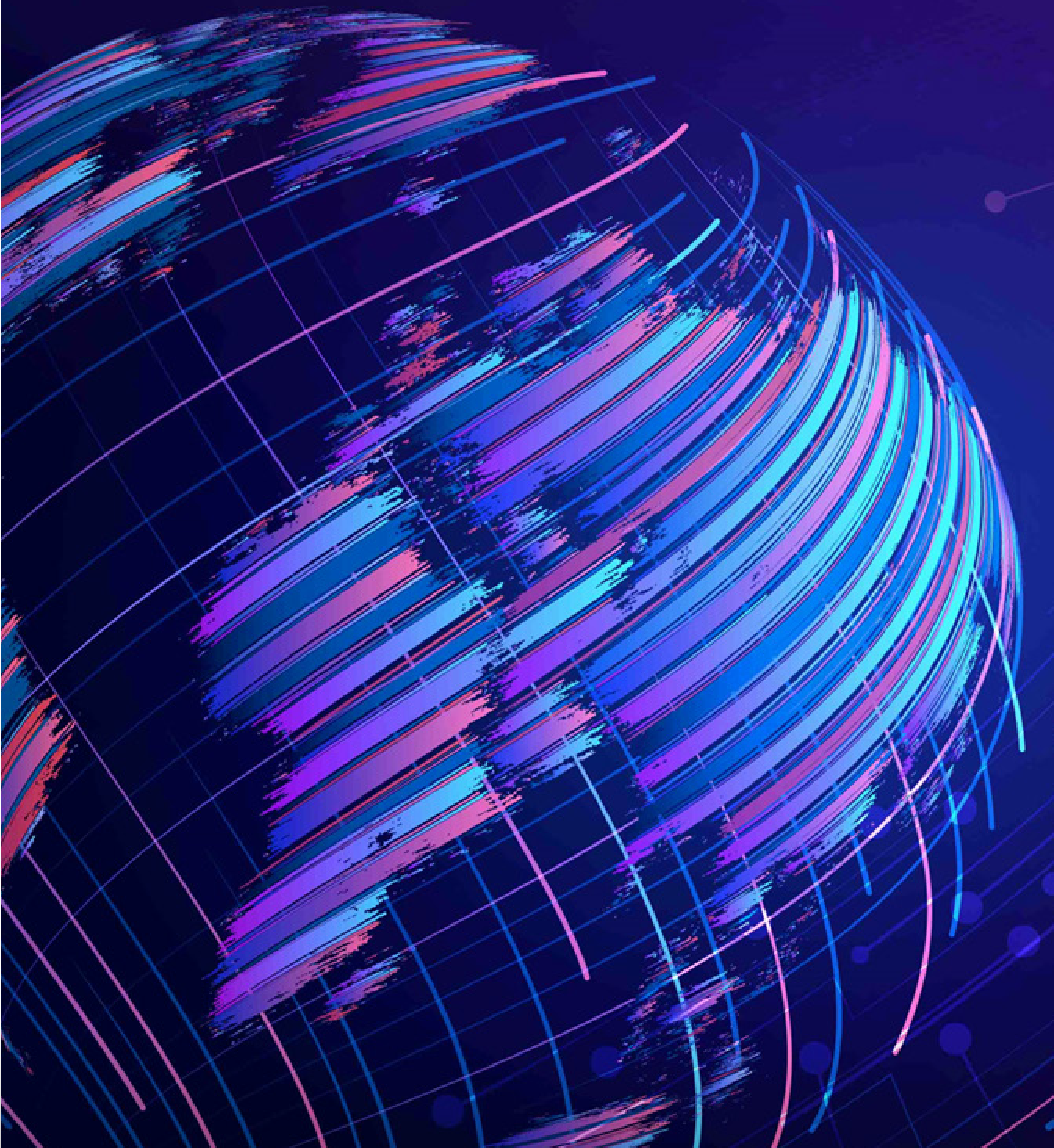

Making Markets Work for the SDGs:

UNDP’s Private Sector Development and Partnership Strategy (2023-2025): Annex

One United Nations Plaza, New York, NY 10017, USA

The United Nations Development Programme (UNDP) is the leading United Nations organization fighting to end the injustice of poverty, inequality, and climate change. Working with our broad network of experts and partners in 170 countries, we help nations to build integrated, lasting solutions for people and planet.

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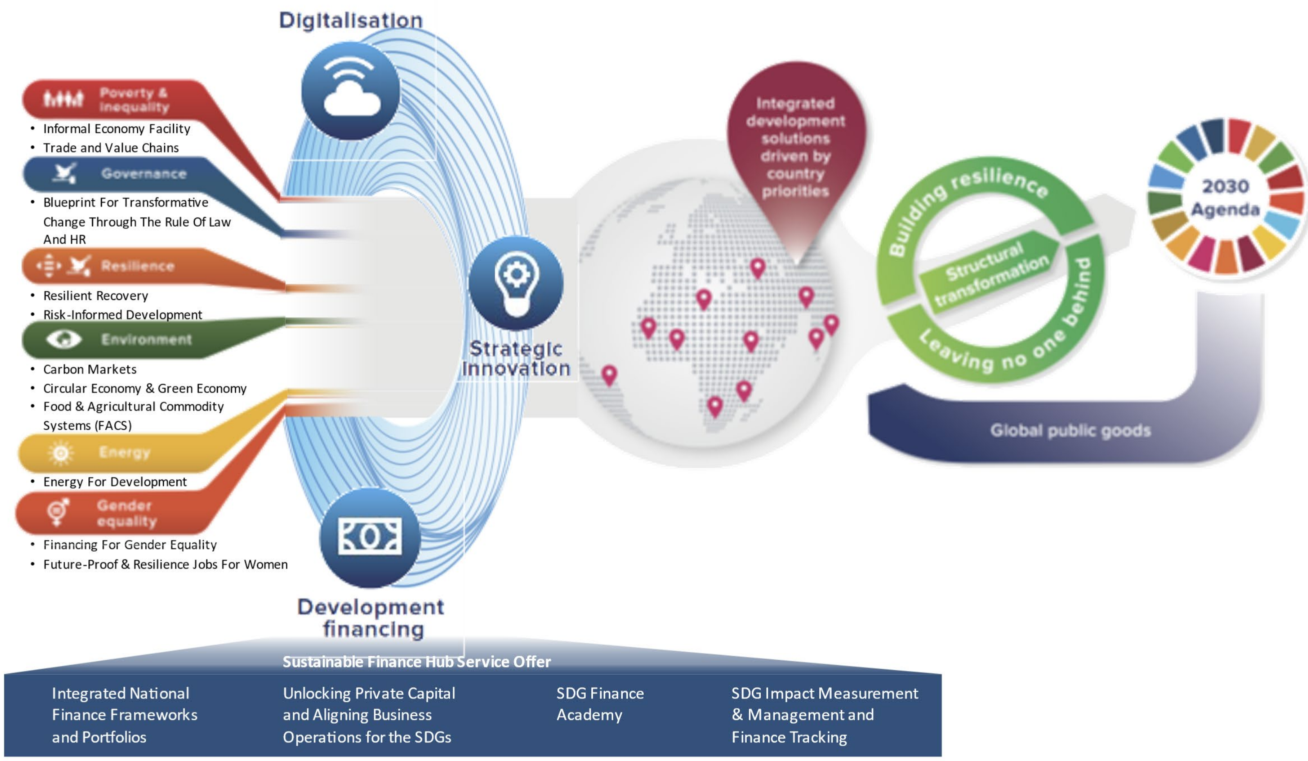
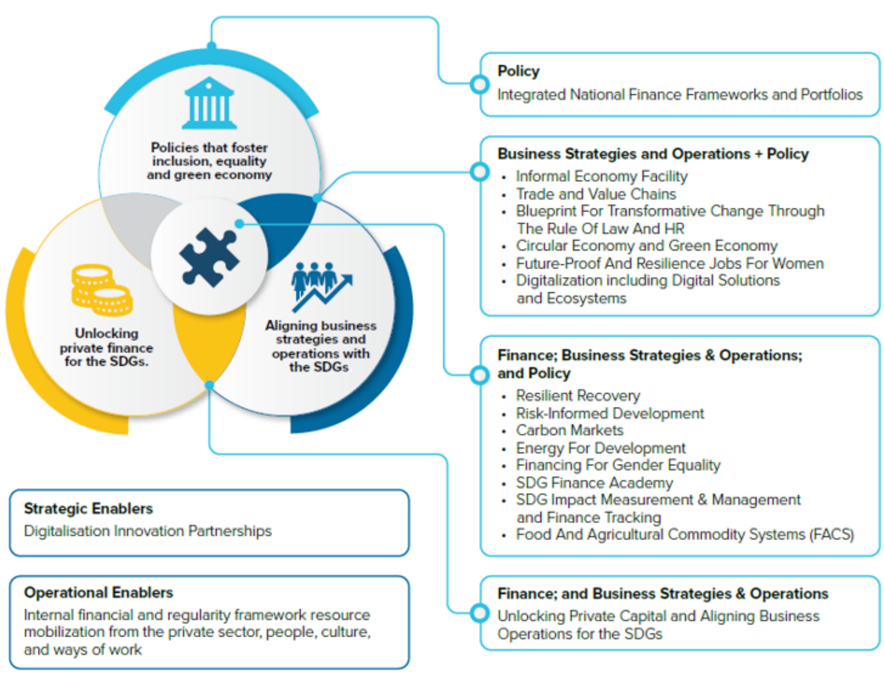
UNDP Private Sector Strategy 2023-2025 Annexes

UNDP GPN Service offers



Over the next 3 years, the Private Sector strategy will focus on making markets work for 3 of the 4 UNDP Strategic Plan moonshots:

Strategic Outcomes: How the Private Sector Service Offer makes markets work for the SDGs



Tailored to the six signature solutions of UNDP's Strategic Plan (2023-2025), this private sector strategy will be adapted to each country and development context. UNDP will: embed the private sector's role into a new set of programs being developed in line with the UNDP Strategic Plan's six signature solutions; fully integrate its work into country-level programmes; and be supported UNDP's Global Policy Network that can leverage and multiply efforts being advanced across 170 countries.

Through the Compendium of GPN Integrated Policy and Programme Services to the Country Offices, these have been developed jointly by the Bureau for Policy and Programme Support (BPPS) and the Crisis Bureau (CB) in collaboration with BERA and the Chief Digital Officer with the objective of supporting COs to deliver on the Strategic Plan. In terms of the architecture, these Integrated Policy and Programme Services are designed to cover the 6 Signature Solutions and 3 Enablers, underpinned by a number of thematic services. The services also identify the high-level thematic expertise available to support implementation, provide additional guidance and connect you to wider GPN expertise.

Similarly, this strategy is well aligned with the ambitions of the UNDP Strategic Plan for 2022 – 2025 and sits squarely within the three enablers to maximize development impact by scaling up development through digitalization, strategic innovation, and development finance.

GPN Service offers	Strategic Plan Outcomes	Signature Solutions	Priority Strategic Plan Outputs	Priority Strategic Plan Indicators
1. Informal Economy Facility	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 1: Poverty	1.2 Social protection services and systems strengthened across sectors with increased investment 1.3 Access to basic services[1] and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity	1.2.1 Number of countries with policy measures and institutional capacities in place to increase access to social protection schemes targeting (Women; Urban poor; Rural poor; Person with disabilities; informal sector workers) 1.3.1 Number of people accessing basic services 1.3.2 Number of people accessing financial services 1.3.3 Number of people accessing non-financial assets
2. Trade And Value Chains	Outcome 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions. Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 1: Poverty	1.1 The 2030 Agenda, Paris Agreement and other intergovernmentally-agreed frameworks integrated in national and local development plans, measures to accelerate progress put in place, and budgets and progress assessed using data-driven solutions	1.1.1 Number of countries that have development plans and budgets that integrate intergovernmentally-agreed frameworks across the whole-of-government 1.1.3 Number of countries with data collection and/or analysis mechanisms providing disaggregated data to monitor progress towards the SDGs
3. Human Rights for Sustainable Development	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 2: Governance	2.2 Civic space and access to justice expanded, racism and discrimination addressed, and rule of law, human rights and equity strengthened	2.2.1 Number of countries with institutions, systems, or stakeholders with capacities to support fulfilment of nationally and internationally ratified human rights obligations 2.2.2 Number of countries that have targeted systems with strengthened capacities to 2.2.3 Number and proportion of people supported who have access to justice

[1] Basic services refer to public service provision systems that meet human basic needs including drinking water, sanitation, hygiene, energy, mobility, waste collection, health care, education and information technologies (SDG 1.4.1).

4. Resilient Recovery	Outcome 3: Resilience built to respond to systemic uncertainty and risk.	Signature Solution 3: Resilience	3.1 Institutional systems to manage multi-dimensional risks and shocks strengthened at regional, national, and sub-national levels 3.3 Risk informed and gender-responsive recovery solutions, including stabilization efforts and mine action, implemented at regional, national, and sub-national levels	3.1.2 Number of countries with early warning and preparedness measures in place to manage impact of conflicts, disasters, pandemics, and other shocks 3.3.1 Number of people benefitting from jobs and improved livelihoods in crisis or post-crisis settings
5. Risk-Informed Development	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development. Outcome 3: Resilience built to respond to systemic uncertainty and risk.	Signature Solution 3: Resilience	3.1 Institutional systems to manage multi-dimensional risks and shocks strengthened at regional, national, and sub-national levels	3.1.1 Number of risk-informed development strategies and plans in place at: a) regional level b) national level c) sub-national level d) sectoral level *and* 3.1.2 Number of countries with early warning and preparedness measures in place to manage impact of conflicts, disasters, pandemics, and other shocks *(FAO, UNEP, UNFPA, UNICEF, UN Women, WFP)*
6. Carbon Markets	Outcome 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions.	Signature Solution 4: Environment	4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions	4.2.1 Number of people directly benefitting from mechanisms for biodiversity, water, oceans, and climate solutions funded by public and/or private sector resources
7. Circular Economy and Green Economy	Outcome 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions. Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based	Signature Solution 4: Environment	4.2 Public and private investment mechanisms mobilized for biodiversity, water, oceans, and climate solutions	4.2.1 Number of people directly benefitting from initiatives to protect nature and promote sustainable use of resources (female/male)

	approach to human agency and human development.			
8. Food And Agricul-tural Commo-dity Systems (FACS)	Outcome 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions. Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 4: Environment	4.1 Natural resources <u>protected</u> and <u>managed</u> to enhance sustainable productivity and livelihoods	4.1.1 Number of people directly benefitting from initiatives to protect nature and promote sustainable use of resources 4.1.2 Natural resources that are managed under a sustainable use, conservation, access, and benefit-sharing regime
9. Energy For Develop-ment	Outcome 1: Structural transformation accelerated, particularly green, inclusive, and digital transitions. Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 5: Energy	5.1 Energy gap <u>closed</u>	5.1.1 Number of people, who gained access to clean, affordable, and sustainable energy 5.1.2 Number of people, who benefitted from services from clean, affordable, and sustainable energy 5.2.1 Increase (in megawatt) in installed renewable energy capacity per technology
10. Financing For Gender Equality	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Signature Solution 6: Gender Equality	6.2 Women's leadership and participation <u>advanced</u> through implementing affirmative measures, strengthening institutions and civil society, and addressing structural barriers, in order to advance gender equality, including in crisis contexts	6.2.1 Number of countries with measures to advance women´s leadership and equal participation in decision-making in private sector.
11. Future-proof and resilience jobs for women	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human	Signature Solution 6: Gender Equality	6.1 Country-led measures <u>implemented</u> to achieve inclusive economies and to advance economic empowerment of women in all their diversity,	6.1.1 Number of measures implemented to: eliminate gender-based discrimination and segregation in labour market; increase women's access to and use of digital technologies, digital

	agency and human development. Outcome 3: Resilience built to respond to systemic uncertainty and risk.		including in crisis contexts	finance, e-commerce, and digital value chains; ensure women's economic security and empowerment in crisis contexts, including through economic recovery plans.
12. Enabler - Digitalization	Outcome 1: Structural transformation accelerated, particularly green, inclusive and digital transitions.	Enabler - Digitalization	E.3 Public and private financing for the achievement of the SDGs <u>expanded</u> at global, regional, and national levels	E.1.1 Number of policies, strategies and laws that promote enabling and regulated digital ecosystems that are affordable, accessible, trusted, and secure E.1.2 Number of public and private institutions that leverage digital technologies in ways that improves people's lives at
13. Integrated National Finance Frameworks And Portfolios	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Enabler - Sustainable Finance	E.3 Public and private financing for the achievement of the SDGs <u>expanded</u> at global, regional, and national levels	E.3.2 Number of policies and regulatory and institutional frameworks developed and adopted by public and private actors to align public and private finance with the SDGs a) Policies b) Regulatory frameworks c) Institutional frameworks
14. Unlocking Private Capital and Aligning Business Operations for The SDGs	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Enabler - Sustainable Finance	E.3 Public and private financing for the achievement of the SDGs <u>expanded</u> at global, regional, and national levels	E.3.1 Amount (in US dollars) of public and private finance leveraged for the SDGs
15. SDG Finance Academy	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based approach to human agency and human development.	Enabler - Sustainable Finance	E.3 Public and private financing for the achievement of the SDGs <u>expanded</u> at global, regional, and national levels	E.3.1 Amount (in US dollars) of public and private finance leveraged for the SDGs E.3.2 Number of policies and regulatory and institutional frameworks developed and adopted by public and private actors to align public and private finance with the SDGs a) Policies b) Regulatory frameworks c) Institutional frameworks
16. SDG Impact Management and Finance	Outcome 2: No one left behind centring on equitable access to opportunities and a rights-based	Enabler - Sustainable Finance	E.3 Public and private financing for the achievement of the SDGs <u>expanded</u> at global, regional, and national	E.3.2 Number of policies and regulatory and institutional frameworks developed and adopted by public and private actors to align public and private finance with the

Tracking	approach to human agency and human development.		levels	SDGs a) Policies b) Regulatory frameworks c) Institutional frameworks

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POVERTY

INFORMAL ECONOMY FACILITY

GLOBAL CONTEXT

The informal economy absorbs 8 out of every 10 enterprises in the world. **More than 60 per cent of the world's employed population, that is 2 billion people earn their livelihoods in the informal economy**. The emergence of non-standard forms of employment, including through the rise in digital labor platforms, is also pushing the boundaries of the informal economy around the globe. The COVID-19 crisis has amply exposed the vulnerabilities of the informal economy. Millions of informal workers, often lacking any form of social protection, are likely to have joined the ranks of the "new poor" or fallen deeper into poverty. Informal enterprises have been disproportionately affected. In Africa, for instance, they were found to be 25 per cent more likely to report being pushed towards bankruptcy compared to their formal counterparts.[1] The impacts of the crisis have also been most pressing for informal women workers and women-led enterprises, while reinforcing gender disparities, particularly in the distribution of unpaid care. The youth, also largely concentrated in temporary and informal jobs, have borne the brunt of lower employment. Yet, and despite promising developments, the policy response to COVID-19 has fallen short of the tremendous needs of informal workers and enterprises while women's economic security has not been addressed with the same intensity as it has been destroyed. As the informal economy continues to cater for the livelihoods of billions of people, enhanced, gender-responsive policy efforts to both *protect and empower* informal workers and enterprises while facilitating their gradual transitions to formality will be paramount to foster job creation and decent work, avoid a deepening of poverty and inequality, and help developing economies and societies build forward better.

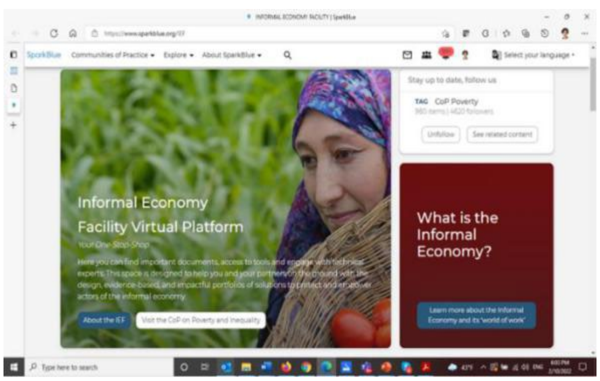
UNDP'S COMPARATIVE ADVANTAGE

UNDP has a track record in supporting vulnerable people and businesses. As part of its response to COVID-19, UNDP further helped identify the specific impacts of the crisis on informal workers and enterprises[2]. UNDP spearheaded innovative, including digital solutions to facilitate their access to social assistance, finance, and markets and build their resilience. UNDP also supported the development of recovery plans for informal sectors,[3] whilst fostering dialogue and advocacy around informality and social protection.[4]

Informality is a complex, dynamic societal challenge that requires moving away from single point solutions towards more holistic and systemic approaches, grounded in an in-depth understanding of informal ecosystems and the drivers of employment and business informality. Furthermore, there is a need to better grasp the entrepreneurship and innovation dynamics which are at play in the informal economy and how these could be leveraged for better outcomes. This inherently speaks to the wide-ranging mandate and 'whole-of-society' approach of UNDP. UNDP leverages its extensive field presence, the multidisciplinary expertise of its Global Policy Network, including the Accelerator Labs, the Innovation Facility, the Chief Digital Officer (CDO) to support holistic solutions for informal workers and enterprises, whilst nurturing innovation, continuous learning, and adaptation. UNDP exerts its convening power to foster much needed public-private dialogue, partnerships and collaborations around informality issues while giving voice to a wide range of stakeholders, including informal actors.

UNDP'S SERVICE LINES

Through the Informal Economy Facility (IEF), UNDP aims to help program countries move the needle on poverty, vulnerability, and inequality by protecting informal actors and empowering them to benefit from and contribute to inclusive, job-rich, and green recovery and development pathways, in an integrated manner. The initiative is firmly grounded in UNDP's new Strategic Plan (SP 2022-2025) Signature Solution #1 on Poverty and Inequality, its directions of change (Leaving No One Behind, resilience, structural transformation) and critical enablers, particularly digitalization and strategic innovation.



1. **A 'one stop shop' for knowledge, policy, and programmatic resources on informality:** UNDP is developing the *IEF virtual platform* to provide COs and their partners an easy and seamless access to:

    Informality related database, tools, and other knowledge products on informality generated by UNDP (e.g. the UNDP Data Futures Platform, the UNDP Accelerator Lab Network *Learning Cycle on Informality*) and other partners;

    Internal and external capacity development opportunities on informality issues;

    Specialized expertise, including access to a *dedicated GPN Roster sub-profile on Informality*.

    A core depository of information on UNDP strategic policy and programmatic initiatives

    A space for the development of communities of practices (facilitated on-line discussions on promising approaches; peer-learning amongst partner agencies, policymakers, private, incl. informal sector representatives).

- **Tailored policy and programmatic support:** Given the multidimensional nature of informality challenges, the Offer *naturally* integrates and cross-fertilizes with UNDP Social Protection Offer and other critical workstreams. UNDP provides policy and programmatic services in the following areas:

2. Leveraging innovative data and metrics to identify the vulnerabilities of informal workers and businesses and better target policy responses: Drawing upon its work on Poverty and Inequality measurement[5] and other key workstreams on data, UNDP supports the expansion of gender and age- disaggregated data on the informal economy, including through leveraging new data (e.g., multidimensional poverty and vulnerability indices, geospatial data, mobile and satellite data) to generate more granular insights the informal economy and inform policy action.

3. Promoting systems approaches to informality: UNDP supports the use of *deep-demos*, sense-making, behavioral insights and other collective intelligence approaches[6] to better understand informal ecosystems and enable the development of integrated solutions to address the various policy and other drivers, incl. gender drivers of informality, and their interplay, as well as to better leverage the entrepreneurship and innovation potential of informal actors, including their contribution to green transitions.

4. Engaging informal actors in formalization - related research and policy development: together with partners, UNDP promotes the engagement of informal actors (particularly representatives of women and youth workers/led businesses) in research and multistakeholder policy dialogues on informality issues. UNDP also encourages the participatory analysis of the costs and benefits of formalization, the impacts (including gendered impacts) of formalization strategies and programs, and other policies that affect socioeconomic outcomes for informal workers and enterprises.

5. Expanding informal workers' access to social protection (SP): UNDP leverages digital solutions to strengthen national SP information management systems, delivery, grievance management and other SP governance mechanisms. UNDP supports the piloting of innovative schemes, such as basic income schemes, as well as *hybrid* non-contributory/contributory models to expand access to social security. To promote wider co-benefits for people and communities, UNDP supports the integration of cash transfers with skills development and other productivity and resilience enhancing initiatives, including 'nature-based solutions.' UNDP supports inclusive and gender-responsive SP solutions that better integrate care services needs and unpaid care work issues as well as leverage community-based SP systems to reach out to the most vulnerable.[7]

6. Enhancing the productivity and resilience of informal enterprises whilst facilitating their gradual transitions to formality and engagement in the green economy: UNDP promotes informal enterprises' access to finance, business, skill-development, and market opportunities through a wider use of digital solutions (e.g., digital finance, e-commerce, and other tech-platforms) while reducing digital divides and fostering greater linkages between informal and formal ecosystems. UNDP also promotes a better integration of informal producers in agriculture and other sectors into local, regional, and global value-chains – incl. green value chains, as well as the adoption of sustainable business practices.[8]

7. Financing informal actors' protection and empowerment: UNDP will support the costing, alignment, and mobilization of public and external finance for investments that carry strong benefits for informal workers and businesses, building upon its engagement in Integrated National Financing Frameworks (INFFs) and other relevant initiatives. Together with partners, UNDP also supports mechanisms, such as blended finance, that can help 'de-risk' financing for MSMEs, including informal MSMEs.

The Offer is underpinned by robust gender and intersectional lens and promotes gender-responsive solutions that can help disrupt social norms including through recognizing, reducing and/or redistributing unpaid care work.

KEY DELIVERABLES/SUCCESSES OF THE PORTFOLIO

As part of its inception work, the Informal Economy Facility has been providing tailored technical and/or financial support to Jordan, Kyrgyzstan, Botswana, the Philippines[9] as well as Paraguay[10] for innovative and catalytic initiatives that seek to assess and address social protection and empowerment challenges in the informal economy Together with other informality-relevant projects supported by UNDP through the Funding Window on Inequality in Iraq, Dominican Republic, North Macedonia, and Senegal, the joint proposals supported under the ILO-UNDP Framework for Action[11], as well as UNDP ACP-EU capacity development program for artisanal and Small-Scale Enterprises (ASMEs) in Uganda, Guinea, Zambia, Cameroon, Fiji and Jamaica, these initiatives are expected to serve as 'proofs of concept' that can foster learning and partnerships towards scaling-up.

DEMAND-ANALYSIS

UNDP IEF Offer has been co-created through consultations with various thematic teams of the GPN, and from the 'bottom-up' through consultations with regional teams and COs, as well as based on a series of light mappings which revealed UNDP's expanding engagement across regions, and increased demand for knowledge, policy, and programmatic support on informality. As an indication, in 2021, more than 30 applications (out of 186) under the CDO *led Digital X Scale Accelerator initiative* were directed towards the informal economy (including e- support to MSMEs through e-commerce, digital tools/business models, as well as digital education/ skills development, women's economic empowerment and waste recycling initiatives).

PARTNERSHIPS

UNDP IEF offer nurtures strategic partnerships across the GPN knowledge domains, including with the SIU and UNDP Accelerator Labs in promoting a better understanding of the informal economy, the development of systems-based approaches to addressing informality (building upon the pilot UNDP offer on the Future of Work); with the UNDP CDO on digital solutions and inclusion, the SDG integration team (on data and metrics), the Gender and Nature, Climate Energy (NCE) thematic teams, as well as the SDG Finance sector Hub.

Within the UN system, UNDP has been expanding its strategic partnership with ILO in Africa to advance the agenda on informality and social protection[12]. Under the umbrella of the IEF, and as an immediate response to the SG's Our Common Agenda (OCA) call for "*roadmaps to be established to integrate informal workers and enterprises into formal economies in order to benefit from women's full participation in the workforce*", UNDP is developing with ILO a flagship program on *Fostering Pathways to Formality* to scale up joint actions in key service areas (strengthening the evidence base on informality, extending social protection to informal workers, enhancing the productivity and resilience of informal enterprises and engage informal workers and businesses in policy research and policymaking). Partnerships are also being developed with UNCDF on informality and financial inclusion, and other partners engaged on informality issues[13].

The IEF also leverages collaborations with think tanks, including the IPC-IG [14], the Women in Informal Employment: Globalizing and Organizing (WIEGO), a global network of researchers, development practitioners and organisations of informal workers in 90 countries[15]; and the University of Johannesburg research program on innovation in the informal economy.[16]

RESOURCE NEEDS

UNDP overall works on Informality requires mobilizing an additional $32 million to cover support to 60 countries.

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POVERTY

TRADE AND VALUE CHAINS

GLOBAL CONTEXT

The 2030 Agenda and the Addis Ababa Action Agenda on financing for development (FfD) recognize international trade as an enabler and source of financing for the SDGs. The rise of global and regional value chains resulting in integrated production networks cutting across national boundaries, creates opportunities for developing countries to better integrate in the world economy. However, while the so-called emerging economies have been able to expand their exports and markets, most developing countries remain specialized in a few export products, mostly at the low-end of the value chain based on natural resource endowment or low-cost location advantages. Two-thirds of developing countries are commodity-dependent,[1] a proportion reaching 83% among the LDCs.[2] They are exposed to boost and dust cycles of commodity prices which raise macroeconomic management challenges and complex governance issues, including heightened risks of conflict.[3] COVID-19 pandemic has increased vulnerabilities of developing and lead developed economies to global markets. As their main trade partners across the developed and emerging economies have been severely hit by the pandemic during 2020 and 2021, there has been significant business disruptions and output contraction including in export sectors that have weighted negatively on less diversified economies.

Economic and trade diversification are closely interlinked and essential to enhance the resilience of commodity-dependent countries and promote broad-based development. Both support structural transformation or change in the underlying conditions and structures that define a country's development trajectory. The purpose is to enhance productivity for inclusive growth, developing human capital and other capabilities to help countries improve competitiveness and reduce vulnerability to shocks. In the context of the climate crisis and the SDGs, structural transformation requires embedding environmental sustainability through green and sustainable consumption and production approaches, and inclusive business models leaving no one behind.

Regional integration initiatives such as the African Continental Free Trade Area (AfCFTA), constitute strategic policy approaches to advance these objectives. The AfCFTA opens a new era for trade and economic governance and must be considered as an opportunity to undertake much needed structural reforms across Africa to support development of wide-reaching and inclusive regional value chains conducive to inclusive growth and poverty reduction.[4] Vulnerability of African economies to global markets heightened by the COVID-19 impacts and induced supply chains disruption means that the continent needs to produce more of what it consumes. The AfCFTA is expected to increase intra-Africa trade and more importantly, promote industrialization with attendant benefits in terms of investment and employment.[5] Export of services from developing countries present potential as an avenue for diversification and growth. Though transport and tourism are the main export sectors today, telecommunications, computer and information services, financial and other business services rank among the fastest growing export services from developing countries[6] and support broader economic activity including manufacturing. If harnessed properly, international trade can contribute to the diffusion of environmentally friendly technologies and the creation and expansion of markets for sustainable products and services.[7]

UNDP'S COMPARATIVE ADVANTAGE

UNDP works alongside partners in government, private sector and the UNDS to support countries' own efforts to achieve the SDGs. This comprehensive mandate as well as its role of integrator of SDGs at country level position well UNDP to work on private sector development and trade. This is particularly important considering the intrinsic linkage between trade and the SDGs. For instance, through market integration and trade, businesses can leverage economies of scale and increase value added activities, boosting therefore industrialization (SDG 9). This is turn contributes to generating employment (SDG 8), businesses opportunities for women and thus revenues (SDG 5 and SDG 10) which help reduce poverty (SDG 1). Trade is crucial to smooth movement of goods, including food, supporting food security and help achieve SDG 2. Trade and interdependence also offer opportunities to strengthen regional and international cooperation towards boosting exports capacity of developing countries (SDG 17).

UNDP brings an integrated and inclusive approach to private sector and trade programmes and seeks to address bottlenecks and develop capacity at the macro (e.g., policy and regulatory reforms); meso (institutional support); and micro levels (e.g., enterprises, especially MSMEs) to promote systemic change in the way markets work. UNDP's work on trade builds on its long-standing experience on value chain and trade programmes across the organization, including supplier development programmes, the Green Commodities Programme, initiatives to support regional integration and global partnerships such as the Enhanced Integrated Framework focused on developing trade capacity in LDCs.

One of the lessons learnt by UNDP over the years on its work on trade, value chains and private sector development is the importance of participatory approaches, involving all stakeholders, especially those usually marginalised or excluded. Experience has shown the need to move from dialogue to true collaboration to promote durable change. This step change takes time and financing frameworks that promote collaboration.[8]

UNDP'S SERVICE LINES

UNDP's trade service offer is an integral part of the Private sector strategy which seeks to contribute to making markets work for the SDGs putting special emphasis on partnerships and inclusion of poor and marginalized communities through programmes at global, regional, and national level.[9]

2. **Policy and regulations:** technical assistance and policy advice to countries to establish an enabling environment for economic and trade diversification supporting inclusive and sustainable growth (e.g., pro-active trade and sector policies and regulatory frameworks to support the expansion of sectors with strong employment and positive sustainability potential).
3. **Institutional capacity:** medium- to long-term institutional strengthening of government and regional organization entities to support economic and trade diversification and regional integration efforts, such as: capacity development assessments and plans for trade-relate institutions; training in soft skills (e.g. development planning, RBM, and sectoral trade related topics); public-private dialogue through sector-based platforms (e.g. national commodities platforms, regional dialogues for SMEs to understand and seize market opportunities); training and support to trade negotiations.

- **Productive capacity and value chains:** UNDP works with governments, trade support institutions and businesses to enhance productive and trade capacity. Priority is giving to sectors with strong potential for employment, including for youth and women; environmental sustainability and showing resilience to on-going transformations arising from technological advances, environmental dynamics, and geopolitical shifts among others.

- **Trade and Market Intelligence :** UNDP works to strengthen services and capacity of enterprises, especially MSMEs to access and use trade information and trade intelligence systems to expand trade opportunities. This involves access to information on market trends, market access conditions in foreign markets, including non-tariff measures such as standards.

- **Inclusive businesses**: UNDP supports commercially viable investments that directly target people living at the base of the economic pyramid, either by addressing market failures or integrating base pyramid people into the value chain as service product provider.

- **Advocacy**: In cooperation with partners and agencies, UNDP advocates for full alignment of trade and trade diversification efforts to the 2030 Agenda, including sustainable consumption and production patterns (SDG 12) and sustainable supply and productive value chains.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

8. **Trade capacity development of LDCs:** Through its partnership with the Enhanced Integrated Framework (EIF), UNDP develops capacity of LDCs on trade by improving the enabling environment (policy and regulatory reforms) and institutions for trade and private sector development. UNDP holds the largest agency EIF portfolio.

- Agribusiness Supplier Development Programme (ASDP) strengthens market linkages for smallholder farmers. Interventions have taken place in Cote d'Ivoire, Kenya and Nigeria allowing producers in these countries to access growing export markets.
- **The Aid for Trade project in Central Asia** provides trade and productive capacity advisory services. Since 2014, the project has supported the creation of 5,000 new jobs, including 2,000 for women in the region and support export contracts worth $600 million. The project uses data to predict future trends and best possible returns on investment employment rich and environmentally sustainable.
- **Support to regional integration among Arab States** by enhancing regional connectivity and reducing trade costs (e.g., national single windows, trade corridors and custom reform), and providing institutional support to regional organizations (e.g., the League of Arab States).
- **Initial support to the AfCFTA process** by (i) increasing countries' readiness and capacity of national and regional institutions to start implementation of the Agreement and (ii) building capacity of businesses, especially women and youth led MSMES, to understand new or expanded opportunities resulting from the trade deal. This is a prerequisite to ensure that small businesses produce towards AfCFTA markets.

Pipeline

- **Enhanced Integrated Framework Portfolio**: several country projects on-going in Africa and the Asia Pacific regions focused on institutional support, private sector development and value chain, and trade diagnostics.
- **Support to African Continental Free Trade Area**: a regional project to be implemented over the period 2022 – 2025 aims to scale up current support to the AfCFTA. The framework of interventions contributes to realizing an AfCFTA that yields inclusive benefits and revolves around two key pillars: i) supporting small businesses, mainly those led/dominated by women and youth, increase their competitiveness to produce and trade towards regional and global markets while adopting environmentally responsive practices and ii) capacitate national and regional institutions to design and implement adequate policies conducive to inclusive AfCFTA. Catalysts of these are several

cross-cutting issues such as technology and innovation, gender equality and equity, environment and sustainability, peace, and partnerships.

- **The Aid for Trade project in Central Asia.** The project has entered its fourth phase focused on Tajikistan, Uzbekistan and the Kyrgyz Republic. It has dynamically evolved from supporting small-scale producers of the region with improving the quality of their products and reaching more markets to building 'forward-looking' productive and export capacities with a focus on higher-added value 'niche' products and decent job creation, promoting sustainable agriculture and green value chains, and cross-cutting emphasis on women's empowerment, partnerships, and innovation.

PARTNERSHIP

- UNDP actively participates in the CEB Cluster on Trade and Productive Capacity. The Cluster brings together Regional Commissions and different UN entities to coordinate, develop and implement joint approaches to support trade and productive capacity development in partner countries.
- UN agencies: FAO, IFAD, ILO, ITC, UNEP, UNIDO, UNITAR, WTO, ILO, Regional economic commissions.
- AfCFTA: collaboration with ITC in support to AfCFTA implementation.
- Enhanced Integrated Framework (EIF): Global partnership of 15 donors, LDCs and agencies (IMF, ITC, UNCTAD, UNDP, UNIDO, UN WTO, WB and WTO) supported by a vertical Trust Fund.
- Bilateral: Finland (Funds regional Aid for Trade project in Central Asia); Russian Trust Fund (Funds WTO accession, as well as private sector development in Central Asia); Sweden (Funds Arab States Regional Programme); League of Arab States and other regional integration communities; Switzerland (Funds private sector work in Africa); African Union and RECs.
- GEF through IFAD (regional component of Integrated Approach Programme (IAP) on Food Security in Africa and leadership in selected countries, in collaboration with AGRA).

RESOURCES

Over $5 million per year in the period 2022 – 2025 to identify and leverage opportunities for programme/project formulation in cooperation with country offices and regional hubs.

