (funds, financiers, corporations) identify investment opportunities and business models with significant potential to advance the SDGs.

SDG Investor Maps capture development needs aligning to the policy priorities that public and private stakeholders inform with in-depth familiarity with socio-economic contexts across the globe. They uncover innovative Investment Opportunity Areas (IOAs), which present investors with an overview of investment opportunities that promise an impact on achieving SDGs, are aligned with national policy priorities, and offer commercial viability through proven business models. The IOAs established are made available on the [SDG Investor Platform](#), which brings market intelligence and impacts measurement and management tools to the desktop of investors, allowing them to filter opportunities by region, country, or sector, among others.

Using national policy priorities as a framework to uncover investment opportunities, the SDG Investor Maps provide lesser focus on areas and regions that do not fall within the priorities set by the central governments. While the national development plans are analysed at a regional level, the SDG framework may not fully account for regional development priorities that differ from the national agenda. This limitation is compounded by the lack of proven commercially viable business models in the most marginalized or insecure areas, failing to meet the criteria for IOAs and benefitting relatively less from the investment flows sparked by the SDG Investor Maps. Enhancing the SDG Investor Maps with a regional perspective could support the development of inclusive and locally tailored SDGs investments.

Against this background, the UNDP Africa Borderlands Centre (ABC), in collaboration with the Africa Sustainable Finance Hub (ASFH) and SDG Impact, and AfCFTA seeks to tailor the SDG Investor Map for application in African borderlands. Borderlands in Africa, home to 270 million inhabitants, are the territorial margins of nation-states-regions where border contact is a central feature of economic and political life. Borderlands exhibit socio-economic and security dynamics that differ from mainland areas, marked by their enduring marginalization from central governance. While many of these regions are subject to insecurity, poverty, and limited state presence, they are also centres of resilience, creativity, and cross-border exchange. Despite their potential for investment, investors often perceive them as high-risk rather than as opportunities. The engagement of the private sector is also hindered by a lack of market information in borderland areas. The limited mapping capacities of local authorities and the nature of cross-border dynamics, generally falling outside of the purview of established authorities, cause a lack of accessible data on regulations, infrastructure, and economic opportunities. Without this essential information, investors cannot identify and invest in the opportunities provided by borderland areas. Private sector engagement is crucial to tap into these uncovered areas for achieving sustainable and inclusive economic growth. These

distinctive characteristics underscore the necessity of a borderland-specific SDG assessment to precisely capture the needs and Investment Opportunity Areas of the regions and achieve transformational changes towards the Sustainable Development Goals. Building on the standard methodology based on national development needs and policy priorities, ABC partnership with (ASFH) and SDG Impact, and AfCFTA ABC offers a strategic opportunity to contextualize the SDG Investor Map for the African borderlands. It is envisaged that creating SDG Investor Maps specific to African borderlands will aid in identifying and realizing SDGs investment opportunities within borderland areas and work with countries to promote private sector investments towards sustainability objectives and fostering regional trade and integration, especially as it relates to the African Continental Free Trade Area (AfCFTA) and Regional Economic Communities (RECs).

1.2 Objectives

The purpose of this work is to design a set of SDG Investor Map guidelines tailored to the specific context for borderlands. The guidelines should be deployable for the conduct of cross-border, borderlands and regional (multi-country) SDGs Investor Mapping. In addition, the report provides recommendations on appropriate approaches to operationalizing the findings of SDG Investor Maps in African borderlands and adapting to volatile contexts and more fragile environments.

GUIDELINES

2.1 Overview

The SDG Investor Maps are a market intelligence tool developed by UNDP that translates development needs into tangible investment opportunities. Produced locally by UNDP Country Offices, the SDG Investor Maps follow a [standardised 8-step methodology](#) to identify Investment Opportunity Areas at the intersection of national development needs and policy priorities, which are underpinned by actionable data points covering business and impact considerations to guide investor decision making towards the SDGs. Moreover, the SDG Investor Map plays a crucial role in identifying “white spaces,” which refer to opportunity areas that address a development need but lack momentum from the public and/or private sectors. These white spaces highlight the policy reforms and financial support required to catalyse private investment and advance towards the achievement of the SDG goals.

The following guidelines align with the standard SDG Investor Maps methodology. The approach remains top-down, combining secondary data research on the existing development needs, policy priorities, and market opportunities with primary data collected through interviews and discussions with public and private sector stakeholders to verify findings and contribute new insights. While the structure of the steps remains consistent with the general guidelines, the two steps related to subregion identification are omitted, as the borderland area is inherently a territorial subdivision determined by neighbouring municipalities/counties on both sides of the border. The instructions for the remaining six steps are tailored to the specific dynamics of borderlands, focusing on gathering information and employing methods of collection and analysis that pay closer attention to security dynamics, regional infrastructure development, and cross-border trade. In addition to the general guidelines, the preliminary data collection includes a political economy analysis to consider the sensitive socio-political environment of borderland areas, as well as a rapid assessment of borderlands with no development plan. Furthermore, the African Borderlands SDG investor map places a greater emphasis on identifying white spaces and formulating Emerging Investment Opportunity Areas that address the often limited political and financial momentum of borderland areas.

WHITE SPACES

A white space is an investment area that serves a strong development need but has not recorded a strong policy momentum by way of government commitments or has not seen significant private sector momentum due to the absence of viable business models, or both.

While mapping white spaces is relevant for all typologies, it holds particular significance for borderland areas with underdeveloped regional integration infrastructure. Two types of white spaces can be identified:

1. Policy White Space: Opportunity areas that serve a development need but experience absence of private sector momentum due to policy and regulatory gaps.
2. Business Model White Space: Opportunity areas that serve a development need but experience absence of private sector momentum in spite of a favorable policy and regulatory momentum.

The objective of documenting white spaces is to create awareness about potential areas that fall outside the purview of current policy discourse and/or private sector interest. Supported by scalable business models and, in turn, sufficient capital inflows, they can help accomplish the following:



Spur discussion to make the policy ecosystem more amenable for business models to develop and scale with enough incentives for capital mobilization from the private sector. Insights from the research on white spaces can also be used to build policy briefs that can be widely shared with stakeholders to influence desired changes.



Provide inputs for UNDP's private sector engagement strategy in a CO context by identifying areas that need more development funding than others. Further, once such white spaces are enabled through technical and funding support, they may be added as mainstream IOAs in subsequent updates of the SDG Investor Map for the country.



Provide empirical data to establish a tractable market gap for enterprises and investors who are interested in crafting innovative business models that can outpace development challenges.

The Guidelines for African Borderlands SDG Investor Maps require careful consideration of the unique challenges and opportunities associated with these regions. These specificities include, among others:

- » **Geopolitical complexity:** Borderland areas often exhibit complex geopolitical contexts due to historical disputes, ethnic diversity, and transboundary issues, which can create uncertainties and challenges for private sector development, requiring a nuanced understanding of the local dynamics.
- » **Security concerns:** Many borderland areas in Africa face security challenges, including cross-border conflicts, smuggling, and the presence of armed groups. Investors may be hesitant to enter regions with unstable security conditions, making it crucial to address these concerns to attract private sector engagement.

- » **Infrastructure gaps:** Borderland regions may have underdeveloped infrastructure, hindering economic activities. Investing in infrastructure projects that connect these areas with major economic hubs can significantly contribute to private sector growth. Addressing transportation, energy, and communication gaps is crucial for attracting investors.
- » **Cross-border trade and regulations:** Facilitating cross-border trade is often a key aspect of borderland development. Understanding and streamlining regulations, customs procedures, and trade policies between neighboring countries is critical to encourage private sector engagement. Harmonizing regulatory frameworks can reduce barriers for businesses operating in border areas.
- » **Policy coordination:** Given the transboundary nature of borderland areas, effective policy coordination between neighboring countries is vital. Harmonizing economic policies, regulatory frameworks, and investment incentives can create a conducive environment for private sector development that benefits both sides of the border.
- » **Cross-cultural dynamics:** Borderland areas are often characterized by diverse ethnicities and cultures, leading to unique social dynamics. Understanding and navigating these cross-cultural complexities is essential for successful private sector development, as it may impact business practices, relationships, and community engagement.
- » **Natural resource management:** Many borderland areas in Africa are rich in natural resources. However, improper management of these resources can lead to environmental degradation and conflicts. A sustainable approach to natural resource management is essential to ensure that private sector development benefits both the economy and the local communities.
- » **Community engagement:** Borderland communities may have distinct needs and concerns that differ from those in more central regions. Engaging with local communities and incorporating their perspectives into the investment strategy is crucial for building trust and ensuring sustainable development. Community involvement can also help mitigate social tensions that may arise.

This context led to the design of a six-step approach, presented in the following diagram and detailed in the remainder of this report. This Guidelines for African Borderlands SDG Investor Maps aims to support the African Borderlands Centre, ASFH, AfCFTA Regional Team and UNDP Country Offices across the Regional Bureau for Africa to develop and structure a roadmap of programmatic support to both public and private stakeholders on the back of the SDG Investor Map. The ultimate objective is to improve the enabling environment for SDG -aligned investment and facilitate deal origination and investment pipelines leading to enhanced private sector investment in borderlands.

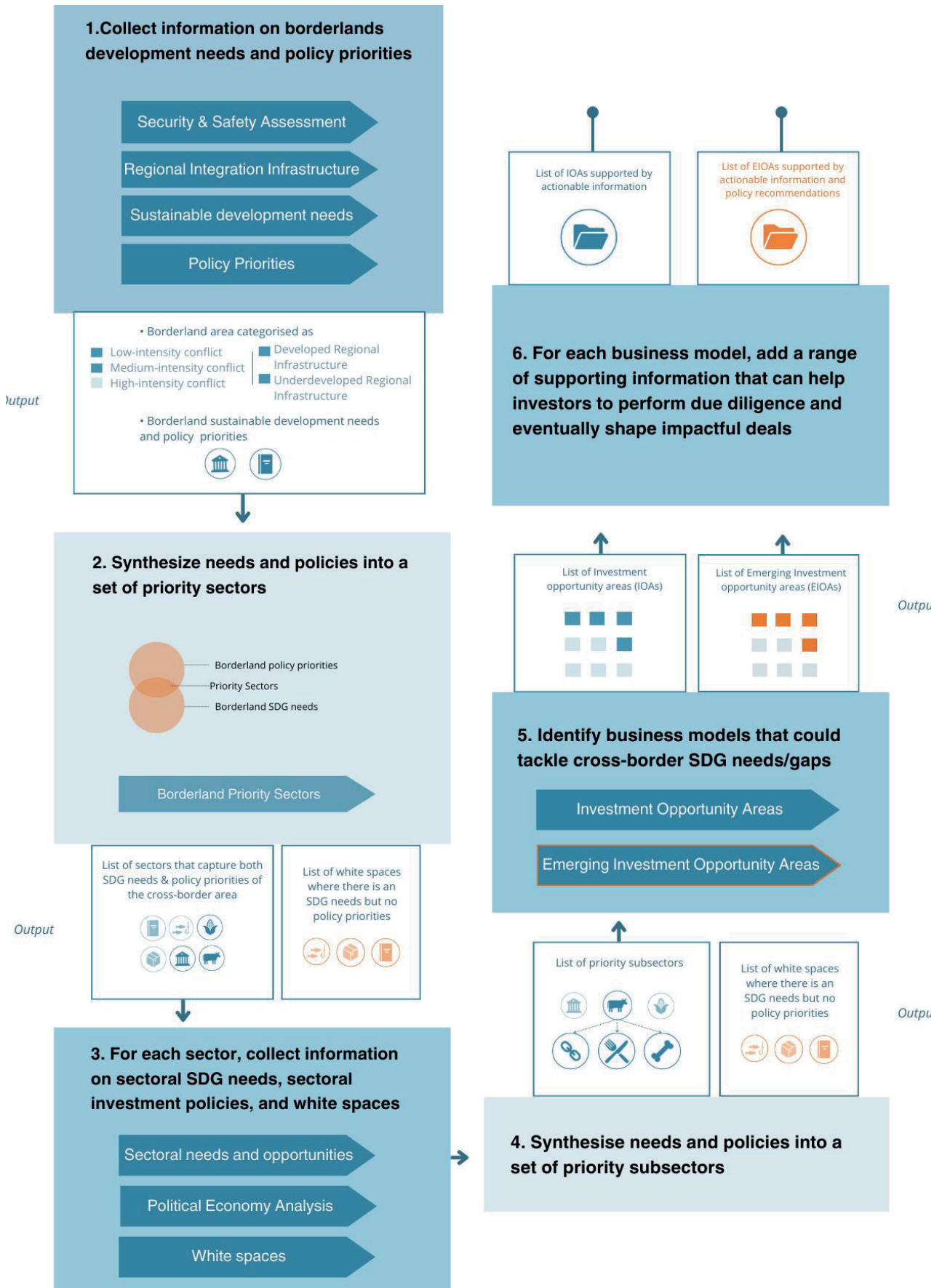
The methodology is outlined as follows:

- » **Step 1: Collect information on borderland development needs and policy priorities**
 - 1A: Conduct a Security and Safety Assessment
 - 1B: Collect information on Regional Integration Infrastructure
 - 1C: Identify the borderland sustainable needs and policy priorities.
- » **Step 2: Synthesize priority sectors.**
- » **Step 3: Research sub sectoral needs and policies**
 - 3A: Identify sectoral needs and policy priorities.
 - 3B: Conduct a Political Economy Analysis at the sectoral level.

- » **Step 4: Synthesize priority subsectors.**
- » **Step 5: Investment opportunity areas and business models**
 - 5A: Identify Investment Opportunity Areas (IOAs)
 - 5B: Identify Emerging Investment Opportunity Areas (EIOAs)
- » **Step 6: Collect supporting information for IOAs**
 - 6A: Collect supporting information on IOAs
 - 6B: Collect supporting information on EIOAs

METHODOLOGY		01	COLLECT INFORMATION ON BORDERLAND DEVELOPMENT NEEDS AND POLICY PRIORITIES	<ul style="list-style-type: none"> • 1A: Conduct a Security and Safety Assessment • 1B: Collect information on Regional Integration Infrastructure • 1C: Identify the borderland sustainable needs and policy priorities.
		02	SYNTHESIZE PRIORITY SECTORS.	
		03	RESEARCH SUB SECTORAL NEEDS AND POLICIES	<ul style="list-style-type: none"> • 3A: Identify sectoral needs and policy priorities. • 3B: Conduct a Political Economy Analysis at the sectoral level.
		04	SYNTHESIZE PRIORITY SUBSECTORS.	
		05	INVESTMENT OPPORTUNITY AREAS AND BUSINESS MODELS	<ul style="list-style-type: none"> • 5A: Identify Investment Opportunity Areas (IOAs) • 5B: Identify Emerging Investment Opportunity Areas (EIOAs)
		06	COLLECT SUPPORTING INFORMATION FOR IOAS	<ul style="list-style-type: none"> • 6A: Collect supporting information on IOAs • 6B: Collect supporting information on EIOAs

Figure 1: Guidelines Overview



2.2 *Step 1 – Collect information on borderlands development needs and policy priorities*

The objective of this first step is to collect information on the context, needs and priorities of borderlands. Collecting information on the needs and priorities of borderland areas is paramount for conducting a comprehensive mapping of investment opportunities. These regions, often characterized by unique geopolitical, economic, social and security dynamics, require a tailored approach to address their specific challenges and harness their potential for development. Understanding the local needs provides insights into critical areas such as infrastructure development, security concerns, cross-border trade facilitation, and community engagement. This nuanced understanding of borderland needs and priorities not only enhances the effectiveness of investment mapping but also ensures that the resulting initiatives are well-received, sustainable, and capable of fostering long-term socio-economic growth in these strategically important areas.

This first step is further divided into three sub-steps:

- » Step 1A: Conduct a security and safety assessment.
- » Step 1B: Collect information on the regional integration infrastructure.
- » Step 1C: Identify the borderland sustainable needs and policy priorities.

2.2.1 *Step 1A – Security assessment*

Step 1A involves gaining an understanding of the security conditions of the borderland. Cross-border areas grapple with varying levels of conflict, and some have more recently become vulnerable to the presence and influence of armed groups. The level of security has significant implications for the needs of the population, the policy priorities, and the scope of potential investments. Conducting a preliminary security assessment is essential to comprehend the specific security situation of the borderland and adapt the methodology accordingly.

According to the International Finance Corporation (IFC)¹, investment remains viable in conflict-affected areas, albeit with heightened risks requiring precautionary and safety measures. Insecure environments are characterized by distinct actors, business relationships, as well as sectoral and market focuses. The economy is primarily driven by activities addressing the immediate needs of the population with less momentum observed in areas like manufacturing or construction. Market challenges are exacerbated as businesses, grappling with common obstacles in emerging markets such as insufficient infrastructure and capital, also face the compounding issues of physical asset destruction, security vulnerabilities, and disruptions in the supply chain. Despite these challenges, business opportunities can be harnessed through tailored adaptation to the fragile environments' dynamics. Investment in conflict-affected areas can bring about substantial benefits for the local population and yield significant rewards for the investors. Notably, many borderland areas receive support from development finance institutions (DFIs) like the IFC, the World Bank (WB), or the Multilateral Investment Guarantee Agency (MIGA), which assist in developing viable business models.

However, this positive outlook holds true only under conditions of a relative level of violence. When conflict is widespread and continuous, the IFC categorizes the environment as “inhospitable” for investment. The risks become too high for any viable business model, even with robust security measures in place, and it is recommended that a higher level of security be attained before IOAs can be formulated. Nevertheless, local communities in high-intensity conflict areas have developed means to address insecurity and sustain economic activities through informal institutions. These mechanisms can guide the identification of white spaces, towards which financial and policy efforts should be directed once a sufficient level of security is restored.

Following this analysis, the security assessment categorizes the conflict level of borderlands according to the degree, intensity, and evolution of conflict. This classification is based on the World Bank’s definition of FCS2 , which was designed to inform strategic and operational decision-making and tailor programmatic engagement to difficult and complex situations. Its aim is to ensure sound prioritization, selectivity, consistency, and fitness for purpose. The borderland should be classified as follows:

- » Safe or low-intensity conflict: The borderland is experiencing a relatively low number of violent events, or a decrease or limited change in violent activity, making it suitable for investments without significant security concerns.
- » Medium-intensity conflict: The area has experienced conflict in the past or may be experiencing sporadic or medium-level violence but is not in a state of continuous or widespread conflict. It can still offer commercially viable investments and benefit from the engagement of private actors.
- » High-intensity conflict: The area experiences ongoing and prevalent/widespread conflict and a higher level of security needs to be reached before investment can be considered. As IOAs cannot be identified, the assessment should focus on pinpointing the main challenges to the inflow of capital and develop recommendations for development partners and governments. Specific guidelines for conflict-ridden areas are included in section 3.2 of this report.

The security assessment primarily relies on primary and/or desk research, using publicly available data collected by the Armed Conflict Location and Event Data Project (ACLED),³ the Uppsala Conflict Data Project (UCDP),⁴ the United Nations High Commissioner for Refugees (UNHCR), UNDP Africa Borderland Centre Encyclopedia dashboard as well as data from UN Security teams at country or regional levels. The data is disaggregated at the location-level, which allows to filter violent events specifically for the borderland of interest. Moreover, the inclusion of data from climate change warning systems, such as the Famine Early Warning Systems Network (FEWS NET) or the Integrated Drought Management Programme (IDMP), can complement this evaluation by incorporating considerations related to climate-associated risks.

Table 1 below provides an example of the output of the security assessment. Because thresholds to categorize areas into safe, medium or high-intensity conflict zones can be relative, the desk research should be completed with a small number of Key Informant Interviews with security stakeholders present in the borderland to understand the figures in a context-sensitive way.

Representing the primary security risks on a geographical map can also support the accessibility of the data and facilitate its analysis in subsequent steps.

Table 1: Step 1A: Security assessment (illustration)

Borderland unit	Administrative Unit (country)	Sub Administrative Unit (county)	Number of conflict deaths (ACLED and UCDP)	Recent trends: increased rate of conflict deaths since last year	Presence of UN peacekeeping forces	Number of people displaced from the area due to conflict in the past year (UNHCR)	Category
Borderland 1	Kenya	Turkana					
	Uganda	Kaboong					
Borderland 2	Kenya	West Pokot					
	Uganda	Moroto					
Borderland 3	Kenya	Busia					
	Uganda	Tororo					

2.2.2 Step 1B – Regional Integration Infrastructure

Step 1B involves gathering data on the regional integration infrastructure within the borderland area. This information is critical to design business models and support policy-making that optimizes the impact of investments on both sides of the border while capitalizing on the strategic opportunities offered by the area. This step should aim to gather information on:

Physical and digital infrastructure development

- » Transport facilities including Roads, highways, railways, water and air transport facilities.
- » Cross-Border Transportation, Storage Facilities and market Infrastructure
- » Digital infrastructure, including information and communication technology (ICT) systems / Ease of access to the internet, among others.
- » Power/energy facilities
- » Agricultural supply chain infrastructure
- » Livestock supply chain infrastructure
- » Climate Resilient Infrastructure

Transit regime, policies, and protocols governing the movement of agents.

- » Trade patterns
- » Migration patterns
- » Customs and Trade Regulations
- » Immigration Policies
- » Cross-border Trade arrangements, protocols, instruments, etc.

Strategic location of infrastructure

- » Proximity of enabling infrastructure and special economic zones
- » Economic hubs, trade centres, and industrial zones in strategic locations
- » Value chain alignment: integration and proximity of different actors/facilities in a value chain

Human capital: Presence of qualified individuals or educational and training resources

The data collection should be conducted through primary data or preliminary desk research of available reports and indicators published by the National/ Local Statistical Organizations, World Bank, the African Union Commission, RECs, the IFC, DFIs and UN agencies. In addition, interviews with private stakeholders and public authorities can be conducted to complete any missing information.

Table 2: Step 1B: Desk review data example

Source	Document/data
UNCTADStat	Productive capacity index
	Global Transport Cost
World Bank (WB)	Logistics Perception Index (LPI)
	Doing Business Review
World Integrated Trade Solution (WTIS)	Tariffs and non-tariffs
Trade agreements and cross-border Transportation agreements	Tariffs and infrastructure development
Regional Economic Community reports	Tariffs and infrastructure development
African Union Commission reports	Trade, tariffs and infrastructure development
National Statistical Organization	Statistical Data for border counties

2.2.3 Step 1C– Sustainable Development Needs And Policy Priorities

Step 1C collects information on borderland sustainable development needs and identifies policy priorities. It describes the development motivation and explains relevant social and environmental issues, as identified by governments and addressable through a business model and substantiated by statistics, baseline values, trends, etc.