FOCAL POINTS

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Governance

GLOBAL CONTEXT

COVID-19 has presented and continues to present key human rights challenges in the socio -economic impact, response and recovery. The pandemic has exacerbated pre-existing inequalities. Over 60% of countries have regressed on basic human rights in 2020 as a result of measures to tackle the pandemic.[3] A significant number of countries, including some established democracies, implemented emergency measures that limited rights in a way that did not meet legal standards. Without due regard to safeguards there is a concern that these approaches will be the 'new normal'.[4] The pandemic has eroded public trust in government and its institutions as the threat of the pandemic has prompted many countries to limit human rights. Some 90 countries worldwide have passed laws or taken actions to restrict freedom of expression during the pandemic.

Rising authoritarianism, ethno-nationalism, and regionalism are noted trends. The acceleration of digital service delivery creates immense opportunities to deliver development differently but must do so whilst safeguarding human rights including rights to privacy, freedom of expression, opinion and assembly. Increasing inequality, shrinking civic space, discrimination and systemic barriers and power imbalances particularly affect women, girls, persons with disabilities and minorities. Increases in reprisals against human rights defenders are alarming trends that require human rights-based approaches to be at the centre of the strategies to address them. Meanwhile, climate change impacts are displacing millions, posing, "*the greatest challenge to human rights of our era*," according to the High Commissioner for Human Rights, Michele Bachelet.

> *"UNDP is supporting countries to fulfil their human rights obligations – not only because it is the right thing to do but also because it is fundamental to achieving the SDGs."*
>
> Achim Steiner, UNDP Administrator
>
> Statement on Human Rights Day 2021.

Human rights are a necessary foundation for a peaceful, prosperous and sustainable world. Human rights are central to UNDP support to countries to implement and achieve the 2030 Agenda for Sustainable Development and the Sustainable Development Goals as well as other commitments agreed by Member States. Over 90 percent of SDG targets overlap with human rights obligations in the normative framework and Agenda 2030 envisions a world '*of universal respect for human rights and human dignity'* where using a human rights-based approach no one is left behind in development progress.

The Dec 2020 Quadrennial Comprehensive Policy Review of operational activities for development of the United Nations system recognizes the UN contribution to the promotion of human rights for sustainable development and, for the first time, '*calls upon all entities of the UN development system in accordance with their respective mandates, to assist governments upon their request and in consultation with them, in their efforts to respect and fulfil their human rights obligations and commitments under international law, as a critical tool to operationalize the pledge to leave no one behind'*[1]*.* Important UN system-wide initiatives, including the Secretary-General's Call to Action for Human Rights (C2A) and the Common Agenda, are focusing attention on how human rights are central to the achievement of sustainable development.

Addressing the root causes of human rights violations, including discriminatory laws, practices and social norms is a vital investment to promote peace, justice and inclusive institutions and governance approaches throughout the spectrum of UNDP development assistance. It is critical in crisis and fragile contexts where multi-dimensional risks including deteriorating human rights contexts correlate with deteriorating security contexts and a rising risk of conflict.

UNDP'S COMPARATIVE ADVANTAGE

UNDP has worked in over 100 countries strengthening national human rights systems and spearheads important platforms and partnerships to further UNDP programming and upstream and downstream policy on human rights both internally and across the UN system. UNDP is a thought-leader on the interface of human rights and development and leading several UN system wide partnerships and areas of work including engaging strategically at key human rights and development fora such as the UN Human Rights Council. (See below Partnerships)

UNDP's human rights strategy (2022-2025) – forthcoming - will outline the specific role that UNDP will have in supporting the realization of human rights through assisting countries to meet their human rights obligations and working in partnership with UN entities, and national human rights actors including through our coordinating and convening role in bringing together multiple partners and resources at national and local levels and as the 'integrator' in the UN system.

It aims to provide a road map to elevate and integrate human rights into all aspects of UNDP's work to support sustainable human development and the 2030 Agenda, and an inclusive long-term socio-economic recovery to COVID-19. The strategy, reflecting recent trends in sustainable development and the updated architecture to support policy and programming in UNDP, will focus on **5 pathways for human rights action**: evidence-based policy; development programming; human rights leadership and capacity; partnerships, and; operations.

The strategy will accompany the UNDP 2022-2025 Strategic Plan which is an ambitious framework which identifies **bedrock human rights principles as key enablers of transformative change.** Under each of UNDP's six signature solutions—poverty and inequality, governance, resilience, environment, energy, and gender equality—the Strategic Plan calls for inclusive approaches, enhanced accountability, non-discrimination, amplified voice, and empowerment of vulnerable groups.

Importantly, the Strategic Plan recommits UNDP to a rights-based approach, centered on human agency and human development, to ensure we Leave No One Behind. The Strategic Plan emphasizes the human rights-based approach as an engagement principle for UNDP's work.

In 2015, UNDP adopted the first mandatory Social and Environmental Standards (SES) for a UN entity mandating a human rights-based approach to our development programming and this was followed by integrated tools and guidance including mainstreaming human rights in our quality assurance processes for project formulation and programme delivery. Internal policy on UNDP's application of the UN Human Rights Due Diligence Policy (HRDDP) for working with the non-UN security sector was put in place in 2017 and human rights is maintained as a key-criteria for UNDP's engagement with the private sector.

UNDP'S SERVICE LINES

UNDP's traditional human rights work is being expanded to include important new areas of mainstreaming and direct programming across thematic priorities in our development mandate:

Key priorities include:

4. Support to national human rights systems including national human rights institutions
5. Human rights in crisis and for prevention
6. Human rights and SDG systems integration including follow-up to human rights mechanism recommendations such as the Universal Periodic Review process.
7. Supporting member states and businesses to implement the UN Guiding Principles on Business and Human Rights

In addition, UNDP has significant portfolios:

- Working to mainstream human rights across the organization
- Providing support to application of human rights policy including the HRDDP particularly in crisis settings which enables UNDP to actively manage and monitor risks
- Supporting the finalization of the UNDP Human Rights Strategy (2022-2025)
- Positioning UNDP strategically on human rights for development issues at key fora including the Human Rights Council.

Much of UNDP's programming support is supported by the Global Programme for Strengthening the Rule of Law, Human Rights, Justice and Security for Sustainable Peace and Development where UNDP adopts a multidisciplinary systems approach to addressing structural inequality and discrimination that complements the strengthening of institutional rule of law and human rights capacity, along with proven expertise for promoting the rule of law, justice, security and human rights at the country, regional and global levels, and across the UN system. See Offer on Blueprint for Transformative Change through the Rule of Law and Human Rights.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

Whilst UNDP has supported over 100 countries strengthen their national human rights systems there has been an upward trend in recent years. From 2014-2019 there has been a **240% increase in UNDP country offices reporting on human rights work** with over 60 directly reporting on strengthening national human rights systems in 2019.

The relevant output in the 2018-2021 Strategic Plan supporting strong rule of law and *human rights institutions and systems* was the **third highest output** that countries linked to as measured through Country Programme Documents in the last Strategic Plan cycle. It was also the **second highest output** in relation to programme expenditure across UNDP. Joint programming and UNDP's convening role working with other system actors has also increased with **joint programming in over 25 countries** in 2020 and increasing demand.

UNDP continues to engage strategically at relevant policy fora including the Human Rights Council where UNDP's evidence-based development research and perspectives continue to be sought after: During 2020, **58 Human Rights Council reports referenced UNDP work / research**.

DEMAND-ANALYSIS

UNDP has spent over $ 1.053 billion in 2018/2019 to enhance capacities, functions and financing of rule of law and national human rights institutions to expand access to justice and combat discrimination, with a focus on women and other marginalised groups.

In phase III of the Global Programme, over $114 million was provided directly to country offices for implementation of ROLSHR work, with close to 80% allocated to conflict, crisis, and fragile settings.

Ensuring access to justice, people-centred security services, and mechanisms for human rights protection and promotion is essential for not only meeting people's immediate needs but for reducing vulnerabilities to future shocks and crises. While the demand for such support is contextual and shaped by the specific situations in each region, universal challenges should be acknowledged and considered: triple planetary crisis, rising poverty, deepening inequalities, protracted conflicts, refugee and migrant crisis, shrinking civic space, increased violations of women's rights, including mounting levels of sexual and gender-based violence.

PARTNERSHIPS

UNDP's human rights efforts are anchored in strategic partnerships, recognizing the need for coherent approaches Inter-agency collaboration on system-wide priorities

Flagship partnerships include:

9. **The United Nations Secretary General's** **Call to Action for human rights** is a transformative vision to take action to advance human rights. It recognizes human rights as central to our most pressing issues, including the urgent achievement of sustainable development; the protection of all people regardless of their circumstances, tackling gender inequality; ensuring robust civic space; creating a healthy environment for future generations; and ensuring a safe digital world. UNDP co-leads the work on 2 of the 7 pillars of the C2A and actively engages in all thematic priorities.
10. **The Tri-Partite Partnership to Support National Human Rights Institutions** (TPP) consists of UNDP, the UN Human Rights Office (OHCHR), and the Global Alliance of National Human Rights Institutions (GANHRI). It is a platform of collaboration for the UN system to support NHRIs and their networks. Through a partnership approach, the TPP increases efficiency and effectiveness of international support for NHRIs and streamlines communication for NHRIs with international actors. UNDP has increased joint programming through the TPP to over 15 countries from 2019-2021.
11. **UNDP, OHCHR and the UN Development Coordination Office partnership to support UN systemwide strategic engagement with human rights mechanisms to achieve the SDGs.** Jointly providing dedicated technical support to UNCTs on collaborative platforms for data collection, reporting, and planning for human rights and SDG systems integration at the country level. There is also a focus on integrating human rights into voluntary national reviews, reprisals and good practices on UPR engagement.
12. **UN Human Rights focal points network**: UNDP continues to strongly support human rights mainstreaming in the UN development system actively engaging with the intra-UN mainstreaming work convened by the UN Sustainable Development Group and leading in key areas.

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Crisis prevention and increased resilience

GLOBAL CONTEXT

Conflicts and disasters can shatter people's lives and livelihoods, leading to insecurity, hunger, unemployment and poverty, often reversing hard-earned development gains and impeding progress towards the Sustainable Development Goals (SDGs). Climate-related disasters have increased in number and magnitude. Over the past decade, more than 700,000 women, men and children lost their lives, over 1.4 million were injured and approximately 23 million are homeless as a result of disasters. Conflict, sectarian strife and political instability have been on the rise. More than 1.6 billion people live in fragile and conflict-affected settings, including half of the world's extreme poor. Around 336.2 million people were on the move, including 55 million internally displaced persons, 34.4 people forcibly displaced across borders and 246.8 million other international migrants. The causes of crises are deeply interlinked and require multifaceted responses.

The process of recovery can help people to restore their sense of well-being and restart their livelihoods and reset their pathway to resilient development. Recovery processes can contribute to resilience by helping with rebuilding peoples' assets and livelihoods and reconstructing houses and infrastructure with better standards and specifications. If recovery is not pursued in a manner that is just, green and inclusive then there is all likelihood of a further decline in the quality of life and drive people into poverty.

UNDP occupies unique place and leading role in supporting resilient recovery through its mandate, expertise, and national presence. As reflected in the current Strategic Plan for 2022-2025), UNDP aims to strengthen the capacity of countries, institutions and people to prevent, mitigate and respond to diverse risks and crisis, whether they stem from a conflict, a natural hazard or climate event or social and economic shocks or any combination of them given the cascading nature of events characterizing todays and potentially tomorrows world.

UNDP'S SERVICE LINES

UNDP defines recovery as a transformative process through which households and communities rebuild their assets, restore their livelihoods, and strengthen their capacities to manage the impacts of future crisis. Resilient Recovery is a systemic set of interventions which improves the well-being of women, men, children, and people with disabilities who are affected by crisis, seeking to build the resilience of communities and strengthening their capacities to adapt and recover. The approach to recovery seeks to start early bridging the gap between relief and long-term development by supporting communities to stabilize through social protection support, livelihoods, social cohesion and restoration of core governance functions. In the medium and long term, UNDP contributes to social, physical, environmental, and economic transitions, building national and local capacities to establish policies and governance systems that build resilience.

UNDP’s approach for recovery relies on a systemic approach bridging short, medium- and long-term dimensions with underlying principles of gender equality, environmental sustainability, and digital transformation. The key areas of work in UNDP’s work in recovery encompasses the following areas:

- **Preparedness for recovery**: UNDP supports governments to anticipate crisis and prepare for it by designing solutions for recovery and developing institutions, policies as well as core capacities of governments and communities to assess, respond and lead risk informed recovery processes. Activities may include designing recovery plans based on prevent understanding of risks through scenarios and models, guidelines to build back better, training on resilient infrastructure, organizing local communities with funds and resources to enable a quick recovery.
- **Assessments and Recovery Planning:** In the event of crisis, UNDP assists governments to assess the impacts of the crisis and develop recovery strategies. UNDP deploys a team of experts to use comprehensive tools such as Post Disaster Needs Assessment and Recovery and Peace Building Assessments and other tools such as in the initial impact assessment phase (the Housing and Building Damage Assessment and Social Economic Impacts Assessments) to develop an evidenced based recovery strategy that are resilient. UNDP’s recovery programmes are informed by detailed sector assessments and analysis undertaken prior to and during the process of recovery.
- **Rebuilding livelihoods and enabling socioeconomic recovery**: UNDP supports rebuilding livelihoods and strengthening livelihoods systems to enable a more inclusive, greener economic recovery. UNDP strengthens the capacity of communities to cope with the crisis through immediate interventions that protecting livelihoods and assets and transitioning further towards local economic recovery and development. These measures may include a peacebuilding and social cohesion lenses. UNDP livelihoods and economic recovery has a three-track approach: the first track is to take actions meant to stabilize livelihoods, the second track is actions to support local economic recovery through employment, income generation and reintegration; and the third track aims for sustainable employment and inclusive economic growth over the longer-term.
- **Support for Community-led Shelter/Housing and Community Infrastructure**: UNDP supports the reconstruction of shelter/housing through the provision of social technical assistance, local capacity-building, development of or updating building regulations, and information management support to the government. UNDP promotes community-led reconstruction processes. UNDP assists homeowners and community members to rebuild houses and reconstruct community infrastructure through training of local artisans and construction workers on hazard-resistant technologies and design and provision of timely on-site advice and guidance during the construction
- **Strengthening governance systems:** UNDP helps restore public administrative capacities by enabling the state at various levels to perform and where possible improve on essential service delivery like power, water and sanitation, schools, and health systems that may have been disrupted. Further, UNDP assists in adapting and enhancing governance approaches to secondary crises caused by disaster and conflict. Depending on the institutional set-up and context of the affected country, UNDP helps with strengthening national systems to lead recovery and reconstruction. Important areas of support include clarifying legal mandates, supporting coordination mechanisms, setting up recovery aid management systems, and ensuring oversight functions of the recovery process. UNDP also helps ensure public participation and information management in recovery planning and implementation. This includes assistance for communications, data management, and outreach to communities and households.

1. **Promoting Renewable Energy for Recovery**: Access to energy plays a critical role in crisis situations as a key driver for recovery, through which households can restore their normal life, livelihoods and get access to basic services such as health, education, communications, agriculture production and water supply. Access to reliable and accessible energy is also critical for the private sector, including micro, small and medium enterprises, to continue operating. In a recovery context, UNDP supports national energy assessments, preparation of investments and financing prospectuses for programming for rehabilitation of impacted energy production, transmission and distribution capacities including grid infrastructure, power stations and distribution networks.UNDP supports promotion of decentralized renewable energy systems including mini and micro solar grids stand- alone solar systems, micro-, and pico-hydro initiatives or local biomass systems through its recovery interventions.
2. **Risk Informing and Greening Recovery**: Recognizing that effective recovery processes must promote practices that reduce risks, UNDP aims to build back better and greener using local and environment sustainable materials for reconstruction of infrastructure. Using Recovery as an entry point, UNDP supports integration of risk reduction and disaster resilience features in recovery programmes to address underlying risks and vulnerabilities and enhances safety of communities through the preservation and restoration of natural assets which protect them from floods, droughts and cyclones. These measures may include increased tree planting, slope stabilization, anti-erosion measures, and integrated natural resource management.
3. **Stabilization** interventions are applied in specific contexts, through time-bound, localized, integrated, civilian programmes with the primary purpose of building trust between communities and legitimate authorities and laying the foundations for longer-term peacebuilding and development programmes.

In all its work, UNDP emphasizes the principle of leaving no one behind, by empowering vulnerable people: women, young people, people with disabilities, migrants, refugees, and displaced persons, to build long-lasting peaceful, just and resilient societies.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

In **Turkey**, nearly 3,000 Syrian refugees and host community members found jobs as a result of UNDP interventions. In **Iraq,** more than 1.2 million people benefited from the rehabilitation of over 300 public infrastructures. To date, 4.6 million people have returned to Iraqi towns and districts with support from the UNDP-led Funding Facility for Stabilization[1].

In **Yemen,** UNDP supported 100,765 women and 421,519 men to benefit from jobs and improved livelihoods in crisis settings between 2019 and 2020. This includes 880 individuals who completed business development and life skills training, enabling them to run their own micro-businesses, and indirectly benefiting over 6,000 people. A further 50 individuals have been upskilled to work in solar energy micro-enterprises, providing an affordable energy source to around 10,000 people. UNDP Yemen's approach to train vulnerable women and youth on how to establish, manage, maintain and promote their solar micro-grid businesses won the Ashden Award for Humanitarian Energy in 2020.

In **Nepal,** following the earthquake in 2015, UNDP over a 5-year period, supported construction of 31,000 earthquake proof houses facilitating low-income households to access government grants, building permits and technical support to ensure that houses are code compliant. UNDP in the process trained more 6842 masons, among them 424 women in disaster resilient and affordable housing and established an information management system to track the progress of housing reconstruction.

In **Sudan**, during 2019-2020, following conflict and heavy floods, a UNDP led PDNA provided a roadmap for long term recovery planning and governance arrangements for managing crisis. to support the restoration of 73 key community collective institutions including community peace and development committees, savings associations, user committees and youth volunteers. UNDP also rehabilitated 15 community productive infrastructure that benefits over 300,000 people; supported asset recovery for over 20,000 vulnerable people, developed the skills of 2,000 people in different income generation streams including vocational and skills training in traditional skill areas as well as handicraft making and personal protective equipment (PPE) production in response to COVID-19.

PARTNERSHIPS

UNDP places critical importance in building partnership for integrated recovery in crisis and post crisis in support of local and national governments. UNDP works with national and local governments, donors, UN agencies, the private sector, NGOs, and Civil Society Organizations (CSOs) and communities to assess needs, design strategies and implement solutions to improve capacities and systems to prevent and cope with crises and Build Back Better (BBB). Key partners include the following: ILO, UN Women, WFP, World Bank, the European Union, UNHCR, FAO, UNICEF, UN Women, UNEP as well as stand-by partners to deploy additional capacity to support UNDP Country Offices operating in crisis situations.

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Crisis prevention and increased resilience

GLOBAL CONTEXT

Risk-Informed Development is not a new concept. It dates back to the 1990s International Decade for Natural Disaster Reduction (IDNDR) and received renewed recognition in the 2015 Sendai Framework for Disaster Risk Reduction, the Paris Agreement on Climate Change, the Agenda 2030, and the Secretary-General's Prevention Agenda. Also UNDP's 2022-2025 Strategic Plan acknowledges risk and the need for risk-informed development.

What's changed in the current day, however, is the recognition that disasters, conflict and other crises are the result of similar underlying causes and multiple vulnerabilities. The rapidly changing climate and growing exposure to varied types of risk threaten to undermine the achievement of the Sustainable Development Goals (SDGs), as well as national development objectives. Among the hardest hit are the world's most vulnerable, a group which is growing due to several socio-economic and political factors.

Despite advances in reducing disaster mortality, direct economic losses from disasters have risen by 68% between the two 20-year periods of 1978-1997 and 1998-2017. Violent conflicts have become more complex and protracted, sparked by a breakdown in the social contract between governments and citizens. The 2008 global economic crisis, the 2014 Ebola outbreak, the 2015 Syrian refugee crisis, and most recently the COVID-19 Pandemic are stark reminders of the importance of understanding and addressing risk in the development process.

Risk has become increasingly systemic and multi-dimensional, therefore, integrating risk reduction into development will need to consider multiple and intersecting threats. Risks associated with natural hazards are often overlaid by epidemics, conflict, or economic shocks which can interact and manifest as crises with cascading effects across sectors. At the same time, conflict increases people's core vulnerability, removing existing coping mechanisms and leaving them less able to handle disasters. This systemic nature of risk is not often considered or understood.

While hazards and threats can undermine development achievements; also decisions on development trajectories and investments can generate risks. This is the case when risks accumulate in urban areas due to rapid and unplanned developments; when excessive strain is placed on natural resources and ecosystems; or when social inequalities for some population groups are exacerbated, often resulting in conflict. Risk-informed development looks at this two-way relationship and requires transforming the development agenda from within. It, therefore, needs to be led by development actors and cannot be achieved by treating risk merely as an add-on in a silo.

UNDP'S COMPARATIVE ADVANTAGE

Against the above backdrop, building the resilience of societies, systems and development assets through a risk-informed development approach that embraces multiple types of risks is a logic and important course of action for a development organization such as UNDP. UNDP has been at the forefront of risk-informed development since over two decades. It's an approach that originated in the field of disaster risk reduction, then expanded in recent years to embrace climate change related risks, and now will also comprise biological hazards, conflict, fragility, economic shocks and other shocks and stressors. This approach contributes to the overall objective of and is fundamental for accelerating the three directions of systemic change which UNDP intends to support under its new Strategic Plan: building resilience, leaving no one behind, and transforming structures. The approach is also aligned with related UNDP offers emerging within its Global Policy Network and Regional Bureaux, such as the Offer on Development Pathways to Conflict Prevention and Peacebuilding, the Integrated Governance Offer, the Urban Risk Management and Resilience Strategy and the Resilient Recovery Offer (in development), amongst others.

UNDP's approach to risk-informed development is an organization-wide effort that is deeply rooted in risk governance, systems thinking, area-based approaches, agile and dynamic processes, risk management and context-specific solutions. It results in reduced levels of vulnerability and hazard exposure, and thus contributes to prevention and resilience-building.

UNDP'S SERVICE LINES

1. ***Supporting the evidence base***
   - Assessment & Analysis: Apply and adapt a range of methodologies in the toolbox of practitioners.
   - Research & local knowledge: Support for innovative, interdisciplinary and applied research.
   - M&E/compliance: Support for RID impact monitoring through diagnostics and results frameworks.
2. ***Supporting risk-Informed policy***
   - Policy coherence: Foster co-benefits and no-regrets solutions to address multi-dimensional and systemic risks.
   - Visioning: Support long-term collective goal setting, foresight and prioritization, managing policy trade-offs.
   - Leadership: Foster national and local leadership and advocacy for a multi-risk approach to RID.
3. ***Supporting risk-informed implementation***
   - Capacity development: Support adaptive risk governance, scenario planning, stress testing and diagnostic tools.
   - Projects: Foster a portfolio approach through short/medium/ long-term interventions.
   - Coordination: Support broad-range institutions on development planning and finance.
4. ***Ensuring RID is people-centered***
   - Leave No One Behind: Ensure the most vulnerable and at-risk populations have agency in the RID process and benefit.
   - Political economy analysis: Understand interests and motives of stakeholder groups that influence investments.
   - Multi-stakeholder coalitions: Facilitate civil dialogues to generate RID ownership supported by local governments.

5. ***Fostering sustainable financing***
    - Assessment & Analysis: Integrated National Financing Frameworks; economic modelling; cost-benefit analysis.
    - Resource mobilization: RID financing solutions that blend public, private, domestic and international resources.
    - Risk-financing & transfers: Risk pooling; social protection.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

Dominica's National Resilience Development Strategy 2030

This strategy is a national multi-sectoral policy document that outlines the priorities that Government will pursue in the pursuit of sustainable economic growth in the face of global realities. It explicitly incorporates the notion of systemic risk and that climate change will affect many different economic sectors. It also recognizes that the country's social and economic systems will play an important role in determining their resilience. Addressing climate change impacts in isolation is therefore considered unlikely to achieve the desired development outcomes.

Reviving the Aral Sea Region

The Aral Sea used to be the source of life and livelihoods to millions of people. But due to mismanaged irrigation, large-scale cotton production and rising temperatures, the lake has shrunken to only ten percent of its original size, causing major challenges: fishing ports and farming lands are dry, drinking water is scarce, and dust and salt from the exposed seabed have increased the region's mortality rate. UNDP is supporting Uzbekistan to turn the region into a "zone of environmental innovations and technology" and uncover key barriers to systemic change, ensuring sustainable livelihoods.

From climate change to systems change in the Pacific

Through the UNDP Governance for Resilient Development (Gov4Res) project, UNDP is designing an approach to influence UNDP is designing an approach to influence climate and development financing to achieve more effective outcomes from climate-related investments in the region. It does this through a systems-lens, by targeting multiple layers or "entry points" of a country with the potential to collectively transform an entire system to address the core drivers of vulnerability to risks.

PARTNERSHIPS

Due to the comprehensiveness of the risk-informed approach, UNDP will need to pursue this agenda in close collaboration with other UN System Organizations and partners who are contributing to this field. Whilst most of them pursue a sector specific approach, UNDP is in the unique position to push the risk-informed agenda across sectors by working with ministries and departments of national, physical and social planning and finance, as well as National Disaster Management Authorities. Strategic partnerships will make UNDP's risk-informed approach more impactful, knowledge-based and allow us to address the complexities of present-day development in a joined-up approach. UNDP's role is that of an 'integrator' to help provide the right enabling environment for communities, countries and partners to work together towards achieving the transformational change required to genuinely risk-inform development (see figure).

An overview of key partners in risk-informed development:

<u>Partnerships with government:</u> Ensuring the ownership of the risk-informed approach at national, subnational, and local levels.

<u>Partnerships with UN System entities:</u> Supporting UN Teams at country level with applying a resilience lens in the UN Sustainable Development Cooperation Frameworks through the UN Common Guidance on Helping Build Resilient Societies. Collaborating with individual UN agencies to jointly drive progress in risk-informed development in specific sectors or thematic areas.

<u>Partnerships with research institutions, academia and think-tanks:</u> Generating cutting edge knowledge and expertise to drive global advocacy and policy frameworks through a feed-back loop that gives access to lessons, successes and challenges on the ground.

<u>Partnerships with IFIs:</u> Encouraging long-term resilience and risk-informed development through loans, credits and grants to national governments for economic and socially sustainable development. Jointly building on the results of the World Bank's Risk and Resilience Assessments (RRAs).

<u>Partnerships with the private sector:</u> Delivering risk transfer solutions, from the individual and family level through to the sovereign in collaboration with the insurance industry, including the utilization of insurance modelling, analysis and scenarios for a range of government decision-making. Ensuring that risk reduction is considered in significantly more investment in developing countries, e.g. working with Coalition for Climate Resilient Investment (CCRI) and the Coalition for Disaster Resilient Infrastructure (CDRI). Fostering public-private partnerships to help overcome uncertainties which private sector faces when risk-informing investments and strengthening the capacity of private sector networks in risk reduction (e.g., platforms, local chambers, the Connecting Business Initiative (CBI).

<u>Partnerships with civil society and non-state actors:</u> Advocating with governments to advance and scale-up a risk-informed agenda that is people-centered and reduces the inequalities which are driving risk to ensure no one is left behind in the process.

<u>Partnership with donors:</u> Raising donor awareness on the requirements for financing that incentivize integrated approaches that foster risk-informed results across different risk management practices; support long-term, systemic processes that foster HDP collaboration. Advocating for a blend of financial instruments linked to transformational changes and fostering co-creation with development partners.

RESOURCE MOBILIZATION

To ensure the risk-informed approach takes hold in UNDP, additional resources will need to be mobilized that provide incentives for integrated and cross-practice solutions which are currently not covered under the work plans of the respective practice areas. Over the duration of the UNDP strategic plan, it is therefore envisaged that an amount of 1.5 million USD annually would need to be mobilizing additionally in support of 20 countries.

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Environment
CARBON MARKETS

GLOBAL CONTEXT

Carbon markets, or carbon finance, aim to mitigate greenhouse gas (GHG) emissions by creating an economic incentive for reducing emissions as cost-effectively as possible, fostering the transition to a low-carbon economy. At COP-26 Parties reached agreement to operationalize the use of international carbon markets in the context of the Paris Agreement. As part of the Article 6, two types of compliance market-based mechanisms were created: (1) voluntary cooperation through Article 6.2 cooperative approaches, including transfer of internationally transferred mitigation outcomes (ITMOs); and (2) Article 6.4 centralized mechanism established under the UNFCCC supervised by a body established under the CMA. To ensure environmental integrity and avoidance of double counting, the host country must authorize mitigation outcomes (Art. 6.2) or emission reductions (Art. 6.4) to be used for another country's NDC compliance and other international mitigation purposes, including for use towards the aviation carbon offsetting program under ICAO (CORSIA). Such authorization comes with the obligation to apply a corresponding adjustment (CA). Voluntary carbon credits certified and issued by international private standards that do not have the authorization from the national government to be discounted from their NDCs can be used for their domestic carbon market or by companies with voluntary climate targets, either nationally or internationally, as part of their corporate responsibilities. This latter case could be reported by the host country as climate private finance mobilized for the implementation of its NDC.

UNDP'S COMPARATIVE ADVANTAGE

UNDP is supporting developing countries' efforts to enhance their NDCs through the Climate Promise and to access carbon finance, guided by principles for high ambition and environmental integrity. With extensive experience and expertise in the MDG Carbon as well as in enabling countries' access to REDD+ results-based payments, UNDP is well positioned with its network of country offices to enhance countries capacities and provide technical advice so that developing countries can strategically engage in carbon markets to deliver their NDCs.

UNDP'S **SERVICE LINES**

UNDP aims to provide high-level strategic information and technical advice to countries so that they can best position themselves to define their engagement in carbon markets. This includes options for these countries' engagement in:

- **International compliance carbon market mechanisms under the UNFCCC** (Article 6.2 of the Paris Agreement), cooperative approaches between two or more countries, governed by an agreement amongst them, which defines the rules, including ITMO project implementation and Article 6.4 of the Paris Agreement, a UNFCCC governed market mechanism with direct participation of the private sector. This support includes the: (i) the development of Article 6.4 methodologies; direct implementation support for Article 6.2 projects; (ii) technical advice on ITMO project implementation under Article 6.2; (iii) capacity building to government on transparency and technical readiness for authorizing and implementing ITMO transactions; (iv) engagement with potential government and non-governmental buyers; and (v) capacity building for private sector through webinars, workshops and trainings.

- **International voluntary carbon markets (VCM) set up by private standards**: this support includes (i) capacity building and technical support for the generation of high integrity voluntary carbon credits; (ii) maximizing financial opportunities to implement countries' NDCs, including through the fiduciary management of the proceeds from voluntary carbon market transactions; (iii) enhancing voluntary carbon market transparency; (iii) engagement with potential government and non-government buyers.

- **Domestic carbon markets/ emission trading schemes or carbon neutrality programs:** aligning, clarifying or proposing institutional arrangements, the accounting of emissions and removals from companies or jurisdictions, development of positive lists of projects and programs in alignment with the NDC, among other activities.

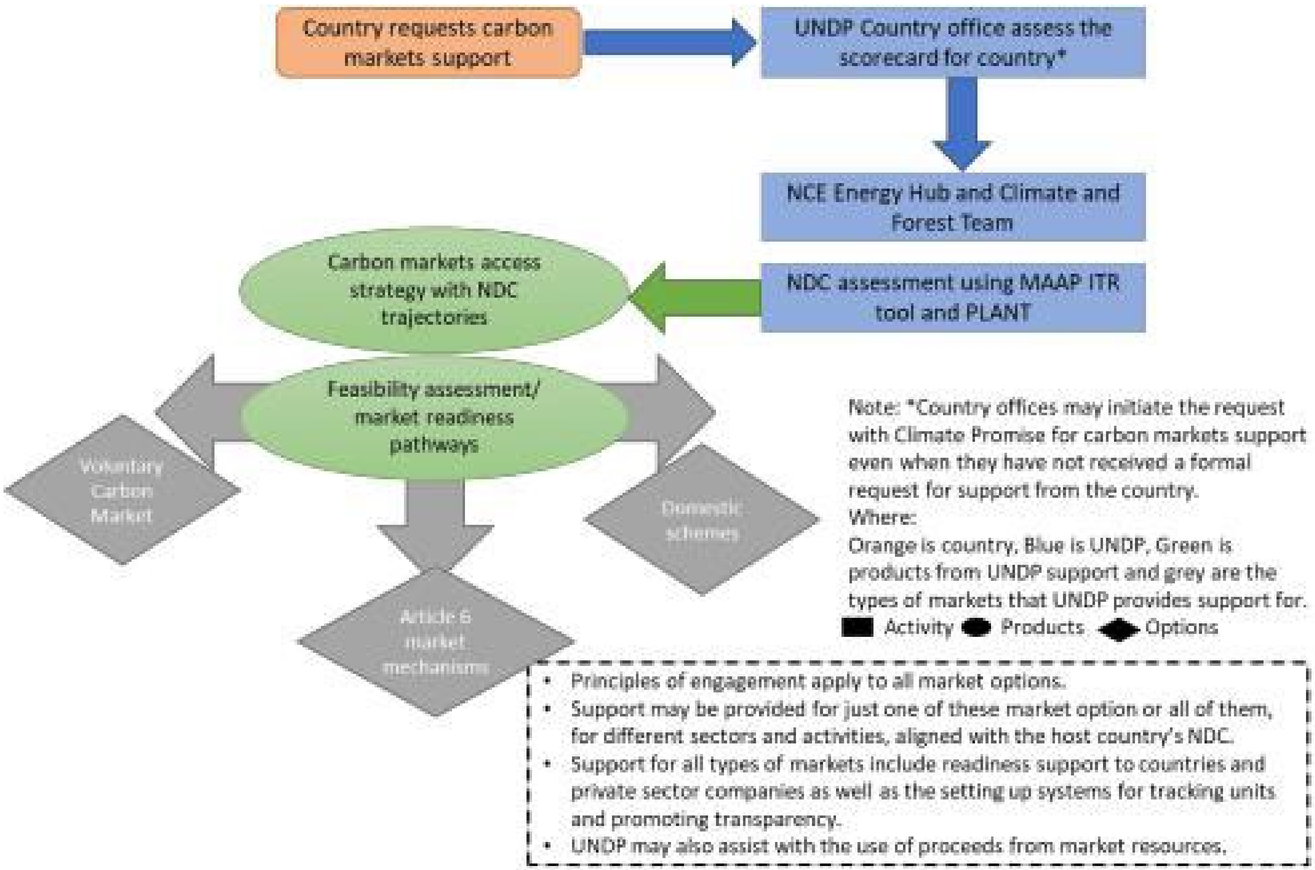
UNDP support for all three types of carbon market mechanisms starts with the request from a Country Office to the Energy Hub and the Climate and Forests team[1]. The carbon finance focal points in these teams will coordinate and use of existing tools to assess strategic engagement in carbon markets. One example is the Mitigation Action Assessment Protocol International Transfer Readiness tool. The MAAP ITR allows countries to take a holistic and coordinated approach when developing their international carbon market strategies and policies, identify critical areas for development and help countries plan the timeline for design and implementation of carbon projects. The MAAP ITR specifically provides a standardized framework that evaluates the readiness for countries to participate in international transactions under Article 6.2 of the Paris Agreement. UNDP has also developed its own tool, The Paris Agreement LULUCF (Land Use Land Use Change and Forestry) Assessment & NDC (Nationally Determined Contribution) Tool – PLANT[2] to assist developing countries to implement the Paris Agreement (focused on LULUCF), based on a comprehensive and unified country owned data. This tool can complement the MAAP ITR assessment with a focus on the forest sector.

The information from these tools will be used by the NCE teams to develop a "Carbon markets access strategies" to provide technical inputs and options to allow countries to plan ahead of their engagement in carbon market transactions (Figure 1). These "carbon market access strategies" will identify and compile information and data from existing carbon market initiatives, projects and transactions, to enable countries to define how to integrate or not existing voluntary carbon market initiatives and clean development mechanism units into their national accounting for their first NDC commitment period, in addition to considering new opportunities to engage in carbon markets, domestically and internationally, through compliance and voluntary mechanisms. "Carbon markets access strategies" can also include formulation of strategic options for the implementation of countries' NDCs and the development of the NDC trajectory by assessing the marginal cost of the various policies and measures included in action plans and identifying key sectors and initiatives that would not happen without access to carbon finance.

Carbon market access strategies will be the basis to define which types of carbon markets are most strategic for the different countries. This decision will also be based on feasibility assessments that will be undertaken, considering the various rules and methodologies available, to inform the development of specific carbon readiness pathways for countries, on one or more types of carbon markets.

Service lines for all types of carbon markets will include capacity building support, technical assistance and support for carbon market readiness and potentially mobilization of financial support and the role of intermediary for the use of proceed, when requested by specific buyers.

Figure 1. Flow from request to support as part of this value offer



KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

Over the past few years, UNDP has supported several countries on their Article 6 readiness efforts to engage in cooperative approaches as defined by Article 6.2 of the Paris Agreement. This support led to the signature of bilateral ITMO transfer agreements between Peru, Ghana, Vanuatu (host countries) and Switzerland (buyer country) as well as the development of the first mitigation projects which will operationalize the cooperation under Article 6.2.

UNDP has also developed its own internal tool, PLANT, to undertake feasibility assessments for voluntary carbon markets in 54 REDD+ countries, across all three continents. UNDP has developed carbon market readiness plans in the forest sector for Costa Rica and Ecuador and supported Costa Rica, Ecuador, Brazilian jurisdictions and Ghana for submissions to the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition[3].

Beyond carbon markets but still under performance-based finance mechanisms, UNDP has supported countries' access to REDD+ results-based payments (a total of USD 273 million for Brazil, Ecuador, Indonesia and Costa Rica) and voluntary carbon markets for the forest sector (ongoing support to Costa Rica and Ghana). UNDP has also provided technical advice related to, among others, suitable institutional arrangements, protocol development that includes validation and verification process, introduction of carbon tax/trading to countries that are setting up their own domestic carbon market (requests for support received from Malaysia and Indonesia) and carbon neutrality mechanisms.

DEMAND-ANALYSIS

85% of the countries indicated their intention to use international carbon markets to achieve their updated or new NDCs (it was only 46% of the countries on the previous NDCs) (UNFCCC report).

- The total volume of VCM transactions as of August 31, 2021, had already exceeded $748 million. 2021 is highly likely to be the highest annual value ever tracked, potentially exceeding $1 billion.
- Countries have set-up the first ITMO purchasing programmes with a total value of several hundred million USDs (Switzerland alone has a target of Swiss Franc 500 million). Currently, the demand for ITMOs is higher than the supply and more and more countries are signing bilateral agreements for cooperative approaches under Article 6.2 of the Paris Agreement.