While the standard SDG Investor Map approach focuses on national needs and priorities, the diverse and distinct challenges faced by borderland areas necessitate an evaluation of the specific situation in the target area. The method to assess the sustainable development needs and policy priorities depends on the target area's institutional framework, namely whether the region has an approved development plan or is incorporated into the national development strategy.

- » **Areas incorporated into national development strategies or with an approved development plan:** Sustainable development needs and policy priorities should be derived from regional plans, and when applicable, from national development plans. Desk research should also be conducted, reviewing thematic and geographic reports on the target areas published by international agencies and NGOs, as well as academic literature and technical reports accessible on specialized websites.
- » **Areas without an approved development plan:** Considering the scarcity of data in areas without official development plans, it is necessary to conduct a rapid assessment through KIIs with local government, community and business representatives to identify the sustainable development needs and policy priorities. The information collected in Step 1B on the borderland area's legal and regulatory framework should be used to supplement the KIIs, in addition to a desk review of any reports published by government agencies, international agencies, NGOs, and regional organizations, to identify incentives promoting cross-border investment.

Supporting guidelines to operationalize Step 1C are provided below. Table 3 provides examples of documents to review to identify the borderland sustainable needs and policy priorities. Table 4 provides a list of Key Informant Interviews to conduct the rapid assessment of areas without an approved development plan. Table 5 provides a list of open-ended questions to support interviews of Key Informants in areas without an approved development plan.

Table 3: Step 1C: Documents for desk research

Category	Type of review
Sustainable development needs	
Regional Economic Communities (RECs): ECOWAS, SADC, COMESA	RECs often provide reports and publications related to regional economic development and cooperation. Their focus on trade allows to gain insight into the needs and priority sectors of borderland areas.
Regional Banks: AfDB, BOAD, EADB	Regional banks publish reports on economic development and infrastructure projects at the regional level.
UNDP subregional Human Development Index (HDI) reports	The UNDP HDI provides insights into subregional needs.
NGOs: Oxfam, MSF, CARE	NGOs conduct reports on specific sustainable needs at a local level.
Regional Statistical Offices	Statistical offices at the regional level may produce reports on various socio-economic indicators.
Priority policies	
National or regional development plans	For areas with developed institutional frameworks, identify the industries or development areas that will concentrate political will.
Investment promotion plan	For areas with developed institutional frameworks, identify the sectors in which a government will seek to drive investment.
Local Government Strategic Documents, such as local development plans, economic development strategies, and community plans	Local strategic documents can offer insights into the policy priorities of specific localities.
Regional Chambers of Commerce and Industry Reports	Regional Chambers of Commerce and Industry may provide insights into the business environment, challenges, and economic priorities.

Table 4: Step 1.C: List of potential Key Informant Interviews

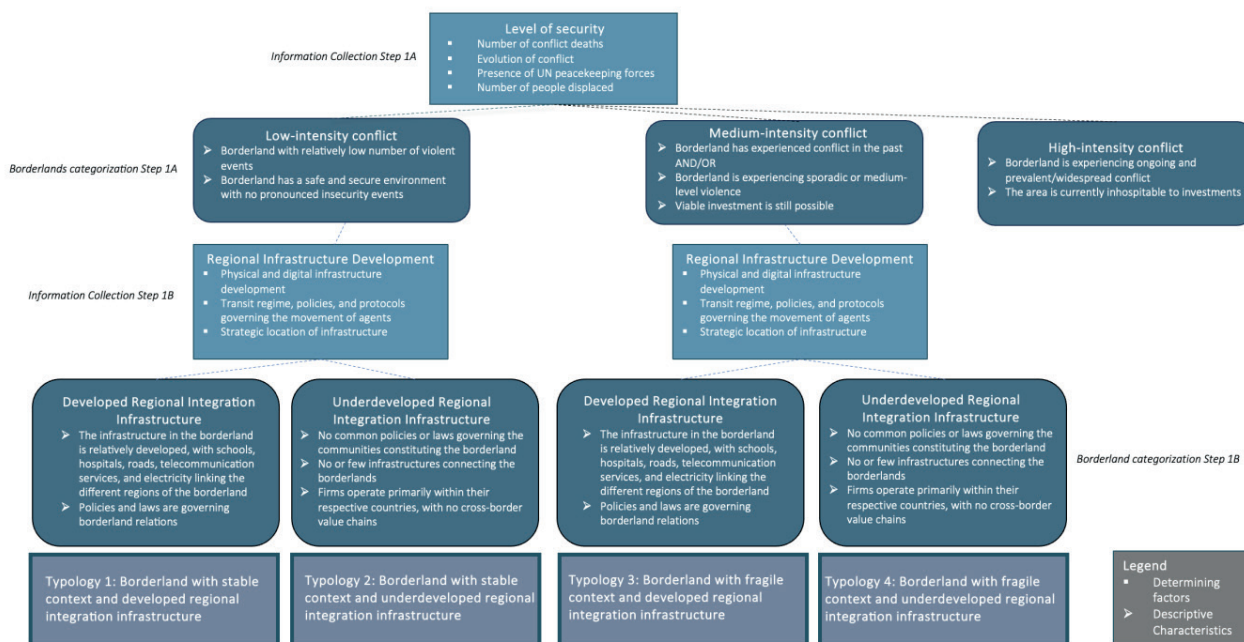
KIIs	Number
Community leaders from majority and minority groups	4-5 on each borderland
Regional/District authorities	4-5 on each borderland
Local business associations and cooperatives	3-4 on each borderland

Table 5: Step 1.C: Examples of interview questions for KIIs

Serial	Overarching question	Detailed Information Requirement
1 Sustainable development needs		
1.1	What do you see as being the largest economic, social and environmental development challenges facing the cross-border area? Are some groups more affected than others	
1.2	What infrastructure and basic services are lacking in the cross-border area?	
1.3	What are the primary economic activities/livelihoods in the cross-border area, and what challenges do they face?	
1.4	How is the cross-border area affected by climate change, and what measures are being taken to enhance climate resilience?	
1.5	How is the cross-border area affected by the presence of armed groups, and what measures are being taken to enhance resilience to insecurity?	
1.6	What are the largest sources of inequalities (gender, vulnerable groups) in the cross-border area, and how do you see them influencing these challenges?	
1.7	How do cross-border dynamics impact the development challenges faced by communities in the borderland area?	
2 Policy Priorities		
2.1	What role do local and national governments play in supporting sustainable development in the cross-border area?	
2.2	Do you think that the government's current policy priorities are aligned with these development challenges?	
2.3	What are the current policy priorities for development in the borderland area? Which sectors do they focus on?	
2.4	Are there any policy and regulatory gaps or obstacles that hinder sustainable development efforts?	
2.5	What are the current mechanisms/policies for cross-border cooperation?	
2.6	Of the challenges identified in the cross-border area, where do you see increasing financing and investment as a critical solution for the whole cross-border area?	
2.7	Do you think that the private sector can play a role in these particular areas/ sectors? If so, how? If not, why not?	
2.8	Beyond these specified areas, are there any flourishing sectors that could benefit from private investment?	
2.9	Which policies should the government implement to promote an enabling environment for private sector development and cross-border trade?	

Step 1 culminates in the categorization of borderlands into typologies according to their level of fragility and the degree of development of the regional integration network. The purpose of this typology is to provide clarity to investors when assessing risks prior to making investment decisions.

Figure 2: Categorising borderlands into typologies



The borderland typologies are integrated into the next steps as follows:

- » **Step 2: Synthesize priority sectors: applied to all typologies.**
- » **Step 3: Research sectoral needs and priorities**
 - Step 3A: Research sectoral needs and investment priorities: applies to all typologies
 - Step 3B: Political economy analysis
 - Typologies 1 and 2: Political economy analysis
 - Typologies 3 and 4: Political economy analysis with an integrated conflict analysis
- » **Step 4: Synthesize priority subsectors: applies to all typologies**
- » **Step 5: Investment opportunity areas and business models**
 - Step 5A: IOAs Identification
 - Typologies 1 and 3: IOAs leveraging borderland areas' infrastructure and trade regimes to foster trade expansion and diversification.
 - Typologies 3 and 4: IOAs considering the nature of investment support (technical advice, capital) offered by development partners and the specific sectors to which it is allocated and tailored to small and local investors.
 - Step 5B: EIOAs Identification: applies to all typologies, but is likely to be more important for typologies 2 and 3

» **Step 6: Collect supporting information:**

- Step 6A: Collect information on IOAs
- Typologies 1 and 2: General information
- Typologies 3 and 4: General information and available risk mitigation strategies
- Step 6B: Collect information on EIOAs: applies to all typologies, but is likely to be more important for typologies 2 and 3

Step 1

Culminates in the categorization of borderlands into typologies according to their level of fragility and the degree of development of the regional integration network.

Step 6

Collect supporting information

Step 2

Synthesize priority sectors: applied to all typologies.

Step 5

Investment opportunity areas and business models

Step 3

Research sectoral needs and priorities

Step 4

Synthesize priority subsectors: applies to all typologies



Box 1: Borderland Typologies

BORDERLAND TYPOLOGIES

Type 1: Borderland with stable context and developed regional integration infrastructure.

The borderland exhibits a well-integrated and strategically managed development approach, as it is not isolated by the government but rather incorporated into the national development strategies of the bordering nations. The region boasts an approved development plan and a functional governance framework among relevant administrations. Additionally, it features a comprehensive institutional framework, including regional laws and policies governing interactions and trade. Security conditions are stable, marked by limited conflicts and external threats. A regional body oversees borderland development, and the area serves as a crucial trade route for national economies. The borderland benefits from developed infrastructure linking communities, a well-established system for collecting SDG-related data, and a thriving private sector with a noticeable influx of foreign direct investment. The seamless flow of capital into the region minimizes market constraints for private sector investment opportunities.

Type 2: Borderland with stable context and underdeveloped regional integration infrastructure

The borderland lacks a coordinating organization responsible for aligning activities among the national governments that make up the region. While individual borderland communities have independent development plans, there is a notable absence of a unified borderland development strategy. Although a conducive environment for private sector investment exists within national boundaries, common policies or laws governing the communities are lacking. While the countries at the national level are part of regional or bilateral agreements, their implementation within the borderland is limited. Despite being a major trade route, there is a strong informal sector, and the absence of common policies contributes to a diverse private sector landscape. The relatively developed infrastructure includes schools, hospitals, roads, telecommunication services, and electricity, fostering connectivity. The borderland maintains a safe and secure environment with functioning police stations and no refugee camps. Additionally, the tropical climate is unaffected by negative climate change effects. Abundant raw materials, including minerals and agricultural produce, are present, and the borderland holds significant potential for cross-border business, characterized by investment opportunities and robust value chains transcending borders.

Type 3: Borderland with fragile context and underdeveloped regional integration infrastructure

The borderland grapples with limited and sporadic state presence, evident in the absence of development plans and the substantial influence of cultural leaders on community administration. Informal relationships between communities across the borderland exist but manifest as sporadic interactions across porous frontiers. Geographically off-corridor and not a significant trade route for either nation, the borderland harbors an underdeveloped private sector, dominated by informal businesses operating primarily within national boundaries. This lack of cross-border value chains results in untapped opportunities, such as extensive mineral deposits and strategic trade gateways to regional markets. The region faces pronounced insecurity, encompassing rebels, cultural conflicts, and terrorism. Furthermore, the borderland suffers from the negative impacts of climate change, including floods, droughts, and landslides, compounding its challenges.

Type 4: Borderland with fragile context and developed regional integration infrastructure

The borderland grapples with diverse forms of insecurity, encompassing terrorism, tribal conflict, high crime rates, and political rebellions, which hinder its potential to be a major trade route. Despite the presence of a borderland development plan outlining sustainable development needs and a developed institutional framework for governing relations, the region faces challenges. Multiple marginalized communities coexist in an off-trade corridor, where government presence primarily focuses on maintaining peace and stability. While economic opportunities with viability exist, the underdeveloped infrastructure impedes progress. The region lacks a well-established data collection framework, and the nascent private sector experiences limited or no foreign direct investment. Additionally, the negative impacts of climate change further compound the borderland's challenges, including floods, droughts, and landslides. Furthermore, the borderland suffers from the negative impacts of climate change, including floods, droughts, and landslides, compounding its challenges.

2.3 Step 2 - Synthesize Priority Sectors

Step 2 synthesizes needs and policies into a set of priority sectors and maps sectoral white spaces. This step leverages the findings of Step 1 and develops a list of actionable priority sectors by identifying areas where policy priorities and sustainable development needs overlap in the cross-border area. It then synthesizes the main opportunities and challenges identified under each sector.

This step also requires identifying policy white spaces, namely areas that serve a development need but experience a policy and/or regulatory gap.

In this step, a list of sectors with the highest degree of overlap should be selected and grouped into sector clusters according to Sustainability Accounting Standards Board (SASB) taxonomy. Table 6 below provides an example of the output of this phase.

Table 6: Step 2: Priority sectors categorization – Illustration

Sector	Needs level	Policy priority level	Category	Opportunities	Challenges
Sector 1	High Need	High Priority	High Priority Sector		
Sector 2	Low Need	High Priority	Low Priority Sector		
Sector 3	Low Need	Low Priority	Low Priority Sector		
Sector 4	High Need	Low Priority	High Priority Sector – White Space		

2.4 Step 3 - Research Subsectoral Needs And Priorities

When priority sectors are pinpointed, sub-sectoral needs and priorities must be identified to select tailored Investment Opportunity Areas. However, the distinct context of borderlands requires further research into the social-political economy of the cross-border area for these specific sub-sectors, to help investors navigate the context when investing in the selected areas.

As such, this first step is further divided into two sub-steps:

- » Step 3A: Identify sectoral needs and investment priorities
- » Step 3B: Conduct a political economy analysis at the sectoral level

2.4.1 Step 3A – Sectoral Needs And Investment Priorities

For each sector identified, Step 3 collects information on sectoral development needs and sectoral policy priorities. This requires performing a desk review of key documents relevant to the priority sectors identified in Step 2, taking note of the subsectors that emerge as the highest priority.

In addition to the desk review, Key Informant Interviews with sectoral specialists should be conducted to validate and complement the emerging list of subsectors. The tables below provide a list of potential stakeholders to interview and specific questions to guide these interviews.

Table 7: Step 3A: List of potential Key Informant Interviews

Category	KIIs	Number
Policy experts	Decision-makers in charge of sector portfolios in relevant ministries, particularly those most relevant to prioritized sectors	2-5
	Specialized sectoral experts from investment promotion agencies	2-5
	Gender expert (Ministry of Gender/Women/Social inclusion, UNDP gender advisors, Women's organizations)	1-2
Private investors	Private investors (without an explicit focus on impact) with stakes in prioritized sectors (ensure diversity between domestic/foreign; LPs/GPs; early/mature-stage; small/large-ticket; short/long-term horizon)	10-15

Table 8: Step 3A: Interview questions for priority subsectors

Serial	Detailed Information Requirement
1.1	Within Sector X, which subsectors show the most opportunities? What are the key challenges to investing in these subsectors?
1.2	Among these subsectors, which ones would respond the most to the area's sustainable development needs?
1.3	Among these subsectors, are there critical bottlenecks due to the lack of political will? Why?
1.4	Within Sector X, are there critical bottlenecks due to the absence of investment or financing? What specific impact is the absence of investment/financing having on the key stakeholders within this Sector [i.e., if Sector is framed as a value chain, probe for impact on inputs {labor, land}, and on producers/distributors/consumers]?
1.5	Are there gender inequalities or specific risks faced by women or men due to their gender in this sector?
1.6	Are there specific marginalized groups that this sector impacts (directly or indirectly) positively or negatively?
1.7	Do you think that private investment can play a role in addressing these challenges? If so, why? If not, why not?

2.4.2 Step 3B – Political Economy Analysis

Developing business models in borderland areas requires a preliminary rapid political economy analysis to support investors in navigating the local investment ecosystem. Cross border areas feature complex political, economic, and social dynamics. Within these regions, certain groups or individuals may enjoy preferential access to resources, while others face persistent marginalization. Conducting a political economy analysis is necessary to unravel the power dynamics and design investment opportunities that do not reinforce marginalization, are aligned to local considerations, and harness the full social and economic potential of their effort.

The political analysis should be conducted through KIIs with local stakeholders. The themes to be explored depend on the target area's borderland typology identified under Step 1. The political economy analysis of more fragile areas puts greater emphasis on the conflict dynamics and the role of development partners. The findings of Step 3B will be used to inform the choice of priority subsectors in Step 4, and will serve to develop IOAs and EIOAs that respect criteria of fairness, sustainability, and act to avoid harm in Step 5.

A list of potential Key Informants and questions to support these interviews is provided in the tables below.

Table 9: Step 3B: Political economy analysis KIIs

Category	KIIs
Public sector	Local authorities, Decentralized services
	Police, Custom and immigration officers
	Relevant ministries
Private sector	Business owners operating in the cross-border area
	Import/export traders
	Representatives of different economic activities (livestock owners, traders, farmers...)
Civil Society	Community leaders from minority and majority groups
	Members of customary institutions
	Women and youth
	IDPs, refugees, returnees and host households
Development agencies	Development partners involved in the cross-border area
	UNDP regional offices

Table 10: Step 3B: Interview questions for the political economy analysis

Serial	Detailed Information Requirement	Relevant typology
1	What is the human geography, notably in relation to conflict?	
1.1	Can you provide an overview of the major ethnic or social groups present in the borderland area? And where are their enclaves (if applicable)?	All types
1.2	What is the approximate population of each of these groups in the area?	All types
1.3	How is political representation distributed among various groups?	All types
1.4	Who are the key leaders with influence in each group?	All types
1.5	What dynamics characterize the current relationships between social groups in the area? (e.g. competition, conflict, alliance, neutrality)	All types
1.6	How have the dynamics of these relationships evolved over the last five years? (focus on main events resulting in changes)	All types

Serial	Detailed Information Requirement	Relevant typology
1.7	How do local communities perceive and interact with residents on the other side of the border?	All types
1.8	Can you provide an overview of the conflict dynamics in the area? Who are the main actors of the conflict? How have the dynamics evolved over the past 5 years?	Types 3 and 4
1.9	How is each group involved in conflict? What is their perception of conflict? What form does their engagement take?	Types 3 and 4
1.10	Are the communities on the other side of the border involved or affected by the conflict?	Types 3 and 4
1.11	What role do local leaders play in mitigating or exacerbating conflict?	Types 3 and 4
1.12	What is the governments involvement in the conflict?	Types 3 and 4
1.13	How are social groups affiliated with the government or other armed forces?	Types 3 and 4
1.14	Is there a risk for the conflict to spread further, notably on the other side of the border (if relevant)?	Types 3 and 4
1.15	Is there a specific population that is disproportionately affected by the conflict?	Types 3 and 4
2 What is the political economy, with reference to trade?		
2.1	Which groups participate in the [List of priority subsectors identified in step 3A]? Are there specific groups that play a predominant role, or conversely, are there groups that are excluded from participation?	All types
2.2	Are there specific groups that hold control over trade routes for the subsectors identified in Step 3A?	All types
2.3	Have these dynamics changed over the last five years? If so, what drove this change and what were the consequences?	All types
2.4	Are there some economic sectors that might decline or develop in the future? Which ones? Why?	All types
2.5	How has the conflict or response to conflict impacted economic activity and trade?	Types 3 and 4
2.6	Are there specific economic activities that fund armed groups or militias, or that are under the direct or indirect control of armed groups or militias?	Types 3 and 4
2.7	What coping mechanisms did the local population adopt to respond to the conflict?	Types 3 and 4
2.8	For each subsector identified under Step 3A: <ul style="list-style-type: none"> i. What are the value chain and supply routes employed? ii. What are the actors involved and what are their interactions? Are there specific groups that play a predominant role, or conversely, are there groups that are excluded from participation? iii. What are the regulations and tariffs for this product? iv. What are the main challenges to trade? 	All types
3 What is the political economy, especially with reference to the distribution and contestation of natural resources?		
3.1	How do resources in the borderland area play into the conflict? Has the conflict impacted access to resources? Do resources contribute to fuelling conflict?	Types 3 and 4
3.2	How are the resources present in the borderland area currently distributed and contested between groups in the area?	All types
3.3	How have the dynamics of distribution and contestation of resources changed over the last five years?	All types

3.4	How has climate variability influenced the distribution and contestation of resources?	All types
3.5	Which roles do the Government and other relevant groups play vis-à-vis the distribution and contestation of resources?	All types
3.6	<p>What are the existing networks, committees and groups (such as water committees, youth groups, and women groups, with emphasis on pastoralist associations) that play important roles in the management of these resources? For each of these:</p> <ul style="list-style-type: none"> » Who are the members of the group? Focus on relevant categories (e.g. farmers or pastoralists from a particular location with an interest in access to a particular water source), and include information on individuals when essential to understand the nature of the group? » Who are the members of the group? Focus on relevant categories (e.g. farmers or pastoralists from a particular location with an interest in access to a particular water source), and include information on individuals when essential to understand the nature of the group. » What role does the group play with reference to the management of natural resources in the area? » What are the relationships and dynamics between these groups, especially with reference to the management of natural resources? 	All types
4 What are the roles of women?		
4.1	What role do women play in the economy of the area?	All types
4.2	What role do women play with reference to the management of natural resources in the area?	All types
4.3	What women groups play important roles in the management of natural resources?	All types
5 Peacebuilding and mediation efforts		
5.1	What initiatives are in place for peacebuilding and reconciliation, and how effective are they in addressing the conflict dynamics?	Types 3 and 4
5.2	Which organizations, local or international, are actively involved in peacebuilding efforts?	Types 3 and 4
5.3	What is their relationship with the government?	Types 3 and 4
5.4	What is the population's perception of the peacebuilding mechanisms?	Types 3 and 4
5.5	How are economic development initiatives integrated into peacebuilding strategies? Are there job creation programs and skill-building efforts targeting conflict-affected populations?	Types 3 and 4
5.6	What additional resources or measures are required to enhance support for peacebuilding efforts?	Types 3 and 4

2.5 Step 4 - Priority Subsectors

Step 4 synthesizes needs and policies into a set of priority subsectors most suitable for investment opportunities. Identifying priority subsectors involves evaluating the degree of alignment between priority sectors and sustainable development needs. This sorting process also enables the identification of further white spaces.

The findings from Step 3B should inform the exclusion of any sub-sector where additional financial inflow could exacerbate conflict and inequality. It will notably differentiate these sectors from those in which there is a risk of tensions or diversion, but where this risk can be effectively addressed through suitable mitigation mechanisms. Additionally, sub-sectors where insufficient investment directly contributes to fueling conflict and inequality should be categorized as high need.

The Table below provides an example of this step’s output. Subsectors classified as “High Priority” will lead to the identification of specific Investment Opportunity Areas in Step 5.