PARTNERSHIPS

- Switzerland on ITMOs (Sweden is under negotiation)
- UN-REDD for voluntary carbon market readiness using ART/ TREES
- LEAF Coalition
- Gold Standard Article 6 Consultation Group
- Climate Market Club (World Bank, AfDB, ADB, EBRD, Switzerland, Sweden, Canada)
- UK government through the Voluntary Carbon Markets Integrity Initiative

RESOURCE NEEDS

Article 6.2 Transfer Readiness Support (capacity building): UNDP is currently supporting Ghana, Peru, Georgia and Senegal to implement carbon market readiness for Article 6.2 implementation. The total funding available is US$ 1.5 million. We are estimating approximately US$ 150,000 per country to conduct a readiness assessment, including a legal assessment and develop Article 6.2 frameworks, ITMO process flows. In addition, in order to provide digitalization support to set ITMO process flows and develop future-proofed national registries as Digital Public Goods, we estimate another US$ 50,000 per country at the initial stage, which will become lower with scale. We are working closely with Sweden to identify more countries that could benefit from this readiness support.

Another component of the compliance market support is implementation support. We have received US$ 42mio from Switzerland to implement projects that lead to 2.1mio tCO2e reduced. This equates to 4 projects in Vanuatu, Ghana and Peru and will benefit more than 100,000 people and will strengthen climate smart agriculture across hundreds of hectares. We are discussing an expansion of this support with Sweden and Switzerland and could easily scale it up to add another US$ 40mio to this portfolio.

The key ask is to increase capacity building funding as we receive requests from: Cote d'Ivoire (covered under CP2), Nigeria (covered under CP2), Gabon (not covered), Cambodia (partly covered), Lao PDR (not covered), Namibia (partly covered), Liberia (not covered), Sudan (not covered), Uganda (partially covered through CP2). In order to satisfy the demand, we would need at least another US$ 1mio in the short term.

In the case of voluntary carbon markets, there is ongoing work in Costa Rica and Ghana, as well as support on access strategies for the voluntary carbon markets being initiated in Peru, Cambodia and Kenya. Subnational jurisdictions in Mexico and Brazil have also been supported on feasibility assessments and submissions to the LEAF Coalition. While the resources needed per country will vary based on a country's overall market readiness, including technical and institutional capacities, the estimated cost is $200K per country to provide this type of support.

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Environment

CIRCULAR ECONOMY AND GREEN ECONOMY

GLOBAL CONTEXT

Fundamental changes need to be made to our economic models if we are to build forward better through and inclusive green recovery and accelerate progress on the SDGs. Alongside climate change, biodiversity loss, and pollution, we face the inextricably linked challenges of growing inequality and multidimensional poverty, economic stagnation and debt, conflict, political polarization, and fragility – all exacerbated by the impact of the pandemic. COVID-19 has led to the first decline in global human development in 30 years. Extreme poverty is rising for the first time in a generation, and we have seen one of the largest contractions of global GDP growth per capita in the past 100 years. It is no longer possible to have a separate growth and development agenda and a parallel climate-environment agenda. Nature and Climate concerns need to be at the heart of all economic planning and investment decisions.

This transformation towards more resilient, resource-efficient, Nature-positive, low-emission economies requires a decoupling of economic growth from the unsustainable use of our natural resources. This in turn requires a shift in government, private sector, and household behaviours. Subsidies and other public and market incentives need to steer us away from the unsustainable patterns of consumption and production. According to OECD, population and economic growth are on track to double global material consumption by 2060. Worldwide, resource extraction and processing cause 90% of biodiversity loss and approximately half of our climate change impacts according to the International Resource Panel.

Circular Economy and closely linked Green and Blue Economy approaches help to catalyze this shift while ensuring a just and inclusive transition that considers economy-wide trade-offs and prioritized investments for different social groups and sectors over time, particularly groups in marginalized and vulnerable contexts. In 2022, over 70 countries were already applying various Circular/ Green/ Blue Economy policies across the life cycle of their productive sectors including: resources extraction; food and commodity systems; energy production; buildings and construction; transport and tourism; oceans and fisheries; health; procurement; and chemicals and waste management. If scaled up this could lead to a 25% reduction in global resource use, with a 90% reduction in greenhouse gas emissions. Employment could grow by 0.1% by 2030 generating tens of millions of new jobs for women and men. Cutting food wastage would save US$1.3 trillion a year[1], enough to feed 2 billion hungry and malnourished people.[2]

UNDP'S COMPARATIVE ADVANTAGE

Designing and implementing Circular and Green Economy approaches for different country contexts requires a wide range of skills, expertise, and partnerships that UNDP is in a strong position to provide. These include technical advisory and capacity building skills across various productive sectors outlined above, as well as other thematic and cross-cutting development themes involving: environment, natural capital, and climate; data and digitalization, economics, green financing, and trade; social protection, gender quality and safeguards; governance and political economy. UNDP also brings the ability to connect the dots within and across these sectors and themes. In line with UNDP's Strategic Plan 2022-2025, this means looking beyond sectoral challenges for opportunities to scale and accelerate transformative change through integrated, issue-based solutions that leverage multisectoral expertise, innovation, and partnerships at all levels, and a shift to more systems-driven approaches.

Given the economy-wide nature of this work, these approaches also require the partnerships and convening power that UNDP can offer as a trusted neutral advisor at the global, regional, country, and local levels. This includes UNDP's ability to forge, strengthen and leverage partnerships within and across all parts of government including central and line ministries, legislative bodies and local authorities; private sector including domestic and international business and finance organizations and service providers; civil society, including NGOs, CBOs, academia, unions, and the medial; sister agencies and other bilateral and multilateral development organizations; as well as stakeholder dialogues across these groups. This work also draws on UNDP's evolving portfolio of Circular and Green/Blue Economy initiatives, although this work is not always explicitly branded as such, as well as UNDP's nature-based solutions work.

UNDP'S SERVICE LINES

Inclusive Circular and Green/Blue economy approaches cover many potential policy and programming entry points for UNDP and partners. These include national and sectoral policy work and reforms. As noted above, much of this sectoral and cross-sectoral work may not always brand itself consistently with explicit "circular" or "green"/" blue" economy language.

3) **National Visions, Strategies, Medium-term Plans, Green Recovery and SDG Alignment**: UNDP works with governments and other stakeholders to integrate Circular and Green/Blue Economy principles and priorities into national and sectoral planning and budgeting. This includes support to Green Recovery Plans on over twenty countries through initiatives like the [Partnership for Action on Green Economy - PAGE.]

4) **Climate Change**: UNDP manages a $2 billion climate change portfolio of mitigation and adaptation projects in over 130 countries to transition toward zero-carbon, resilient economies including through NDCs. Incorporating Circular Economy strategies in NDCs can increase the level of ambition of national climate actions through an economy-wide transition. In Lao, innovative Circular Economy work has been piloted and is ready for replication, which maps the flows of materials and energy to identify low-carbon development options that favour domestic labour, regenerative resources, and recyclable waste.

5) **Sustainable Energy Access**: UNDP supports countries to expand access to clean, renewable energy including off-grid, small-scale, decentralized and community-based energy services for rural and urban communities and entrepreneurs for electricity and cooking and heating fuels.

6) **Sustainable Cities**: UNDP helps integrate Circular and Green/Blue Economy priorities into urban planning with a focus on renewable energy and energy efficiency for buildings, appliances, waste, and transport systems, as well as well as sustainable agriculture and energy efficiency for irrigation.

7) **Chemicals and waste management**: UNDP manages a large global portfolio designed to help reduce POPs and mercury releases through the sound management of chemicals and hazardous waste in industry, health, energy, mining, agriculture, fisheries, e.g.: medical and municipal waste, e-waste, lead paint, battery recycling, ocean plastics, exposure

to recycling communities, introduction of Volume Based Waste Fee systems, and wastewater treatment programmes. UNDP also implement a linked Plastics Offer.

- **Food and Agriculture Commodity Systems**: UNDP works with governments through a global portfolio of programmes to bring together business, farmers, conservationists and other stakeholders through national platforms to ensure sustainable commodity production and growth. This work includes a focus on key commodities such as coffee, beef, cashmere, palm, soy and fisheries and is part of UNDP's overall Offer on Food and Agriculture Commodities Strategy (FACS) and linked work of food subsidies.

- **Green Financing:** UNDP helps to catalyze investment for management of natural resources by supporting planning, access, delivery, diversification, scaling-up and sequencing of international resources and combining them with public financing and/or private investment. This involves removing policy and regulatory barriers, expanding green markets, and establishing national financing frameworks. UNDP also supports green lending facilities and small enterprise bonds; environmental and social certification; and impact investment and social impact bonds.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

- Circular Economy strategies for Laos
- Green Sukuk Sovereign Wealth Bond in Indonesia
- Green Commodities Programme
- BIOFIN Green Financing support to 35 countries
- PAGE Green/Blue Economy support to 18 countries:

PARTNERSHIPS

- Sustainable Consumption and Production One Planet Network with UNEP, WTO, UNHABITAT, FAO, UNOPS, and a focus on agriculture, building/construction, tourism, and procurement;

- Partnership for Action on Green Economy (PAGE) with UNEP, UNIDO, ILO, and UNITAR;

- UNDP is a member of and works closely with the Poverty Environment Partnership, Green Growth Knowledge Platform, Donor Committee on Enterprise Development/Green Growth Working Group; Green Economy Coalition; Global Green Growth Institute;

- Good Growth Partnership: Cultivating Sustainability in Commodity Supply Chains

- Sita – Circular Economy

RESOURCE NEEDS

At the global level UNDP is working with sister agencies to ensure continued funding for programmes referenced above, as well as to capitalize newer initiatives including, PAGE, the SCP One Planet Network MPTF Window, as well as to finance UNDP's Sustainable Food Systems and Commodities Strategy. UNDP is also working to secure funds to scale up pilots on climate change and plastics from EU linked to NDC enhancement, and other Circular Economy, Green and Blue Economy initiatives with funding from Finland, France, Denmark, Sweden, Switzerland, Norway, Netherlands, Germany, Japan, and South Korea.

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Environment

FOOD AND AGRICULTURAL COMMODITY SYSTEMS (FACS)

GLOBAL CONTEXT

The term “food system” refers to the constellation of activities involved in producing, processing, transporting, consuming and disposing food[1]. Current production and consumption patterns are taking food systems in an unsustainable trajectory with multiple human development impacts from ecosystem degradation, land conflicts, issues of resilience to climate and other shocks, poverty and related people displacements and migrations, to food insecurity and malnutrition including overweight and obesity, as well as the COVID-19 pandemic and its global effects. There is a need for a new paradigm of agricultural production based on diversified, resilient agroecological systems which work simultaneously on achieving economic, environmental, social, and health outcomes, with smallholders central to the transformation as the engine of economic development. Transforming food systems is among the most powerful ways to change course and make progress towards all 17 Sustainable Development Goals, as widely acknowledged now thanks to the UN Food Systems Summit that culminated in September 2021 and engaged stakeholders in countries to define national pathways for sustainable food systems. Rebuilding the food systems of the world will also contribute to “build back better” from COVID-19.

UNDP’S COMPARATIVE ADVANTAGE

With more than 50 years of experience working on development issues from a multidisciplinary approach, UNDP is in a unique position to support a sustainable transformation of FACS through a systemic and integrated approach. Its role as SDG integrator, that seeks to foster integrated analyses, planning and implementation to deliver a multidimensional approach to the SDGs, is particularly relevant in the context of FACS. Furthermore, UNDP supports the implementation of global commitments (SDGs, UNFCCC NDCs, NYDF, CBD, etc.) in its partner countries, has a unique convening power, and is viewed as an honest broker ensuring constructive dialogue and collaboration across stakeholders, from government to smallholders and large corporations. UNDP’s country presence strengthens UNDP capacity to help governments to convene across line ministries and development partners to promote the "whole-of-government" and "whole-of-society" responses vital for transformational systemic change. In doing so, it fully recognizes the important roles and contributions of the many international organizations, and first and foremost sister UN agencies, active in support of food and agricultural commodity systems, and looks to working side by side with them. With a current portfolio of projects representing over USD 1.2 billion in grants, UNDP works on FACS in 140 countries and close to 500 landscapes.

UNDP'S OFFER

The UNDP FACS Strategy, approved in 2020, outlines a systemic approach and guides the future programming, partnerships and investments of UNDP in this field. UNDP ś vision for FACS is, through multi-stakeholder collaboration, to transform food and commodity systems into resilient; equitable; inclusive; environmentally, socially and economically sustainable systems. By 2030, UNDP aims to achieve the following interlinked results:

- Sustainable production landscapes and jurisdictions upscaled;
- Food and agricultural commodity supply chains transformed to become sustainable;
- All members of vulnerable households and smallholder producers empowered to become more resilient, attain food security and pursue healthy, sustainable livelihoods.

There are multiple contributions, dependencies, impacts and synergies between food and agricultural commodity systems and UNDP Strategic Plan´s Signature Solutions. FACS are integrally linked to UNDP's priority areas, and in order to achieve UNDP's Signature Solutions, and hence UNDP´s Strategic Plan and Vision, transforming FACS will be critical. For instance, it can make key contributions to the Climate Promise through ensuring food and agricultural systems are taken into account in Nationally Determined Contributions, and simultaneously to the Nature Offer, through ensuring food is produced in a way that preserves and even regenerates ecosystems and natural resources including forests, soil and water.

FACS programming seeks to 1) promote integrated solutions, including SDG integration, especially in relation to the Food/Forest/Water nexus; 2) scale up action; 3) support key priority areas for COVID response including the green recovery agenda; 5) engage the private sector; and 6) make use of the three Strategic Plan enablers - Strategic Innovation, Digitalization and Development Finance.

UNDP's global FACS practice was established in June 2020 within the Bureau for Policy and Programme Support (BPPS), in order to support the implementation of UNDP´s corporate FACS strategy.

UNDP'S SERVICE LINES

The responsibility for the implementation and further development of UNDP's FACS portfolio and the achievement of the FACS Strategy objectives falls on different teams. The service offer presented hereafter seeks to strengthen, support and coordinate UNDP's efforts around FACS. Key service lines are:

- **FACS portfolio strengthening**: Keep track of UNDP's FACS portfolio; assess strengths, weaknesses, opportunities and threats to strengthen the existing portfolio and provide guidance for future programming; support the implementation of the FACS strategy at regional and country level; and engage with partners, including UN agencies such as FAO and UNEP, and the private sector in existing and new projects and initiatives.

- **Internal coordination, knowledge management and dissemination**: Engage the FACS thematic and regional network as necessary; collect, produce and disseminate information and knowledge through various channels; and engage in external communication and advocacy.

- **Mainstream Changing Systems through Collaborative Action (CSCA) in FACS Portfolio:** Support UNDP FACS Global Programmes, Initiatives or Partnerships applying CSCA. Examples of those already supported include 1000 Landscapes, SCALA, and early discussions on the SAHEL offer.

- **FACS Flagship projects:** Lead the implementation of selected FACS core projects such as the Good Growth Partnership, the Green Commodities Programme, or the FOLUR Impact Programme (see section key results below).

- **FACS Fundraising:** Develop and assure funding for new initiatives. Develop the post UNFSS Country Support Facility Initiative in collaboration with partners.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

FACS being a cross-cutting thematic, its portfolio spans over several UNDP service offers (e.g. Ecosystem and Biodiversity, Climate Change Adaptation, Climate & Forests, Energy, Ocean Governance, Inclusive Growth, Health, Gender, etc.). However, some projects and programmes are managed directly by the FACS practice.

- The Green Commodities Programme (**GCP)**, has over the last decade developed and applied its flagship multistakeholder commodity platform methodology and recently upgraded it to focus on Changing Systems through Collaborative Action (CSCA). It has successfully supported governments in 13 countries (Brazil, Cote d'Ivoire, Costa Rica, Dominican Republic, Ecuador, Ghana, Indonesia, Liberia, Mongolia, Papua New Guinea, Paraguay, Peru and Philippines) to define common visions and action plans for the sustainability of 8 commodities (palm oil, cocoa, coffee, beef, soy, pineapple, cashmere and fisheries);
- The **GEF-6 funded** Good Growth Partnership **(GGP)** is applying GCP´s CSCA approach while pulling the levers of market demand and sustainable finance to deploy an integrated supply chain approach to reducing deforestation from commodities production. It has improved the enabling environment for sustainable production soy, palm oil and beef production in Brazil, Indonesia, Liberia and Paraguay and is aiming at protecting about 1M hectares of high conservation value forest by 2022.
- The **GEF-7 funded** Food Systems, Land Use and Restoration (FOLUR) Impact Programme helped to mobilize USD 213M, including for 8 country projects and the FOLUR Global Platform where GGP through UNDP is contracted as Executing Agency by the World Bank as lead agency.

Since its launch in June 2020, the FACS practice has the following deliverables/successes to report:

- Acquired and secured human capacity for the FACS core team
- Identified thematic and regional Focal Points and set in motion an internal coordination process, as well as discussions on integrated programming around the Food/Forest/Water nexus.
- Produced a FACS COVID 19 response offer
- Provided technical support to 35 countries based on demand;
- Positioned UNDP strongly in the UN Food Systems Summit (co-vicechair of the UN Task Force, inputs to the Action Tracks, support to Country Dialogues), as well as post-UNFSS with providing inputs to the design of the Food Systems Hub and the development of the Country Support Facility.
- Developed the **Conscious Food Systems Alliance (COFSA)**, a multi-partner co-creative effort to promote leading approaches of consciousness – such as mindfulness, somatic transformation, systems leadership, indigenous and feminine wisdoms - to food systems transformation.
- Ran two cycles of a multistakeholder **Co-Inquiry on Food Systems Transformation** that highlighted key insights on how to foster transformative change in these systems.

Current Pipeline

- **UN Country Support Facility that aims at providing country-level support on systems approaches that acclereate the implementation of transformative pathways.** A scoping initiative will explore the needs of selected pilot countries, as part of a consultative process on the feasibility and possible design of a Country Support Facility.
- A **Good Growth Partnership phase 2 concept note** has been developed to seek additional investment for the period 2022-2025 in the range of USD 10M.
- A third cycle of the **Co-Inquiry on Food Systems Transformation** is in development, seeking funding for two global streams and country level co-inquiries.

RESOURCE NEEDS

The pipeline of projects and initiatives detailed above points to USD 20-25M in resource needs to roll-out global and country interventions. In addition, in order to sustain the service offer of the FACS core team in the long term, it is necessary to mobilize at least USD 1M per year from 2023. Finally, USD 1M is needed for coordination and studies to prepare, design and mobilize resources for integrated programming.

PARTNERSHIPS

Donors - Swedish International Development Cooperation Agency (SIDA) through the Food Systems Pillar of the SIDA Programme on Environment and Climate Change, as well as the Multipartner Trust Fund for SDG12. The FACS practice key programmes and projects (as listed above) are funded by the Global Environment Facility (GEF), World Bank, SECO, Partnership for Action on Green Economy (PAGE), Mondelez and IKEA.

UN agencies - UNDP has strong partnerships with FAO and UNEP through corporate MOUs and agreements as well as through various programmes, projects and initiatives.

Private Sector - UNDP is increasing its engagement with the private sector to support them in achieving their sustainability related commitments and to ensure they are engaged beyond their value chains.

KNOWLEDGE REPOSITORY

FACS SparkBlue page: https://www.sparkblue.org/dashboard/food-and-agricultural-commodity-systems

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Energy

GLOBAL CONTEXT

The biggest challenge of our time is to ensure that the transformation of the global energy market towards a low-carbon and net-zero emissions pathway is fast enough to achieve the Paris Agreement and Sustainable Development Goals (SDGs) and leaves no-one behind. This means an energy transition that simultaneously supports access to clean energy for all populations, whilst also enhancing health, education, and economic outcomes for all populations. While evidence shows that low-carbon development can facilitate progress on multiple SDGs, some 759 million and 2.6 billion people still lack access to electricity and clean cooking (as of 2019). Women and girls, and other vulnerable groups, are often disproportionately impacted by these access gaps, which means that they are relentlessly trapped in cycles of poverty and inequality.

Even worse, the global energy access challenge is happening against a backdrop of increasing climate change extremes and consequences that equally impact the most vulnerable communities and systems. The latest report from the Intergovernmental Panel on Climate Change asserts (with high confidence) that "*human-induced climate change, including more frequent and intense extreme events, has caused widespread adverse impacts and related losses and damages to nature and people*". This means that energy system transitions need to support "infrastructure resilience, reliable power systems and efficient water use for existing and new energy generation systems". Ultimately, efforts to support energy access and low-carbon development need to be integrated across all dimensions, supporting both climate change and development goals within countries, whilst also being resilient to the undeniable impacts of climate change and natural hazard induced disasters.

Greenhouse gas emissions from the energy sector are a key contributor to global climate change. The latest (2019) data from the International Energy Agency (IEA) estimates that fossil fuels represent over 80% of global energy supply, comprising of oil (31%), natural gas (27%) and coal (23%). While global greenhouse gas (GHG) emissions from energy were dominated by coal (42%), oil (34%) and natural gas (22%). Data also shows a high correlation between energy use, GHG emissions and development, meaning that GHG emissions in developing countries (many of which are UNDP programming countries) are anticipated to increase in the absence of aggressive strategies for low-carbon development.

The IEA estimates that reaching "net zero emissions" by 2050 requires annual clean energy investments worldwide to more than triple by 2030, i.e., to around $4 trillion[6]. These investments alone will create millions of new jobs, significantly lift global economic growth, and achieve universal access to electricity, including for health, and clean cooking worldwide by 2030. However, other estimates from Sustainable Energy for All[7] show that the world is falling far short of the level of investment required to achieve energy access for all. For example, finance for electricity in the high-impact countries – the 20 sub-Saharan African and Asian countries, which together are home to more than 80 per cent of the people globally who lack energy access – is on the decline (i.e., $32 billion in 2019 from $43.6 billion in 2018)[7]. While investment in clean cooking remained constant at around $130 million between 2015 and 2019 (except in 2017 when commitments dropped precipitously to less than $50 million). Even worse, the negative impacts of the COVID-19 pandemic are further straining progress on energy access and a transition towards a low carbon economy – e.g., private companies deploying decentralised energy solutions like solar home systems and mini-grids have faced operational and financial challenges because of the pandemic. The world's changing energy landscape and deficits in finance call for renewed commitment and partnerships to finance energy access, leveraging digital with finance and payments particularly in countries with the highest levels of energy poverty and realize the ambitions of Sustainable Development Goal 7, as well as energy transitions in a manner that realizes multiple SDGs and accelerates the socio-economic advancement of communities.

UNDP'S COMPARATIVE ADVANTAGE

UNDP's Strategic Plan lays out a bold ambition to ensure that low-carbon, affordable and reliable energy is available to an additional 500 million people by the year 2025, especially for those hardest to reach and in crisis contexts. This ambition also aligns with the UN Energy Compact and vision of UNDP's Sustainable Energy Hub. UNDP is supporting over 100 countries to achieve SDG 7, i.e., ensuring (1) access to affordable, reliable, sustainable, and modern energy for all by 2030; and (2) a just and sustainable energy transition with a portfolio of over USD 500 million.

Building on its portfolio and experience, UNDP will work with countries and partners to realize the 500 million access target, by: (i) speeding up investments in distributed renewable energy solutions, thereby strengthening community resilience to shocks focusing on the most vulnerable communities that are farthest behind; (ii) adopting a human-centred approach (e.g., supporting integrated energy programming that connects with other areas such as poverty and gender equality); (iii) working with key partners in government, civil society, international financial institutions and the private sector, to scale up the delivery and reach of UNDP; and (iii) building on the efforts of the Climate Promise to catalyze more ambitious Nationally Determined Contributions (NDCs) by scaling the provision of renewables and ensuring a just transition to clean energy.

Through the Sustainable Energy Hub – which represents UNDP's systematic and programmatic approach to respond to the energy and climate change agenda – UNDP will enhance strategic partnerships and networks to enhance on the ground country level programming on energy access and transition. Specifically, this means supporting integrated energy portfolios that prioritize more programmatic and policy-based approaches to achieve systematic and transformational impacts that:

- Close the gap on energy access so that marginalized people and communities gain access to sustainable, clean energy and the dignity and opportunities it brings;
- Drive innovation and resilience in energy value chains to speed up investments in energy access in off-grid and fragile contexts; and
- Accelerate an energy transition from fossil fuels through system changes that support a green recovery and bring together the best ideas from the worlds of government, business, and finance.

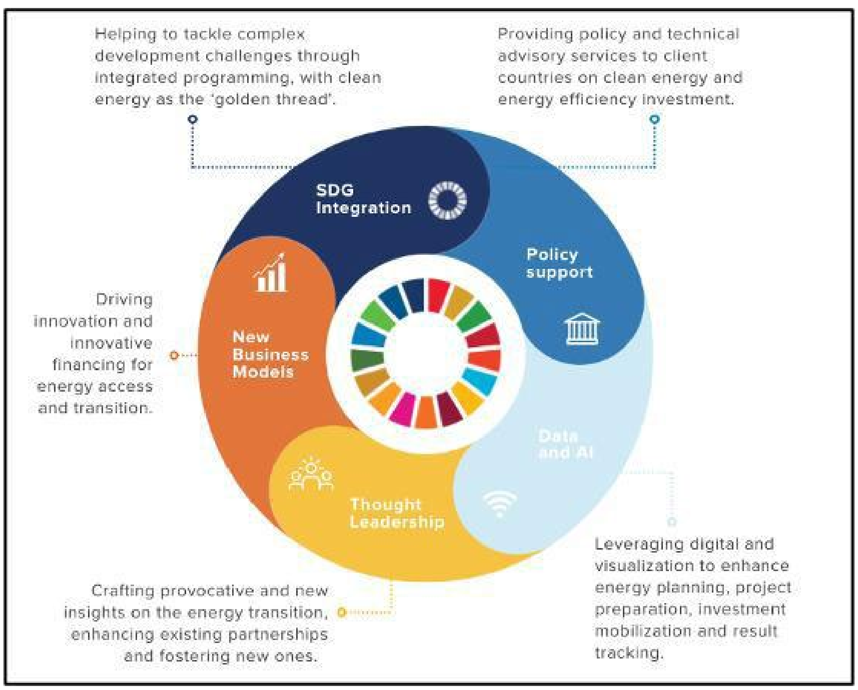
Progress will rely on an all-of-UNDP approach that engages country offices, regional bureaus, and teams across the Global Policy Network (e.g., the Climate Promise, to the Sustainable Finance Hub, the Accelerator Labs, and others).

To turn these ambitions to action, UNDP will harness networks (e.g. G20, APEC, etc), experience and innovation to scale-up energy programming efforts and shape policy, building on the existing portfolio of energy projects, as well as on UNDP's Climate Promise, UNDP's Sustainable Finance Hub and UNDP's Digital offer. UNDP will also work with Governments in programme countries as they recover and build forward better from COVID-19 and with investors to unlock and harness public and private finance to power progress towards multiple SDGs. Recognizing that change will be disruptive, UNDP will strive to ensure that such transitions are just, and that their impact on vulnerable people is understood and duly mitigated.

UNDP'S SERVICE LINES

The Sustainable Energy Hub will focus on five integrated lines of service, each of them offering viable entry points for additional partners to engage in these efforts.

- **SDG Integration**: Helping clients to tackle complex development challenges through integrated programming, with clean energy as the 'golden thread'. This work requires a systems approach to addressing energy challenges, recognizing that sustainable energy transitions can accelerate progress across multiple SDGs.
- **Policy Support:** Providing policy and technical advisory services to client countries on clean energy and energy efficiency investment (e.g., building consensus for a just transition and the adoption of clean energy targets and policies).
- **Data Analytics & Digital and Exponential Technologies** such as Artificial Intelligence and Blockchain: orienting our programming to be more innovative through new digital and AI tools that can enhance project planning, preparation and results tracking, as well as implement the digital principles in the UNDP Digital Strategy 2022-2025 to catalyze inclusion and safeguards in digital technologies adopted across the energy portfolio.
- **Thought Leadership and Advocacy**: providing technical insights and advocacy on the energy transition, in line with the latest science and research.
- **New Business Models and Financial Mechanisms**. Developing innovative, including digital, financing solutions and business models to attract additional investments (e.g., private sector finance, concessional finance, philanthropy support) towards energy access and transition.



The Sustainable Energy Hub will spearhead the following flagship offerings, combining and sequencing the five service lines outline above. These projects also offer scope for additional scaling efforts and partner engagements.

The Africa Mini-Grid Programme: Sub-Saharan Africa will be a key focus of UNDP's work to reach the 500 million target by 2050. The region has accounts for the highest energy access deficits, globally: the region accounts for approximately 75% (569 million people) of the estimated 759 million people without access to clean energy. The Africa Mini-Grid Programme is UNDP's most ambitious energy access programme to date, and among the largest off-grid electrification technical assistance programmes in Africa (that has the potential to be scaled even further). The programme's objective is to support access to clean energy by increasing the financial viability of, and promoting scaled-up commercial investment in, low-carbon mini-grids in Africa, with a focus on cost reduction levers and innovative business models. The programme is expressly targeting early-stage mini-grid markets, seeking to establish the enabling environment for subsequent private investment at scale. The Programme will be implemented in 18 Africa countries – which, together, account an estimated 312 million people without access to energy. Implementation began in 2021 in two cohorts of countries: Angola, Burkina Faso, Comoros, Djibouti, Ethiopia, Eswatini, Madagascar, Malawi, Nigeria, Somalia and Sudan (first cohort); and Benin, Chad, Mali, Mauritania, Niger, Sao Tome and Principe and Zambia (second cohort). Building on the Programme's current momentum and extensive partnership network on the ground, UNDP will conduct a separate sequence of activities to map and identify additional pathways to enhance energy access and transition programming in each of the 18 countries (e.g., investment opportunities to support energy sector development beyond the mini-grid market, or approaches to drive both grant and concessional finance towards scaled-up energy access solutions). These activities will include (1) deploying "boots on the ground" (comprising of partners alongside UNDP staff/personnel who will be working, with the support of a consultancy firm) to conduct the pre-feasibility assessments between April-May 2022; (2) building capacities at the national level to support current and future implementation efforts; and (3) identifying cross-sectoral linkages between energy and other socio-economic and development sectors (e.g., health, education, gender, job creation, and others) to showcase the potential benefits to be gained through integrated energy sector programming. The main output of the pre-feasibility studies (and future feasibility and detailed design work) will be a country road map and action plan, covering the period 2022-2025, to act as a "guiding document" that will ground future discussions and resource mobilization activities with partners (including the private sector, philanthropy, civil society, IFIs and UN-Energy members).

The UNDP energy offer for the Sahel aims to ensure that Africa can harness its energy potential for sustainable development in the Sahel. In 2020, 18 United Nations agencies joined forces under the leadership of UNDP to develop, as part of the United Nations Integrated Strategy for the Sahel, a framework to spur economic growth through increased access to renewable energy. Aligned with this framework, UNDP is about to launch an ambitious programme to enhance the enabling environment for the deployment of off-grid renewable energy solutions, accelerate access to sustainable energy for productive use and basic services for vulnerable communities in the Sahel and trigger sustained socioeconomic development in rural areas, through a holistic ecovillage approach. In collaboration with Sustainable Energy for All, this new partnership aims to unlock public and private investments towards affordable and sustainable energy access for all people in Africa, particularly in the Sahel. The programme aims to leverage new partnerships that can support bolder interventions that promote sustainable energy and development pathways in the Sahel.

Carbon Finance is a Swiss-UNDP collaboration on innovative finance for pay-for-results to unlock the development benefits of private climate investments in developing countries. This new partnership is the first of its kind for UNDP and will be active from 2022 until 2031 and aims to boost the development benefits associated with climate mitigation projects. Initially, it will support energy access through solar power in Vanuatu and climate-smart agriculture in Ghana, solar for health in Peru and will be expanded to other countries over time. Under this initiative, UNDP will implement projects that will generate up to 2.3 million tonnes of CO_2 equivalent in emissions reductions and generate US$ 42 million on carbon revenues while advancing progress on the SDGs in developing countries. In order to catalyze finance and increase the scale and impact of these projects, UNDP will focus on projects that leverage private sector investments, with all project investment and implementation costs to be covered by private sector partners. UNDP will channel payments for mitigation outcomes to private sector project proponents who invest upfront in low-carbon solutions in developing countries through a payment-for-result mechanism. The payment-for-result scheme incentivizes private investments by creating additional revenues for investors, which lowers the risks and makes these investments bankable. On average, for a project under this mechanism, private sector investments will be equivalent to four times the carbon payments generated by mitigation outcomes. This collaboration will be accompanied by targeted carbon finance readiness support and enable countries to efficiently participate in the implementation of the selected mitigation projects.

The Solar for Health initiative is addressing inequalities and vulnerabilities in health systems across the world. Today, 59 per cent of all health facilities in low- and middle-income countries lack access to reliable energy services, and the recent multi-tier framework assessment in six countries estimates that around 25 per cent of health facilities lack power altogether. Worldwide, more than 289,000 women die every year from pregnancy- and childbirth-related complications, many of which could have been averted with the provision of better lighting and other electricity-dependent medical services. Since 2017, UNDP and its partners have supported 15 countries,[1] including 11 in sub-Saharan Africa, to equip health facilities with solar photovoltaic systems. To date, over 1,000 health facilities have gained access to clean, affordable, and reliable electricity through this initiative, ensuring continuity of services without life-threatening power cuts and cold-storage solutions for vaccines, including facilities that were previously impacted by the coronavirus disease (COVID-19) pandemic. This has also enabled health facilities to cut energy costs and reinvest this money in health services. To scale up future work, UNDP aims to implement innovative business and financing models as part of the Solar for Health initiative, e.g., developing energy as a service approach, which is currently being explored in five countries (Liberia, Malawi, Namibia, Zambia, and Zimbabwe).

The UNDP Fossil Fuel Subsidy Reform helps country governments design and implement fossil fuel subsidy reforms that are fair, inclusive, and enable the re-allocation of public resources towards investments that advance the SDGs. The offer provides a comprehensive suite of services to enable and assist with reform for both internal clients, notably the UNDP country offices and other UN agencies, and external clients, especially governments. It also proposes some supplementary offers which focus on knowledge products for internal and external clients. Other services include: the analysis to quantify the impacts of existing subsidies and of reform; the assessment of government capacity to deliver such reforms; the final package of reform measures, phasing, and sequencing; convening stakeholder dialogues; the development of a communications plan; and post-implementation support. Whilst focusing on fossil fuels, the offer can be extended to provide support on electricity subsidy reforms. The offer is also part of UNDP's flagship Don't Choose Extinction campaign.

UNDP will leverage its expertise and experience in conflict, disaster, and fragile settings to ensure that support through the Sustainable Energy Hub is context-specific and interventions are adequately and appropriately sequenced and layered with wider development and humanitarian response efforts. Furthermore, UNDP has incorporated gender as a KPI for the Sustainable Energy Hub to ensure the tracking of gender indicators and impacts (e.g., education, job creation and improved skills for women and girls, and the wider development impacts from clean energy investments).

Charting new sustainable energy financing pathways: the Energy Access and Green Productive Use of Electricity Financing Facility: UNDP is engaging in a collaborative partnership with UN Capital Development Fund (UNCDF) (as well as other fund managers) to develop an innovative new financing facility with the potential to leverage over US$1 billion in private sector investments. Its objective is to de-risk and accelerate investment in energy access with a focus on 'Productive Use of Energy', contributing to the UN-Energy target ensuring electricity access to 500 million people by 2025. The Financing Facility will build upon and complement the Africa Mini-Grid Programme by providing the adequate de-risking financial mechanisms to drive investment at scale to facilitate off-grid energy solutions for 500 million people. Furthermore, UNDP's key positioning in international financial and economic policy making forums such as the G20 or

APEC, where UNDP serves as Secretariat of the Sustainable Finance Study Group and the Sustainable Finance Development Network, helps the institution raise UNDP's Energy Integrated policy agenda at a global level and drive change in financial policies and regulation that help drive capital allocation that supports the energy transition.

New financing facilities are to be developed with various financial partners. To achieve the most cost-efficient overall approach to attracting investment, UNDP is working with financial and national partners on complementary financial de-risking and financial incentives. For example, through the UNDP partnership with the Caribbean Development Bank, the "Transforming Finance to Unlock Climate Action in the Caribbean" project being implemented in Belize, Jamaica and Saint Lucia, concessional lines of credit will be available to national development banks for on-lending to micro, small and medium-sized enterprises for climate action investments. UNDP is supporting the formulation of the programme and will support the execution of the technical assistance component.

PARTNERSHIPS

UNDP is working with key partners in the United Nations system, Member States, financial institutions, private sector companies and businesses to accelerate progress towards Sustainable Development Goal 7 and other Goals.

Energy for the Sahel: The UNDP energy offer for the Sahel aims to ensure that Africa can harness its energy potential for sustainable development in the Sahel. In 2020, 18 United Nations agencies joined forces under the leadership of UNDP to develop, as part of the United Nations Integrated Strategy for the Sahel, a framework to spur economic growth through increased access to renewable energy. Aligned with this framework, UNDP is about to launch an ambitious programme to enhance the enabling environment for the deployment of off-grid renewable energy solutions, accelerate access to sustainable energy for productive use and basic services for vulnerable communities in the Sahel and trigger sustained socioeconomic development in rural areas, through a holistic ecovillage approach. In collaboration with Sustainable Energy for All, this new partnership aims to unlock public and private investments towards affordable and sustainable energy access for all people in Africa, particularly in the Sahel. The programme aims to leverage new partnerships that can support bolder interventions that promote sustainable energy and development pathways in the Sahel.

UN-Energy and the post High-Level Dialogue on Energy: The High-Level Dialogue on Energy, held on 24 September 2021, was the first global gathering on energy under the auspices of the General Assembly since 1981. The dialogue represented a global commitment to catalyse transformative action to ensure access to clean and affordable energy services for all by 2030 and accelerate the energy transition towards net-zero emissions by 2050. The Administrator is the co-Chair of UN-Energy and was co-Chair of the High-Level Dialogue. As co-lead of the dialogue's working group on energy access, UNDP has spearheaded efforts to accelerate global action for sustainable energy for all. The dialogue was attended by participants from 109 countries including 43 Heads of State and 39 other leaders from business and civil society. More than 150 energy compacts from national and local governments, businesses, foundations and international, civil society and youth organizations were submitted for the dialogue. National Governments and the private sector committed more than $400 billion in clean energy funding, both for access and transition; and partnerships including by foundations and industry associations aimed to leverage additional finance for Sustainable Development Goal 7.On energy access, national Governments committed to provide reliable electricity to over 166 million people worldwide; private companies pledged to reach just over 200 million people; and foundations and business associations promised to pursue partnerships to reach hundreds of millions of additional people.