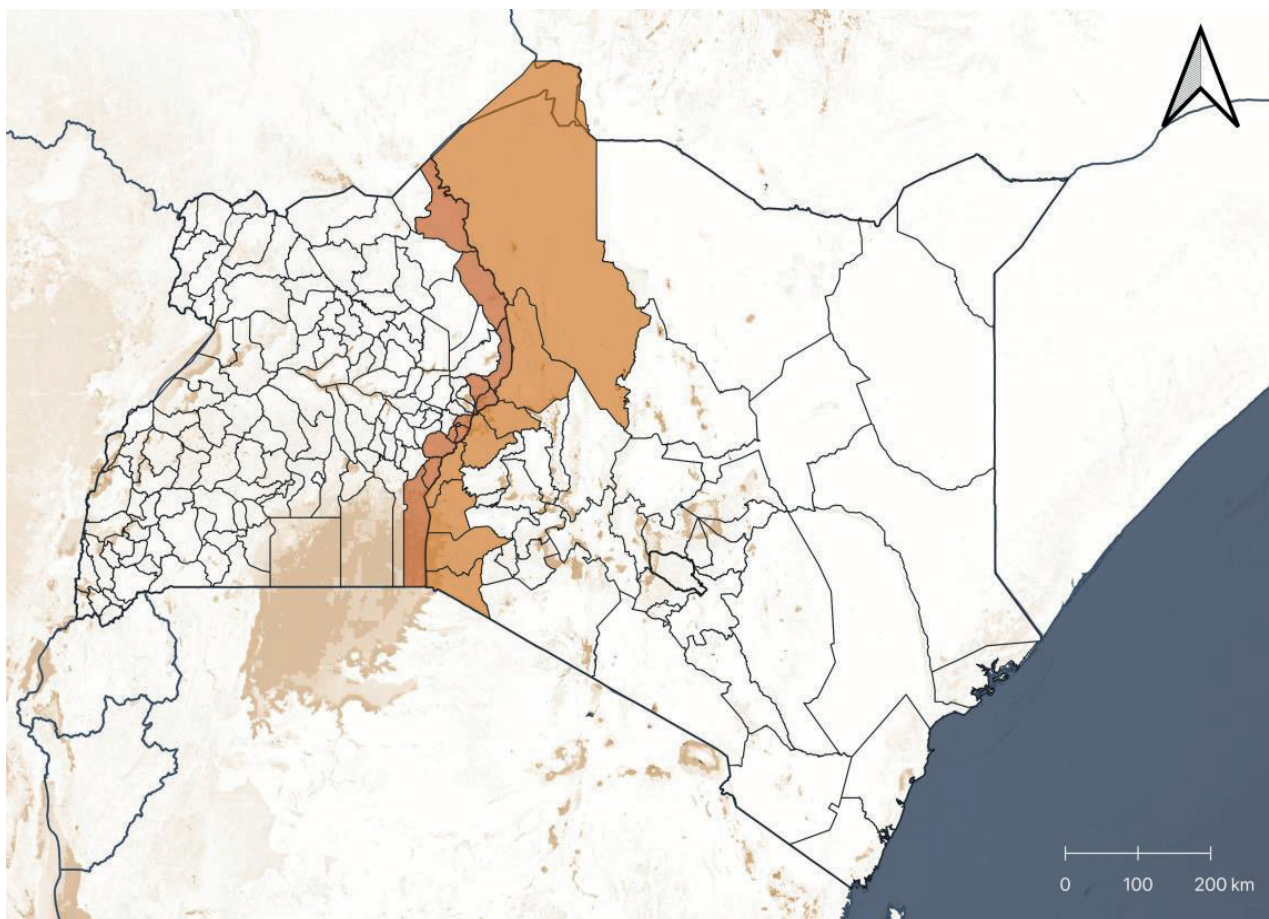
Table 11: Step 4: Priority subsectors categorization – Illustration

Priority Sector	Sub-sector	Needs level	National policy priority level	Investment opportunities	Challenges	Category for SDG Investor Map
Sector 1	Sub-sector 1	High Need	High Priority			High Priority
Sector 2	Sub-sector 2	Low Need	High Priority			Low Priority
Sector 3	Sub-sector 3	Low Need	Low Priority			High Priority
Sector 4	Sub-sector 4	High Need	Low Priority			High Priority – White space
.....				
.....				

Box 2: Kenya Uganda borderland focus

KENYA UGANDA BORDERLAND

The African Borderlands Centre plans to pilot the SDG Investor Map guidelines in the borderland between Kenya and Uganda. Country-level Investor Mapping exercises were already conducted by UNDP, which provides a solid basis of information for a borderland investor mapping assessment. A succinct summary of the opportunities identified at the country level is provided below.



In Uganda, the SGD investor map identifies three key priority sectors: food and beverage, infrastructure, and services, resulting in 23 Investment Opportunity Areas. The SDG investor map recommends investing in agro-industrialisation, real estate, waste management, infrastructure, and consumer services to address the needs of the Ugandan population.

In Kenya, five priority sectors were identified, including healthcare, financials, transportation, technology and communication, and renewable resources and alternative energy, leading to 19 IOAs. While certain investment opportunities are adapted to the borderland areas of these countries, such as the implementation of affordable irrigation systems or the promotion of agriculture, the Kenya/Uganda cross-border area possesses distinct needs and opportunities that are not accurately captured or represented in a nationwide assessment.

The dynamics of the Kenya-Uganda borderland are shaped by the presence of the border and the constant movement of people and goods across it. Economic activity in this region heavily depends on trade, pastoralism, and labor migration. Mobility is also closely tied to conflict, introducing unique challenges for cross-border environments. Cross-border trafficking in Small Arms and Light Weapons (SALW) and human trafficking have been reported as prevalent phenomena in certain parts of the Kenya/Uganda cluster. Given that the needs and dynamics of the borderland are significantly influenced by the presence of the border, potential investment opportunities follow suit. Investors can take advantage of the great opportunity offered by the border and should focus on promoting mobility and facilitating trade.

These distinctive characteristics underscore the necessity of a borderland-specific SDG assessment to precisely capture the IOAs of the region and contribute to its comprehensive development.

2.6 *Step 5 – Investment Opportunity Areas And Business Models*

When priority subsectors are pinpointed, business models that tackle cross-border SDG needs/gaps while leveraging cross-border policy and investment momentum should be developed. Given the typically limited financial and policy momentum in borderland areas, it is advisable for business models, alongside focusing on Investment Opportunity Areas, to explore Emerging Investment Opportunity Areas. They offer the potential to generate additional private sector-led development impact once the market and policy and regulatory environments progress with the evolving market dynamics and an enabling environment for private sector contributions is established. They can evolve into marketable IOAs with comprehensive data sets once business models are proven and the policy and regulatory opportunities are addressed.

As such, Step 5 is further divided into two sub-steps:

- » Step 5A: Identify Investment Opportunity Areas (IOAs)
- » Step 5B: Identify Emerging Investment Opportunity Areas (EIOAs)

2.6.1 *Step 5A: IOA Identification*

Step 5A develops a list of investment opportunity areas that could tackle cross-border SDG needs/gaps while leveraging cross-border policy and investment momentum. It also serves to flag viable opportunities lacking policy or financial momentum that will serve to develop Emerging Opportunity Areas in Step 5B. It involves holding an internal workshop to develop a preliminary longlist of IOAs that meet predefined business criteria (marketable, specific, at-scale, proven) and impact criteria (prevent harm, benefit stakeholders, contribute to solutions). The political economy analysis conducted in Step 3B should inform the development of the IOA list, considering:

- » The direct and indirect socio-political consequences of a business model, notably its implications for local power dynamics and its potential for rent capture.
- » The recurrent challenges - such as climate-related risks or intercommunal conflicts - and the communities’ responses, to design IOAs that integrate into changing dynamics. This is essential to ensure the sustainability of the business model.
- » The practical implementation of policy and regulations, to make an accurate assessment of the IOA’s actionability and its impact on populations.

The list is then tested and refined through KIs with private stakeholders and industry experts, resulting in the identification of 10-15 final IOAs.

The IOAs should attempt to leverage the specific opportunities of the different typologies, namely:

- » **For areas with developed regional integration infrastructure (Borderland Types 1 and 3)**, the identification of IOAs should use the information collected under Step 1B to leverage the borderland areas’ infrastructure and trade regimes to foster trade expansion and diversification.
- » **For areas exhibiting a more fragile context (Borderland types 3 and 4)**, the identification of IOAs should particularly consider the nature of investment support (technical advice, capital) offered by development partners and the specific sectors to which it is allocated, and tailor the IOAs to small and local investors, as they are more likely to invest in conflict-prone environments.

Table 12: Step 5: Workshop participants IOAs

KIs	Number
Project Team members	All
UNDP specialists	5-7
Gender expert	1

Table 13: Step 5: IOAs Workshop instructions

Step	Instructions	Substeps		Time needed
1	Re-orient the group around the priority subsectors the project team has landed on during Step 5A			10 min
2	Go through each priority subsector at a time, reviewing the kind of materiality metrics that are most critical for private investors to account for; and review how this plays out across the cross-border area			30 min
3	Reflect in smaller groups (organized by priority sectors, with participants of each group determined by the area of expertise, ensuring one gender and/or human rights/ protection expert per group) and ideate openly around policy/financial barriers and investable solutions that could address the critical development needs of each subsector.			50 min
		3.1	What are the main barriers to the realization of this IOA?	
		3.2	Considering the current policy and financial dynamics in the cross-border area, can these barriers be effectively mitigated through regulatory or financial reforms?	

Step	Instructions	Substeps		Time needed
		3.3	Within sector X, and particularly subsector A, which exhibits the highest need and alignment for investment in the cross-border area, what are potential business models that have started to yield development impact in the cross-border area?" [repeat by subsector]	
		3.4	What and who specifically are these business models impacting? How sustainable is this impact, and does it risk creating any externalities? How do these impacts differ between communities on either side of the border?	
		3.5	Are these business models commercially sound, insofar as they have proven their ability to meet private risk and return requirements for investors in that subsector? Are they adapted to accommodate the unique challenges of cross-border operations?	
		3.6	Do the required policy and financial changes for this business model to become commercially viable meet the criteria of feasibility, equity, and consistency with the existing regulatory framework in the cross-border area?	
		3.7	Do these policy/financial recommendations risk creating any externalities?	
		3.8	What kind(s) of investor(s) would these models potentially attract? Why?	
4	Run through additional stimulating examples of investable opportunities, once a running list of openly ideated potential investment opportunity areas has been generated – lean on the PGGM/APG ‘Sustainable Development Investments’ taxonomy, notably the thematic areas of investment highlighted at the most granular level of each SDG – and noting down which of these models could be most applicable to the priority subsectors in addition to those unearthed during open iteration			30 min
5	Return to plenary, recapping all ideas generated across groups (e.g. by collating them all onto a longlist on a whiteboard, or by writing them onto sticky notes).			10 min
6	Undertake a filtering exercise in order to prioritize those models that meet four criteria: <ul style="list-style-type: none"> • Fundamentally marketable, i.e. investments within which a private actor could invest independently of government co-investment, and where a private actor may be able to achieve a market- or above-market return • Sufficiently specific to the realm of an ‘opportunity area’, i.e. a field within which diverse kinds of deals/ transactions could take place, but broad enough for an investor to decide what kind of financial vehicle is best suited to deploy • Sufficiently at-scale for investments to be able to achieve depth and duration of potential impact • Largely already proven in-market, i.e. by a transaction having taken place, and return/impact begun to be calculated 			45 min

Step	Instructions	Substeps		Time needed
7	Categorize the options that were not chosen based on the reasons for their exclusion. Determine whether the lack of selection was due to insufficient policy and regulatory support, a lack of investment momentum, unfavourable or uncertain socio-political implications, or simply the presence of a more favorable business model in that subsector.			15 min

Once IOAs have been identified, further KIs should be conducted with private sector investors, private companies and industry experts to test the IOAs and narrow the list into 10-15 final IOAs. Opportunities should then be classified within industries and economic sectors and subsectors identified in the development agenda of the respective countries and the Sustainability Accounting Standards Board Standards. A list of KIs and interview guidelines are provided in the tables below.

Table 14: Step 5: KIs fact-finding interviews IOAs

KIs	Number
Local impact investors with stakes in all prioritized sectors (on both sides of the borderland)	5-6
Local women-led impact investors/ investors that focus on women’s empowerment, gender equality, human rights protection	1-2
Local business incubators with a focus on active engagement and incubation of social enterprises (on both sides of the borderland)	2-3
Women-led VCs and incubators targeting women-led enterprises or gender equality and/or human rights-focused business models	1-2
Global impact investors with stakes in prioritized sectors (on both sides of the borderland)	5-6
Global impact investors with specific gender and/or human rights focus, although not necessarily in the market of analysis	1-2

Table 15: Step 5: Fact-finding interview structure IOAs

Step	KIs	Number
1	Recap the project and its objectives in person	10-15 min
2	Go through the long list of potential investment opportunity areas determined with experts, refining the list and validating the content that makes each IOA potentially viable – taking detailed notes on whether each model is <ul style="list-style-type: none"> • Fundamentally marketable, i.e. investments within which a private actor could invest independently of government co-investment, and where a private actor may be able to achieve a market- or above-market return • Sufficiently specific to the realm of an ‘opportunity area’, i.e. a field within which diverse kinds of deals/ transactions could take place, but broad enough for an investor to decide what kind of financial vehicle is best suited to deploy • Sufficiently at-scale for investments to be able to achieve depth and duration of potential impact • Largely already proven in-market, i.e. by a transaction having taken place, and return/impact begun to be calculated 	45 min

2.6.2 Step 5B: EIOA Identification

Using the IOAs excluded in Step 5A due to inadequate regulatory, policy, or financial support, Step 5B further identifies emerging investment opportunity areas. EIOAs serve a development need but face regulatory or financial barriers. They are complementary to standard IOAs, and may, for areas facing a dearth of policy and financial momentum, become the principal outcome of the SDG mapping process. This might notably be the case for borderlands with underdeveloped regional integration infrastructure.

In alignment with the approach applied to the IOAs, the development of EIOAs should rely on the political economy analysis to develop equitable, sustainable, and actionable business models. It should also attempt to leverage the specific opportunities of the different borderlands' typologies

Step 5B requires conducting an internal workshop to test and develop a preliminary list of EIOAs, detailing each EIOA's identified roadblock, scalable business model, and policy/financial requirements. The list is then tested and refined through KIs with public authorities, private sector investors, and private companies, resulting in the identification of 10-15 final EIOAs and complementary policy recommendations. A list of workshop participants and operational guidelines are provided in the tables below.

Table 16: Workshop participants EIOAs

KIs	Number
Project Team members	All
UNDP specialists	5-7
Gender expert	1

Table 17: EIOA workshop instructions

Step	Instructions	Substeps	Time needed
1	Re-orient the group around the EIOAs the project team has landed on during Step 5A		10 min
2	Go through each priority subsector at a time, reviewing the kind of materiality metrics that are most critical for private investors to account for; and review how this plays out across the cross-border area		30 min
3	Reflect in smaller groups (organized by priority sectors, with participants of each group determined by the area of expertise, ensuring one gender and/or human rights/protection expert per group) and ideate openly around policy/financial barriers and investable solutions that could address the critical development needs of each subsector.		50 min
		3.1	What are the main barriers to the realization of this EIOA?
		3.2	Considering the current policy and financial dynamics in the cross-border area, can these barriers be effectively mitigated through regulatory or financial reforms?

Step	Instructions	Substeps		Time needed
		3.3	Within sector X, and particularly subsector A, which exhibits the highest need and alignment for investment in the cross-border area, what are potential business models that could yield development impact in the cross-border area? [repeat by subsector]	
		3.4	What and who specifically would these business models impact? How sustainable would this impact be, and would it risk creating any externalities? How do these impacts may differ between communities on either side of the border?	
		3.5	What specific conditions or support mechanisms are necessary for the private sector to actively participate in these business models?	
		3.6	What are the current policies and regulations governing the broader sector to which the subsector/ business model identified belongs?	
		3.7	How could these policy changes be integrated into the current policy/ governance structure of the cross-border governments?	
		3.8	What are the main market based challenges to the development of this subsector/business model?	
		3.9	Do the required policy and financial changes for this business model to become commercially viable meet the criteria of feasibility, equity, and consistency with the existing regulatory framework in the cross-border area?	
		3.10	Can regional economic commissions or cross-border initiatives play a role in fostering support for this subsector?	
		3.11	Do these policy/financial recommendations risk creating any externalities?	
		3.12	What kind(s) of investor(s) would these models potentially attract? Why?	
4	Run through additional stimulating examples of investable opportunities, once a running list of openly ideated potential investment opportunity areas has been generated – lean on the PGGM/APG ‘Sustainable Development Investments’ taxonomy, notably the thematic areas of investment highlighted at the most granular level of each SDG – and noting down which of these models could be most applicable to the priority subsectors in addition to those unearthed during open iteration			30 min

Step	Instructions	Substeps	Time needed
5	Return to plenary, recapping all ideas generated across groups (e.g. by collating them all onto a longlist on a whiteboard, or by writing them onto sticky notes).		10 min
6	Undertake a filtering exercise in order to prioritize those models that meet four criteria: <ul style="list-style-type: none"> Fundamentally marketable, i.e. investments within which a private actor could invest independently of government co-investment, and where a private actor may be able to achieve a market- or above-market return Sufficiently specific to the realm of an 'opportunity area', i.e. a field within which diverse kinds of deals/ transactions could take place, but broad enough for an investor to decide what kind of financial vehicle is best suited to deploy Sufficiently at-scale for investments to be able to achieve depth and duration of potential impact Largely already proven in-market, i.e. by a transaction having taken place, and return/impact begun to be calculated 		45 min

Further KIIs should be conducted with public authorities, private sector investors, and private companies to test and narrow the EIOAs and formulate complementary policy recommendations. Opportunities should then be classified within industries and economic sectors and subsectors identified in the development agenda of the respective countries and the SASB Standards.

Table 18: KIIs fact-finding interviews EIOAs

KIIs	Number on each side of the border
Regional/District authorities	2-3
Decision makers in relevant ministries	2-3
National Investment Promotion Agencies	1-2
Local women-led impact investors/ investors that focus on women's empowerment, gender equality, human rights protection	1-2
Local business incubators with a focus on active engagement and incubation of social enterprises (Borderland 1 and 2)	2-3
Women-led VCs and incubators targeting women-led enterprises or gender equality and/or human rights focused business models	1-2
Global impact investors with stakes in prioritized sectors (Borderland 1 and 2)	2-3
Global impact investors with specific gender and/or human rights focus, although not necessarily in the market of analysis	1-2

Table 19: Fact-finding interview structure EIOAs

Step	Instructions	Time needed
1	Recap the project and its objectives in person	10-15 min
2	Go through the long list of potential investment EIOAs, refining the list and validating the content that makes each IOA potentially viable – taking detailed notes on whether each model <ul style="list-style-type: none"> Fundamentally marketable, i.e. investments within which a private actor could invest independently of government co-investment, and where a private actor may be able to achieve a market- or above-market return Sufficiently specific to the realm of an 'opportunity area', i.e. a field within which diverse kinds of deals/ transactions could take place, but broad enough for an investor to decide what kind of financial vehicle is best suited to deploy Sufficiently at-scale for investments to be able to achieve depth and duration of potential impact Largely already proven in-market, i.e. by a transaction having taken place, and return/impact begun to be calculated 	45 min

Step	Instructions	Time needed
3	Formulate policy recommendations for the EIOAs to turn into IOAs. They need to <ul style="list-style-type: none"> • Draw from successful examples of policies • Integrate into the policy/governance mechanisms of the cross-border area • Strive to comprehensively facilitate the transformation of the EIOA into an IOA that is inherently marketable, sufficiently specific, at a substantial scale, and already validated in the market to a significant extent 	45 min

2.7 Step 6 – Collect Supporting Information

Step 6 collects supporting information on the business models identified in Step 5. For EIOAs, many areas of information are not available due to the absence of policy and/or private sector activity, necessitating the use of alternative sources of information.

As such, Step 6 is further divided into two steps:

- Step 6A: Collect supporting information on IOAs
- Step 6B: Collect supporting information on EIOAs

2.7.1 Step 6A: Collect Supporting Information On IOAS

For each IOA, Step 6A profiles the business case justifying the market feasibility. The purpose of this step is to:

- » Identify each investment opportunity's existing supporting institutional framework. This should include policies and laws vital to the success and implementation of the IOA.
- » Evaluate business case-related information for each business model to help investors perform due diligence and eventually shape impactful deals. This should include market size, ticket size, Sustainable Development Needs, Expected Development Outcome, Stakeholders Impacted, Outcome and Impact Risks, IMP Impact Classification. Information collected in the political economy analysis (Step 3B) should be leveraged to assess the socio-political impact of the business model and align SDG targets accordingly. For conflict-affected areas, this evaluation should consider the security costs, such as hiring security personnel or covering the expenses associated with potential service disruptions of services due to insecurity.
- » For conflict-affected areas or IOAs with potential negative externalities, map available risk mitigation strategies (political risk insurance, dispute resolution mechanisms, crisis management and contingency planning, accessibility of hedging mechanisms). This step should leverage the information obtained through the Security Assessment (Step 1A) and the Political Economy Analysis (Step 3B).
- » Identify the existing capital structure and needed capital suitable for funding the identified investment opportunities. This should include:
 - Source of capital (national, foreign, or international) for existing opportunities and identified opportunities.
 - The average size of capital (for existing opportunities and identified opportunities)
 - Trends of capital flows (for existing opportunities)

Key Informant Interviews should be conducted with a broad set of investors or investment facilitators in order to obtain detailed information critical to making the case for each IOA. Potential KIIs and interview structure are provided in the Tables below.

Table 20: Step 6: KIIs fact-finding interview

KIIs	Number on each side of the border
Local impact investors with stakes in all prioritized sectors (on both sides of the borderland)	5-6
Local women-led impact investors/ investors that focus on women's empowerment, gender equality, human rights protection	1-2
Local business incubators with a focus on active engagement and incubation of social enterprises (on both sides of the borderland)	2-3
Women-led VCs and incubators targeting women-led enterprises or gender equality and/or human rights-focused business models	1-2
Global impact investors with stakes in prioritized sectors (on both sides of the borderland)	5-6
Global impact investors with specific gender and/or human rights focus, although not necessarily in the market of analysis	1-2

Table 21: Step 6: Fact finding interview structure.

Step	Instructions	Substeps	Time needed
1	Recap the project and its objectives in person		10-15 min
2	Validate the viability of the IOAs (testing variables like 'marketable', 'specific', 'at-scale' and 'proven.') and fill the gaps		45 min

The following Table, extracted from the standard SGD mapping approach, provides guidance for supplementary desk research to gather additional data and fill gaps.