UNDP will work with key partners in UN-Energy and in new partnerships with multilateral development banks and international financial institutions (African Development Bank, Asian Development Bank, Inter-American Development Bank, World Bank and others), global funds (GCF, GEF), the private sector, foundations (Rockefeller Foundation) and civil society organizations, youth groups (SDG7 youth constituency compact) to strengthen local capacities to respond to urgent energy access needs. For example, through existing programmes like the Africa Mini-Grid Programme, the Sustainable Energy Hub will leverage and expand existing and new partnerships with the private sector. The Sustainable Energy Hub will partner with firms such as Microsoft to create a new data insights platform for data collection, analysis, visualizations and insights to support Governments (particularly with COVID-19 socioeconomic recovery). The Microsoft partnership also offers scope to build a robust data architecture and action plan on climate, energy and environmental sustainability, which includes data to advance off-grid energy access. To scale up future Solar for Health work, UNDP is working with key partners (WHO, Islamic Development Bank, Sustainable Energy for All, and others) to implement an innovative “energy-as-a-service” model that engages the private sector in the electrification of health facilities. This new approach ensures that donor funding is not used for pure CAPEX financing (e.g., for the installation and maintenance of energy generating assets); but rather, these costs are redirected to private sector energy service providers that deliver electricity to health facilities “as a service”. This shift in delivery models will give health facilities access to energy without them having to incur up-front equipment procurement costs, while at the same time providing service providers the incentive to ensure service quality and reliability over time. The proposed model should also enable the private sector to mobilize finance from financial institutions and improve local capacity in financing renewable energy by addressing the off-taker risks (through donor-backed PPA/lease agreements). This model also offers the opportunity to expand clean energy services to a wider set of consumers, with the health facilities acting as anchor clients in unserved areas and can thus lead to wider social and economic benefits.

GLOBAL FOCAL POINTS:

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GPN Service Offer

Gender Equality
FINANCING FOR GENDER EQUALITY

GLOBAL CONTEXT

Gender equality lies at the heart of the 2030 Agenda for Sustainable development, which recognizes that achieving gender equality is a matter of human rights and is crucial to advance across all the Sustainable Development Goals and targets. Gender equality is a precondition to advance human development, create inclusive and sustainable economies, and reach a fair and just green transition. For example, it is estimated that taking no action to address this discriminatory pattern will result in global GDP being $1 trillion lower by 2030 than if women and men lost their jobs at the same rates during the COVID-19 pandemic.[1]

However, a chronic mismatch between ambition and collective investment persists. Redirecting public and private finance towards gender equality becomes essential to achieving the SDGs. UNDP is uniquely positioned to place gender equality at the core of fiscal policy dialogues with Ministries of Finance, Tax Offices and alike, and its SDG integrator role allows UNDP to facilitate the link between the private sector, investors and the government. UNDP leads or co-leads Integrated National Financing Frameworks in more than 70 countries, and the Gender Equality Seal Certification for Public Institutions and its integrated and multidisciplinary approach to development provide UNDP with a distinct value added.

UNDP'S COMPARATIVE ADVANTAGE

With this offer, UNDP ambitiously aims to contribute to the overall UNDP's Sustainable Finance goal to help mobilize a trillion USD towards the SDG. Concretely, this offer has as a goal that: With support of UNDP, 100 billion USD more will contribute to gender equality through gender-responsive taxation, and public and private investments. UNDP capitalizes on all its work on financing SDGs to contribute to gender equality. For example, UNDP is co-implementing Integrated National Financing Frameworks in more than 70 countries, together with partners including OECD, the IMF, and UNICEF, and collaborates with UN Women in 16 countries. A total 70% of INFF place gender equality as a thematic priority.

(7) https://www.mckinsey.com/featured-insights/future-of-work/covid-19-and-gender-equality-countering-the-regressive-effects

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UNDP'S SERVICE LINES

- **Conduct gender equality analyses, generate data, and provide technical support** to develop development finance assessments (DFAs) and Integrated National Financing Frameworks (INFFs) that contribute to gender equality.
- **Capacity development of public officials and partners** on finance for gender equality, including on fiscal policies, debt instruments, and portfolio assessments to contribute to gender equality.
- **Support gender-responsive budgeting**, aligned with SDG Budgeting, through budget analysis, participatory mechanisms during the budgeting cycle, impact assessments, portfolio reviews, gender-equality tagging, and costing of gender equality interventions (care, services to prevent gender-based violence, economic policies, etc.).
- **Technical assistance in tax reforms**, including through the revision of tax laws, gender and tax impact assessments, capacity development of tax officials, development of gender equality taxation roadmaps with tax authorities and parliaments, provision of ex-ante and ex-post gender impact assessments, development of M&E systems.
- **Implementation of the gender Equality Seal for the Public Sector** for Ministries of Finance, Tax Offices, Central Banks and aligned institutions interested, including capacity development on gender issues in macroeconomic policies, policy reviews, internal parity policies and organizational culture, and beyond.
- **Generate data and evidence to facilitate decision-making in fiscal policies,** including through the Global Policy Observatory for Gender Equality.
- **Development of consultation mechanisms** during the budgeting cycle and tax reforms to ensure the full engagement and leadership of women and women's organizations in decision making processes.
- **Technical support to include a strong gender equality perspective in SDG Bonds, Green Bonds, and other thematic bonds**, including the development of bond taxonomies, revision of investment portfolios, capacity building and technical support to bond issuers.
- **Support the identification of investments opportunity areas towards gender equality** to help mobilize private finance through UNDP's Investor mapping initiatives.
- **Implement the gender equality seal for the private sector** for investment funds, banks, and financial companies.

On crisis and post crisis contexts:

1. **Identification and expansion of emergency informal and community-based mechanisms for financial safety net in the outbreak of crises,** such as women's saving groups and collective insurance funds, among others.
2. **Identification and development of long-term transition investment roadmaps** towards local and national social protection and insurance schemes, including debt relief and debt swaps to address the needs of those most left behind.
3. **Provide technical support on budgeting, costing and financing** of emergency and recovery measures for gender equality and women's economic security, including to secure access to basic services, and testing and implementing innovative options (e.g temporary basic income for women, inclusive insurance schemes, etc).
4. **Conduct gender equality analyses and advise to** address gender differential needs within emergency and recovery budgeting and financing, including on DRR programs.
5. **Development of consultation mechanisms** through local governance structures to ensure the full engagement and leadership of local women and women's organizations in decision making processes of emergency and recovery finance.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

UNDP worked in 2021 in 60 countries with governments on financing for gender equality, such as on gender-responsive Integrated National Financing Frameworks, debt instruments, insurance and financial inclusion of women entrepreneurs, budgeting care, and overall gender-responsive budgeting. For example, UNDP and New Development Bank (NDB) jointly issued an SDG-linked bond that raised RMB 5 billion (USD 750 million) in China's onshore bond market, which is expected to promote the empowerment of women as the taxonomy has an initial focus on promoting the achievement of SDG5. UNDP also provided technical inputs to the National Association of Financial Market Institutional Investors of China (NAFMII) during the drafting stage of the Non-financial Enterprise Debt Financing Instruments Social Projects Catalogue. In Fiji a joint UNDP, UNCDP programme is promoting gender and socially inclusive climate and disaster risk finance and insurance (CDRFI) solutions, and Cambodia established the Gender Financing Credit Guarantee Corporation of Cambodia (UNDP / UNCDF) to Support women-owned S/MSME's for their recovery from the COVID19 and that they can contribute to accelerating Cambodia's recovery from COVID 19 and in achieving the SDGs.

Globally, as part of these efforts, UNDP and UN Women launched together the Technical Guidance Note: Mainstreaming Gender Equality into the Integrated National Financing Frameworks, and co-developed together with the IMF and UN Women, the Fiscal Affairs Policy Brief *Gender Equality and COVID-19: Policies and institutions for mitigating the crisis*. UNDP and UN Women also generated evidence on the gender sensitivity of fiscal and economic measures through their COVID-19 Global Gender Response Tracker.

DEMAND-ANALYSIS

With the existing debt crises and the likeliness that governments may start implementing austerity measures, there is growing demand for UNDP to provide support not only on investing for the SDGs, including for gender equality, but also on the costing, budgeting, and financing through taxation and debt instruments, including on care and social protection for women's security. Also, there is a growing demand for UNDP to help unlock private finance towards gender equality, for example, through investment opportunity areas within the investor mapping and working with private banks to advance women's financial inclusion, with support provided on public and private finance for gender equality in 60 countries in 2021. UNDP will provide this support aligned with its ongoing efforts on finance.

PARTNERSHIPS

UNDP major partners for this offer are Ministries of Finance, tax offices, parliamentary caucuses, central banks, and civil society organizations. UNDP's collaboration with the UN Women, the IMF and OECD is critical to advance financing for gender equality within the INFFs, and on fiscal policies. UNDP also partners with UN Women to jointly develop Gender Equality Sovereign Bonds.

RESOURCE NEEDED: Investment of 40 M USD

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Gender

FUTURE-PROOF AND RESILIENT JOBS FOR WOMEN

GLOBAL CONTEXT

Without gender equality and the empowerment of women there cannot be zero poverty or zero hunger, nor sustainable and fair economies. This is in part because gender inequalities create artificial economic underperformance, which hampers the prosperity of nations. Women make up only 38% of the total global workforce given the unfair distribution of care. When women are engaged in paid employment, they are overrepresented in informal and more precarious jobs, with persistent pay gaps and hitting glass walls and ceilings that limit access to managerial positions and the highest paid sectors. The correlation between the Global Gender Gap Index and the Global Competitiveness Index shows that the more equal the country, the higher its degree of competitiveness[1], and that countries with higher levels of gender equality are also among the countries with higher economic resilience.

Gender inequalities widened with the pandemic. For example, during lockdowns and business closures, many women could not access to public emergency cash transfers or sometimes even their own incomes[2] as many payments went cashless, highlighting the strong linkages between the gender digital divide and women's economic security.

UNDP'S COMPARATIVE ADVANTAGE

Women's economic empowerment is a critical aspect of UNDP's mandate to end poverty and to achieve sustainable economic development and human development. With this offer, UNDP aims to elevate its ambition to target and help dismantle the structural barriers that impede women's economic empowerment. UNDP aims to support the generation of future-proof employment for women, as well as to increase women's access to digital assets for their economic empowerment and livelihoods and meaningfully integrate gender equality into economic recovery plans.

This offer contributes to Signature Solution 6 on Gender Equality, as well as to Signature Solution 1 on Poverty. UNDP's major value added in this offer are its large country and local presence, its large portfolios on jobs and livelihoods, and its capacity to place gender equality at the core of political, economic, and environmental policy dialogues and in negotiations with governments and ministries, including in fragile and crisis settings.

UNDP'S SERVICE LINES

- **Conduct economic assessments and value chain analyses** to identify economic clusters with the highest potential for women's economic empowerment and related bottlenecks.
- **Revise and advise on the creation of regional, national and local economic development policies, plans and budgets** that contribute to the expansion of women's entrepreneurship and employment in future-proof and non-traditional sectors (e.g. green and digital jobs) and access to economic assets.
- **Support the development and implementation of consultation roadmaps** for the creation of participatory economic policies, linking these efforts with UNDP's work to advance women's political leadership and participation.
- **Implement the Gender Equality Seal for the Private Sector** and the Business for Gender Equality Platform to help eliminate glass ceilings and walls within businesses.
- **Provide technical advice to governments to develop national and local digital transformation strategies and plans** that expand women's access to and use of digital technologies, digital finance, e-commerce, and digital value chains.
- **Facilitate multi-stakeholder learning and collaboration** to remove roadblocks for women's advancement in STEM intensive industries and to leverage the 4th industrial revolution. This includes a focus on decent gig work, digital skills, talent match and gender equality in the workplace through the STEM4ALL Platform formed by governments, academia, civil society and businesses.
- **Support ministries of technology and local governments to finance national and local projects to boost women's economic empowerment through access to digital technologies**, including on digital skills, access to markets, digital start-ups, fintech solutions, decent GIG work, MSME digitalization and rural digital technologies.

In crisis contexts:

- **Conduct gender-responsive conflict and crisis analysis to inform economic recovery programmes that position** women as agents of change in crisis and post crisis settings to drive women's economic advancement, poverty reduction and more inclusive and sustained economic growth across the board. Ensure women's engagement, especially those most marginalized, in identifying priority areas of sustainable economic activities and opportunities for improved access to digital connectivity that leave no one behind.
- **Map, expand and support the development of informal community finance and social protection mechanisms for women in contexts of collapsed financial and social protection systems**, which go beyond financial self-help groups, cooperatives or community insurance schemes.
- Beyond targeting women for small-scale micro-credit initiatives, **ensure they also benefit equally from large scale macroeconomic and infrastructure** post-crisis reconstruction initiatives that contribute to long-term resilience.
- **Roll out women's economic empowerment programmes that fully integrate work around social norms and behavior change that addresses the gendered power dynamics that** prevent women's full and equal economic engagement, including SGBV.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

In 2021, UNDP worked in 29 countries to support women entrepreneurs and women's income generation, including through financial capacity building, and in 2020 UNDP advanced digital finance and technologies and value chains in 12 countries. For example, Togo built a fully digital cash transfer program from scratch, serving over 12% of its population, in just 10 days in response to COVID-19. Using digital wages to boost women's economic empowerment in Bangladesh, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) committed to digitizing 90% of payments made to garment workers by 2021. Morocco created fairer and more transparent supply chains for women-owned cooperatives through a blockchain shared-value ecosystem and platform, allowing end buyers to trace argan oil production and ensure it has been sourced fairly and sustainably.

UNDP has also certified more than 1,000 companies through its Gender Equality Seal for the Private Sector, helping to create fairer and more decent conditions for workers.

DEMAND-ANALYSIS

UNDP co-hosts the Global Business Forum for Gender Equality (Biz4GE), which bring together the private and public sectors, trade unions, academia and think tanks to advance together towards gender equality. The most recent Biz4GE Global Forum, taking place in Santiago, Chile, and hosted by the Government of Chile and UNDP, in partnership with ILO and UN Women, gathered 500 business leaders, thinkers, government representatives and practitioners from more than 40 countries. Globally, UNDP is also a partner of the Better than Cash Alliance, which aims to accelerate the transition from cash to responsible digital payments to help achieve the Sustainable Development Goals.

In response to the large demand for advancing women's employment in STEM-intense sectors, UNDP's Europe and Central Asia hub created the STEM4All platform, a learning and multi-stakeholder platform for governments, civil society, academia, and the private sector to accelerate women's employment in these sectors.

PARTNERSHIPS

UNDP's collaboration with the ILO, UN Women and UNICEF are critical to eliminate discrimination in the labour market and to expand jobs and livelihoods. UNDP contributes to these partnerships through its holistic approach to development, its convening power, broad presence at the local level, and its ongoing conversations with government ministries.

UNDP plans to expand its collaboration with UNCDF, UNCTAD, ITU, FAO and the UNSG's Special Advocate for Inclusive Finance for Development as part of its efforts on digitalization, women's entrepreneurship, and business for development.

Besides the UN system, UNDP is also re-envisioning its other partnerships, expanding its alliances with women's organizations, feminist economists, international financial institutions, and climate change organizations. For example, UNDP will help governments establish social dialogues engaging employers, labour unions and social justice organizations to support women's rights in both the private spheres of the home and family and the public spheres of politics and the economic market. UNDP will continue to expand its collaboration with the private sector, also a critical partner in this work. It will work with businesses to promote women's leadership and participation, develop inclusive workplaces free of harassment and to find solutions to better balance women's unpaid and paid care responsibilities.

RESOURCE NEEDED

Investment of 62 M USD

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Enabler - Digitalization

Global Context

Rapid digital transformation is changing the context of development, representing an opportunity to accelerate progress towards the achievement of the Sustainable Development Goals (SDGs) by 2030. Digital technologies provide ample opportunities to deliver services to people in a more effective, transparent, and inclusive way including social protection, health and livelihood opportunities for the most vulnerable and marginalized; the digitalization of finance is opening-up new opportunities to accelerate financing for the SDGs by addressing existing barriers or unlocking new pathways for the financing of national development needs while supporting a more inclusive, resilience-building and climate-smart, citizen-centric financial system; and the digital economy offers new pathways for structural transformations towards a gender intentional, greener, and inclusive and resilient socio-economic growth. Strong digital public infrastructure, such as data exchange layers, digital identity and digital payments systems has been shown to increase countries' resilience to shocks and crises and has been identified as a key accelerator for an equitable COVID-19 response and recovery[1]. Digital solutions are also key to closing the energy access gap, which affects some 759 million people, the vast majority of whom live in Sub-Saharan Africa.

At the same time, digital technologies also bring new development challenges requiring that we safeguard human rights. Already, digital divides are becoming the new face of inequality and leaving the most vulnerable further behind. In low-income countries, 70 percent of households are not yet covered by fixed broadband networks, 33 percent are out of reach of mobile internet (4G), and 234 million fewer women than men use mobile internet.[2] New challenges related to cybercrime, information pollution on digital platforms, discrimination and biases in algorithms, data concentration and data misuse continue to grow in developing and industrialized countries alike, while digital transformation introduces new challenges to sovereignty, privacy, and individual protection.

UNDP's Comparative Advantage

Considering this context, UNDP launched its Digital Strategy 2022-2025[3], enabling UNDP's programmatic impact to help 100 million people escape multidimensional poverty, support 500 million people to gain access to clean energy and 800 million to participate in elections, and promote over $1 trillion of public and private investments in the Sustainable Development Goals (SDGs).[4] UNDP's goal is to collectively create a thriving and well-governed digital and data economy, and inclusive digital societies focused on widespread adoption of responsible technology practices and standards: inclusion, privacy, security, transparency, and good governance. Indeed, digital technology is a resource which can be utilized for value creation or that can lead to individual and public harms. UNDP's Digital Strategy includes both programmatic and operational objectives to enable the organisation to remain a relevant and trusted partner.

- Co-Develop: Digital Public Infrastructure for an Equitable Recovery, August 2021, [Link]
- https://www.gsma.com/r/wp-content/uploads/2021/06/ The-Mobile-Gender-Gap-Report-2021.pdf
- tps://digitalstrategy.undp.org/documents/Digital-Strategy-2022-2025-Full-Document.pdf
- https://www.undp.org/publications/undp-strategic-plan-2022-2025#modal-publication-download

UNDP's Enabler on Digitalization – What is in scope?

UNDP's Digital Strategy 2022-2025 defined two programmatic objectives and highlighted critical enablers for Agenda 2030, in line with its vision to help create a world in which digital is an empowering force for people and planet.

1. **Digitally enabled programming**: Amplify development outcomes by embedding digital across all UNDP programming.

2. **Empowering digital ecosystems**: Support societies in their efforts to create more inclusive and resilient digital ecosystems.

UNDP's approach to objective 1 (digitally enabled programming) can be found in the "Enabler" section of the Integrated Offer for each of UNDP's Six Signature Solutions. The Integrated Offer on Digitalization will focus on the second objective of **empowering digital ecosystems**, creating inclusive and resilient digital ecosystems that benefit all.

Supporting inclusive and resilient digital ecosystems: Why it matters

Inclusive and resilient digital ecosystems can enable development outcomes across all of UNDP's Six Signature Solutions, including in areas such as health, governance, energy access, nature-based solutions, resilience and early recovery, and social protection, with gender equality as a core tenant of responsible digital principle across the opportunity areas Across the Six Signature Solutions, robust population-scale interoperable digital public infrastructure and ICT/digital building blocks[1] will accelerate our ability to reach excluded communities, whether through digitalization of social protection programs to design robust grievance redressal mechanism and include more women or enabling the reduction of carbon emissions through a digital public goods approach under the Paris Agreement 6.2. The Covid-19 pandemic has reinforced the case for building out such well thought out digital infrastructure, with a focus on inclusion, safeguards, and equity that can accelerate equitable recovery by enabling better public service delivery, citizen empowerment and private sector innovation, resulting in a 20% potential economic gain in countries.[11] This includes the critical digital financing of the SDGs, supporting governments in harnessing the potential that digital finance offers for the financing of national development priorities locally.

Thus, ensuring that everyone is meaningfully connected and protected from adverse effects of digital technologies is becoming a key focus area of UNDP programming. In its Digital Strategy 2022-2025, UNDP defines the following characteristics of healthy national digital ecosystems[1]:

3. Long-term vision and strategy for national leadership and local ownership
4. Solid foundational layers such as digital infrastructure
5. An enabling environment with the right policy, talent, and investment
6. A process to reach and engage different stakeholders across sectors, including marginalized groups.

Despite the increasing importance of inclusive digital ecosystems for development, countries are often implementing digital solutions and platforms in a piecemeal and uncoordinated manner, leading to lack of interoperability and integration. UNDP supports countries in taking a whole-of-society approach to digital transformation that enables countries to shift from siloed

individual ministry/department or private sector digitalization programs to integrated strategies.

In doing so, UNDP puts human rights at the centre and promotes inclusive and gender-sensitive approaches that leave no one behind, in line with the guiding principles of human rights, access, empowerment, and opportunity defined in UNDP's Digital Strategy. As digital technologies increasingly mediate everything from health care, employment, education, to participation in social, cultural, and political life, UNDP will enable countries to take a human-rights based approach to digital transformation. This includes the provision of adequate resources to implement the relevant international standards to safeguard and protect people, as well as contextualizing how we imagine inclusion and safeguards across digital technologies adopted in the Signature Solutions.

Services Offered by GPN

UNDP offers a range of services to support our partner in building and inclusive and resilient digital ecosystems. These services are developed in a demand-driven and agile way and building on UNDP's continuous thought leadership in digital development, including through forward looking horizon-scanning on emerging technologies new developments. UNDP provides the following services:

- **Holistic Digital Transformation Support**

UNDP can support countries in the design and implementation of whole-of-society digital transformation strategies, ensuring that national digital transformation processes and policies are inclusive and leaving no one behind. Covid-19 highlighted that digital public infrastructure and digital building blocks enabled countries to build a coherent, comprehensive, and rapid response to the virus, addressing urgent global challenges and development needs.[5] Since 2020, UNDP has supported over 25 countries on the development of inclusive national digital strategies and ecosystems. UNDP has developed a whole-of-society digital transformation framework, that provides an overview of the components of an inclusive national digital ecosystem:

• https://www.weforum.org/agenda/2021/08/4-reasons-you-should-care-about-digital-public-infrastructure

UNDP's Digital Transformation Framework serves as the basis for UNDP's support in building inclusive digital ecosystems. Concretely, UNDP offers the following services:

Digital Readiness Assessment (DRA)

UNDP works with governments to catalyze a whole-of-society-approach, bringing together the civil society, the private sector and other stakeholders that are part of the transformation framework to identify the major digital divides and barriers for inclusive digital transformation. UNDP's whole-of-society approach is focused on elevating the voices of the marginalized, and including women and youth as key stakeholders, agents of change and as builders of inclusive digital societies. The assessment aims at providing recommendations to foster an inclusive digital transformation at the national level.

The DRA aims to be a modular open-source public goods along with the associated 200 plus open datasets it draws on, with the following key aspects:

- The DRA framework is the result of a combination of qualitative and quantitative sources. The DRA is comprised of a Rapid Country Survey that helps collect information from the different sectors for each of the Framework's pillars and sub-pillars; then it is combined with existing digital related data from UNDP's Digital Nation Dashboard; and finally, the assessment is complemented with research and literature review.
- The DRA provides a holistic snapshot of the digital readiness of a nation by mapping a country in one the five stages of digital readiness: basic, opportunistic, systematic, differentiating, and transformational including resilience and inclusion as part of readiness. Based on this analysis, UNDP can derive actionable insights for how to strengthen the national digital ecosystem with an inclusive perspective.
- The DRA will include an AI Readiness Assessment that focuses on the needs and capabilities of governments as both a user of AI and enabler of ethical use of AI with the goal to unlock a wider tech, legal, policy and business ecosystem within that country. Developing AI and other

complex technical capabilities requires a thriving technology ecosystem within any country. Government policies and incentives serve as essential enablers of this ecosystem by setting standards and regulations that mitigate ethical risks, while bolstering local and national capabilities and infrastructure pathways.

- UNDP will continue to further strengthen integration with SDG Digital Finance Ecosystem Assessment co-led by UNDP and UNCDF to improve linkages to SDG and National Development Priorities financing as well as other UN frameworks and assessments such as UNCDF Inclusive Digital Economy Scorecard (IDES). UNDP will also strengthen integration with tools from partners such as ITU, UNDESA and others to create greater value and accessibility for governments in countries.

Digital Transformation Strategy Development and Implementation:

Governments are looking for support on how to approach Digital Transformation recognizing that technology is a strategic driver to improve public sector efficiency, support the effectiveness of policies, and create a more open and transparent government.

UNDP is working with governments to help in the design of Inclusive Digital Strategy (IDS). The IDS is a guiding document that sets the strategic objectives of a government to support the digital transformation journey of a country. The IDS is designed to accelerate digital transformation addressing the existing digital divide in a country and to avoid new digital exclusions are created.

Based on the results of the DRA, UNDP sets up thematic working groups with key stakeholders from different sectors. UNDP works closely with all the stakeholders to help articulate their needs and ensure they are reflected in the Strategy. In doing so, UNDP supports countries in actively considering the needs of the most vulnerable, enacting dedicated initiatives to close digital divides and gathering disaggregated data to monitor results. UNDP is thus ultimately assisting the government in better understanding the needs and priorities of all. The result is an Inclusive Digital Strategy developed collaboratively.

This also includes supporting countries to incorporate digital financing strategies to unlock over $1 trillion of public and private capital investments in the SDGs through the SDG Digital Finance Ecosystem Assessment, as a modular component of the DRAs which identifies gaps and opportunities within domestic digital finance ecosystems to harness digital finance to deliver incremental financing towards national development priorities in support of varied national priorities such as green agriculture, SME financing, green infrastructure development, emergency relief or natural capital asset protection.

UNDP leverages its role as an integrator and neutral convener to support countries in identifying suitable partners from the private and development sector to help a country jump from a strategic vision to actions. UNDP provides programmatic support in the design and implementation of key initiatives and digital related programs through its vast experience providing technical assistance globally.

- **Digital Capacity Building for Governments**

Digital transformation is creating the need to invest in new skills and capabilities to engage with emerging/ frontier technologies and create inclusive and resilient digital ecosystems. To tackle this need, UNDP provides the following services:

- **Digital Capacity Accelerator for Governments (digital-capacity.org):** UNDP will continue to improve the discoverability of capacity building resources through the digital-capacity.org website and database that lists over 100 training providers and is maintained with ITU and the Office of the Secretary General's Envoy on Technology.

  UNDP will bring in more partners, including from the private sector and other digital education platforms to list their services while providing the clearinghouse to countries through the Multi-Stakeholder Network for Digital Capacity Building, operated with ITU and the Office of the Secretary General's Envoy on Technology.

- In 2022, UNDP will build out more dedicated digital capacity offers in priority areas to:

  Strengthen digital women leaders in government: Bringing women policymakers together to create a community for knowledge exchange and support to increase women's participation in emerging digital areas.

  Strengthen capacity building on Digital Transformation in Small Island Developing States (SIDS)[6] and fostering south-south collaboration on digital transformation, especially for female leaders in policy making and emerging digital areas such as cyber resilience.

  UNDP will sponsor and organize trainings for priority groups and topics:

  Scholarships for governments in emerging areas to facilitate voice and insights from the global south.

  Organize specific programs for 2-3 cohorts, for example ITU's flagship cybersecurity leadership program for women policy makers.

- **Building government capacity for leveraging non-traditional data for evidenced-based policymaking**: UNDP is currently developing a toolkit of emerging good practices on the use non-traditional data (including social media user data, mobile phone data and other private sector data) for evidence-based policymaking for development impact across all SDGs. The toolkit for countries is based on UNDP's extensive experience in data innovation, including by the UNDP Accelerator Labs. It includes tested good practices, use cases as well as practical steps for governments to partner with the private sector on responsible data collaboration and usage. It also focuses on how to improve overall data governance in the private sector, leveraging open data and open infrastructures, such as Digital Public Goods for public sector data exchange.

- Building government capacity in harnessing digital finance for national development priorities: through the development of a toolkit which includes methodologies, implementation guidelines, illustrative practices, case studies and through a series of online modules, UNDP will provide governments with the skills to harness the potential of digital financing to accelerate sustainable development finance.

- **Digital Public Goods for Development**

The COVID-19 pandemic has served as a reminder of the interconnectedness and interdependence of countries around the world. Although countries experienced varying levels of exposure and resilience to COVID, no one country has managed to shield itself from the pandemic.

i. https://www.sparkblue.org/group/online-training-course-inclusive-digital-transformation-achievement-sdgs-and-samoa-pathway

Amidst this crisis, 'digital public goods' (DPG)[7] and Digital Public Infrastructure (DPI) have emerged as critical tools of intervention - supporting both immediate response measures and abetting recovery initiatives.

UNDP's Digital Public Goods for Development is anchored in the idea of 'openness' – where the use of open-source technologies is seen as an important means of realizing an open, safe and inclusive digital ecosystem. This also builds on the idea that *open source means each problem has to be solved only once*. When combined with the power of community engagement and accountable governance, these digital building blocks come together to form Open Digital Ecosystems that democratize access to government systems, while allowing the community to join hands to build citizen-centric services within an accountable governance framework.

To move forward at the speed and scale required, UNDP's country engagement is focused on the "how". Maximizing the potential of DPGs will take new mindsets, collaborations and approaches to technological capacity and governance frameworks. UNDP recognizes that while some countries have successfully deployed and implemented DPGs (including for DPIs) at scale, major challenges remain. Constraints in technical capability, a persistent digital divide, lack of fiscal space, unintended exclusions and the risks to data and digital rights of citizens can slow or complicate the development and execution of these solutions and do no harm. UNDP is catalyzing early conversations and readiness for DPIs, focused on local capacity reinforcements, policy support and inclusion of the most vulnerable.

UNDP's offer to support the discoverability and implementation of Digital Public Goods for Development includes the following components:

i. **Global Advocacy and Cooperation on Digital Commons**: As a governing member and co-host of the Digital Public Goods Alliance (DPGA)[8], UNDP leads global cooperation on building digital commons, catalyzing critical conversations on the role of the global south and local digital ecosystems as builders and implementers of inclusive, equitable and safe digital foundations and ecosystems through the discovery and adoption of digital public goods (DPGs). This includes a strong focus on women's participation in governance frameworks and community engagement.

ii. **Though a Five-Point Approach, UNDP is creating meaningful pathways towards catalyzing the implementation of open and secure solutions and digital platforms. This includes:**

    Integrating Digital Public Goods into ongoing national processes and digital transformation plans, including for crisis response: UNDP leverages its trusted partnership with Governments to integrate DPG implementation in government digital roadmaps. This creates a shared understanding of the value proposition of a DPG approach to building safe equitable, and inclusive digital public infrastructure and ecosystems/societies, and create resilient and responsible digital sovereignty.

    Support Governments in convening whole-of-government required for planning successful implementation: UNDP's leverages ongoing digital transformation support and development assistance in countries such as to the Ministry of Human Rights, Elections and Identity, Ministries of Finance, Environment and others to help facilitate a whole-of-government approach required to achieve country roadmaps and plans.

    Support consultations between government, civil society and private sector: UNDP provides the additional resources required to organize meaningful consultation between

i. DPGs are "open source software, open data, open AI models, open standards and open content that adhere to privacy and other applicable laws and best practices, do no harm, and help attain the SDGs."

ii. https://digitalpublicgoods.net/what-we-do/

various stakeholders in countries, including civil society and private sector. These consultations focus on digital roadmaps, governance frameworks and technical expertise required and aim to identify and mitigate the risk of implementing specific DPGs (especially DPGs for DPI).

Greater regional and south-south cooperation in bringing technical expertise closer to the countries: UNDP understands that successful DPG implementation requires strong local and regional capacities, bringing the required skills and expertise closer to implementation. Sustainable capacity flows can be facilitated through greater global cooperation for countries that are just starting to build their whole-of-government digital systems

Catalytic Technical Assistance to support early conversations/actions around implementation: UNDP is facilitating specific commitments, actions, and expertise required to move from interest/political will to implementation. This catalytic technical assistance can include secondment of a technical expert to the Office of the President/Prime Minister.

ii. **Scaling UNDP-owned and supported digital solutions:** UNDP contributes to the digital development ecosystem by making UNDP-owned or -supported digital solutions available for re-use in the DPGA registry[9], thereby generating greater value for money in technology investments and repurposing funding and support to implementation in countries focused on last mile inclusion etc. This includes enabling a community of public and private sector actors to unlock transformative solutions to solve development challenges, such as in poverty alleviation, energy access and other thematic areas of UNDP's six Signature Solutions, prioritizing gender intentionality and tracking of impact through disaggregated data generated from digital platforms.

- **Inclusive Connectivity**

Connectivity is emerging as foundational enabler for digital inclusion. Yet, while 95 per cent of people in the world could theoretically access a 3G or 4G mobile broadband network, billions of them do not connect.[10] This shows that the digital divide is multidimensional and goes beyond access to infrastructure and networks. It originates from a range of challenges including lack of affordability, lack of digital skills and lack of awareness.

UNDP's approach to advancing inclusive and meaningful connectivity is focused on tackling these challenges. Through greater coordination across the UN system including with UNICEF and its GIGA initiative[11], ITU's Partner2Connect coalition and the World Economic Forum EDISON Alliance, UNDP is already testing new models. Furthermore, many UNDP country offices are already experimenting with innovative approaches to providing connectivity for everyone and ensuring that no one remains offline. UNDP's inclusive connectivity approach includes prioritization of connectivity policy and regulatory reforms for underserved regions within countries, women and low-income population segments. Through partnerships and financing of innovative digital models to improve access, affordability and usage, UNDP builds trust and capacities to foster inclusive connectivity in countries.

- https://digitalpublicgoods.net/registry/
- https://www.un.org/en/delegate/itu-29-billion-people-still-offline#:~:text=This%20comes%20as%20good%20news,never%2C%20ever%20used%20the%20Internet.
- ITU and UNICEF's GIGA initiative is a global initiative to connect every school to the internet.

Example: The Digital Inclusion Navigator is now available to EDISON Alliance members, including all UNDP colleagues. The navigator, developed by UNDP, the World Economic Forum, and the Boston Consulting Group, is a one-stop-shop of curated, high-quality information, real-world case studies, leading best practices, and other evidence-based content from trusted sources. Once public, it will be a powerful tool to build the digital capacity of policymakers all over the world.

UNDP in the UN

UNDP is a leader in digital development, in UNDP is a leader in digital development, in global dialogues and at the country level integrating development, crisis response and recovery through the Signature Solutions, innovations and financing. At the global level, UNDP champions and creates critical partnerships, dialogue and evidence to drive global consensus on new cooperation areas created by digital, new standards and technical guidance leading to global commons. At the country level, UNDP is an integrator of thematic areas related to digital transformation, catalyzing digital public infrastructures, governance frameworks and digital ecosystems to accelerate impact across the Signature Solutions.

UNDP is one of the significant leaders in the preparation and implementation of the Global Digital Compact that is envisioned in the Secretary General's *Our Common Agenda*[12]. UNDP is an active contributor to the implementation of the **Secretary General's Roadmap for Digital Cooperation**. UNDP leads or contributes to the implementation of four recommendations in the Digital Cooperation Roadmap:

1. **Digital Capacity Building**: Together with the International Telecommunications Union (ITU) and the Office of the Secretary General's Envoy on Technology, UNDP operates the Multi-Stakeholder Network (MSN) for Digital Capacity Building[13]. The MSN maintains a curated database of existing capacity building initiatives from over 100 organizations and can act as a clearing house for digital capacity building requests of governments.
2. **Digital Public Goods**: As co-host of the Digital Public Goods Alliance with UNICEF, UNDP connects global cooperation and in-country technical assistance to accelerate the development of strong equitable and foundational digital infrastructure and ecosystems, including through south-south cooperation among countries to create sustainable capacities within regional blocks.
3. **Coalition on Digital Environmental Sustainability (CODES):** CODES leads a global multi-stakeholder process and convenes a series of events to firmly anchor environmental sustainability needs within the Digital Cooperation Roadmap and catalyze a digital planet for sustainability[14]. UNDP is a member of CODES along with UNEP, the International Science Council, and others.
4. **UN Call to Action on Human Rights thematic task theme on News Frontier Technologies:** UNDP is a member of the UN Call to Action focusing on human rights in the digital realm.
5. UNDP is also a focus area leader in ITU's Partner2Connect Digital Coalition[15] that aims to connect people everywhere, empower communities, build digital ecosystems and catalyze investments towards digital development.

3. https://www.un.org/en/content/common-agenda-report/assets/pdf/Common_Agenda_Report_English.pdf
4. https://digital-capacity.org/database/
5. https://www.unep.org/events/webinar/launch-coalition-digital-environmental-sustainability-codes
6. https://www.itu.int/itu-d/sites/partner2connect/home/focus-area-leaders/

Partnerships

The UN Secretary General's Roadmap for The UN Secretary General's Roadmap for Digital Cooperation[16] strongly emphasizes the need for global digital cooperation to reduce digital inequality and manage digital harms. In line with our integrator role in the UN system, UNDP works with private and public sector partners on shaping an equitable digital future for all. UNDP is strengthening the digital partnership ecosystem by:

- **Developing and maintaining strategic technology partnerships**: Develop corporate-wide guidance on engagement with technology companies in accordance with our principles, to ensure that partnerships promote rights-based and inclusive applications of digital technology and strengthen local digital ecosystems.
- **Engaging in (global) dialogues and cooperation on digital-first areas**: Advocate for an inclusive and equitable digital future in key global digital cooperation processes, including in the context of the Secretary General's Roadmap for Digital Cooperation, WEF 2030 Vision, the Digital Public Goods Alliance and the Partner2Connect Digital Coalition.
- **Supporting Signature Solutions in digital cooperation relevant to specific thematic areas such as DICE** (health)**, CODES** (environment)**, Human Rights:** GPN is engaging in key thematic multi-stakeholder processes on digital and UNDP thematic focus areas.

As UNDP accelerates new partnerships to support the achievement of the UNDP Strategic Plan 2022 – 2025, UNDP will prioritize partnerships **within the UN system**, within the wider **development and multilateral ecosystems** on the service areas identified in the Integrated Offer on Digital. UNDP will also coordinate closely across the organization to build tangible forward looking partnerships with **digital-first organizations**: private sector, tech think tanks, youth initiatives and organisations, social enterprises, and digital thought leaders from the global south.

Resources

Building on its longstanding experience in digital, UNDP is investing significant resources into further building out its digital programming capacity. UNDP has set up the global Chief Digital Office to guide the implementation of UNDP's Digital Strategy 2022-2025. Furthermore, UNDP established its Accelerator Labs network in 91 locations supporting 115 countries also serves as an important facilitator of digital programming on the country level. UNDP's Global Centre for Technology, Innovation and Sustainable Development (GC-TISD) serves as another resource for providing policy guidance for digital programming in UNDP, especially related to smart cities.

Future resources required will be assessed on an ongoing basis, shaping programmes and support closer to countries and regions, and across the six Signature Solutions.

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[16]https://maintenance.un.org/#:~:text=Enhanced%20multi%2Dstakeholder%20efforts%20on,and%20sustainable%2C%20and%20promotes%20 peace.
[12]ated co-financing of 8.4 billion USD.

Sustainable Finance

Integrated National Finance Frameworks and Portfolios

GLOBAL CONTEXT

Global total net wealth grew again in 2021 to an unprecedented $431 trillion.[1] And yet the majority of the developing world saw significant increases in their debt burden as borrowing increased to cover significant financial losses from the pandemic. The world's low-income countries borrowing levels increased by 12% to a record $860 billion and external debt stocks of low- and middle-income countries combined rose 5.3% to $8.7 trillion.[2] Whilst Foreign Direct Investment (FDI) picked up with flows increasing in developing countries to a total of $427 billion in the 1st half of 2021, the pandemic saw FDI reduce significantly in more vulnerable economies: FDI flows to small island developing states (SIDS) fell by 40%, and those to landlocked developing countries (LLDCs) by 31%,[3] leading to an uneven rebound.

The pandemic has increased the annual SDG investment needs for developing countries to $4.2 trillion.[4] The recovery of SDG-aligned investment projects remains fragile. The total number of SDG-aligned projects fell by 6% in developing countries and by 50% in LDCs.[5] In the meantime, investments in carbon intensive sectors continued to increase – by 2021, $ 423 billion is being spent annually to subsidize fossil fuels, while the climate finance need continue to grow and our estimated at $ 4.35 trillion.[6] Over the course of the pandemic, it has become even more evident that the financial system is not fit for purpose in driving investment towards sustainable development and more resilient futures.

As a globally agreed metric of development goals, indicators and targets, the SDGs provide the framework to make decisions over investments that are driven by impact not by profit alone. The challenge is bringing SDGs into financial decision making more systematically. There are positive disruptions to the financial system, but they are still isolated, not at sufficient scale, and not accelerating fast enough. For example, in 2021 the combined labelled issuance of Green, Social, and Sustainability, Transition, and Sustainability-linked bonds reached $767 billion[7] and yet the size of the bond market was estimated to be at $125 trillion worldwide.[8] Sustainability linked bonds still only represent less than 1% of this. For countries the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development

1 BCG, "Global Wealth 2021: When Clients take the lead", June 2021.
2 World Bank, "Low-Income Country Debt Rises to Record $860 Billion in 2020", October 2021.
3 UNCTAD, "World Investment Report 2021: Investing in Sustainable Recovery", June 2021.
4 OECD, "Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet", November 2020.
5 UNCTAD, "Investment Trends Monitor", October 2021.
6 Climate Policy Initiative, "Global Landscape of Climate Finance 2021", 2021.
7 Climate Bonds Initiative, "2021 Already a Record Year for Green Finance with over $350bn Issued!", November 2021.
8 SIFMA, "SIFMA Research Quarterly – 4Q21", January 2022.

strategies looking across all sources of finance, public and private, international and domestic. These will require measures both to leverage new sources of finance from public and private sources as well as initiatives to better align investment with their sustainable development priorities.

UNDP'S COMPARATIVE ADVANTAGE

The UNDP's Strategic Plan (2022-25) identifies development financing as an enabler to scale up development impact and has also articulated a moonshot to promote the investment of over $1 trillion of public expenditure and private capital in the SDGs[1]. **As** stated in UNDP's Strategic Plan, "leveraging finance at scale includes working with partners to take portfolio approaches aimed at longer-term, transformative goals and brokering stronger public-private collaboration."

Unlike financial institutions, UNDP is not primarily engaged with financial transactions but can provide advice on how sustainable development can be integrated into financial transactions. This provides a niche for UNDP's role on finance as a neutral player with in-house development expertise and access to partners and knowledge that can bring finance to sustainable development policy and programming. UNDP's engagements across governments, private sector and other partners uniquely places UNDP as an architect for the multistakeholder platforms necessary to leverage and align finance at the scale necessary to deliver on the SDGs.

UNDP has a unique offering to countries as they use the INFF approach to meet the challenges of financing recovery and national sustainable development priorities. UNDP is positioned as the lead technical advisor supporting governments to develop INFFs in more than 70 contexts and convening partners technically in support of these country-led processes. UNDP is a trusted neutral advisor, offering policy services and support that are not connected with loans, debt issuances or other transactions. As a custodian of the SDGs, UNDP offers a context-specific range of interventions in every country through the six signature solutions and can help governments to connect and strengthen financing for environmental, gender equality, governance and other priorities. UNDP can provide countries access to a uniquely comprehensive package of services across public and private financing for sustainable development through the Sustainable Finance Hub (SFH). SFH offers solutions across four service areas and twenty-three competencies covering SDG-aligned financing in tax, budgeting, debt, risk finance, insurance, blended finance, commercial investment, financial inclusion, business operations, digital finance, fintech and other areas. These can both inform the design of INFFs and provide practical responses to the priorities that are raised through INFF processes. UNDP's integrator role and partnerships means we can broker access to the services of our partners beyond our areas of direct engagement.

SERVICE LINES

This service offer is framed around four key services that country offices can access as they support governments in (i) designing integrated national financing frameworks and (ii) delivering risk-informed financing strategies, and iii) building country office SDG finance portfolios; (iv) accessing knowledge and expertise though the INFF Facility.

1. **Designing integrated national financing frameworks**

INFFs are a country-led approach, designed to help governments and partners finance national sustainable development priorities through national institutions. The process of operationalizing an INFF brings together a wide range of existing public and private policies, actors across the public and private sectors, and institutionalizes the approach within the systems and processes used to connect planning and financing. UNDP provides technical leadership in support to governments as they design the INFF within the national context, working closely with and engaging other partners. The emphasis in the design stage of the process, and through the services that UNDP offers, is on building understanding and consensus, institutionalizing the approach and agreeing among stakeholders how the INFF will be adopted nationally and the steps that will be taken to do so. UNDP offers a range of services to support the design of INFFs:

- **The Development finance assessment** (DFA) is a tool to shape the inception phase of the INFF process which has been used by more than 60 countries.[9] It carries out a comprehensive mapping of the financing landscape, tracking trends and the outlook for public and private finance and their contributions toward sustainable development outcomes. It assesses the policies and institutions that govern these flows and their alignment with the economic, social and sustainable dimensions of the national sustainable development plan. This analysis provides the basis for a series of financing dialogues (see below), leading ultimately to the agreement of an INFF Roadmap.
- **UNDP facilitates Financing dialogues**, either through a DFA process or as a standalone series, designed to facilitate the agreement of an INFF Roadmap. Financing dialogues bring together the policymakers responsible for each area of public and private financing policy with private and non-state stakeholders. Under government leadership they are designed to shape how the INFF approach will be taken forward nationally, culminating in the agreement of an INFF Roadmap.
- **Technical support for risk-informed financing strategy design** is offered as governments articulate a financing strategy and the reforms to financing policy, regulation, instruments and processes that it sets out. UNDP provides technical expert support with research, drafting and dialogue as a risk-informed financing strategy is articulated, provides independent expert review using the lens of a financing strategy review checklist, facilitates peer review and provides other technical inputs and backstopping for technical teams.

The substantive analysis, advice and inputs provided through these services are closely connected with other SFH solutions and wider implementation of UNDP's signature solutions within the country context. Where other SFH assessments and dialogues have been undertaken, or ongoing, the analysis, narrative and recommendations will be incorporated within the DFA, brought into financing dialogues and/or considered as the financing strategy is developed. This includes, for example, the outcomes of tax diagnostics, public expenditure and institutional reviews, insurance diagnostics and risk finance diagnostics, SDG investor maps, debt sustainability diagnostics, digital finance ecosystem assessments and other solutions. Similarly, entry points for deeper dives into these and other SFH solutions will be brought into the analysis developed through a DFA, discussions facilitated through the Financing dialogues and issues prioritized through a financing strategy relate wherever relevant. DFAs, financing dialogues and financing strategies will also connect with implementation of UNDP's wider signature solutions at the country level where relevant, in response to government guidance. This can include, for example, bringing analysis about financing for gender equality into a DFA, facilitating dialogue on governance of financing or shaping reforms to finance NDC implementation within a financing strategy.

Country offices can draw on support from the **INFF Facility** to deliver these services (see below).

2. **Delivering risk-informed financing strategies**

Financing strategies are a national articulation of a country's financing priorities. They set out the changes that the government and partners will make to mobilise and align, and strengthen the governance of, financing for national sustainable development priorities. UNDP provides technical leadership to governments as they deliver financing strategies. The emphasis is on supporting governments to deliver specific changes, to policies, regulations, instruments and processes, prioritized by the government in its financing strategy. UNDP offers a range of core services to support delivery of a financing strategy, which are closely connected with other solutions across SFH:

- **UNDP provides embedded experts** to Ministries of Finance and other ministries involved in leading the INFF process at the country level, sometimes housed within an INFF secretariat. These experts support their host ministry with capacity building and strengthen a range of processes and systems that will be used as the financing strategy is delivered.

9 In some countries the DFA is known as an INFF assessment. DFAs are used by most countries to shape the inception phase of an INFF, though in some contexts it is being used to explore the INFF approach and help the government to decide whether to pursue it.

- **UNDP provides targeted technical assistance to deliver financing reforms** as prioritised through a risk-informed financing strategy. This support provides a flexible response to national priorities, drawing down technical assistance across a range of public and private financing policy areas, connecting and utilising SFH solutions where relevant.
- **More than 30 countries developing an INFF are institutionalising public-private financing dialogue platforms**. UNDP provides technical assistance to establish these platforms, or to broaden the scope of an existing platform in order to host financing dialogues. This support includes technical assistance, analytical and facilitation support, and stakeholder/platform mapping support.
- **UNDP supports the aggregation and creation of Financing strategy monitoring frameworks** that can both track public and private flows and their contribution toward sustainable development outcomes more effectively, and monitor the delivery of financing reforms and their impacts. Through targeted technical assistance UNDP helps government bring together the data that exists across the national statistical and administrative information systems to strengthen government's monitoring, management and reporting on financing for sustainable development nationally. This includes support for the establishment of integrated financing dashboards.

The technical inputs, advice and assistance offered through these services are closely connected with other SFH solutions and wider implementation of UNDP's signature solutions within the country context. As the priorities set out in the financing strategy are taken forward, this will create entry points for services including SDG budgeting; climate, gender and SDG budget tagging; citizen's budget reports; tax for SDGs; thematic debt instruments; innovative debt swaps; risk modelling; risk finance solutions; inclusive insurance products; insurance market and risk finance regulatory reforms; SDG investor maps; de-risking investment; investor convenings; crowdsourcing low carbon infrastructure investment; stock exchanges for SME finance; IMM training; innovation journeys; SDG corporate tracker; SDG impact standards; connecting business initiative; innovative digital financing instruments and others.

Country offices can draw on support from the **INFF Facility** to deliver these services (see below).

3. **Building Country Office SDG finance portfolios**

Many country offices have accessed services and are seen as experts in specific financing policy areas or issues. As they support governments to design and deliver INFFs, they can build portfolios that move beyond these narrow areas of expertise to strengthen their position as trusted advisors on SDG finance as a whole. In contexts where the government is not yet developing an INFF, building a portfolio of services across SDG financing can help the government to see the value of an integrated, comprehensive approach on financing. Country offices can leverage many of the solutions listed in service 1 and 2 to identify and help them take steps to build broader portfolios, alongside dedicated tools:

- **Portfolio sensemaking** helps country offices take a 'balcony view' of the services and engagements on financing within their existing portfolio to leverage the connections, spillovers and further opportunities that can be built from them. They help country offices to place these individual offerings within a larger narrative that speaks to the need and opportunities for building an integrated approach of public and private financing for sustainable development.
- **Country offices can use SFH expert panel reviews** to help them to identify and position individual products as connecting with and creating entry points for other services. This can apply to services such as development finance assessments, SDG investor maps, risk modelling and many others. As these products reach the point where findings and key recommendations are being shaped, they can be presented to experts in the other SFH solution areas. These experts will offer advice about questions that can be asked, a narrative that can be shaped and recommendations that can be made within the existing product which would allow exploration of another offering.
- **INFF training** helps country offices to understand, position and pitch the INFF approach within the national context, in conjunction with SFH services in specific areas of financing and signature solutions such as gender equality and environment. Training is delivered in conjunction with the SDG Finance Academy.

4. **Accessing knowledge and expertise through the INFF Facility**

INFFs are a relatively new approach which many countries are adopting in parallel. As these countries use INFFs to address common challenges and opportunities, and as they develop new innovations in public and private financing, there is much appetite to share with and learn from one another. The INFF Facility brings together UNDP, UNDESA, the OECD, EU, Sweden and Italy to respond to country demand for technical support and exchange on INFFs. Through various windows it provides access to technical support, country exchange and methodological guidance.

- The **inff.org knowledge platform** provides a forum for countries to share, learn and connect with the growing INFF community of practice. It hosts country and methodological resources, news stories and updates from the country level. It allows governments and country offices to access technical guidance and understand INFF experiences in other contexts that can inspire and inform the approach taken within the national context.
- UNDP conducts an annual **INFF survey** to understand how countries are taking forward the INFF approach and the progress and outcomes being generated. This informs the **INFF Dashboard**, hosted on the inff.org knowledge platform, where countries can find information on how their neighbours and other countries are advancing with their INFF and the mix of financing solutions and services they are using.
- **INFF Exchanges** bring together policymakers, practitioners and other INFF stakeholders across countries to share their experiences and insights on various aspects of INFFs, and to learn from one another. A recent INFF Exchange on Unpacking financing strategies, for example, was attended by over 180 people from 69 countries. Regional INFF training brings together policymakers and practitioners for more in-depth training on INFFs and specific topics within them. More than 1,300 participants attended three regional trainings in 2021.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO:

1. Countries are supported to adopt the INFF approach, as evidenced by the launch of financing strategies in all developing countries by 2025
2. Countries are supported to deliver a wide range of reforms to policy for public and private financing for sustainable development through their financing strategies
3. UNDP facilitates exchanges between policymakers and practitioners across country contexts, who share learning and experiences, and incorporate these lessons into their own country processes
4. UNDP country offices are positioned as trusted advisors on SDG financing
5. INFF processes and financing strategies create entry points for a wide range of SFH services

DEMAND-ANALYSIS

Demand is monitored through a combination of regular consultation with regional SDG Financing Advisors and country offices as well as periodic surveys, notably the annual INFF survey, and questionnaires used during regular global and regional webinars. In addition, STARS ROAR analyses, coordination meetings with thematic focal points, inter-agency meetings, meeting with donors and partners and direct consultations and meetings with UN Agencies and partners are used to ascertain demand.

PARTNERSHIPS

UNDP country offices work with more than 20 other UN agencies to support governments as they develop INFFs and deliver diverse public and private SDG-aligned financing solutions – as well as the European Union, Sweden, Italy, Germany, IMF, World Bank, and other MDBs including the Asian Development Bank and Islamic Development Bank, among others. The INFF Facility is a joint endeavour with UNDESA and OECD as well as support from EU, Italy and Sweden. The UN Joint SDG Fund has provides support to many countries in initiating INFFs. UNDP works closely with UN DESA, UNICEF, OECD, EU as well as many other partners including the International Monetary Fund and other International Finance Institutions in supporting Integrated National Financing Frameworks.

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Sustainable Finance

Unlocking Private Capital and Aligning Business Operations for the SDGs

GLOBAL CONTEXT

Whilst Foreign Direct Investment (FDI) picked up with flows increasing in developing countries to a total of $427 billion in the 1st half of 2021, the pandemic saw FDI reduce significantly in more vulnerable economies: FDI flows to small island developing states (SIDS) fell by 40%, and those to landlocked developing countries (LLDCs) by 31%[3], leading to an uneven rebound.

The global economic recovery is accompanied by exacerbated inequalities as the pandemic resurges. Global economic growth is estimated at 5.5% in 2021 and expected to decelerate to 4.1% in 2022.[1] The growth projections imply output losses for the developing economies due to slower vaccine rollouts and less policy support compared to developed countries. During this crisis as many as 70% of small- and medium-sized enterprises (SMEs) have had to shut down operations[2] and have been put under severe financial distress, causing an explosion in unemployment rates and threatening livelihoods across the globe.

The pandemic has increased the annual SDG investment needs for developing countries to $4.2 trillion[4]. The total number of SDG-aligned projects fell by 6% in developing countries and by 50% in LDCs[5] in the first quarter of 2021. In the meantime, investments in carbon intensive sectors continued to increase – by 2021, with $ 423 billion being spent annually to subsidize fossil fuels, while the climate finance need continue to grow estimated at $ 4.35 trillion[6]. Over the course of the pandemic, it has become even more evident that the financial system is not fit for purpose in driving investment towards sustainable development and more resilient futures. Not only should investments be SDG-aligned but also risk-informed as growing climate crisis, Covid-19 and the recent situation in Ukraine proved that development that is not risk-informed is neither inclusive nor sustainable. To achieve this, the global finance should be aligned with the SDGs and risk-informed so that SDGs become guiding stars at the heart of the business purposes, strategies and decision-making.

As a globally agreed metric of development goals, indicators and targets, the SDGs provide the framework to make decisions over investments that are driven by impact not by profit alone. The challenge is bringing SDGs into financial decision making more systematically. There are positive disruptions to the financial system, but they are still isolated, not at sufficient scale, and not accelerating fast enough. For example, in 2021 the combined labelled issuance of Green, Social, and Sustainability, Transition, and Sustainability-linked bonds reached $767 billion[7] and yet the size of the bond market

1 The Global Economic Outlook in five charts, LUCIA QUAGLIETTI, COLLETTE WHEELER, JANUARY 11, 2022

2 OECD

expectation to complete the work in year2 was estimated to be at $125 trillion worldwide[8]. Sustainability linked bonds still only represent less than 1% of this. For countries the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development strategies looking across all sources of finance, public and private, international and domestic. These will require measures both to leverage new sources of finance from public and private sources as well as initiatives to better align investment with their sustainable development priorities.

UNDP'S COMPARATIVE ADVANTAGE

UNDP's Strategic Plan (2022-25) identifies development financing as an enabler to scale up development impact and has also articulated a moonshot to promote the investment of over $1 trillion of public expenditure and private capital in the SDGs[1]. As stated in UNDP's Strategic Plan, "leveraging finance at scale includes working with partners to take portfolio approaches aimed at longer-term, transformative goals and brokering stronger public-private collaboration."

Unlike financial institutions, UNDP is not primarily engaged with financial transactions but can provide advice on how sustainable development can be integrated into financial transactions. This provides a niche for UNDP's role on finance as a neutral player with in-house development expertise and access to partners and knowledge that can bring finance to sustainable development policy and programming. UNDP's engagements across governments, private sector and other partners uniquely places UNDP as an architect for the multistakeholder platforms necessary to leverage and align finance at the scale necessary to deliver on the SDGs.

UNDP has a strong track record of supporting governments and their partners to better link policy areas such as climate, biodiversity, gender, disaster risk management, health and poverty with their public finances. This role has expanded from public financial and expenditure management to include work around SDG aligned tax revenue mobilisation; SDG aligned debts instruments and sovereign risk financing. UNDP has developed a niche in providing solutions to public finance that align investment across the SDGs. UNDP's policy advice on public finance is not linked to loans or other financial deals, but is routed in support of effective governance with a strong focus on transparency and accountability built up from UNDP's expansive governance portfolio.

While many other international organizations focus on the private sector's role in economic development, infrastructure and specific sectors, key gaps remain in making markets work for the poor, women, youth and populations in conflict and transitional contexts. Most funding for private sector engagement in climate change work has focused on credit lines to financial institutions, and not on de-risking, capacity building and transitioning to a green economy. In addition, most enabling environment and blended finance investments benefit middle income countries and do not reach least developed countries and fragile states. In fragile settings, a new generation of flexible shock- and risk-responsive instruments are emerging that can rapidly respond to deteriorating situations or opportunities for reform, stabilization or peace.[3]

UNDP'S SERVICE LINES

The service offer focused on unlocking private capital and aligning business operations for the SDGs is part of the UNDP's sustainable finance offering, which aims to contribute to promoting the alignment, mobilization and effective use of resources to further economic, social and environmental sustainability. As such, it is complemented by interlinked offers on (i) public financing for the SDGs; (ii) SDG Impact Management and finance tracking; (iii) national financing frameworks and portfolios; and (iv) the SDG Finance Academy. This service offer is framed around four key services: (i) originating an SDG investment project pipeline; (ii) accessing public and private capital for SDG investment; (iii) aligning business operations with the SDGs; and (iv) supporting and enabling policy environment for SDG investment.

[3] Poole, L., & Scott, R. (2018). Financing for stability: Guidance for Practitioners. OECD Publishing.

1. **Originating an SDG investment project pipeline including risk and impact informed opportunities**

1.1. Identifying Investment Opportunities:

UNDP's SDG Investor Maps produce country level market intelligence on SDG-enabling investment themes. Through a standardized methodology UNDP identifies Investment Opportunity Areas, which offer proven business models with significant economic and impact potential covering areas where national development needs and policy priorities intersect. The Investment Opportunity Areas are presented on the **SDG Investor Platform**, which allow for filtering of opportunities based on specific investment interests. SDG Investor Maps need to be accompanied by rigorous follow-up, which can be achieved by a long-term external consultant (8-10 months) to help COs to go through the process from start to end, especially the COs that do not have internal capacity. SDG Investor Maps, with this ongoing follow-up support, are useful for UNDP COs:

- as an input into defining/developing CO's strategy, by building on "white spaces"[4] and therefore, to position portfolios that are aligned with the strategy which helps to have a more comprehensive and synergetic work at the country level; (Colombia CO used the map to define their strategy and achieved results in other areas of work);
- as an input into the INFF process with governments, in particular, in terms of improving enabling environment building on the "white spaces" identified through the SDG Investor maps; determining financing strategies to finance national development priorities (private, public, public-private) and whether blended finance or de-risking solutions are needed to crowd in private sector capital;
- to convene facilitation events for investors, intermediaries including consulting companies or financial intermediaries, enterprises, and public sector actors to consider ways to activate SDG-enabling investment opportunities into tangible investments (e.g., GSIV competition to find IOA aligned enterprises); and
- in policy dialogue to discuss identified white spaces that governments might like to consider as part of their national development priorities.

SDG Investor Maps are used by private sector stakeholders, including: (i) by investors to reprioritize their strategies to be impactful or to target investments or investees aligned with the opportunity areas identified in the investor maps; and (ii) by financial and non-financial intermediaries using the investment opportunity areas identified in the investor maps to build a pipeline of projects.

SDG investor Maps can have a specific focus on risk-informed investment opportunities, due to the characteristics of the countries UNDP is working on, the growing climate crisis, the Covid-19 and the recent situation in Ukraine.

Additional IOA feasibility studies can be conducted for greater depth of information to guide stakeholders interested in an identified investment opportunity. SDG Investor Map deep dives can be pursued to explore specific business models under the identified IOAs in specific sectoral, regional or thematic areas. For example, Ghana CO is currently working on sectoral and regional deep dives, which are expected to be finalized in a few months, Nigeria CO has completed a feasibility study on the grain storage IOA at the request of the Central Bank, and in Asia, all maps will have a climate finance focus going forward both by incorporating it as part of ongoing maps as well as using it as a critical lens for new ones, all of which will be uploaded to the SDG Investor Platform.

UNDP can focus on the insurance sector while developing an SDG investor Map, per request of the country. The SDG investor Map then identifies investment opportunities that support enhanced insurance coverage for individuals, SMEs and communities, such as microinsurance providers and related technology services. For the insurance investment

4 A white space is an investment area that serves a strong development need in a specific national context but has not recorded a strong policy momentum by way of government commitments or has not seen significant private sector momentum due to absence of viable business models, or both. White spaces have significant potential to address development priorities if supported by scalable models. Therefore, through the SDG Investor Map development process, the CO team may come across two types of White Spaces: (i) Policy White Space: Opportunity areas that serve a development need but experiences absence of private sector momentum due to policy and regulatory gaps; and (ii) Business Model White Space: Opportunity areas that serve a development need but experiences absence of private sector momentum in-spite of a favorable policy and regulatory momentum.

opportunities, the UNDP offers a challenge fund which can provide financing support to organizations to develop additional products and services to meet these opportunities. UNDP can further focus on the digital finance sector or its specific parts, such as for example climate fintech, to identify investment opportunities that support greater financial inclusion and economic empowerment, but also improves climate adaptation and mitigation through digital finance innovations. Together with UNCDF, UNDP is highlighting these digital finance opportunities through assessments of digital finance ecosystems in several developing countries (see Service 2).

1.2. Identifying enterprises to deliver on investment opportunities

UNDP supports a competitive process to identify enterprises with high potential for growth and SDG impact. UNDP selects growth stage impact ventures with a proven impact, demonstrated product-market fit, and a revenue-generating self-sustainable model or that have already raised a round of investment, which makes them attractive for international capital. Ventures are nominated to participate in the selection process by third parties such as accelerators, impact funds, family offices, international organizations, or governments. This allows identifying key actors in the sustainable finance ecosystem in the country, facilitating partnership building and collaboration by UNDP. Where an SDG Investor Map exists, the enterprise selection process is informed by the identified priority sectors and IOAs, as already done in Colombia, which enhances the market intelligence with investment ready enterprises. The selected enterprises will be featured in the SDG Investor Platform. In addition, UNDP works through well tested accelerator models, and combines business acceleration programs with robust and dedicated efforts for SDG impact alignment including impact measurement and management practices. UNDP's Impact Ventures Accelerator (IVA) is a practical approach to identify and support scaling of businesses that deliver products and services directly and systemically addressing challenges manifested by SDGs.

1.3. Working with intermediaries to develop portfolios for financing:

UNDP partners with external intermediaries (financial or non-financial), who leverage information from SDG Investor maps, the growth stage impact ventures and other programs, funds and partners and analyze and aggregate this information in a portfolio aimed at deal making or realizing the investment. This also entails undertaking due diligence on these enterprises and considering specific investment vehicles. Some of the non-financial intermediaries also explore partnering with a financial institution to establish a fund of funds. UNDP can then provide this "last mile" information to investors. For example, in Ghana through the GroundUp Project,UNDP is engaged with financial centres (such as the Financial Centres for Sustainability network) or investor platforms (such as GISD or insurance investment funds). This work on deal origination can take place together with providers of capital (see Service 2) to build understanding of the approach as well as to further encourage investments in the project.

2. **Accessing public and private capital for SDG investment including through derisking, innovative digital financing instruments and risk-informed approach**

2.1 Networking

The UNDP-hosted Financial Centres for Sustainability (FC4S) network provides access to 39 international financial centres that represent 82% of global equity as an entry point to engage key actors as potential investors. These networks of investors potentially would be engaged with the businesses/projects that are identified as a result of GSIV (detailed above) or the pipeline built by intermediaries (detailed above) leveraging the results of SDG investor maps. For example, UNDP has begun to develop pipelines of SDG aligned projects leveraging the SDG investor maps (see Service 1) in Kenya, Morocco, and Nigeria. Financial centers of Nairobi, Casablanca and Lagos are involved in the process and will socialize the results and play a critical role to engage investors and key stakeholders to realize investments. UNDP is also working with other platforms and networks such as the Global Investors for Sustainable Development Alliance and the insurance industry to mobilise SDG-aligned investments.

2.2 Blended finance

UNDP collaborates with UNCDF in developing financing instruments that can provide vehicles for investors to channel their capital. By blending public finance from international and domestic sources with private capital UNDP/UNCDF can help reduce the risk of initial investments such as in the case of Build Malawi Window: A Specialized Structured Blended Finance Vehicle for Agribusiness .

2.3 Digital finance

UNDP, in partnership with UNCDF, supports governments in harnessing the potential that digital finance offers to accelerate financing for the SDGs. Digital finance underpins catalytic innovations that can address existing barriers or unlock new pathways for the financing of national development needs. More generally, UNDP/UNCDF support governments with the development of strategies for financing national development priorities through digital financing instruments, as a way to unlock more private capital for the SDGs. These usually start with an SDFE assessment which helps governments identify gaps and opportunities within their domestic digital financing ecosystems, and ways to harness digital finance to deliver financing towards national development priorities. UNDP/UNCDF have conducted and are conducting such assessments in Namibia, Uganda and Morocco, with many other countries underway. Digital financing opportunities can also be further integrated into INFFs (see service 4) through appropriate methodologies, support and specific training provided by UNDP/UNCDF.

2.4 Sustainable debt support

UNDP supports governments and the private sector to mobilise debt aligned with SDG project pipelines. UNDP has supported governments to identify project pipelines for financing from debt through SDG, green and climate related budget coding and tracking. Alongside other partners, UNDP supports SDG aligned bond issuances detailed in its Bond Service Offering (version 1.0) and debt restructuring with expanded advisory in version 2.0, UNDP provides support to establish an SDG bond framework; identify eligible investments; arrange external review; and monitoring and reporting on use of proceeds. UNDP Bond Standards specifically set out an internal decision-making framework to help Bond Issuers develop and implement an impact strategy to contribute positively to sustainable development, in line with the SDGs, and provided as part of the Bond Service Offering. UNDP is increasingly supporting governments in establishing an enabling environment, governance mechanisms, monitoring and evaluation framework for Eurobonds, Islamic bonds, and green bonds, etc. We have engaged with over 30 countries to date. The market dynamics are favorable, green /sustainable bond issuances are booming and oversubscribed. UNDP also put together a primer to address the market, Thematic Bonds 101. UNDP helped pioneer the developing world's first climate related Green Sukuk bond in Indonesia and under the joint UNDP Istanbul Center for Private Sector in Development/ISDB Global Islamic Finance and Impact Investing Platform (GIFIIP) provide from project identification, implementation, and impact reporting to capacity building on green sukuk bonds.

3. Aligning business operations with the SDGs to optimize impact performance and achieve long-term business results

To maximize the private sector's contribution to the SDGs and attract SDG-aligned investments, UNDP supports different private sector entities to integrate SDG Impact Management and Measurement into their business models. UNDP provides SDG impact measurement and management services for enterprises, private equity funds, bond issuers, financial centers and business accelerators to help them integrate sustainability and the SDGs into business and investment purpose, management systems and decision-making to enhance their performance on sustainability and positive contribution to achieving the SDGs.

3.1 Aligning Business Operations with SDGs for Enterprises and IMM Services

- **SDG Impact Standards for enterprises**. **SDG** Impact Standards are an organizing framework and voluntary internal management practice - similar to ISO standards - to help business and investors define the requirements for strategy, management approach, transparency, and governance. They are consistent with existing high-level principles, fill gaps in current market approaches that undermine efforts to achieve sustainability and the SDGs, embed core decision making frameworks, and enable users to select the most appropriate tools to suit their needs and context. SDG Impact Standards associated guidance, self-assessment tool and tailored advisory services for implementation support to perform a gap analysis and develop plans to improve practice over time.

- **Impact Measurement and Management Program** for start-ups, large national companies, and corporations tailored according to business stage and impact proficiency. Supported by the Impact Lab, a digital self-paced tool on impact management framework, impact measurement and aligned with international norms and standards.

- **Impact Champions** program is a community of practice on impact measurement that provides impact measurement support tailored to the needs of companies (with peer-to-peer learning; expert mentorship and hands-on support to collect data).

- **Impact Risk Assessment** to identify, assess and define mitigation measures.

- **Data Management** (satellite / GIS, remote sensing, IOT, digital, data sensingartificial intelligence) to support scenario analysis and decision making; analyze currently available digital ESG datasets, how they are suited for different sustainability reporting standards (including SABS, TCFD, SDGs.) and identify how digital ESG datasets could get expanded.

3.2 Learning Programs for IMM Capacity for Enterprises. Sustainable Finance Hub has trainings for UNDP COs that are available and further spelt out in the UNDP SDG Finance Academy service offer.

- **Impact Education:** Free Impact Measurement and Management for the SDGs online course (CASE at Duke University)

- **SDG Impact Standards user training:** Delivered directly by SDG Impact/UNDP and a network of external trained and accredited trainers[11]; tiered to different audiences – senior leaders and decision makers; implementers including impact and sustainability officers and technical staff for Enterprises, Bond Issuers and/or PE Fund Managers.

- **SDG Impact Train-the-trainers' programs:** To train qualifying trainers to conduct training programs for potential standards users and assurers. (SDG Impact has partnered with SVI to develop the training materials and accreditation program for trainers).

- **Impact Measurement and Management Training** supported by the Impact Lab, **a** digital self-paced tool on impact framework.

- **Impact journey for SMEs**. IMM training-of-trainers, with simplified concepts translated for MSMEs (Micro Small and Medium Enterprises) in five languages, and video tutorials to clarify complex concepts, with this content also available at Digital Path.

- **Impact training for Business Accelerators** for understanding and monitoring Business Accelerators Programs portfolio and impact performance and services related to impact venture accelerators.

- IMM advisory support to the private sector to better align its investments.

3.3 Enterprise Impact disclosure and Reporting

- **Advisory services on enterprise impact reporting**
- **Case studies** on end-to-end IMM and best practices on reporting focusing on stakeholder.

3.4 Aligning Business Operations with SDGs for Investors and IMM Services

- **SDG Impact Standards for Bond Issuers. (See** 3.1.)
- **Thematic Bonds issuance for Enterprises**: Advisory services for development of SDG/thematic bond framework, assessment of potential eligible sectors to be financed with the proceeds of the instrument and eligible expenditure types, based on country priorities and identification of sustainable objectives and guidance for frameworks to comply with International Capital Market Association (ICMA) principles.
- **SDG Impact Standards for Private Equity Funds.** (See 3.1.)
- **Impact Measurement and Management framework for funds under management and for issuers** to set up IMM frameworks for these users, to assist in IMM framework implementation at portfolio and venture level; and to assist in drafting fund-level impact reports aligned with LP's expectations.

3.5 Investors Learning Programmes

- **Impact Education:** Free Impact Measurement and Management for the SDGs online course
- **SDG Impact Standards user training** for sustainability officers and technical staff for bond issuers and/or PE Fund Managers

3.6 Investors Impact Disclosure and Reporting

- Thematic Bond Impact Reporting. This tool offers a reporting system with impact assessment and criteria for finance and investment activities that can make a substantial contribution to the SDGs.
- **SDG Assessment Program for Financial Centers** measures the level of involvement of financial centres at country-level planning and development processes to evaluate their institutional foundations and contribution to the SDGs.
- **Advisory services:** Tailored advisory services on impact reporting for funds focusing on stakeholder.

4. Supporting an enabling policy environment for SDG Investment

UNDP supports Ministries of Finance in developing Integrated National Financing Frameworks (INFFs), including financing strategies that detail policy reforms across public and private financing to enable SDG investment, embedded within national governance and coordination structures. As SDG investment pipelines are developed (see service 1), financing strategies articulate government priorities for establishing financing instruments to secure capital such as through blended finance instruments, innovative digital financing instruments, or bonds (See Service 2). In addition, financing strategies can prioritise critical policy reforms, including tax incentives for SDG aligned investments, or shaping digital finance ecosystems in support of the SDGs, or establishing sustainable finance taxonomies to provide policy frameworks for prioritising SDG investment. Finally, INFF dialogue platforms can provide a vehicle for identifying potential businesses and investors for SDG project pipelines, for example convening investors from finance centres, as well as International Finance Institutions and Development Finance Institutions.

Alongside support to develop financing strategies, governance and coordination, UNDP implements diagnostics to provide evidence for policy reform. For example, Impact Investing Ecosystem Studies establish a comprehensive picture of the impact investment landscapes in countries, identify challenges faced by both investors and companies, and present policy recommendations to Governments for creating an enabling ecosystem for SDG enabling investments. In Indonesia, Malaysia and other countries SDG investor maps are being used in tandem with Development Finance Assessments to influence public policy in areas such as investment promotion and facilitation. In Gabon and other countries, DFAs have built consensus among policymakers for subsequent SDG investor maps and other services designed to promote private investment in specific national priorities. UNDP also conducts diagnostics on insurance and risk financing that set out the enabling environment. These diagnostics focus especially on the regulations and policies that govern insurance products and how insurers invest, and provide policy recommendations. UNDP can design subsequent technical assistance to implement the recommendations if needed. The standardized reports of country diagnostics on insurance and risk financing will be available here in Q2 2022.

UNDP will analye countries' business-related policy frameworks through an SDG lens, and identify bottlenecks to be addressed (including perverse subsidies) and reforms that can incentivize social and environmental returns. The choice of policy instruments and interventions will vary according to development setting. In fragile contexts, for example, UNDP will focus on supporting the creation of a basic enabling environment for business (i.e. legal registration, access to justice, redress mechanisms). Where an enabling environment already exists, UNDP will help to catalyze market transformation toward inclusive, green economies by helping governments to develop more targeted policies, laws and institutional practices. UNDP will help governments to adopt policies and practices that: involve private sector engagement in policy dialogue (importantly including robust private sector participation in SDG country support platforms); require businesses to fully account for social and environmental impacts and report on them; attract private capital to nationally determined contributions (NDCs); facilitate MSMEs' adaptation to SDGs; incentivize innovation that advances the SDGs; and encourage women-owned businesses and gender equity in corporate leadership and governance. UNDP will also work with governments to help make regulations, labor standards and tax systems easier to use for those in the informal sector, as well as help strengthen property rights and legal systems to reduce the need for informality. UNDP will also help governments to leverage the power of their own procurement to make inclusive and green business attractive for the private sector – especially MSMEs and inclusive businesses. Through market forecasting, standard setting and technology transfer, UNDP will help governments to identify future markets and productive sectors that meet national and international demand. UNDP will adapt the advice and technical support that it provides to governments (including tools related to SDG integration, support to NDCs and the COMBOS methodology) to facilitate the private sector's role in SDG achievement. While its efforts seek to influence government policy and regulation at the macro level, UNDP will directly target the energy sector, nature-based economies, climate adaptation and mitigation, agriculture value chains and women-owned businesses

To advance its policy-oriented efforts, UNDP will build on its longstanding work on governance, accountability, anti-corruption, human rights, gender equality and conflict prevention. It will: promote international standards outlined in the UN Guiding Principles on Business and Human Rights (UNGPs), the Global Compact principles and others; provide training to multinationals and partners in their supply chains; and leverage technologies like real-time imaging and artificial intelligence to empower communities' reporting of non-compliance. UNDP will also harness its growing regional work in business transparency, integrity and human rights across the Asia-Pacific, Europe and Central Asia regions as well as the Gender Seal program used in Latin America and other regions.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

- **The SDG Investor Platform** provides data, information and insights on investment opportunities in 17 developing countries with over 250 Investment Opportunity Areas. The maps have identified several business models directly on financial inclusion, from alternate SME financing to farmer insurance and to digital payment platforms. Those opportunities are linked to countries NDCs, enabling private sector investment on country climate priorities as well. There are on-going new maps in 25 countries. Recently, an intermediary developed a US$ 39 million worth of SDG-focused SME pipeline ready for investment, using the Ghana SDG Investor Map.