Table 22: Step 6A: Desk research documents

Data category	Documents	Type of review performed
Business model	Investor prospectuses of example ventures; PE/VC firm portfolio overviews	Search for clear descriptions of the kind of operation and revenue model the IOA would specifically focus on (e.g., highlighting relevant parts of the value chain)
Case Studies	Investor reports; PE/VC firm portfolio overviews; company databases	Search for companies that operate in the selected industries and whose business model aligns with the identified IOA
Market size & environment	Market research reports; national/ sectoral statistical databases	Search for currency values (\$ USD) that estimate the size of the addressable market, in either its current or future state, accounting for growth dynamics
Return profile	Shareholder reports for public investments; investor prospectuses	Look for indications of past returns (calculated in IRR) achieved by investors already active in the space
Investment Timeframe	Shareholder reports for public investments; investor prospectuses	Look for indications of the expected timing until an investor would be able to see a return on its investment (cumulative positive cash-flows)
Ticket Size	Shareholder reports for public investments; investor prospectuses	Search for average ticket size for an individual investor to participate in the investment
Market risks & obstacles	Market research reports; investor prospectuses	Look for indications of the factors that could limit the future scalability of the model, in order for investors to mitigate against them
Security risks	Security assessment; expert interviews	Look for security risks that could limit the future scalability of the model, in order for investors to mitigate against them

Data category	Documents	Type of review performed
Political economy risks	Sectoral political economy analysis; expert interviews	Look for socio-political risks that could limit the future scalability of the model, in order for investors to mitigate against them
Borderland Sustainable Development Needs	Expert interviews; feasibility studies; policy statements	Based on the identified gender and marginalization needs, define how the IOA addresses the relevant gender inequalities and/or marginalization issues
Expected Development Outcome	Impact measured by investors; firm evaluations; academic studies/ trials; feasibility studies	Look for assessments of the economic, social and/or environmental impact that this business model could have if deployed at sufficient scale
SDGs & SDGs indicators	UN Stats; expert interviews; SDG tracker	Identify the primary and secondary SDG(s) and SDG indicator that the IOA addresses, considering the sustainable development need and target outcome
Stakeholders impacted	Expert interviews; feasibility studies; statistical databases	Define the stakeholders directly and indirectly impacted by the IOA (people, gender, planet and corporate)
Outcome & impact risks	Impact/ feasibility studies; case studies	Search for examples of (specifically) negative spill over effects from undertaking this kind of investment, including from other contexts/markets
Borderland Policy Environment	Policy statements; press releases; speeches	Highlight useful detailed information around government plans across the borderland (new policy guidelines, reform packages, spending proposals, etc.) and relevant differences across the borders
Borderland Regulatory Environment	Regulatory announcements; legal reports	Search for baseline data on the state of regulation across the borderland in the subsectors encompassing each shortlisted IOA
Cross-border trade policy and regulatory environment	Trade agreements; Regional Economic Community reports; policy statements; experts' interviews	Highlight useful information relating to cross-border infrastructure development, trade regimes and policies, and proximity/integration to regional economic hubs/trade centres
Borderland Financial Environment	Policy statements by Ministry of Finance; or development banks	Highlight useful detailed information around the emission and management of specialized credit lines; and availability of fiscal or other financial incentives
Active Actors	PE/VC portfolio overviews; sector/ industry associations	Search for the names of the specific institutions already active in each IOA, ideally including investors, direct operators, supply chain partners, etc.

2.7.2 Step 6B: Collect Supporting Information On EIOAS

For each EIOA, Step 6B profiles a business case and formulates policy recommendations. Since many areas of information are not available due to the absence of policy and/or private sector activity and investment momentum, the following areas/indicators will be captured:

- » Identify each EIOA's regulatory landscape, its gaps, and the necessary policy adjustments for the EIOA to become fundamentally marketable.
- » Identify the emerging private sector involvement and the market potential
- » Map the current [if any] financing models that are in place to support innovations in this space.
- » Identify the key market risks and obstacles to scale
- » Evaluate the overall and indicative impact class of IOA and its business model based on identified impact dimensions.

The following Table provides guidance for supplementary desk research to gather additional data and fill gaps.

Table 23: Step 6B: Desk review documents

Data category	Documents	Type of review performed
Business model	Investor prospectuses of example ventures; PE/VC firm portfolio overviews	Search for clear descriptions of the kind of operation and revenue model the IOA would specifically focus on (e.g., highlighting relevant part of the value chain)
Case Studies	Investor reports; PE/VC firm portfolio overviews; company databases	Search for companies that operate in the selected industries and whose business model aligns with the identified IOA
Market size & environment	Market research reports; national/ sectoral statistical databases	Search for currency values (\$ USD) that estimate the size of the addressable market, in either its current or future state, accounting for growth dynamics
Market risks & obstacles	Market research reports; investor prospectuses	Look for indications of the factors that could limit the future scalability of the model, in order for investors to mitigate against them
Security risks	Security assessment; expert interviews	Look for security risks that could limit the future scalability of the model, in order for investors to mitigate against them
Political economy risks	Sectoral political economy analysis; expert interviews	Look for socio-political risks that could limit the future scalability of the model, in order for investors to mitigate against them
Borderland Sustainable Development Needs	Expert interviews; feasibility studies; policy statements	Based on the identified gender and marginalization needs, define how the IOA addresses the relevant gender inequalities and/or marginalization issues
Expected Development Outcome	Impact measured by investors; firm evaluations; academic studies/ trials; feasibility studies	Look for assessments of the economic, social and/or environmental impact that this business model could have if deployed at sufficient scale
SDGs & SDGs indicators	UN Stats; expert interviews; SDG tracker	Identify the primary and secondary SDG(s) and SDG indicator that the IOA addresses, considering the sustainable development need and target outcome
Stakeholders impacted	Expert interviews; feasibility studies; statistical databases	Define the stakeholders directly and indirectly impacted by the IOA (people, gender, planet and corporate)
Outcome & impact risks	Impact/ feasibility studies; case studies	Search for examples of (specifically) negative spill over effects from undertaking this kind of investment, including from other contexts/markets
Borderland Policy Environment	Policy statements; press releases; speeches	Highlight useful detailed information around government plans across the borderland (new policy guidelines, reform packages, spending proposals, etc.) and relevant differences across the borders
Borderland Regulatory Environment	Regulatory announcements; legal reports	Search for baseline data on the state of regulation across the borderland in the subsectors encompassing each shortlisted IOA
Cross-border trade policy and regulatory environment	Trade agreements; Regional Economic Community reports; policy statements; experts' interviews	Highlight useful information relating to cross-border infrastructure development, trade regimes and policies, and proximity/integration to regional economic hubs/trade centres
Borderland Financial Environment	Policy statements by Ministry of Finance; or development banks	Highlight useful detailed information around the emission and management of specialized credit lines; and availability of fiscal or other financial incentives

OTHER CONSIDERATIONS

3.1 Operationalization

3.1.1 Operationalizing IOAs

Once the African Borderlands SDG investor map is completed and business models are established, it is essential to operationalize the IOAs to facilitate the realization of deal flows. The successful operationalization of IOAs involves the following steps:

- » **Coordination with existing development initiatives:** The African Borderland SDG Investor Map is an integral component of UNDP's coordinated efforts to support sustainable investment in developing countries. It works as an anchor to deploy UNDP's tools, partnerships and convening role to bring market intelligence to its intended audiences, namely market players, financial intermediaries, enterprises and public sector actors. ABC should build upon and take advantage of UNDP existing efforts within the respective countries of the borderland and capitalize on UNDP's supporting mechanisms to drive the operationalization of IOAs. Throughout the process of realizing deal flows, it should collaborate with actors including:

1

The UNDP country offices and their ongoing efforts to operationalize the National SDG Investor Map. This collaboration can facilitate the identification and collaboration with relevant investors and private stakeholders. It is essential to coordinate its work with public authorities to establish an enabling environment for IOAs.

2

The Global Policy Network (GPN) to leverage its service "Unlocking Private Capital and Aligning Business Operations for the SDGs." The GPN can help access public and private capital for SDG investment, align business operations with the SDGs, and support and enable policy environment for SDG investment. The GPN trade and value chain service holds particular relevance in the context of borderlands, especially in facilitating the implementation of the AfCFTA process.

3

UNDP Africa Sustainable Finance Hub offers a comprehensive package of methods and tools in support of the organization's SDG Integration offer to enable governments, the private sector, and international financial institutions to accelerate financing for the SDGs.

4

UNDP Istanbul International Centre for Private Sector Development (IICPSD) provides policy advice and technical services on private sector engagement through South-South Cooperation for the SDGs, private sector engagement in skills development, impact investing, and resilience and crisis response.

- » **Identification and engagement of private stakeholders:** Depending on the sector, nature, and risk associated with the IOA, different types of private actors are relevant to the realization of deal flows. Engagement with private stakeholders may involve identifying firms already equipped and interested in investing, or supporting the growth of businesses that have the potential to address the IOA. It involves the following steps, to adapt depending on the type of IOA:

1

Support the establishment of an “investment champion.” The few success stories of private investment in Africa often have in common the presence of an established, well-connected and well-resourced “investment champion” whose mandate is to showcase opportunities and innovative approaches, support investors in navigating through administrative procedures, and help businesses secure funding. For instance, these “champions” could help businesses identify institutional allies who can act as catalysts for key projects. They should be established in close collaboration with local governments, in IOAs that show promising returns and high potential for achieving Sustainable Development Goals.

2

Work with the Growth Stage Impact Venture (GSIV) programme to identify enterprises with high potential for growth and SDG impact, aligned to the African Borderland SDG Investor Map findings, through third-party nominations, which showcase and prepares potential investees for capital deployment.

3

Utilise UNDP’s Impact Ventures Accelerator (IVA) to identify and support scaling of businesses that deliver products and services directly and systemically addressing challenges manifested by SDGs.

4

Communicate on IOAs with private equity funds that display a relatively higher appetite for less stable areas. The Table below provides an indicative list of equity funds that operate in selected countries across the Sahel and the Horn of Africa.