- **Since 2017, UNDP has worked with over 300 ventures from 47 countries** in partnership with foundations, venture capitalists, business accelerators, institutional investors, and donors to help a broad range of entrepreneurs to accelerate and scale-up innovative, technological solutions and business models to achieve the SDGs. UNDP started piloting accelerator models in Armenia and Denmark and has since expanded to Bosnia & Herzegovina, India, Indonesia, Malaysia, Moldova, Philippines, Serbia, Singapore, Thailand, Turkey, Vietnam and include global and cross-regional initiatives; new initiatives programs are planned in MENA, LATAM and Africa regions in 2022-2023.
- **Supporting Ministries of Finance in developing classification systems to enable the reporting, and monitoring of the use of these proceeds in line with SDGs**. UNDP COs are engaged with country authorities in defining SDG based budget tracking systems, for example, in Columbia, Uzbekistan, Armenia, Philippines and Sri Lanka. UNDP has established guidance for governments to establish **climate budget coding and tracking** as well as joint developed joint OECD-UNDP-IDB-IMF-World Bank guidance on **Green Budgeting Tagging**.
- **Impact measurement and management learning** programmes including a free Impact Measurement and Management for the SDGs online course as well as a specific online course for MSMEs, supported by the Impact Lab. UNDP also provides training on aligning business actions with the SDGs, including "train the trainer" and "user training" programs, available in April 2022. UNDP helps on setting-up an IMM framework, IMM framework implementation and drafting fund-level impact reports aligned with LP's expectations.
- **Creative initiatives towards for SDG financing.** For example, in Zimbabwe, persisting challenges for **SME financing** were addressed by UNDP/UNCDF through the design and implementation of a SME stock-exchange platform, a creative step towards bringing capital market infrastructure to SME financing. The project allows listed retail investors to channel capital to carefully vetted SMEs directly through their mobile wallets, and discussions are under way to replicate the concept across several African countries. In Bangladesh, UNDP/UNCDF has designed an innovative financing instrument that aggregates domestic savings across a large number of individuals, often low-balance accounts into a mega fund that will be deployed towards low-carbon infrastructure financing. The project is expected to significantly contribute to Bangladesh's $20bn financing need for green infrastructure development by empowering citizens to invest in projects

  (bridges, schools, hospitals) that benefit their community, and enjoy benefit of use while also receiving dividends from their investments. The concept has already been discussed with Rwanda and Gabon COs and will be further expanded to other countries. UNDP and UNCDF established a Dialogue on Global Digital Finance Governance to discuss the SDG impacts and governance challenges of cross-border digital financing platforms - or BigFinTechs.
- **INFF and DFA**, in Indonesia, Malaysia among other, SDG investor maps are being used in tandem with Development Finance Assessments to influence public policy in areas such as investment promotion and facilitation. In Gabon and other countries DFAs have built consensus among policymakers for subsequent SDG investor maps. UNDP also implements diagnostics to provide evidence for policy reform. These studies, which have been conducted in Turkey, Ukraine, Morocco, Tunisia and Djibouti.
- **The Connecting Business initiative (CBi)** – focused on disaster risk reduction – and Business Call to Action (BCtA) – focused on advancing inclusive business – are among UNDP's several multi-stakeholder platforms to increase private sector alignment with the SDGs by multi-stakeholder partnerships. Over 200 companies, ranging from multinationals to social enterprises, and working in 69 countries are members of BCtA who are market leaders that provide examples of successful, profitable and scalable models for reaching poor communities and contributing to global development. CBi strategically engages the private sector in disaster management across 13 private sector networks around the world, representing more than 40,000 micro-, small- and medium-sized enterprises (MSMEs), and supporting a core membership of 4,100 companies. CBi business networks address hazards in their context, whether natural hazards, man-made hazards, or disease outbreaks like that of our current COVID-19 pandemic. These networks work together to reduce disaster risk, to prepare, respond and recover from crises – making their constituents more resilient. CBi has mobilized its networks to reach 17 million people in crisis response efforts, such as in the Philippines where the network and partners raised US$30 million to support over one million people living in poverty during COVID.

UNDP's Gender Equality Seal for Public and Private Enterprises (GES) programme supports gender responsive action in response to COVID-19. Some 1,400 public and private companies in 11 countries are engaged in this program which is designed as a means for the private sector to embrace gender equality and enhance women's economic and social empowerment. It offers help to a growing number of corporations to make their human resources management systems more equitable and gender sensitive.

DEMAND-ANALYSIS

Demand is regularly analyzed through ROAR and STARS analyses, coordination meetings with regional and thematic focal points, inter-agency meetings, meeting with donors and partners and direct consultations and meetings with UN Agencies and partners. UNDP's annual INFF Survey also provides a data across more than 70 countries of the pipeline of demand for UNDP's sustainable finance services across all offers.

PARTNERSHIPS

At the national level, the Sustainable Finance Hub supports UNDP Country Offices in aligning and leveraging private finance with the SDGs. Working with UNDP Regional Bureaus, the Hub promotes knowledge and technical exchanges between countries and collaborates with partners and networks that champion the systemic reforms and brings an SDG financing focus to the partnerships with International and Development Finance Institutions, business leaders, faith-based finance partners, and other private sector partners. UNDP builds consensus for improved governance of financing through global policy engagements, and also strengthens the work on SDG financing with the UN system, including close collaboration with the UNDESA, UNICEF, UN Women and UNCDF. Complementary, UNDP has been increasing its engagement in global financial and economic policymaking through the work carried out in different forums (I.e., G7, G20, APEC, UN's FfD process, etc.) as well as regulatory and market-based networks (i.e., Coalition of Finance Ministers for Climate Action, Sustainable Insurance Forum, Network for Greening the Financial System, Financial Centres for Sustainability Network, Insurance Development Forum, etc.).

Contact points for UNDP services under the four inter-related services

SERVICE 1: GENERATING AN SDG INVESTMENT PROJECT PIPELINE: Investment opportunity mapping: sebnem.sener@undp.org; Identification of enterprises to develop projects:Luisa.bernal@undp.org, artak.melkonyan@undp.org; Conduct due diligence of SDG investment projects:sebnem.sener@undp.org; Stephen.nolan@undp.org; Mobilizing private sector for resilience building, disaster preparedness, response and recovery: sahba.sobhani@undp.org;/tiina.turunen@undp.org.

SERVICE 2: ACCESSING CAPITAL FOR SDG INVESTMENT INCLUDING THROUGH DE-RISKING; Linking financial centres/ potential investors to enterprise with SDG project pipelines: sebnem.sener@undp.org/Stephen.nolan@undp.org; Financing the SDGs through catalytic digital financing innovations: aiaze.mitha1@undp.org/johannes.schultz-lorentzen@undp.org; Identifying SDG project pipelines through the budget: nohman.ishtiaq@undp.org; Mobilising debt for SDG pipelines: tenke.andrea.zoltani@undp.org

SERVICE 3: ENSURING INTEGRITY THROUGH SDG IMPACT MANAGEMENT AND MEASUREMENT: Impact Management and Measurement: sebnem.sener@undp.org, luciana.aguiar@undp.org;

SERVICE 4: SUPPORTING AN ENABLING POLICY ENVIRONMENT FOR SDG INVESTMENT: Support policy reforms as part of INFFs: tim.strawson@undp.org; Diagnostics to enable SDG investment: tim.strawson@undp.org; sahba.sobhani@undp.org; jan.kellett@undp.org ; Sebnem.sener@undp.org;

Sustainable Finance

GLOBAL CONTEXT

Global total net wealth grew again in 2021 to an unprecedented $431 trillion[1]. And yet the majority of the developing world saw significant increases in their debt burden as borrowing increased to cover significant financial losses from the pandemic. The world's low-income countries borrowing levels increased by 12% to a record $860 billion and external debt stocks of low and middle-income countries combined rose 5.3% to $8.7 trillion.[2] Whilst Foreign Direct Investment (FDI) picked up with flows increasing in developing countries to a total of $427 billion in the first half of 2021, the pandemic saw FDI reduce significantly in more vulnerable economies: FDI flows to small island developing states (SIDS) fell by 40%, and those to landlocked developing countries (LLDCs) by 31%[3], leading to an uneven rebound.

The pandemic has increased the annual SDG investment needs for developing countries to $4.2 trillion[4]. The recovery of SDG-aligned investment projects remains fragile. The total number of SDG-aligned projects fell by 6% in developing countries and by 50% in least developed countries (LDCs)[5]. In the meantime, investments in carbon intensive sectors continued to increase – by 2021, $ 423 billion is being spent annually to subsidize fossil fuels, while the climate finance need continue to grow and our estimated at $ 4.35 trillion[6]. Over the course of the pandemic, it has become even more evident that the financial system is not fit for purpose in driving investment towards sustainable development and more resilient futures.

As a globally agreed metric of development goals, indicators and targets, the SDGs provide the framework to make decisions over investments that are driven by impact not by profit alone. The challenge is bringing SDGs into financial decision making more systematically. There are positive disruptions to the financial system, but they are still isolated, not at sufficient scale, and not accelerating fast enough. For example, in 2021 the combined labelled issuance of Green, Social, and Sustainability, Transition, and Sustainability-linked bonds reached $767 billion[7] and yet the size of the bond market was estimated to be at $125 trillion worldwide[8]. Sustainability linked bonds still only represent less than 1% of this. For countries the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development strategies looking across all sources of finance, public and private, international and domestic. These will require measures both to leverage new sources of finance from public and private sources as well as initiatives to better align investment with their sustainable development priorities.

UNDP'S COMPARATIVE ADVANTAGE

UNDP's Strategic Plan (2022-25) identifies development financing as an enabler to scale up development impact and has also articulated a moonshot to promote the investment of over $1 trillion of public expenditure and private capital in the SDGs[1]**. As** stated in UNDP's Strategic Plan, "leveraging finance at scale includes working with partners to take portfolio approaches aimed at longer-term, transformative goals and brokering stronger public-private collaboration."

Unlike financial institutions, UNDP is not primarily engaged with financial transactions but can provide advice on how sustainable development can be integrated into financial transactions. This provides a niche for UNDP's role on finance as a neutral player with in-house development expertise and access to partners and knowledge that can bring finance to sustainable development policy and programming. UNDP's engagements across governments, private sector and other partners uniquely places UNDP as an architect for the multistakeholder platforms necessary to leverage and align finance at the scale necessary to deliver on the SDGs.

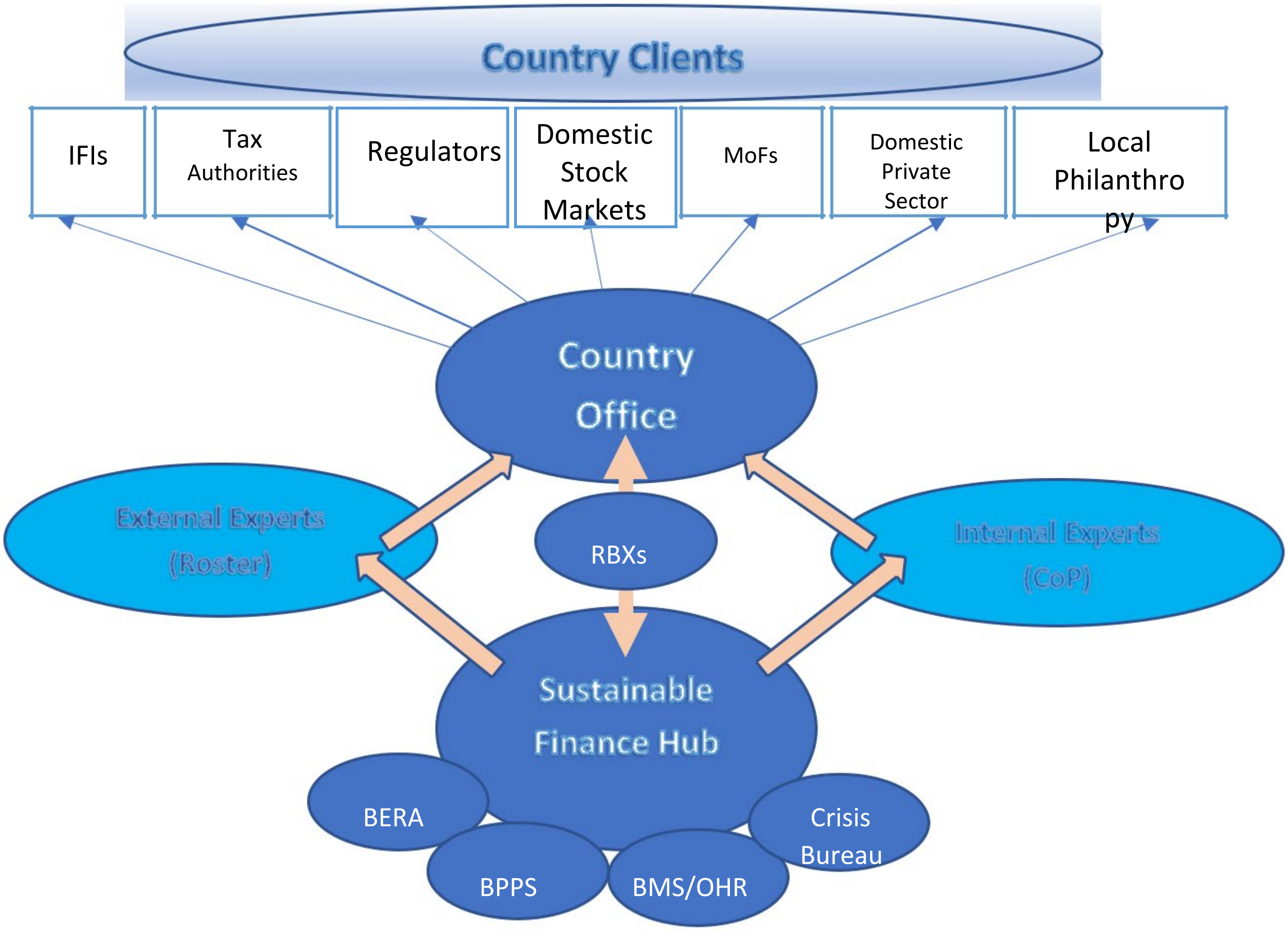
UNDP has a strong track record of supporting governments and their partners to better link policy areas such as climate, biodiversity, gender, disaster risk management, health and poverty with their public finances. This role has expanded from public financial and expenditure management to include work around SDG aligned tax revenue mobilisation; SDG aligned debts instruments and sovereign risk financing. UNDP has developed a niche in providing solutions to public finance that align investment across the SDGs. UNDP's role – unlike many finance institutions – is not transaction based and our policy advice on public finance is not linked to loans or other financial deals. Notably, UNDP's work on public finance is routed in support of effective governance with a strong focus on transparency and accountability built up from UNDP's expansive governance portfolio.

UNDP is also uniquely positioned as an enabler and facilitator of catalytic capital for the SDGs. While it is not an international finance institution (IFI) and does not have deep pockets of capital, it can play important roles both in terms of helping to increase volumes of financing and in offering new catalytic financing approaches to investment and policy reform; especially through its wide reach of Regional Bureaus (RBX) and Country Offices (CO). With UNDP Country Offices trained in our financial tools and approaches, we would have one of the largest networks in the world in which to reach national governments and other country level partners to engage in and design interventions for financing the SDGs.

UNDP'S SERVICE LINES

UNDP supports governments and their partners to align their development plans and associated financing with the SDGs. UNDP's Sustainable Finance Hub (SFH) has established five offers through which COcan scale up their engagements with public and private partners towards the delivery of the SDGs. Ultimately these offers will contribute to the systemic transformation required to put the financial system and capital markets on a more sustainable footing and for finance to deliver on the SDGs at scale in all countries. These services across (i) public financing for the SDGs; (ii) private investment for the SDGs; (iii) SDG Impact Management and finance tracking; (iv) national financing frameworks and portfolios; and (v) the SDG Finance Academy are all interlinked. The SDG Finance Academy offer will enable and ensure the success of the first four offers as it acts as a foundation in support of their delivery, reach and implementation. These offers provide CO with access to tools and experts which are backed up by training modules for staff and for our partners through the Academy. We refer to this set of offers as 4+1. Further guidance, training modules and focal points across all offers can be accessed through **The Sustainable Finance Hub web portal** .

This SDG Finance Academy offer focuses on capacities relevant to all the services offered by the SFH to ensure Country Offices can receive the knowledge, skills and training required to understand (i) different financial tools and approaches and their role and use; (ii) how these tools and approaches link to the SDGs; (iii) what these tools and approaches mean for policy reform, and (iv) the scope and opportunities to tailor these tools and approaches for offer with different clients. The below schematic describes the flow, reach and connectedness that the Academy supports to enable UNDP to achieve its SDG finance goals with national partners.



The SFH will work across the Global Policy Network, bringing the Regional and Central Bureau combined assets together and delivering an integrated capacity development initiative for RRs, DRRs and their teams. This initiative and offer is known as the SDG Finance Academy and involves: (i) designing and delivering a targeted training tailored to region and country contexts in consultation with UNDP CO and RBX (ii) establishment of SDG Finance Focal Points in all country offices who will be key knowledge resource persons on all content and can help build the community of practice; and (iii) emplacing an infrastructure of support including a roster of experts and internal communities of practice to sustain support for UNDP CO as they scale up their SDG finance engagements.

The offer is framed around three key services, each building on the last that form the offer, and thus the Academy: (i) Learning and Training; (ii) Building a Community and Exchanging Knowledge; and (iii) Generating Engagements. This three-tiered approach emulates the SURGE Academy which has already been proven in its success. Learning is no longer only delivered online and one off training is not seen as ample anymore to achieve learning outcomes. Instead, it requires ongoing delivery over a more extended period of time, community engagement, learning from other people and experiences, and clear use cases/case studies for application, as well as continual updating and adjusting. The future of learning is blended between online and face to face and this structure will enable us to achieve high quality learning outcomes and ensure practical application of these newly acquired skills. This offer will enable us to get all of the SFH offers and their tools, approaches and strategies out to the CO so that they can actually understand and make use of their content by working with national partners while streamlining our approach. Finally, the Academy will also provide an umbrella for all SFH trainings, ensuring consistent messaging and branding and creating a cohesiveness around all of our training including that which is currently under development, existing training and new trainings for development.

1. **Learning and Training**

The SFH four service offers will provide the scaffolding for content of this initiative. To transfer knowledge from these offers to COs we have designed a competency framework and learning process. The structure includes an overarching umbrella module - Module 1 “Introduction to SDG Finance and the Academy”. This module will act as the chapeau to the remaining 22 modules, by providing information on the why and what of SDG finance and a brief overview of all the module content. Further, the modules will be structured in an interoperable and interconnected menu where RBX and CO can pick and choose which modules are of interest and relevant to them, with Module 1 being required to be undertaken initially before any other modules. Further, Signature Solutions and Development Contexts will cut across all modules. Module 1 will be designed with an emphasis on supporting Resident Representatives (RR) and Deputy Resident Representatives (DRR), to arm them with the knowledge they need to engage at a higher level with their country level partners, while the remaining modules will have a greater emphasis on supporting the learning of SDG Finance Focal points and other practitioners internal and external to UNDP especially those experts on the roster.

SDG Finance Academy Module Structure	
1. Introduction to SDG Finance and the Academy	14. Insurance for the SDGs
2. Financing Strategies for the SDGs	15. Digital Instruments Finance Instruments for Unlocking Private Capital
3. Governance and Coordination for the SDGs	16. Engaging with Financial Centres for Sustainability
4. Digital and Digital Financing Ecosystems for National Development Priorities	17. MSMEs
5. Tax for SDGs	18. Accelerating Impact Ventures
6. SDG Debt	19. Inclusive and Sustainable Business Models
7. Budgeting for the SDGs	20. Private Sector Services
8. International Finance Institutions	21. SDG IMM and SDG Standards
9. Effective Development Cooperation for the SDGs	22. Sustainable Finance Taxonomies
10. Blended Finance for the SDGs	23. SDG Finance Dashboard
11. Financing SDG Project Pipelines	
12. Innovative Finance Instruments	
13. Philanthropy for the SDGs	

Each module will either develop new content, and/or convert and leverage existing content (trainings, slides, briefing documents etc.) from materials provided by GPN at large into targeted virtual trainings of approximately 3 hours in length that can also be leveraged for in person trainings, initially for UNDP CO as well as internal and roster staff, and in the future, for external partners. Each three-hour learning webinar may consist of short videos including interviews, slides, quizzes, readings etc. as well as a test to assess the level of understanding of each module, an evaluation questionnaire and a final certificate. The length and format of training may evolve over time as necessary to adapt to feedback. The earlier modules in development will be those where content exists already, and the later modules will be developed based on the speed of new content creation. This approach will also help us to create buy-in and generate interest at the country level, and also eventually lead to training that can be delivered to external partners as fee for service.

The services presented are not required to be implemented in one particular order and the services will be tailored to critical entry points according to context and sequenced as appropriate. These trainings will be supported by other existing technical in depth trainings UNDP also has on offer for those who are interested in taking a deeper dive and improving their skill set further on a specific topic and where these trainings are already being offered, they will continue to be implemented, however, in connection with the SDG Finance Academy. All modules will be available in one online singular setting and ideally eventually also in a public forum similar to those offered by other institutions such as The World Bank, for example. We also aim to offer these training modules both online and face to face to clients in the future as a fee for service. Further, the content will be available in multiple language.

2. Building a Community and Exchanging Knowledge

To ensure ongoing learning, create a sense of community and feedback loops to test, refine and iterate on the modules and promote cross learning and dialogue, we will create an online people centered knowledge exchange space. This will require a level of moderation and promotion. Each person who undertakes a training module will be given access to this community that will consist of staff and roster experts across CO, RBX and HQ and include a mix of people new to SDG finance and also SDG Finance Focal Points.

3. Generating Engagements

These newly developed capacities in CO and the SDG Finance Academy infrastructure will enable CO to engage directly with clients, building these clients capacities around the four offers and providing them with access to technical roster experts to design interventions with these clients.

Implementation: We have begun conversations with RBX regarding implementation of Module 1 for and with their CO and will set up a working group of HQ and RBX staff to advocate for, and co-lead trainings. Further, we will consult with these CO to understand what modules they would like to see prioritized for learning. After delivering Module 1, we will then identify a number of countries for an in depth multi day training around the priority modules and repeat the process across countries and regions. These trainings will then set up the trainees to participate in the knowledge exchange platform as well as to generate engagements. RBX and CO will have access to support of each other as well as HQ, and external roster experts to design interventions with partners to unlock catalytic finance to achieve the SDGs.

Impact: As the Academy moves forward hand in hand with support for country and regional bureau planning and programming, we will expect that every CO will be measuring in part their success by how much finance they leverage for their government and private sector partners to deliver on the SDGs, not just how much UNDP CO deliver themselves. Expected outcomes to be monitored:

- CO will be able to articulate and engage with national governments autonomously and adapt offers into national context
- CO will be able to identify partners and there will be demand from Ministries of Finance, Central Banks etc.
- CO will invest resources
- CO will provide testimonies on how the trainings have been useful for them
- Institutional knowledge will be built, and confidence will increase
- High level champions will be identified
- Training is adapted for specific needs at the CO level

Incentives and requirements: We will also look to develop incentives and requirements for the trainings offered through the Academy. For example, we will create course certificates of completion, including investigating how these could be digitized for LinkedIn profiles. In addition, we will explore with the Office of Human Resources (OHR) as to how we could incorporate a requirement for staff undertaking training components, or have such skills built into performance management and evaluation.

DEMAND-ANALYSIS

We are consulting with RBX as well as CO and their RR on their needs and we also intend to undertake a more structured needs assessment. In addition, demand is regularly analyzed through STARS and ROAR analyses, coordination meetings with regional and thematic focal points, inter-agency meetings, meeting with donors and partners and direct consultations and meetings with UN Agencies and partners.

PARTNERSHIPS

At the national level, the SFH supports UNDP CO in aligning and leveraging public and private finance with the SDGs. Working with UNDP RBX, the SFH promotes knowledge and technical exchanges between countries and collaborates with partners and networks that champion systemic reforms and brings an SDG financing focus to the partnerships with International and Development Finance Institutions, business leaders, faith-based finance partners, philanthropy and other private sector partners. UNDP builds consensus for improved governance of financing through global policy engagements, and also strengthens the work on SDG financing with the UN system, including close collaboration with the UNDESA, UNICEF, UN Women and UNCDF. More specifically, we already have a cadre of partners involved in delivering training on existing components of SFH tools including Duke University, KPMG, and Convergence. These partners combined with other external institutional partners and external experts will both support us in delivering training as appropriate and be trained in Module 1 ensuring they too can be representative of UNDPs mission, values and approach as well as offers as related to SDG finance.

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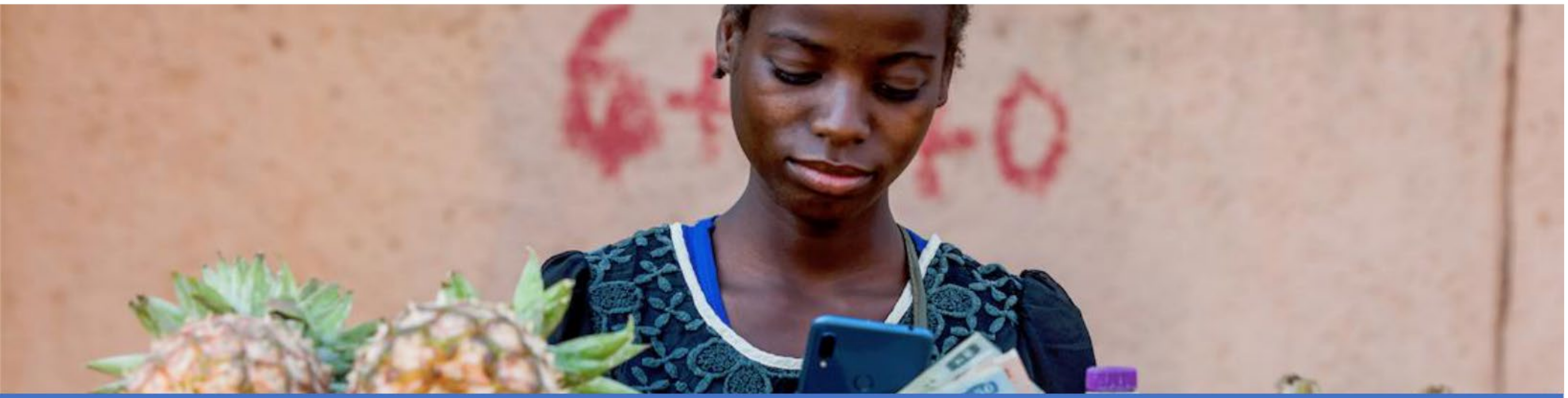

Sustainable Finance

SDG Impact Management and Finance Tracking

GLOBAL CONTEXT

Global total net wealth grew again in 2021 to an unprecedented $431 trillion[1]. And yet the majority of the developing world saw significant increases in their debt burden as borrowing increased to cover significant financial losses from the pandemic. The world’s low-income countries borrowing levels increased by 12% to a record $860 billion and external debt stocks of low- and middle-income countries combined rose 5.3% to $8.7 trillion.[2] Whilst Foreign Direct Investment (FDI) picked up with flows increasing in developing countries to a total of $427 billion in the 1st half of 2021, the pandemic saw FDI reduce significantly in more vulnerable economies: FDI flows to small island developing states (SIDS) fell by 40%, and those to landlocked developing countries (LLDCs) by 31%[3], leading to an uneven rebound.

The pandemic has increased the annual SDG investment needs for developing countries to $4.2 trillion[4]. The recovery of SDG-aligned investment projects remains fragile. The total number of SDG-aligned projects fell by 6% in developing countries and by 50% in LDCs[5]. In the meantime, investments in carbon intensive sectors continued to increase – by 2021, $ 423 billion is being spent annually to subsidize fossil fuels, while the climate finance need continue to grow and our estimated at $ 4.35 trillion[6]. Over the course of the pandemic, it has become even more evident that the financial system is not fit for purpose in driving investment towards sustainable development and more resilient futures.

As a globally agreed metric of development goals, indicators and targets, the SDGs provide the framework to make decisions over investments that are driven by impact not by profit alone. The challenge is bringing SDGs into financial decision making more systematically. There are positive disruptions to the financial system, but they are still isolated, not at sufficient scale, and not accelerating fast enough. For example, in 2021 the combined labelled issuance of Green, Social, and Sustainability, Transition, and Sustainability-linked bonds reached $767 billion[7] and yet the size of the bond market was estimated to be at $125 trillion worldwide[8]. Sustainability linked bonds still only represent less than 1% of this. For countries the challenge is to put in place comprehensive risk-informed financing strategies for their national sustainable development strategies looking across all sources of finance, public and private, international and domestic. These will require measures both to leverage new sources of finance from public and private sources as well as initiatives to better align investment with their sustainable development priorities.

The rapid proliferation of retail, institutional investors and funds incorporating ESG investing approaches and labelling themselves as impact investors has created a fragmented landscape. 90% of S&P companies published some form of corporate ESG reports in 2020. Asset owners face difficulties determining which investment strategies and assets under management should be considered sustainable investments with a greater need for transparency and accountability with respect to the environmental and social footprints of companies and their impact on long-term value.[7] With unbalanced impact-finance trade-offs, and inadequate quality of identifiable contributions to positive impact, the credibility of impact claims is in question. As the market grows and matures, impact investors increasingly demand insights on impact claims and require a coherent way to analyse results, compare performance, and make better decisions. At the same time, companies, investors, and practitioners also need a common narrative with an accepted system of metrics, norms, and harmonized standards in order to integrate impact into business practices.[8] In this context the IFRS Foundation formally announced the formation of the International Sustainability Standards Board to provide a baseline of sustainability disclosure standards and strengthen understanding of how sustainability risks affect enterprise value.

This calls for increased efforts to promote consistency and global coherence across initiatives, partners, and practices. Enabling and promoting the impact integrity of actual and realized investments is vital to enhance transparency, disclosure and assurance optimizing private sector contribution to achieving the SDGs. The failure of businesses to integrate climate change and the SDGs into their core activities is a market failure that will not be solved by the market alone. The development of a common taxonomy for measuring SDG aligned investment will enable both public and private accounting for SDG impact. Moreover, enhancing credibility requires discipline, commitment, an impact management system, and transparency in providing information on the measured impact assets under management[9] – ultimately resulting in a shift from a focus on intent to a focus on measurable impact.

Different initiatives led by public and private actors are working to promote shifts in the financial system and since 2015 there has been a 264% increase in the number of policy and regulatory green finance measures.[10] It is here that UNDP can bring in its expertise to contribute, curate, and draw on partnerships to strengthen the integration of sustainability across the finance ecosystem, to build consensus on a common framework for financial decision-making aligned with SDGs.

UNDP'S COMPARATIVE ADVANTAGE

The Strategic Plan (2022-25) identifies development financing as an enabler to scale up development impact and has also articulated a moonshot to promote the investment of over $1 trillion of public expenditure and private capital in the SDGs[1]. As stated in UNDP's Strategic Plan, "leveraging finance at scale includes working with partners to take portfolio approaches aimed at longer-term, transformative goals and brokering stronger public-private collaboration."

Unlike financial institutions, UNDP is not primarily engaged with financial transactions but can provide advice on how sustainable development can be integrated into financial transactions. This provides a niche for UNDP's role on finance as a neutral player with in-house development expertise and access to partners and knowledge that can bring finance to sustainable development policy and programming. UNDP's engagements across governments, private sector, and other partners uniquely places UNDP as an architect for the multistakeholder platforms necessary to leverage and align finance at the scale necessary to deliver on the SDGs.

UNDP recognizes the importance of improved impact management for shifting the current systems of decision-making towards investment with positive impact on people and the planet. UNDP supports public and private sectors to promote impact integrity and avoid impact washing - the practice of presenting one's business or investments as more socially or environmentally friendly than they are. It does so by tracking actual and realized investments through impact measurement and management (IMM) practices, channeling sustainable finance solutions and creating a deep positive impact on development priorities at scale. In this line, to effectively operationalize and integrate the SDGs in the national finance frameworks and improve resilient to crises, it is critical that countries have in place well-functioning, integrated systems that can synchronize public, private, domestic, and international financing flows, such as tax and non-tax revenue, budget expenditure, public debt (domestic and external), official development assistance (ODA), private investment, credit/equity to private sector, foreign direct investment (FDI), remittances, NGO flows, climate finance, blended finance, public-private partnership (PPP), etc. With this purpose, UNDP enables the public and private sectors integrate coherent approaches, define common goals, and develop credible SDG-related impact management and finance tracking reporting systems into their practices, improving accountability, disclosure, and transparency for sustainability and the SDGs.

Over the years, UNDP has been considered the most transparent UN agency for applying the International Aid Transparency Initiative (IATI) data standards. On Public Finance, UNDP uses integrated management systems to manage financial resources transparently and to track how the allocation of different financing flows and expenditures contribute to the SDGs. Furthermore, UNDP has championed this transparency standard for national development planning, public financial management, mutual accountability, and other processes at the country level. With this expertise, UNDP is well poised to support the public and the private sectors to integrate best practices, make better decisions, and report on the material impact of investments on the SDGs.

UNDP will monitor and look to measure impact across all UNDP's portfolios. It will strengthen its results framework and its monitoring systems to ensure it can measure the contribution of public and private finance towards the SDGs in all countries and in every development context, including through the ongoing related processes of the Integrated National Financing Frameworks (INFF), as well as anchoring the linkage of finance (public and private) with results, through the VNR related processes.

UNDP'S SERVICE LINES

The SDG Impact Management and Finance Tracking offer is part of the UNDP's sustainable finance offer package promoting the leverage and alignment of both public and private finance for the SDGs. It is interlinked with the other four offers on (i) public financing for the SDGs; (ii) private investment and aligning business strategies for the SDGs; (iii) Integrated National Financing Frameworks and finance portfolios; and (iv) the SDG Finance Academy. Through this offer, UNDP's Sustainable Finance Hub will deliver best-in-field technical services across its integrated portfolios through four service lines: (1) Policy Frameworks and Accountability for SDG IMM; (2) Public Sector Systems for Tracking Public and Private Finance Towards SDG Impacts; (3) SDG IMM for Private Sector Entities; (4) Impact Assurance, Assessments, Evaluation and Verification Services for Public and Private Actors.

1. **Policy Frameworks and Accountability for SDG IMM**

UNDP works with governments to develop incentives and regulatory frameworks that promote disclosure of credible impact reporting providing ministries and investors with information about companies' sustainability-related risks and opportunities to support decision making and realign business models. In this regard, UNDP supports the development of a common language, incentives, and strong national reporting systems.

- **Sustainable finance data management: Taxonomies, Reporting/Disclosure and Sustainable Data Ecosystems.** UNDP supports policy development to establish sustainable finance taxonomies reporting/disclosure and Sustainable Data Ecosystems to promote the alignment and mobilization of capital to the SDG's. To do this it works with individual countries and within global policy making forums (e.g., G20, APEC, etc.) to ensure the interoperability between the different tools and approaches to align investments to sustainability goals to avoid fragmentation while acknowledging local specificities.
- **SDG and Thematic bond frameworks.** UNDP helps design SDG-related and thematic bond frameworks, monitor, measure the impact of proceeding uses and report to investors over the bond tenure. UNDP also supports countries to link debt restructurings to SDG-specific indicators and develop impact indicators for creditors. UNDP assists on the feasibility and analysis of Thematic Bonds issuance, on the development of SDG/thematic bond framework, assessment of potential eligible sectors to be financed and eligible expenditure types, based on country priorities and sustainable objectives. Provides guidance for frameworks to comply with International Capital Market Association (ICMA) principles. UNDP developed the **Thematic Bond Impact Reporting** tool offeing a reporting system with impact assessment and criteria for finance and investment activities that can make a substantial contribution to the SDGs.

2. **Public Sector Systems for Tracking Public and Private Finance Towards SDG Impacts**

UNDP supports governments to align public and private investments and to track resources more accurately and comprehensively. Making sustainable finance information consistent, accessible, and transparent to help guide financial flows to areas where they are most needed.

- **SDG budget coding and Tracking.** UNDP supports budgetary accountability on the SDGs by improving integration of the SDGs into various elements of budgetary cycles to not only facilitate reporting but also to provide regular and systematic mechanisms for better measurement of the impact of budgetary expenditures and thematic debt financing on the SDGs.
  - **Expenditure Trend Analysis**: A tool to assess whether budget expenditure trends match the SDG Priorities, Requirements and Cost Estimates.
  - **Public Expenditure Tracking Surveys** (PETS): A tracking mechanism to validate whether expenditures reach intended beneficiaries.
  - **Advocacy & Capacity Building.** Assist on SDG Impact Assessment and increasing claim for SDG policies and targets to be explicitly presented within budgetary documents.

- **UNDP assists in strengthening linkages between public and private sector participants to enhance impact reporting consistency, comparability, and disclosure**. UNDP aligns reporting practices to assess and verify larger policy objectives and assists in the application of IMM practices.
  - **Government-led SDG Corporate Tracker** helps companies report contributions to the SDGs in collaboration with National Governments within the context of Voluntary National Reports (VNRs), based on sustainable development priorities, and coordinated with INFF.
  - **Integrated Financing Dashboards.** Building on existing national financial information management systems, UNDP is providing support to ministries of finance consolidate data on the different financing flows with the aim of tracking, facilitating, and aligning financial flows (public, private, domestic, international) towards the SDGs at the national level. The Integration of country-specific development financing data on a unified platform or dashboard system will contribute to (1) enhancing transparency and accountability of governments to different stakeholders in financing expenditure; (2) designing coordinated financing strategies for the SDG-oriented national development priorities; (3) identifying funding gaps for SDG financing; and (4) evaluating financing strategies through financial risk assessments to improve adaptability and crisis preparedness.

3. **SDG IMM for Private Sector Entities**

For increasing integrity and clarity of business and investment practices around claims that investments advance the SDGs, UNDP provides impact measurement and management services for enterprises, private equity funds, bond issuers, financial centers and business accelerators to help them integrate sustainability and the SDGs into business and investment purpose, management systems and decision-making to enhance their performance on sustainability and positive contribution to achieving the SDGs.

3.1 SDG IMM for Enterprises

- **SDG Impact Standards for enterprises.** SDG Impact Standards are an organizing framework and voluntary internal management practice - similar to ISO standards - to help business and investors define the requirements for strategy, management approach, transparency, and governance. They are consistent with existing high-level principles, fill gaps in current market approaches that undermine efforts to achieve sustainability and the SDGs, embed core decision making frameworks, and enable users to select the most appropriate tools to suit their needs and context. SDG Impact Standards associated guidance, self-assessment tool and tailored advisory services for implementation support to perform a gap analysis and develop plans to improve practice over time.

- **Impact Measurement and Management Program for start-ups, large national companies, and corporations** tailored according to business stage and impact proficiency. Supported by the Impact Lab, a digital self-paced tool on impact management framework, impact measurement and aligned with international norms and standards.
- **Impact Champions program** is a community of practice on impact measurement that provides impact measurement support tailored to the needs of companies (with peer-to-peer learning; expert mentorship and hands-on support to collect data).
- **Impact Risk Assessment** to identify, assess and define mitigation measures.
- **Data Management** (satellite and GIS (Geographical Information Systems), remote sensing, IOT, artificial intelligence) to support scenario analysis and decision making. To analyze currently available digital ESG datasets, how they are suited for different sustainability reporting standards (including SABS, TCFD, SDGs) and identify how digital SDG reporting datasets could get expanded.

3.2 Enterprise Learning Programmes

UNDP provides learning programmes for the private sector to build their impact measurement and management capacity and capabilities.These trainings will be offered through the UNDP SDG Finance Academy.

- **Impact Education:** Free Impact Measurement and Management for the SDGs online course (CASE at Duke University)
- **SDG Impact Standards Training Programs**
  - **User training:** Delivered directly by SDG Impact/UNDP and a network of external trained and accredited trainers[11]; tiered to different audiences – senior leaders and decision makers; implementers including impact and sustainability officers and technical staff for Enterprises, Bond Issuers and/or PE Fund Managers.
  - **Train-the-trainers' programs:** To train qualifying trainers to conduct training programs for potential standards users and assurers. (SDG Impact has partnered with SVI to develop the training materials and accreditation program for trainers).
- **Impact journey for SMEs**. IMM training-of-trainers, with simplified concepts translated for MSMEs (Micro Small and Medium Enterprises) in five languages, and video tutorials to clarify complex concepts, with this content also available at Digital Path
- **Impact training for Business Accelerators** for understanding and monitoring Business Accelerators Programs portfolio and impact performance and services related to impact venture accelerators (IVAs).**IMM advisory support to the private sector to better align its investments.**

3.3 Enterprise Impact disclosure and Reporting

UNDP supports consistent impact reporting practices and performance to aggregate enterprise contributions to the SDGs.

- **Advisory services on enterprise impact reporting**
- **Case studies** on end-to-end IMM and best practices on reporting focusing on stakeholder.

3.4 SDG IMM for Investors

- **SDG Impact Standards for Bond Issuers** (See 3.1.)

- SDG Impact Standards for Private Equity Funds.
- **Thematic Bonds issuance for Enterprises**: Advisory services for development of SDG/thematic bond framework, assessment of potential eligible sectors to be financed with the proceeds of the instrument and eligible expenditure types, based on country priorities and identification of sustainable objectives and guidance for frameworks to comply with International Capital Market Association (ICMA) principles.
- **Impact Measurement and Management framework for funds under management** and for issuers to set up IMM frameworks for these users, to assist in IMM framework implementation at portfolio and venture level; and to assist in drafting fund-level impact reports aligned with LP's expectations.

3.5 Investors Learning Programmes

- **Impact Education:** Free Impact Measurement and Management for the SDGs online course (CASE at Duke University)
- **SDG Impact Standards user training** for sustainability officers and technical staff for bond issuers and/or PE Fund Managers

3.6 Investors Impact Disclosure and Reporting

- Thematic Bond Impact Reporting. This tool offers a reporting system with impact assessment and criteria for finance and investment activities that can make a substantial contribution to the SDGs.
- **SDG Assessment Program for Financial Centers** measures the level of involvement of financial centres at country-level planning and development processes to evaluate their institutional foundations and contribution to the SDGs.

4. Impact Assurance, Assessments, Evaluation and Verification Services for Public and Private Actors.

UNDP assurance model accompanies all standards that allow businesses and investors to opt-in to a system that provides recognition for practice that generate impact on the SDGs to validate and differentiate practitioners in the market through a process of independent certification.

- **Assurance on debt offering**: Monitors allocation of proceeds, verify alignment on green bond framework/ governance published, reports impact of investments – sets up monitoring and evaluation processes to determine key performance indicators and data collection systems to assess environmental social, and economic impact of projects over time. Publishes SDG impact report.
- **SDG Impact Assurance:** Enterprises, PE Funds, and Bond Issuers can have their internal management practices assessed by an accredited assurer for conformance with the SDG Impact Standards. This process is undertaken by commercial agreement between standards users and their assurer. The assurer will assess the organization's practices against minimum thresholds related to the practice indicators set out in the SDG Impact Standards, and the organization's commitment to and progress towards continuous improvement.
- **SDG Impact Seal:** Organizations whose practices meet the minimum requirements as assessed by an independent accredited assurer and who pass UNDP's SES screen are eligible to apply to license the UNDP SDG Impact Seal. Use of the Seal will be subject to a licensing agreement and fee paid to UNDP and may be withdrawn by UNDP at any time if the organization does not comply with the SDG Impact Standards.
- **Gender Equality Seal:** a certification programme for public and private enterprises to come together and contribute towards the achievement of the SDGs by reducing gender gaps and promoting gender equality and competitiveness simultaneously.
- **Carbon Markets** provides an integrated approach to ensuring high integrity, including social and environmental safeguards to mitigate potential adverse impacts and promote positive ones. Setting-up a pay-for-results scheme on mitigation outcomes, through a transparent due diligence process. Results generated on reduced

GHG emission will be verified by a UNDP-hired accredited third-party entity before payments by the Recipient are processed.

Impact assessments and Evaluations (eg. RCTs, sector evaluations), including using digitally enabled data collection and impact assessment.

KEY DELIVERABLES / SUCCESSES OF THE CURRENT PORTFOLIO

UNDP supports the G20 through the Sustainable Finance Working Group (SFWG) with the implementation of the G20 Sustainable Finance Roadmap. The SFWG is also actively seeking input and supporting efforts by other actors in defining the architecture for sustainability standards and reporting. These include: (i) The International Financial Reporting Standards Foundation (IFRS) working on the definition of global standards on sustainability reporting; and (ii) the International Organization of Securities Commissions (IOSCO) – whose board defined the three key priorities on sustainable finance built on the work in 2020 of the IOSCO's Sustainable Finance Task Force as: i) encouraging globally consistent standards; ii) promoting comparable metrics and narratives; and iii) coordinating across approaches.

UNDP's pioneering work to integrate the SDGs into budgetary and taxation frameworks at the country-level will inform harmonized international guidance and technical support with partners such as the IMF, OECD, and World Bank. UNDP work on helping governments bring together the full range of policies, regulations, and instruments at their disposal to mobilize public resources and promote private investments aligning them with national priorities, has allowed for governments and their partners navigate the synergies between policy areas – strengthening the collaboration across the public and private sectors.

Mandated under the French G7, UNDP and the OECD developed the Framework for SDG Aligned Finance intending to bring order and clarity to the standards and disclosures, increase transparency, help governments design regulation, and support new instruments. These Standards were recognized by the Finance in Common (FiC) Joint Declaration (2020) and commitments from the public development banks (PDB) coalition. UNDP is supporting the resulting FiC Coalition on Social Investment, and the workstream on IMM for PDBs.[11] On taxonomies, aside from working with individual countries in the development of their sustainable finance taxonomies, UNDP is advancing regional conversations in Latin America to ensure the interoperability of the different taxonomies in the region and the interconnectivity of financial markets. UNDP Financial Centres for Sustainability (FC4S) Network developed 41 sustainable finance national roadmaps with the Coalition of Finance Ministers for Climate Action to guide policymaking.[12] The thematic debt instruments are also an integral aspect of the INFFs, as in the Uzbekistan case, the INFFs process led to the design and issuance of the SDG Bond.

UNDP developed SDG Impact Standards for Private Equity Funds, Standards for SDG Bonds and Enterprises and, with OECD published the OECD-UNDP Impact Standards for Financing Sustainable Development. UNDP is developing an assurance framework and Seal based on the Standards that will provide the market with a straightforward way to differentiate organizations based on their impact management practices. **UNDP** through the SDG impact initiative launched the UNDP-Duke Training on Impact Measurement & Management for the SDGs available for all with more than 5,000 people registered to complete the course. **SDG Impact's assurance model** is developed through a partnership with ISEAL and independent assurance experts.

On enabling enterprises to integrate SDG-aligned into business practices, UNDP with Business Call to Action has enabled enterprises to prove their business performance and improve their effectiveness in creating positive impact. BCtA offers training and direct technical assistance and mentorship to SMEs, startups and corporations across different sectors and geographies. Its IMM program trained more than one thousand private sector actors through the Impact Lab. While a program for SMEs built the capacity of 174 employees of Microfinance Banks, and 1,463 individual entrepreneurs and MSMEs, in Jordan and Sudan.

The private sector has been reinforced with UNDP SDG impact accelerators implemented in 2021 by NRO either partly or wholly: The Maritime SDG Accelerator (Danish companies of all maturities and sizes), Fintech Accelerator (Nordic/ASEAN s

scaleups), and Mastercard Lighthouse MASSIV Impact Accelerator Partnership (Nordic startup/scaleups). New Impact Venture Accelerators (IVAs) have been launched in Malaysia and India, and new programs added to IVAs in Turkey, Armenia, and Indonesia. A full impact measurement and management program is integrated as part of the business acceleration programs.

UNDP's Gender Equality Seal for Public and Private Enterprises (GES) programme supports gender-responsive action in response to COVID-19. Reducing gender gaps and promoting gender equality and competitiveness simultaneously is fundamental for a fair, inclusive and sustainable growth. Some 1,400 public and private companies in 11 countries are engaged in this program which is designed as a means for the private sector to embrace gender equality and enhance women's economic and social empowerment. It offers help to a growing number of corporations to make their human resources management systems more equitable and gender sensitive.

DEMAND-ANALYSIS

Demand is regularly analyzed through secondary data analysis produced by key actors supporting the ecosystem of impact measurement and management, primary data collected with the private and public sectors, ROAR and STARS analyses, coordination meetings with regional and thematic focal points, direct consultations with UN Agencies, donors, and partners. UNDP's annual INFF Survey also provides a data across more than 70 countries of the pipeline of demand for UNDP's sustainable finance services across all offers.

PARTNERSHIPS

At the national level, the Sustainable Finance Hub supports UNDP Country Offices in aligning and leveraging private finance with the SDGs. Working with UNDP Regional Bureaus, through the Regional Hubs, the Hub promotes knowledge and technical exchanges between countries and collaborates with partners and networks that champion the systemic reforms and brings an SDG financing focus to the partnerships with International and Development Finance Institutions, business leaders, faith-based finance partners, and other private sector partners. UNDP builds consensus for improved governance of financing through global policy engagements and strengthens the work on SDG financing with the UN system, including close collaboration with the UNDESA, UNICEF, UN Women and UNCDF. UNDP also supports DFIs and PDBs as they implement common methodologies to meet their commitments toward SDG and Paris Agreement-aligned investments, building on the OECD-UNDP Standards, to enable the MDBs and IDFC adopt Common Principles for Climate Finance Tracking and on alignment, as well as on other existing work on green investment and sustainable finance taxonomies, such as the International Platform on Sustainable Finance (IPSF). UNDP is partnering with GIZ in respect to establishing SDG Finance Dashboards.

Contact points for undp services on SDG impact management and finance tracking

1. Policy Frameworks and Accountability for SDG IMM

- Sustainable Finance taxonomies and Legal Frameworks for Impact; transparency and sustainability reporting (Marcos Mancini: marcos.mancini@undp.org)
- SDG and Thematic bond frameworks and impact reporting for the use of proceeds (Tenke Andrea Zoltani: tenke.andrea.zoltani@undp.org)

2. Public Sector Systems for Tracking Public and Private Finance Towards SDG Impacts

- Sustainable Finance Budget Tracking and measuring. (Tim Strawson: tim.strawson@undp.org and Nohman Ishtiaq nohman.ishtiaq@undp.org)
- SDG Corporate Tracker (Luciana Aguiar; Luciana.Aguiar@undp.org)
- Integrated Financing Dashboards (Orria Goni: orria.goni@undp.org)

3. SDG IMM for Private Sector Entities

- SDG Impact Standards for enterprises, bond issuers and Private Equity funds, associated guidance, and tools (Sebnem Sener: sebnem.sener@undp.org)
- Impact Education: Free Impact Measurement and Management for the SDGs online course (Sebnem Sener: sebnem.sener@undp.org)
- Impact Measurement and Management Program for start-ups, large national companies, and corporations, Impact Journey for SMEs, Impact Lab, and Impact Champions (Luciana Aguiar: luciana.aguiar@undp.org)
- Impact Training for Business Accelerators (Artak Melkonyan: artak.melkonyan@undp.org/ Stine Kirstein Junge: stine.junge@undp.org)
- Bond Offer to the private sector (Tenke Andrea Zoltani: tenke.andrea.zoltani@undp.org)
- Impact Measurement and Management framework for funds under management and for issuers (Artak Melkonyan: artak.melkonyan@undp.org/ sebnem.sener@undp.org)
- FC4S Network Assessment Programme (Stephen Nolan: stephen.nolan@undp.org)
- Data Management (Aiaze Mitha: iaze.mitha1@undp.org)

IV. Impact Assurance, Assessments, Evaluation and Verification Services for Public and Private Actors.

- SDG Impact Assurance and Seal (Sebnem Sener: sebnem.sener@undp.org)
- Bond Offer to the public sector (Tenke Andrea Zoltani: tenke.andrea.zoltani@undp.org)
- Gender Equality Seal (Gender team and Thomas Beloe; Thomas.Beloe@undp.org)
- Carbon Markets (NCE team and Luciana Aguiar: luciana.aguiar@undp.org)

Annex II. UNDP's definition of the private sector

The private sector is a basic organizing principle of economic activity in a market-based economy where private ownership is an important factor, where markets and competition drive production, and private initiative and risk-taking set activities in motion.[2] The private sector includes a wide range of market actors that may operate either in the inform al or formal economy. For the purpose of this strategy, aligned with UNDPs private sector policy definition,

the following actors will be considered as part of the private sector or as important market acto rs and their representatives that UNDP may work with[3]:

1) **For-profit and commercial enterprises of any size, e.g.:**
   - ✓ Multinational Companies (MNCs) [4] with global reach and operations (such as from the North and South, and with presence in multiple countries, including in UNDP programme countries),
   - ✓ Large domestic companies[5],
   - ✓ Micro, small, and medium enterprises[6] (MSMEs),
   - ✓ Investors (e.g., Private equity, venture capitalists, commercial banks, etc.).
   - ✓ Social enterprises and other innovative constellations formed to address a specific development issue or cause;
   - ✓ Mutual organizations (such as Visa, MasterCard, asset management companies, cooperative banks, mutual saving banks, credit unions, mutual insurance/assurance, and health care companies); and
2) **Corporate foundations**
   - ✓ Independent grant-making organizations that have close ties to the corporation providing funds. Some companies have corporate direct giving programmes instead of foundations; some have both.
3) **Business associations, coalitions, and alliances. e.g.:**

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[2] The definition of "private sector" is drawn from the following sources: https://www.investopedia.com/terms/p/private-sector.asp; OECD. (2004). Accelerating Pro-Poor Growth through Support for Private Sector Development. Retrieved from: http://www.oecd.org/development/povertyreduction/34055384.pdf;
http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/REN-218124828- P9B

[3] Sporadic, non-commercial income-generating activities by individuals are not considered to be in the private sector. Furthermore, entities that are the ultimate target beneficiaries of UNDP's development interventions, as articulated in the organization's programming modalities (e.g., micro, small, informal enterprises), are considered outside of the scope of UNDP's Policy on Due Diligence and Partnerships with the Private Sector.

[4] A multinational corporation (MNC) or multinational enterprise (MNE) is a business that manages production or delivers services in more than one country. It can also be referred to as an international corporation.

[5] This includes both local firms and subsidiaries of foreign corporations that follow and respect the UN Global Compact principles and that are capable of investing in and creating opportunities for multi-stakeholder engagement and collective action for sustainable development.

[6] The statistical definition of MSMEs varies by country and is usually based on the number of employees or the value of assets. The lower limit for "small-scale" enterprises is usually set at 5 to 10 workers, and the upper limit at 50 to 100 workers. The upper limit for "medium-scale" enterprises is usually set between 100 and 250 employees.

- ✓ Business intermediaries and interlocutors such as Chambers of Commerce and Indu stry, business associations, innovative alliances, business roundtables, stock exchan ges and a new generation of cooperatives.[7]

4) **State Owned Enterprises (SOE),[8] i.e., either wholly or partially owned by a governmen t and that engage in commercial activities as part of an open market system.**

UNDP defines partnership as “a voluntary and collaborative agreement or arrangement between UNDP and the private sector, as well as potentially other entities, in which all participants agree to work together to achieve a common purpose or undertake a specific task and to share risks, responsibilities, resources, and benefits. Nothing in such a partnership shall be deemed to establish either party as the agent of the other party or create a 'legal' partnership or joint venture between the parties. Neither party has power to bind the other party or to contract in the name of the other party or create a liability against the other in any manner whatsoever.[9]

[7] A cooperative is a legally incorporated business arrangement that provides for the control of the business by its membership. A new generation co-op (NGC) is a type of cooperative that uses a system of delivery rights and obligations to encourage business loyalty and provide a form of vertical integration. NGCs are particularly suitable to ventures involved in value-added agricultural processing and marketing.

[8] Legal entities created by governments to partake in commercial activities on their behalf. An SOE can be either wholly or partially owned by a government and is typically earmarked to participate in commercial activities.

[9] UNDP POLICY ON DUE DILIGENCE AND PARTNERSHIPS WITH THE PRIVATE SECTOR, 2023

UNDP acknowledges that innovative ways of partnering with the private sector are needed and encourages creativity and flexibility in shaping collaborative arrangements that can draw on the various assets that the private sector can bring to development and that can help deliver effective and sustainable development results.

When a partnership arrangement has financial implications for UNDP, a formal written agreement should be established between UNDP and the private partner. Below are examples of various types of engagement when UNDP works with the private sector:

Partnership type	**Advocacy and Policy Dialog**	**Resource Mobilization**	**Innovation challenges (prized challenges)**	**Core Business for Inclusive Market Development**	**Transformational Partnerships**	**Responsible Party**	**Crowd funding**
Purpose	Influence and encourage the private sector to bring about a change in the way business is done through more responsible and sustainable approaches.	Mobilize financial and in-kind resources from the private sector to support UNDP programs and projects	Innovation challenges are defined as prized challenges that Business Units (Country Offices) organize to solicit innovative ideas and solutions to address development challenges which cannot be achieved through traditional solicitation processes.	Harness the private sector's core business strengths (expertise, services, technology, etc.) to implement or promote inclusive business models.	Multi-stakeholder and multi- dimensional partnerships that leverage each partner's core competencies and are set up to address a systemic issue on a broad scale.	Performance-Based payments (PBPs) are a type of agreement between UNDP and a responsible party to provide funding upon the verified achievement of an agreed measurable development result. No advances are provided, rather payments are made only upon the verified achievement of agreed results. This approach gives greater incentive to responsible parties to achieve results.	Classy Platform
UNDP instruments signed with the Private Sector	• Memorandum of Understanding • Exchange of Letters (non-financial or financial)	• Financing agreements ($100,000 and above) • Pro-bono agreement • Contribution agreement (pro-bono + financing agreement) • Small Financial Contribution Agreement (less than $100,000) • Exchange of Letters (less than $100,000) • --Parallel funding • Development Services Agreement • NRLA	• Innovation Challenge Agreement	• Memorandum of Understanding • Technical assistance • Financing agreements ($100,000 and above) • Pro-bono agreement • Contribution agreement (pro-bono + financing agreement) • Small Financial Contribution Agreement (less than $100,000) • Exchange of Letters (less than $100,000)	• Memorandum of Understanding • Cost-sharing agreements • Statement of Intent	• Responsible Party Agreement • Performance-Based Payment Agreement	No agreement signed

Annex III: Challenges to private sector-driven inclusive, circular, & sustainable growth

The 2030 Agenda acknowledges that private business activity, investment, and innovation are major drivers of productivity, inclusive economic growth, and job creation. However, there are still many challenges related to accelerating the private sector's contribution to the SDGs.

At the **macro level**, policy and structural features of national economies impede the alignment of market activities with the SDGs. These include the following:

Perverse incentives and market failures reinforce activities not aligned with the SDGs due to "subsidies that create perverse incentives for companies to behave in unsustainable ways"[10] and "basic price signals fail to reflect environmental costs, such as those associated with climate change mitigation and adaptation, or freshwater extraction."[11] Market failures such as inadequate information on products, uncertainty of financial benefits, and behavior norms impede investments in SDG-aligned activities.

The private sector is often excluded from key policy dialogue focusing on countries' national development and SDG implementation strategies. Governments need to create real partnerships with private-sector actors (including MSMEs) and ensure that their voices are heard. Often the successful implementation of SDG-focused national development strategies depends upon the buy-in and active support of the private sector. The business community already recognizes "the importance of public-private dialogue and multilateral co-operation to address current global issues…public-private dialogue and stakeholder consultation could help to better
identify how the private sector might support specific policy actions that could accelerate the successful implementation of recovery plans…help governments understand how to support responsible business practices…[and] regional economic integration."[12]

Market conditions are heterogeneous and government policy frameworks governing the role of markets in national development, including meeting the SDGs (including policies, regulations, and incentives) are similarly varied or inadequate. The OECD 2021 *Business Insights on Emerging Market*s notes that "sustainability initiatives need to adapt to more heterogeneous environments than those in more advanced economies…this presents challenges across areas as wide-ranging as infrastructure, with significant gaps exacerbated by rapid urbanisation; labour markets with informal workers representing 70% of the workforce; or social protection, which for example only covers just over half of vulnerable populations and just under half of the poor in Latin America. These differences also extend to sustainability policies."[13] The basic foundations for entrepreneurship and market development are often simply too weak. Poor governance, lack of rule of law, and corrupt practices are significant challenges that discourage investment in businesses. Corruption adds up to 10 percent to the

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[10] OECD. (2015). Development Co-operation Report 2015: Making Partnerships Effective Coalitions for Action. Paris: OECD Publishing. Retrieved from: https://www.oecd-ilibrary.org/docserver/dcr-2015-en.pdf?expires=1539001314&id=id&accname=guest&checksum=.

[11] *Ibid*.

[12] OECD. (2021). Business Insights on Emerging Markets. Retrieved from: https://www.oecd.org/dev/Business-Insights-Emerging-Markets-2021.pdf

[13] *Ibid.*

cost of doing business globally, and up to 25 percent to the cost of procurement in developing countries.[14]

There is a high perception of risk in developing markets; however, in reality, these markets are nuanced, and the risks vary by context. The Global Impact Investing Network (GIIN) Annual Investor Survey identified "appropriate capital across the risk-return spectrum" as the greatest challenge to the industry, especially for emerging market-focused investors.[15] Investors in developing markets face unpredictable and limiting regulatory environments. In these markets, market and regulation reform often lags behind business innovation.

At the **meso level**, general ***market-oriented business value chains (including global value chains) and linkages are too often weak and uncompetitive due*** to tariff- and non-tariff barriers, logistics and transportation costs, lack of "soft" infrastructure (i.e., enabling policies, procedures, and institutions),[16] capacity gaps within firms and productive capacities.[17]

Furthermore, a **lack of environmental and social considerations** is leading to supply chain disruptions and significant negative impacts on natural capital, including biodiversity loss. At the same time, they are leading many **meso-level socio-technological systems** to focus on activities that are not aligned with the SDGs. For example, dominant companies have the benefit of networking effects from interdependent technologies, infrastructures, and industries. By comparison, new business models and technologies initially produce low payoffs sine they have not yet benefited from dynamic scale and learning, resulting in cost reductions per unit of output and increment improvements.[18]

At the micro level, **economic development opportunities are often missed because investors and companies** seeking new business models to meet the demands of the 4 billion people at the base of the pyramid (people living with less than US$10 per day in purchasing power) **lack knowledge and understanding** of local market opportunities.[19] However, impact investors see "the development of businesses focused on impact" as one of the primary ways in which they contribute to the fundamental shifts required for "financial markets [to] ultimately drive social and environmental change."[20]

Furthermore, significant **knowledge and capability gaps** contribute to asymmetrical information among investors and broader market inefficiencies. **Fragmentation among players, instruments, and intermediaries** – evident in the lack of standard nomenclature in this space – hinders growth, leading to a lack of **investment-ready opportunities,** which in turn raises the costs, timelines and risks involved in doing business. The OECD found that despite "abundant anecdotal evidence of sustainability initiatives across emerging markets led by the private

[14] OECD. (2018). OECD, An Active Partner of the G20 and B20 in the Global Fight Against Corruption. Retrieved from: https://www.oecd.org/g20/topics/anti-corruption/oecdanactivepartneroftheg20andb20intheglobalfightagainstcorruption.htm.
[15] GIIN. (2020). Annual Impact Investor Survey 2020.
[16] OECD and World Trade Organization. (2013). Aid for Trade at a Glance: Connecting to Value Chains.
[17] GIIN. (2017). Annual Impact Investor Survey 2017.
18 Never, B. and Kemp, R. (2017). Developing Green Technologies and Phasing Them In. Green Industrial Policy.
19 OECD and World Economic Forum. (2015). Blended Finance Vol. 1: A Primer for Development Finance and Philanthropic Funders Report.
[19] GIIN. (2017). Annual Impact Investor Survey 2017.
[20] GIIN. (2020). Annual Impact Investor Survey 2020.

sector", "presenting an accurate picture of their impact remains a challenge. The lack of a common measurement and reporting standard in particular makes it difficult to interpret existing evidence, while the lack of data themselves poses additional challenges. Measurement of non-financial performance of all businesses, not just the leading few, is necessary to hold businesses accountable and better monitor progress."[21] This causes reluctance among investors and development actors who could otherwise take advantage of these opportunities (as noted by the GIIN Annual Investor Survey, which identified "Impact washing" and "Inability to demonstrate impact results" as the first and second greatest challenges facing the market over the next five years)[22].

The private sector has limited capacity for responding to sustainable and inclusive market opportunities in developing countries. The capacity of enterprises in developing countries to seize domestic and global market opportunities is often relatively weak. Businesses still face internal barriers to engaging with the SDGs and the level of private sector investment in sustainable development remains low.[23]

Annex IV: Building on Lessons Learnt from the 2018-2022 Private Sector Strategy

& snapshot of current work on private sector issues

Background on UNDP Private Sector Strategy 2018-2022

UNDP's Private Sector Development and Partnership Strategy (2018-2022) "Making Markets Work for the SDGs" was the first UNDP Corporate strategy approved in over a decade in the area of private sector. It aimed to assist countries to align private sector activities and investments with the 2030 Agenda by: influencing investors and businesses of all sizes; embedding the SDGs into their decision making and practices; and supporting governments to establish enabling policy and regulatory environments while facilitating multi-stakeholder partnerships. As part of the Strategy, UNDP envisions that by 2030, the SDGs will be the main global guidance framework for businesses, investors and governments, unlocking US$1 trillion[i] in private capital and increasing the number of businesses of all sizes that align their strategies and operations with the SDGs. This will be supported and regulated by a policy environment that reduces risk and fosters an inclusive and green economy, leading to the eradication of poverty. The strategy aimed to implement the vision of making markets work for the SDGs by driving progress on three strategic outcomes, deploying a suite of 14 service offers at sub-national, country, regional and global levels adapted to each the three development outcomes

[21] OECD. (2021). Business Insights on Emerging Markets. Retrieved from: https://www.oecd.org/dev/Business-Insights-Emerging-Markets-2021.pdf

[22] GIIN. (2020). Annual Impact Investor Survey 2020.

23 PriceWaterhouseCoopers (PwC). (2015). Make it Your Business: Engaging with the Sustainable Development Goals: 87 percent of businesses report that they lack sufficient knowledge and capacity to identify, manage performance, and monitor bankable projects with strong sustainable outcomes, particularly in frontier markets.

of the Strategic Plan (2018-2021), and directly contributing to the Strategic Plan's six Signature Solutions, outputs, and indicators.

The 2018-2022 Private Sector Strategy led to the establishment of the Sustainable Finance Hub (SFH), formerly the Finance Sector Hub, with integration of the service offer in UNDP's Global Policy Network (GPN). The process to develop this strategy was launched by the Administrator in April 2018 and the submission to BPPS and the Executive Office took place in October 2018. The formal approval of the strategy was held until SFH and its approach could be established, in order to support the recommended integration of the private sector with the larger work of SDG finance. On November 2019, the UNDP Administrator gave his endorsement for SFH's strategic approach and its adoption of this private sector strategy, paving the way for approval through submission to the Organizational Performance Group (OPG). In its September Board SRS 2019, the Executive Board encouraged UNDP to "deepen its partnership with the private sector, in accordance with its private sector strategy, and requests information in this regard to be presented at the first regular session of the Executive Board in 2020". Finally, the strategy was approved in December 2019 by the OPG. It was the first corporate strategy that resulted in the establishment of a global Hub unit in recent years. As noted by the Independent Evaluation Office in *Financing the Recovery: A Formative Evaluation of UNDP's Response to the COVID-19 Pandemic and SDG Financing*, "The private sector development and partnership Strategy (2018 to 2022) established the Sustainable Finance Hub in 2019 as a consolidated structure for UNDP's financing approaches. The Hub brought together under a single framework, the Istanbul International Center for Private sector in Development (IICPSD), the SDG Impact team, and a range of ongoing approaches and projects, including the Integrated National Financing Frameworks (INFF), the Tax for SDGs initiative, and the newly developed Insurance and Risk Finance Facility (IRFF), as well as a partnership[24] with UNCDF for the strengthening of digital financial solutions."[ii]

Below are some Illustrative examples of UNDP's private sector track record based on the offers developed under the Strategy:

- UNDP launched SDG Impact, one of its flagship initiatives, which aims to direct more private capital to where it is needed most, and to help private companies and investors use their money and resources "in the right way" to deliver net positive impact alongside financial profits.
- UNDP created the UNDP Global SDG Impact Standards for Private Equity Funds, Bonds issuers, and Enterprises. These independent management practice standards help investors and enterprises integrate sustainability into how they do business (i.e., into businesses strategies, management systems, and decision-making). The SDG Impact

[24] A number of additional notable partnerships include UNDP's Sustainable Energy Hub, the Gender Equality Team, Food and Agriculture Commodity Systems, and the HIV, Health and Development Team

Standards are needed because, even though there is enough money in the world, it is not being used effectively to deliver net positive impact on the SDGs. By focusing on management practices and decision-making, the SDG Impact Standards are different from - and complementary to – reporting standards and taxonomies. The SDG Impact Standards serve as a decision-making framework to operationalize existing human rights, sustainability, and responsible business principles. Sustainable management practices are a precondition for net positive impact performance and meaningful reporting. UNDP is rolling out awareness and adoption of the SDG Impact Standards globally. Furthermore, an SDG Impact Seal and Assurance is in development, which will provide integrity by making it possible to recognize those investors and businesses whose practices align with the SDG Impact Standards.

- UNDP launched the SDG Investor Platform, providing data, information, and insights on SDG-aligned investment opportunities. The Platform hosts the findings from SDG Investor Maps, a UNDP market intelligence tool that guides the private sector to investment themes and business models ("Investment Opportunity Areas") which have significant potential to advance the SDGs, aligned with government policies and national sustainable development needs. As of February 2023, results from 27 developing countries provide market and impact analysis of over 500 Investment Opportunity Areas (IOAs), and another 20+ SDG Investor Maps are currently in the pipeline. The SDG Investor Maps integrate gender and marginalization analysis throughout, with a view to identify private sector solutions that leave no one behind, adequately mitigate negative impact risks on marginalized groups, and maximize business and impact opportunities. The SDG Investor Map findings have identified several business models directly advancing financial inclusion, from alternate SME financing to farmer insurance to digital payment platforms and energy transition. Those opportunities are linked to countries' nationally determined contributions (NDCs), enabling private sector investment in country climate priorities. A third of the investment opportunities identified are within the food and agriculture sector, making the insights useful for directing investment and business strategies in support of sustainable food systems. A recent example of the investment outcomes of these IOAs is the use of the Ghana SDG Investor Map by an intermediary to develop a US$39 million worth of SDG-focused SME investment pipeline.
- Another flagship initiative UNDP launched is the €35 million Insurance and Risk Finance Facility (IRFF) with US$5 billion of risk capacity, supports climate resilience in developing countries to increase insurance protection in climate-exposed countries in line with the InsuResilience Vision 2025 goals (which include the provision of cover against disaster and climate shocks for 500 million individuals).
- The UNDP Offer on MSMEs matured into an impact venture accelerator offer. Since 2017, UNDP has supported 33 programmes with over 400 participating impact ventures from 47 countries in partnership with foundations, venture capitalists, business accelerators, institutional investors, and donors, to help a broad range of entrepreneurs accelerate and scale-up innovative, technological solutions and business models to achieve the SDGs. For example, the SDG Accelerator programme in Denmark has worked with more than 50 companies in different geographies including across the Nordics, Baltics, Moldova, Kuwait, and Bosnia Herzegovina, takes MSMEs on a six-month innovation journey supporting them

to designing one or more SDG-aligned business solutions, with more programmes under way such as the Green Growth Accelerator, which will support 800 SMEs in Morocco, Tunisia, Egypt and Jordan to accelerate green growth and enable new and green revenue streams. New initiatives programs are planned in MENA, LATAM and Africa regions in 2022-2023.[iii]

- The UNDP Offer on Closing Energy Gap has led to the establishment of the Sustainable Energy Hub. Through this Hub – which represents UNDP's systematic and programmatic approach to respond to the energy and climate change agenda – UNDP will enhance strategic partnerships and networks to strengthen on-the-ground country level programming on energy access and transition. UNDP is engaging in a collaborative partnership with UN Capital Development Fund (UNCDF) (as well as other fund managers) to develop an innovative new financing facility with the potential to leverage over US$1 billion in private sector investments. Its objective is to de-risk and accelerate investment in energy access with a focus on 'Productive Use of Energy', contributing to the UN Energy target of ensuring electricity access to 500 million people by 2025. The Financing Facility will build upon and complement the Africa Mini-Grid Programme by providing the adequate de-risking financial mechanisms to drive investment at scale to facilitate off-grid energy solutions for 500 million people.

Limited Progress in terms of Internal Financial and Regulatory Framework

Although there has been significant growth in programmatic activities supported by traditional donors based on the service offers of the Private Sector Strategy, there has been limited progress in terms of improving the legal, administrative, and information frameworks to govern partnerships with the private sector as recommended by the Strategy. This includes, among others:

1) Enabling direct grants to enterprises through competitive challenge funds, matching grants, performance-based and cost-sharing mechanisms
2) Receiving small grants from private entities without application of long cumbersome procedures
3) Engaging newer and smaller firms that cannot meet experience and the annual turnover requirements of UNDP for programme implementation and as service providers
4) Making investments in start-ups to promote innovation and entrepreneurship
5) Providing instruments that facilitate the co-creation and co-development of solutions with private businesses for joint pursuit of the SDGs
6) Developing, in accordance with best practices, the standards to enable UNDP to provide development services instruments (fee-for-services)
7) Allowing IP to be co-owned among UNDP, its clients, and partners in order to attract established companies and start-ups with high-value IP

The Evaluation review of the UNDP Strategic Plan 2018-2022 noted specifically in terms of private sector partnerships that while "The UNDP private sector strategy 2018–2022, launched in 2020, outlines the need for greater private sector engagement many of these are in the nascent stages, and progress has been slow due to a lack of concerted efforts at the programming level and significant administrative bottlenecks."[25] It further notes, "Slow decision-making involving private sector engagement is an issue regularly raised by most stakeholders consulted, and this impediment invariably limits UNDP's ability to engage with the private sector. The due diligence process for such partnerships specified in the 2013 due diligence policy is lengthy and discouraging for both Country Offices and private sector partners. At the UN system-wide level, policies for consideration of private sector partnerships have previously been noted as outdated and not reflecting the renewed support for private sector engagement promoted by the 2030 Agenda. As highlighted in the evaluation of UNDP's work in middle-income countries, private sector engagement brings both opportunities and risks that remain difficult for Country Offices to manage. The same challenges apply to experiments, pilot projects, and full-fledged projects, limiting UNDP's ability to be reactive and nimble when engaging with the private sector. Another complication emerging as UNDP seeks to position itself in social innovation, comes from its standard basic assistance agreements, which govern UN engagements in programme countries and include provisions that pose a significant challenge for engaging with local innovation systems and private sector actors. Adapted to the realities of traditional project implementation, ownership rights to any discoveries or work emerging from collaboration with the private sector belong to UNDP, and full right of use is granted only to national governments. This is a constraint for private sector engagement, particularly in the innovation process, which puts a premium on co-creation. To address these challenges, the organization is taking steps to further streamline processes and procedures and to define a risk appetite that is more conducive to a supportive environment for innovation."

To address this, a time-bound Task Team to "Address Barriers to Accelerate Partnerships with the Private Sector" was established in February 2022 as part of the "first 100 days" action plan for the implementation of UNDP's new Strategic Plan. The EG was tasked with submitting to OPG the following: identify available solutions, within the existing legal framework, to address persistent bottlenecks (private firms as responsible parties, programmatic partners); and propose solutions, including through technology and amendments to contractual documents, and updating policies; Determine the best course of action for solutions that are beyond the existing legal framework, working towards developing a comprehensive proposal to amend the 2012 Financial Regulations and Rules and make them fit for purpose.