Table 24: Potential private equity funds to engage with, by country

Country	Private equity funds involved in fragile areas of Africa
Burkina Faso	SF Capital, Coris Bank, Helios, I&P Investisseurs et partenaires, ECP Investments, Adiwale Partners, Development Partners International, Cauris Management, Equator Capital Partners, Ecobank, Shelter Afrique, BlueOrchard Finance
Mali	Coris Bank, Strand Hanson, Helios, I&P Investisseurs et partenaires, ECP Investments, Adiwale Partners, Development Partners International, Cauris Management, Equator Capital, Ecobank, Shelter Afrique, BlueOrchard Finance
Senegal	SF Capital, Coris Bank, Helios, I&P Investisseurs et partenaires, ECP Investments, 8 Miles, Adiwale Partners, Development Partners International, Cauris Management, Equator Capital Partners, Ecobank, Shelter Afrique, BlueOrchard Finance
Cameroon	Strand Hanson, Helios, I&P Investisseurs et partenaires, ECP Investments, Development Partners International, Ecobank, BlueOrchard Finance
Chad	Adenia Partners, Helios, ECP Investments, Ecoban, Shelter Afrique
Niger	Coris Bank, Strand Hanson, Helios, I&P Investisseurs et partenaires, ECP Investments, Development Partners International, Cauris Management, Equator Capital Partners, Ecobank
Nigeria	SF Capital, Absa group, Strand Hanson, Helios, I&P Investisseurs et partenaires, ECP Investments, 8 Miles, Development Partners International, Africa Infrastructure Investment Managers, Sahel Capital, Equator Capital Partners, Ecobank, Shelter Afrique, BlueOrchard Finance

Country	Private equity funds involved in fragile areas of Africa
DRC	Maris Ltd, Adenia Partners, XSMC Capital, SF Capital, Helios, ECP Investments, Development Partners International, Equity Bank, Ecobank, Shelter Afrique, BlueOrchard Finance
Djibouti	ECP Investments, Shelter Afrique
Ethiopia	Helios, 8 Miles, Ascent Capital Africa, Cepheus Growth Capital Partners, Ecobank
Somalia	Maris Ltd, Helios
Burkina Faso	SF Capital, Coris Bank, Helios, I&P Investisseurs et partenaires, ECP Investments, Adiwale Partners, Development Partners International, Cauris Management, Equator Capital Partners, Ecobank, Shelter Afrique, BlueOrchard Finance

- » **Mobilization of public authorities:** Although IOAs benefit from a favorable policy environment, ABC can work with the respective governments of the borderland area to establish the necessary capabilities and strategic focus to source the critical investment for the realization of their SDGs. This includes:

1

Support governments in reducing the administrative burden on businesses: Investors have to go through long, complex and costly procedures to obtain permits and licenses, secure land, get electricity and water, and import/export goods. These processes are rarely digitized and often tainted with corruption. Given that digitizing procedures takes time and resources and reducing corruption would require a complete overhaul of incentive mechanisms in the public sector, removing unnecessary procedures for selected IOAs can bring high value for money. This would send a positive signal to foreign and local businesses, remove entry barriers into the identified IOAs and reduce the opportunity cost of entrepreneurship in the target locations.

2

Improve coordination among public entities: Investors deal with many public agencies at different stages. Because these agencies are often subject to administrative restructuring and a high staff turnover, businesses have little clarity on who they should talk to and at which stage. Clarifying roles and responsibilities, especially for large-scale infrastructure projects within PPP frameworks, would increase the confidence of investors. In borderland areas, better coordination is especially needed between the different checkpoints along the border (which often apply heterogeneous rules and procedures) and between the relevant customs authorities. Investors are looking for an entity, possibly the sector regulator, to take the lead and support them through the process, particularly when dealing with local authorities.

- » **Organization of Convenings:** The engagement of private stakeholders and the exploration of pathways for partnerships can be facilitated by the organization of events with investors, intermediaries including consulting companies or financial intermediaries, enterprises, and public sector actors. It is an important step to share the findings of the ABC SDG Investor Maps before more in-depth pipeline development and facilitation and commercial due diligence are conducted. It is also important to organize private-public dialogues where private sector actors are given the chance to comment on how laws and regulations affect their operations, and where public entities can point to investors areas where their involvement would contribute to public goods and Sustainable Development Goals. These convenings are essential to build trust as they reassure investors that public authorities will uphold their commitments, while investors can affirm their role as government partners by aiding local community development and aligning with governmental objectives.

- » **Identification of financing mechanisms:** The capital and motivation of the private sector can be aligned and leveraged with the public sector's resources and experience to mobilize the necessary funding for IOAs in African borderlands. Pathways to explore include:

1

Partner with UNDP-hosted Financial Centres for Sustainability (FC4S) to present SDG project pipeline to financial centres based on the African Borderland SDG Investor Map in a portfolio aimed at deal making and realizing SDG investment.

2

Explore partnerships with private sector banks, DFIs and other financial institutions for leveraging tailored debt instruments. The UNDP Debt Offer can support governments in developing frameworks and identifying projects that can be financed through sovereign and sub-sovereign (e.g., municipal) thematic bond issuance programmes.

3

Utilise UNCDF's financial support architecture to develop financial instruments designed to be part of an investment continuum for development impact, ranging from early to growth and expansion stage and encompassing on- and off-balance sheet investments with an integrated technical assistance capability.

- » **Facilitation of negotiations and due diligence processes:** Once the relevant actors have been identified and partnership options have been explored, ABC can support the implementation of deals by supporting negotiation and due diligence processes. This includes:

1

Provide support in negotiating terms, acting as a liaison between investors and local entities during negotiations, addressing concerns, and ensuring a mutually beneficial agreement.

2

Assist investors in navigating local regulatory processes and compliance requirements. Provide support in the due diligence process for potential investors. This includes supplying comprehensive information and addressing any concerns or queries they may have.

Ensuring that African Borderland Investor Maps remain helpful to investors also requires updates at key points of change in a market's economic and/or political climate.

- » Updates should take place at least once every two years, to account for each market's evolving investment environment and progress across development areas – these 'refreshes' are likely to require a reassessment of priority sectors, subsectors and subregions; as well as the subsequent need and commercial case for the IOAs themselves.
- » Focused/ sporadic updates should take place particularly at critical junctures such as changes in federal administrations, or the undertaking of major policy reforms. Borderland Typologies 3 and 4 exhibit relatively more volatile environments and are likely to necessitate more regular updates.

Understanding the relevance and impact of Investor Maps is also critical to inform future revisions of the tool. Following UNDP ABC's "prototype-to-learn" approach to promote action-learning cycles, we recommend conducting periodic Key Informant Interviews with a cohort of private actors categorized as potential investors in the IOAs, using the investors' profiles developed in step 6. The purpose of these interviews would be to investigate the reasons for their investment or lack thereof, as well as the challenges and enabling factors they have encountered. These interviews should be conducted periodically depending on the investment timeframe.

3.1.2 Operationalizing EIOAs

EIOAs correspond to areas addressing a development need but facing policy or financial barriers. As such, their operationalization is centred around strategic and targeted advocacy efforts to spark policy change and create the enabling environment necessary to transform the EIOA into a marketable IOA. Operationalizing EIOAs involves engaging private stakeholders, financial institutions, and development partners to offer incentives and support for public authorities to initiate policy reforms. This engagement can take various forms depending on the context, the regulatory environment, and the stakeholders involved. For instance, it requires adopting a more marketing-oriented approach for the private sector and utilizing policy briefs for development purposes. It involves the following steps:

- » **Encourage positive change in relevant policy and regulatory frameworks:** The SDG Investor Map methodology (in Step 3) identifies the specific gaps in policies and regulations that prevent investment in white spaces. Development partners should engage regulatory bodies and industry experts on the potential economic and social impact of creating an enabling environment for emerging investment opportunity areas to design frameworks that balance development goals and investor incentives. Supporting feasibility studies on the EIOAs identified could also help in generating interest among policymakers.
- » **Engage with local authorities to provide specific investment incentives for the EIOAs identified:** The lack of investment in white spaces stems from particularly complex challenges that discourage investors from entering the market. To overcome these challenges, specific incentives such as tax breaks, subsidies, or lighter administrative requirements are required. These incentives may not need to be substantial but would send a clear signal to investors that they would be supported should they target these areas.
- » **Build the capacity of public entities:** Local public agencies operate under strict constraints which affects their ability to effectively support private investors. Their staff lacks the capacity and knowledge that is required to assess businesses, especially in emerging areas that they might be less familiar with (particularly in the renewable energies sector for instance). The burden of capacity building currently lies on investors, who invest time in educating their audience, often in vain due to the high turnover.
- » **Support the design of tailored financing models:** Explore innovative financing models that accommodate the unique challenges of the EIOAs identified. This could involve flexible repayment structures, blended finance approaches, or impact investment strategies that prioritize both financial returns and social impact.
- » **Design and communicate risk-mitigation measures for investors:** Given their specific challenges, white spaces require specific risk-mitigation strategies for investors. This requires first to synthesize a list of market-based risks and contextual challenges for investors, using the information collected throughout KIs in the different steps of the SDG Investor Map methodology. Depending on the EIOAs identified, these can include infrastructure gaps, the presence of armed groups, unstable market conditions, price fluctuations, and lack of local capacity, among others. Then, a list of mitigation measures can be derived, which may involve setting up special security arrangements, drafting checklists of local stakeholders whose buy-in appears necessary, and designing specific insurance mechanisms or guarantees to alleviate concerns related to political instability, security issues, or economic uncertainties.
- » **Implement strategic white space marketing:** Develop targeted marketing campaigns to promote EIOAs, through channels such as investment forums, conferences, and digital platforms to reach potential investors and create awareness about the sectors and regions. These campaigns should specifically aim at improving the visibility of white spaces by disseminating information about their infrastructure gaps, development needs and potential returns.

- » **Showcase success stories:** The standard SDG Investor Map approach has identified EIOAs to address the challenges of white spaces in some countries. To spur a stronger political interest and attract investors in similar environments in borderlands, some of these previously identified EIOAs that proved successful can be leveraged to design communication campaigns to highlight success stories, emphasizing both the returns generated by these investments and the social impact in these areas. This can serve as powerful testimonials for the viability and potential success of investments in these emerging sectors.
- » **Engage with development partners:** The policy and financial barriers identified in the EIOAs should be shared with development partners, including the relevant UNDP country offices of the borderland area, to integrate the advocacy efforts into existing frameworks, coordinate efforts, and avoid repetitions. The EIOAs can notably inform the Integrated National Financing Strategies (INFS) and foster the alignment of national financing strategies towards the relevant policy actions and reforms. African Borderland Investor Map EIOAs can be brought to the Steering Committee for the INFF process and help to identify suitable financing instruments to operationalize the INFS.

3.2 *High Conflict Intensity Borderland Areas*

In borderland areas where there is no enabling environment or where the market carries too many risks for potential investors, as may be the case in high conflict-intensity cross-border areas, conducting a full SDG Investor Map would be challenging. In these cases, the mapping exercise should focus on assessing the main challenges for the development of a potential market and formulate recommendations for development partners and governing entities. The following steps would be required:

- » Develop a list of the main gaps and challenges inhibiting investment and synthesize the results into key thematic areas.
- » Using secondary literature and expert interviews, compile a set of policy recommendations for the government and development partners to create the enabling environment required for private investment. These recommendations should consider existing efforts from local and foreign actors and should critically evaluate the role of the state, notably in regions where its legitimacy is contested.
- » Share the findings and engage in collaboration with other initiatives involved in high conflict intensity environments, such as:

1

The Rule of Law and Human Rights Unit, which develops guides and toolkits to support businesses in managing human rights risks, including heightened risks and impacts in conflict-affected areas.

2

The Finance for Peace Initiative (F4P) from the International Organization for Peacebuilding, which works in collaboration with the UNDP's Conflict Prevention, Peacebuilding, and Responsive Institutions (CPPRI). F4P works on enabling the creation of a market for peace enhancing finance, aiming to reduce risks for both investors and communities and achieving outcomes that are bankable and advance peace.

3

The Trade for Peace Programme (T4P) implemented by the World Trade Organization (WTO), which facilitates the integration of fragile and conflicted affected states (FCS) into the multilateral trading system and explores how trade can contribute positively to the attainment of peace and stability in FCS.

4

The Connecting Business Initiative (CBI), jointly led by UNDP and the UN Office for the Coordination of Humanitarian Affairs (OCHA), which engages the private sector strategically before, during and after emergencies, increasing the scale and effectiveness of the response and recovery in a coordinated manner.

5

Other local initiatives which may be implemented by UNDP or other actors in the target borderland area, focusing on private sector development, markets systems or supporting livelihoods.

- » Assess how best UNDP ABC- can effectively support these recommendations and contribute to the development of the target region.
- » Leverage UNDP ABC communication channels to disseminate the findings amongst relevant stakeholders, including development partners and government entities.
- » Regularly review market and security conditions, adapt the policy recommendations, and re-evaluate the presence of an enabling environment in the area.



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