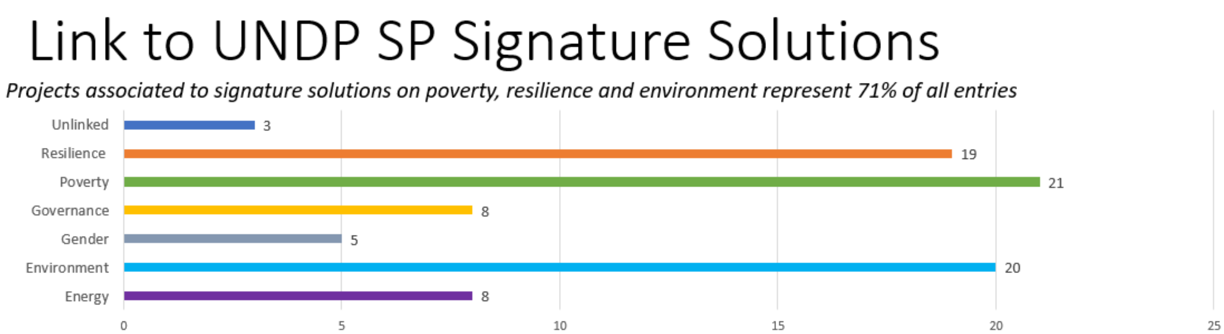
The major objectives of UNDP's current portfolio involve: (i) fighting poverty by promoting and strengthening inclusive business, inclusive value chains, markets and ecosystems, and enhancing SMEs' competitiveness, with a focus on women and youth; (ii) economic transformation to low-carbon energy systems and identifying and delivering market-driven climate- and nature-based solutions; and (iii) gender-responsive policies, women's economic empowerment in the public and private spheres, and gender equity in the workplace.

[25] UNDP (2021). Evaluation of UNDP Strategic Plan 2018-2021. http://web.undp.org/evaluation/evaluations/thematic/spe-2021.shtml

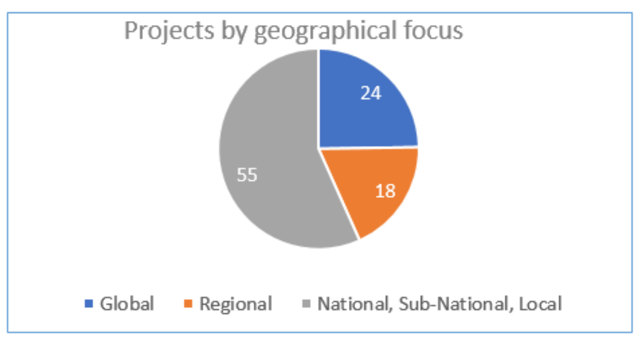
Implementing this portfolio requires strong partnerships, especially the establishment and support of public-private and multi-stakeholder partnerships to leverage capacities and investments.

1. **Links to Signature Solutions**

A recent survey of UNDP's portfolio highlighted 71 active initiatives and 13 pipeline initiatives. An important part of UNDP's work with the private sector is related to climate action: this is reflected in 27 initiatives. In addition, resilience and environment are among the top three projects aligned with the Signature Solutions in UNDP's Strategic Plan (2018-2021).



UNDP places a strong emphasis on implementation at the national and local levels: more than 65 percent of its projects have a national, sub-national or local focus. When analyzed against the signature solutions, projects with a national and local focus are spread proportionally. Projects with a regional focus are aimed at poverty eradication and resilience.



Country offices[26] recognize the private sector as increasingly important (78 percent) or as important (19 percent) as other partners. Country office respondents recommended engaging in partnerships with companies in the extractive sector and public-private partnerships for green economies. This requires that UNDP leverage its own capacity to deliver expertise in

[26] UNDP. (2017). Country Office Private Sector Development and Engagement Survey 2017.

these areas as well as in: scalable and replicable programmes on youth and women's economic empowerment; value chains; SDG financing; and impact investment.

Signature Solution 1: Keeping people out of poverty

UNDP work in support of inclusive businesses, MSMEs, agricultural value chains, gender equality, youth entrepreneurship, job creation, skills building and capacity building of policy makers to build conducive ecosystems. While establishing multi-stakeholder platforms to increase engagement around the SDGs, UNDP fosters public-private dialogue, partnerships and collaboration, knowledge sharing and networking opportunities for entrepreneurs and giving voice to different stakeholders and MSMEs.

Success story: Enterprise Challenge Fund – **Malawi Challenge Fund**
In the past decade, challenge funds have become an increasingly integral part of the "development tool box" for propelling private-sector innovation that delivers social impact. UNDP has implemented a successful enterprise challenge fund in Malawi with US$8 million in financing from the United Kingdom Department of International Development (DFID). The impact has been impressive, with manufacturing projects estimated to have created 900 jobs and increased the incomes of 21,500 households. The initial success of the challenge fund led the German Government to contribute EUR 3 million for a second-round competition on manufacturing and logistics, and the International Fund for Agricultural Development (IFAD) to provide another US$2.5 million.

Inclusivity is often a focus area of projects linked to the Signature Solution on poverty. Such initiatives often focus on inclusive businesses, value chains, markets and ecosystems, competitive MSMEs, gender, youth, skills and job creation.

Signature Solution 2: Strengthen effective, inclusive and accountable governance

Projects linked to the signature solution on governance are oriented towards SDG 16: Peace, Justice and Strong Institutions. These include projects to enhance transparency, accountability, anti-corruption, human rights and gender equality as well as advisory support to companies on environmental and social governance, and business integrity.

Success story: UNDP Armenia Kolba Lab
Through the Kolba Lab, UNDP offers a platform for citizens and innovators to involve themselves in the development process, defining the problem they want to solve and providing the space to incubate their idea, project or social start-up. The Kolba Lab has generated citizen-led projects in local governance, human rights, the green economy, smart city solutions and many other spheres. Hosting a social start-up incubator, Kolba Lab also functions as a research and development laboratory within UNDP's Armenia country office. Over the past few years, Kolba has experimented with solutions related to foresight, big and open data, behavioral insights, alternative financing and design thinking. Significantly, the lab has initiated a deep engagement in public-sector innovation, building relationships with the Office of the Prime Minister and key ministries, and incubating the ideas of

reform-minded public servants.

Signature Solution 3: Enhance national prevention and recovery capacities for resilient societies

UNDP projects on resilience focus on improving adaptive capacity and reducing climate risks for communities, businesses, value chains and governments. Between 2000 and 2016, UNDP formed 132 partnerships with the private sector, of which 19 were related to disaster risk reduction, 25 to climate change and 78 to sustainable energy.[27]

Success story: Get Airports Ready for Disaster (GARD) Programme
The airport-preparedness programme Get Airports Ready for Disaster (GARD) was launched in 2009 by the UNDP and Deutsche Post DHL Group, and funded by the German Government. GARD is a workshop-based training programme that prepares airports and provides training to airport personnel in high-risk countries for worst-case scenarios. It has been implemented in Armenia, Bangladesh, Dominica, the Dominican Republic, El Salvador, India, Indonesia, Iran, Jordan, Lebanon, Mauritius, Nepal, Panama, Peru, the Philippines, the Seychelles, Sri Lanka, the former Yugoslav Republic of Macedonia and Turkey.

Signature Solution 4: Promote nature-based solutions for a sustainable planet

UNDP projects in support of nature-based solutions focus on: sustainable commodity production; acceleration of greenhouse gas policies; support for national access and benefit-sharing frameworks; climate-finance solutions; technology transfer; nature-based solutions; conservation and sustainable use of biodiversity; climate action; sustainable cities; and low-carbon lifestyles.

Success story: The Green Commodities Programme
More than 70 percent of low-income people in developing countries rely on agriculture for their livelihoods while 736 million people worldwide live in extreme poverty.[28] The Green Commodities Programme addresses the challenges faced in the agricultural commodities sector through policy reform, capacity development, enabling access to finance and incentives and promoting livelihood diversification and value-added agriculture commodities.

The numerous successful projects within the Green Commodities Programme include a partnership among UNDP, the private sector and Ghana's Government aimed at sustainable cocoa production in that country. UNDP convened public and private actors in the cocoa industry around the Ghana Cocoa Platform to promote interaction and collective strategy setting. Another output

[27] United Nations Development Program. (2017). UNDP and the Private Sector: 25 Years of Partnership on Climate Change, Disaster Risk Reduction and Sustainable Energy. New York: UNDP.
[28] World Bank Group. (2018). Piecing together the Poverty Puzzle (p. 2). Washington D.C.: World Bank Group.

of the project, the Cocoa Life Programme, has reached 120,500 cocoa farmers, trained 88,000 community members on good agricultural practices and provided training to 68,000 farmers on good environmental practices in Côte d'Ivoire, the Dominican Republic, Ghana and Indonesia. It also supported financial literacy through 1,800 village savings and loan associations, and established child protection committees in 516 communities. This highly successful project has been extended to 2020.

Success story: Global Environment Facility (GEF)
For the last 20 years, UNDP has engaged in a series of GEF-financed partnerships with the International Maritime Organization to "green" the shipping industry. This initiative has focused on two key shipping-related environmental threats: aquatic invasive species and greenhouse gas emissions. The GloBallast, GloMEEP and GloFouling projects have applied a three-pronged "Glo-X" approach, which includes building national capacity, engaging the shipping sector and raising awareness. This partnership has leveraged approximately US$35 billion from the shipping industry.

Signature Solution 5: Close the energy gap

UNDP's work related to the energy Signature Solution has focused on increasing energy access, promoting renewable energy and enhancing energy efficiency. These initiatives have included: (i) policy de-risking for large-scale grid-based electricity projects using wind, solar, biomass and geothermal energy; (ii) sustainable cities initiatives emphasizing energy and waste management; (iii) policy-based energy-efficiency projects introducing minimum energy performance standards and building codes; (iv) projects focused on commercial entities such as energy service companies (ESCOs); and (v) mobilizing finance for SDG 7.

Success story:
One success story related to signature solution 5 was implemented in Mauritius, where UNDP's solar photovoltaic (PV) project catalysed US$40 million from the private sector – double the original target – and generated quadruple the targeted power. As the end project evaluation noted, the "PV Solar energy sector in Mauritius has clearly taken off, with a very effective public-private partnership catalysed by the project".

Signature Solution 6: Strengthen gender equality and the empowerment of women and girls

Of all UNDP's projects that explicitly mention gender in their objectives or expected results, only a few are linked to the Signature Solution on gender. This solution focuses on a gender-responsive approach to low-carbon development, resilience initiatives, implementation of nationally determined contributions and workplace gender equity. Examples include the: Gender Equality Seal Programme, agriculture sector, reducing the employment gender gap, gender equity and women's empowerment in public leadership and decision making, and public dialogue.

Success story: Gender Equality Seal Programme
To close persistent gender gaps in the workplace, UNDP is assisting both public and private-sector organizations in implementing a Gender Equality Seal Programme. Through this programme, UNDP provides partners with tools, guidance and assessment criteria to ensure successful implementation and certification. More than 400 companies across ten countries have been certified since 2009.

UNDP's current financing portfolio

UNDP supports domestic markets in many countries. This has included: designing domestic carbon pricing in the Philippines; developing a national access and benefit sharing framework in Malaysia; setting up an entrepreneurship innovation lab in Honduras; and strengthening the private social investment sector in Brazil. This support also comprises engagement platforms such as a philanthropy platform in Brazil; the Business Call to Action; and the multi-stakeholder GARD platform.

Success story: CAMBio project
CAMBio was implemented by UNDP, the Global Environment Facility (GEF) and the Central American Bank for Economic Integration (CABEI) from 2007 to 2015 in Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua. It sought to develop financial mechanisms through national financial institutions to encourage the adoption of biodiversity-friendly practices by farmers, livestock producers, tourism operators and other SMEs. Its main objective was to remove barriers to banking and business and create an enabling environment for biodiversity-friendly investments in Central American SMEs. CABEI provided US$55.5 million to 27 financial institutions lending to biodiversity-friendly MSMEs in biodiversity-rich areas. The 3,831 bio-awards given to SMEs totaled US$947,861 in investments for promoting sustainable practices. By supporting attractive financial products with non-reimbursable incentives, the project strengthened the ties between financial institutions and SMEs.

UNDP's projects linked with capital for sustainable development include:

- De-risking and leveraging (e.g., establishing the Cambodian Energy Efficiency Financing Facility for capitalization with equity investments by the private sector);
- Launching and supporting investment platforms (e.g., Climate Investment Platform, UNDP SDG Impact Finance [UNSIF], global Islamic finance and impact investment platforms, and the Trine crowd-investment platform);
- Innovative finance (e.g., crowd funding in Moldova, weather-index insurance in Sudan, insurance products for the Mesoamerican reef in Mexico and Islamic finance); and
- Fund design (e.g., Mongolia Value-chain Investment Fund and the global Direct Green Technology Incentive Fund);

Projects in which capital is essential or that are indirectly linked to capital focus on:

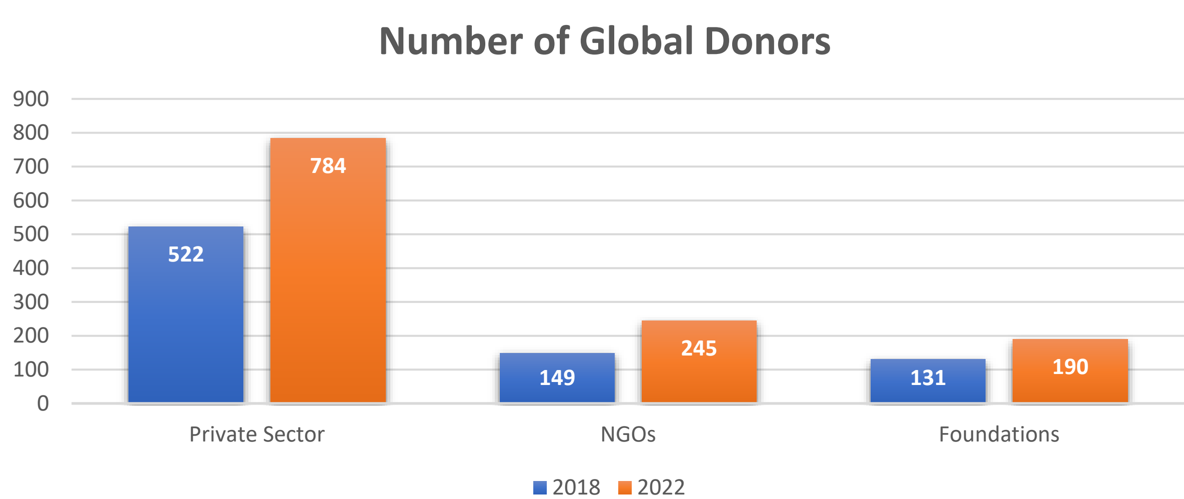
- Creating an enabling environment (e.g., support for designing domestic carbon pricing in the Philippines, developing a national access and benefit-sharing framework in Malaysia, establishing an entrepreneurship innovation lab in Honduras and strengthening the private social investment sector in Brazil); and
- Engagement platforms (e.g., the Philanthropy Platform in Brazil; Business Call to Action and the multi-stakeholder GARD platform).

UNDP resource mobilization:[29]

In 2021, UNDP received contributions totaling US$5.49 billion, comprised of US$647 million in regular resources and US$4.84 billion in other resources.

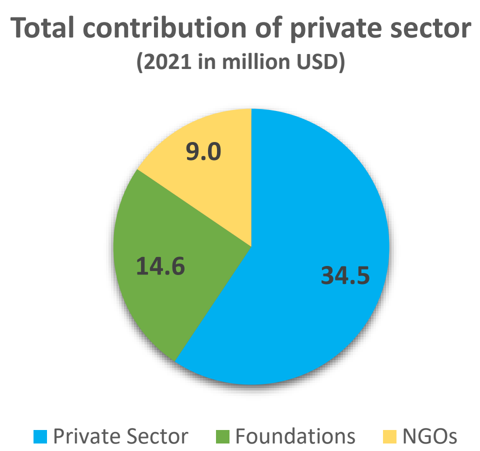
Total contributions to UNDP rose from US$5.2 billion in 2018 to US$5.49 billion in 2021– an increase of 9.5 percent. Of these contributions in 2021, US$2.05 billion (37 percent) came from donor country governments, US$1.879 billion (34 percent) came from multilateral partners and $1.35 billion (24 percent) came from programme country governments. **Contributions to regular resources** decreased by 7.8 percent to US$647 million from US$696 million in 2020.

Compared to 2018, the number of private sector contributors increased by 50% from 522 to 784, while national and international NGOs changed from 149 to 245 (64%), and the number of Foundations contributions moved from 131 to 190 (45%).

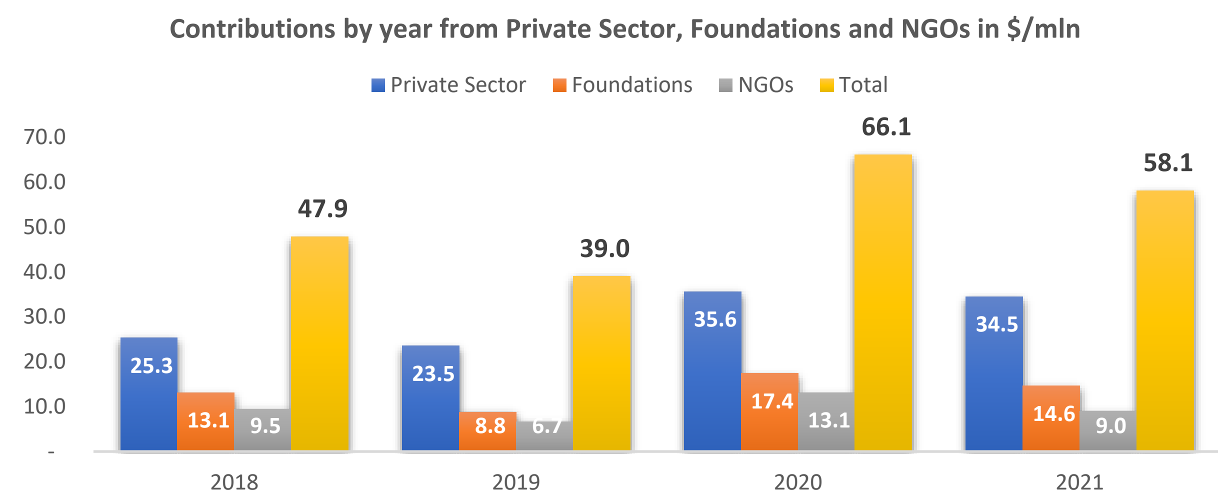


The **private sector's** contribution in 2021 was US$34.5 million, while NGOs constituted US$9 million, and foundations US$14.6 million, amounting to a total of US$58.1 million.

[29] UNDP. (2022). UNDP Contributions dashboard. Retrieved from: Corporate View - Contributions - Power BI



As shown in the graph below, contributions from the private sector have seen an upward leaning trend, where **total private sector contributions increased from US$25.3 million in 2018 to US$34.5 million in 2021**.[30] Foundations and NGOs represented the lowest total private contributions to UNDP during the period studied.



As of November 2022,[31] primary regular resource contributions in the period 2018 to 2021 had come from Germany (US$359.1 million); United States (US$322,1 million) and Sweden (US$285,7 million).

Annex V: Landscape analysis of development cooperation for private sector work

[30] Corporate View - Contributions - Power BI

[31] UNDP. (2018). Retrieved from: http://www.undp.org/content/undp/en/home/funding/core-donors/.

UNDP conducted a review of landscape analyses by governments, donors, and multilateral agencies, including United Nations organizations and international NGOs involved in cooperation for private-sector development, to gauge the areas being prioritized by UNDP's counterparts and identify gaps and niches for UNDP.

Initial findings and niche opportunities for UNDP:

- **UNDP's focus correlates with the priorities of national governments, bilateral donors, and multilateral agencies for private-sector development (excluding "hard" infrastructure and labour markets).**
  UNDP's prioritization of financing, an enabling business environment, value chains and business intermediaries, and direct support to enterprises is strongly correlated with the priorities of donor governments and multilateral development banks, with the exception of hard infrastructure such as roads[32] (where UNDP does not have a comparative advantage). Only two respondent agencies selected private-sector development-related labour markets as a priority since this work is within the International Labour Organization's mandate. UNDP's approach is closely aligned with the strategies of bilateral donor agencies, which "tend to have a stronger narrative than the multilateral development banks in focusing on the poor, women and youth".[33]

Table 1. PSD Focus areas in development partner strategies

	INVESTMENT CLIMATE				PRODUCTIVE CAPACITY				BOTH
	Macro-Stability	Business Environment	Labour Markets	Trade Policy	Agricultural and Industrial Policy	Financial Services	Value Chains and Business Intermediaries	Enterprise Resources	Infrastructure
AfDB	•	•			•	•	•	•	•
AsDB	•	•							
IADB		•		•	•	•		•	•
WBG	•	•		•	•	•	•	•	•
EU	•	•			•	•	•	•	•
USA		•		•			•	•	•
Sweden	•	•	•	•	•	•	•	•	•
Norway		•		•			•	•	•
Germany		•	•		•	•	•	•	•
Netherlands		•		•		•	•	•	•
UK		•				•	•	•	•
Japan		•		•	•		•	•	•

Source: Institutions' websites and relevant PSD policy documents.

- **There has been a significant surge in official development assistance towards private-sector development, with an upper estimate of US$101 billion in 2013 according to the most comprehensive analysis by the Organisation for Economic Co-operation and**

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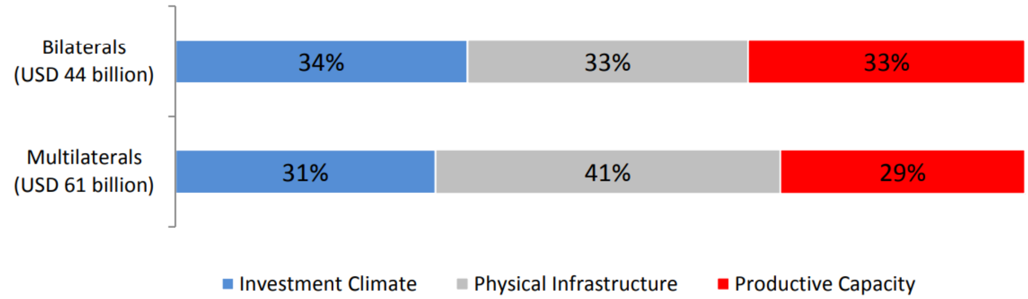
[32] Organisation for Economic Co-Operation and Development (OECD). (2017). Development Co-operation for Private Sector Development: Analytical Framework and Measuring Official Development Finance. Paris: OECD Publishing. Retrieved from: https://www.cbd.int/financial/2017docs/oecd-privateoda2017.pdfMiyamoto.

[33] *Ibid*. p.18.

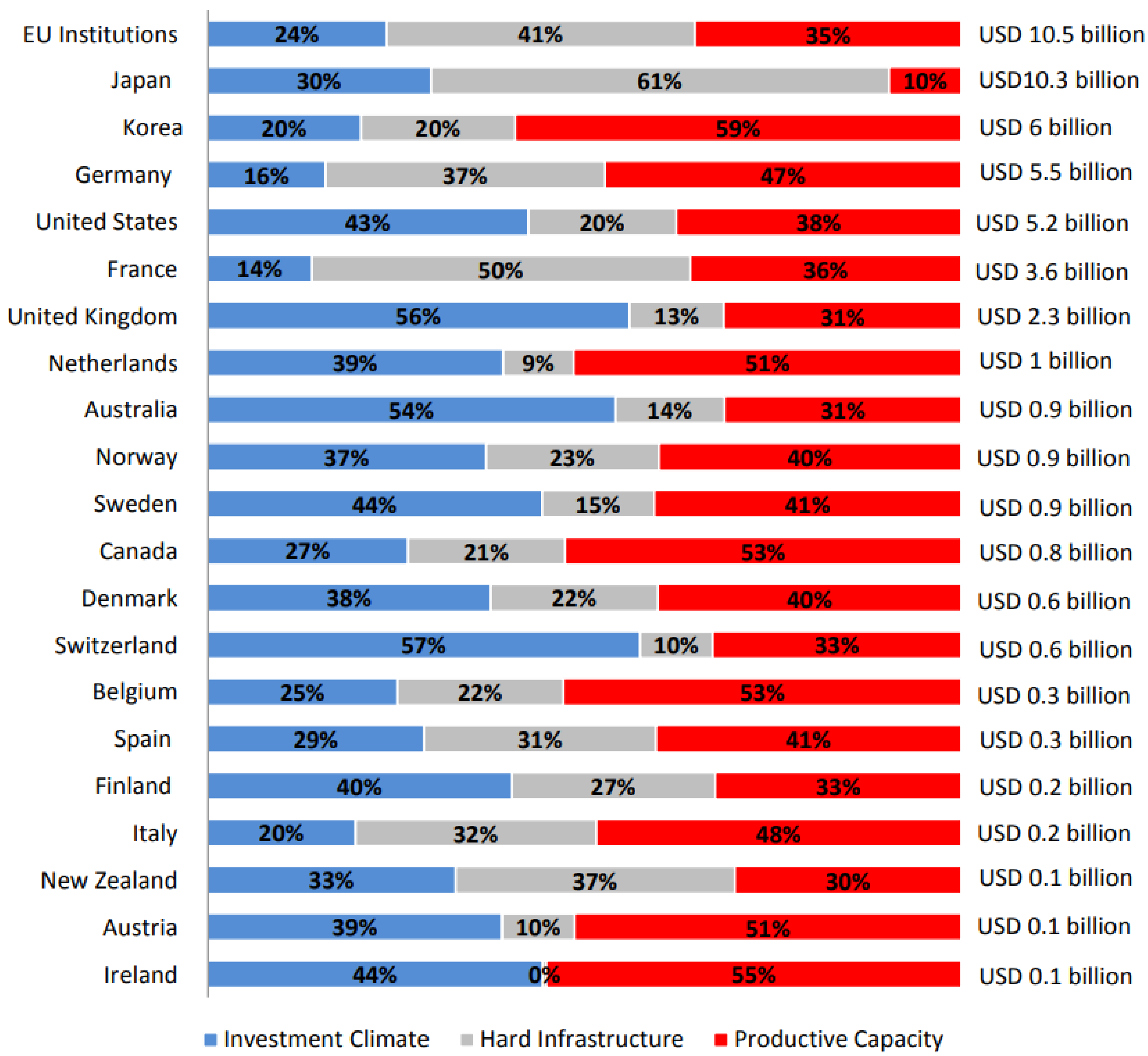
Development (OECD). This includes US$44 billion from bilateral donors and US$61 billion from multilateral donors.



Source: OECD Creditor Reporting System

- **However, 61 percent of Japan's US$10.3 billion, 50 percent of France's US$3.6 billion and 41 percent of the European Union's US$1.5 billion are going towards hard infrastructure.**

Figure 4. Distribution of ODF to PSD-related areas by DAC Members, 2013



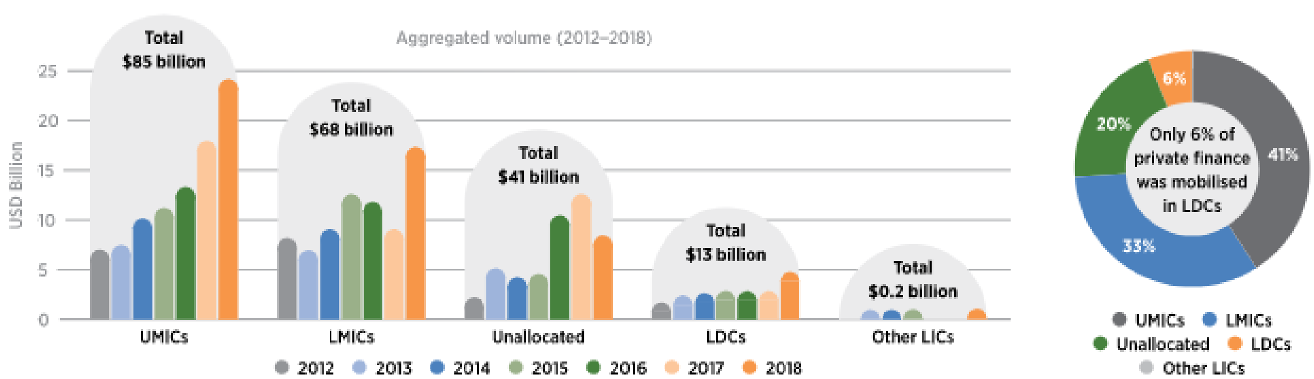
- **Approximately US$9.9 billion from major donors and development agencies is focused on building an enabling environment for private-sector development, with US$3.4 billion for "upstream" policy and institutional reforms.** An enabling environment can be defined as "the conditions necessary for domestic business and entrepreneurs to operate and the conditions that facilitate international trade and private investment into a country."[34] Official development assistance towards an enabling environment for private-sector

[34] Ibid. p.2

development totaled US$9.9 billion in 2015.[35] Of that total, US$3.4 billion – 34 percent – went to "policy and institutional reforms".

- **Most enabling environment and blended finance investments benefit middle income-countries, and do not reach least-developed countries and fragile states.** The latest OECD data (2020) show that LDCs, compared with other country groupings, continue to receive the lowest share of private finance mobilised by official development finance interventions. Between 2012 and 2018, around USD 13.4 billion was mobilised in LDCs – a mere 6% of the total. This compares with over USD 84 billion (41%) in upper middle-income countries and USD 68 billion (33%) in lower middle-income countries.[36]

Figure 4.1. **Private finance mobilised in LDCs, compared with other country groupings (2012–2018)**



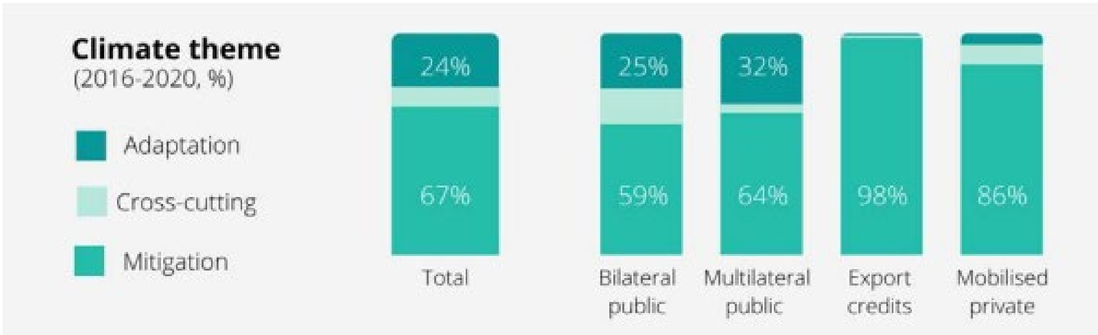
Note: LDCs = least developed countries; LICs = low-income countries; LMICs = lower middle-income countries; UMICs = upper middle-income countries.

- **Between 2016-2020, 67% of climate finance, provided and mobilized**, was devoted to climate mitigation-efforts, while 24% has been targeting adaptation, a significant increase from 11% in 2013, while the remaining 9% constituted a cross-cutting theme between mitigation and adaptation.[37]

35 Development Initiatives. (2018). The Enabling Environment for Private-sector Development Donor Spending and Links to other Catalytic Uses of Aid. Retrieved from: http://devinit.org/wp-content/uploads/2018/03/the-enabling-environment-for-private-sector-development_discussion-paper.pdfCaio.

36 OECD (2020), Amounts mobilised from the private sector for development, http://www.oecd.org/development/stats/mobilisation.htm.

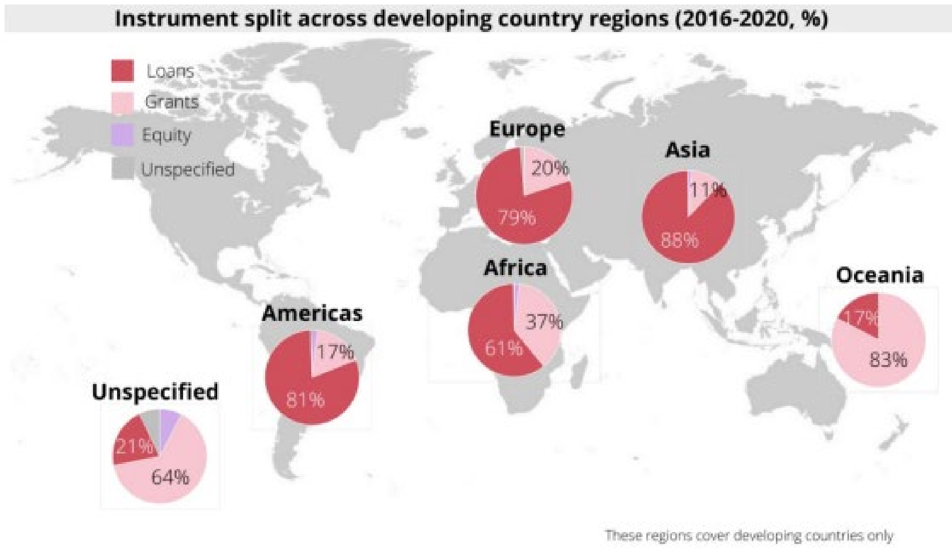
37 OECD (2022), Climate Finance Provided and Mobilised by Developed Countries in 2016-2020: Insights from Disaggregated Analysis, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, https://doi.org/10.1787/286dae5d-en

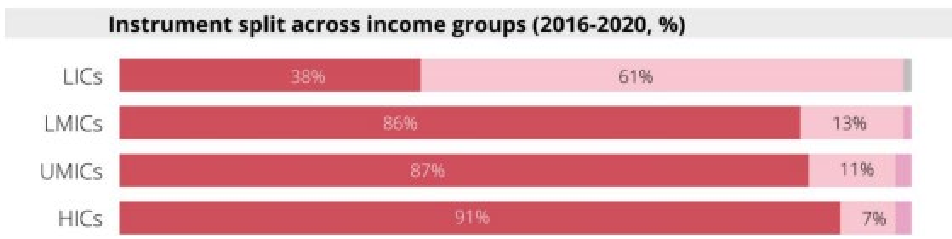


- **In terms of sectoral focus**, mitigation finance focused mainly (46%) on activities in the energy and transport sectors. In contrast, adaptation finance was spread more evenly across a larger number of sectors and focused on activities in the water supply and sanitation sector, and agriculture, forestry, and fishing.[38]

- **In 2020, total public climate finance provided by developed countries amounted to USD 68.1 billion**, 82% of total climate finance in the same year. Out of that total, USD 48.6 billion (71%) was in the form of loans, USD 17.9 billion (26%) in the form of grants, and USD 1.6 billion (2%) in the form of equity investments.[39]
- **The instrument split of public climate finance also varied considerably across regions**. Loans accounted for more than three-quarters of total public climate finance in Asia (88%), the Americas (81%) and Europe (79%). In Africa, they accounted for 61% of the total, and in Oceania for only 17%. In relative terms, grants represented a larger share in regions with a relatively high number of poor or more vulnerable countries (Africa, Oceania) than regions with a greater number of middle-income countries (Europe, the Americas). At an aggregate level, the lower the income group, the higher the share of grants. In LICs, grants represented 61% of total public climate finance provided. In contrast, total public finance provided in LMICs and UMICs was primarily based on loans, which accounted respectively for 86% and 87% of total climate finance provided in each group.[40]

[38] *Ibid.*
[39] *Ibid.*
[40] *Ibid.*





- **Approximately US$9.5 billion (one fifth) of climate-related development finance went to private-sector engagement in 2013, with 70 percent provided directly to private-sector enterprises** by bilateral and multilateral development banks according to the Development Assistance Committee's Creditor Reporting System.[41] The rest of this financing went to support activities by the public sector, NGOs and United Nations agencies in which there was a high likelihood of private-sector engagement.
- Funding for private-sector engagement in efforts related to climate change has **focused too much on "low hanging fruit"** through credit lines to financial institutions. There is a need for greater investment in building capacities, policy, de-risking and transitioning to a green economy.[42]
- While private-sector development aims to build the capacity of local enterprises, **many bilateral donors are trying to achieve commercial objectives for companies while furthering development goals, which makes it difficult to take local priorities and contexts into account.** In line with the Paris and Busan Aid Effectiveness Principles, commercial interests should not override development objectives. An evaluation of the Dutch private-sector for development programme by the Ministry of Foreign Affairs pointed out that tied assistance "can incentivize the purchase of goods and services from Dutch companies that

[41] OECD. (2017). Engaging the Private Sector for Green Growth and Climate Action: An Overview of Development Co-Operation Efforts Paris: OECD. p. 27. Retrieved from: https://www.cbd.int/financial/2017docs/oecd-private2017.pdf.

are not necessarily needed by the partner country; and goods and services acquired by partner countries through tied aid are generally 15-30 percent more expensive than those selected through international competitive bidding processes."[43] In the area of private-sector engagement related to climate change, Whitley (2013) estimated that all public flows from Japan for private-sector engagement to developing countries either directly or indirectly supported Japanese technologies, expertise or firms.[44]

- **Poverty, gender mainstreaming, broader inclusion of stakeholders such as NGOs and trade unions, and specific constraints faced by informal businesses and MSMEs have not been adequately addressed in targeted private-sector development interventions. A synthesis of 33 evaluations carried out by development institutions highlighted that** the relevance of private-sector for development programmes' objectives in supporting poverty reduction was not clearly demonstrated; policy and regulatory reforms were necessary but not sufficient conditions.[45] It also highlighted that: (i) coverage of gender issues was limited; (ii) analysis by multilateral development banks focused only on enterprises and generally did not include stakeholders like NGOs and trade unions;[46] and (iii) constraints affecting the informal sector were rarely assessed.[47]
- **A landscape assessment undertaken by the North South Institute of more than 100 development cooperation actors' policies for engaging the private sector highlighted that:** (i) development finance institutions and other international finance organizations (not surprisingly) engage mostly in finance activities; (ii) the United Nations predominantly engages with the private sector through policy dialogue and receiving donations; (iii) bilateral donor engagement focuses on the provision of grants and technical assistance to the private sector; (iv) for international NGOs, engagement mainly comprises donations from the private sector, followed by knowledge sharing; and (vi) the predominance of knowledge sharing as the engagement mechanism of think tanks is not surprising given their mandates.[48]

Based on these findings, the UNDP should explore the following niche areas of opportunity:

- Leveraging the organization's mandate and comparative advantage in sustainable development, democratic governance, peacebuilding, and climate and disaster resilience, UNDP can complement multilateral development banks' focus on infrastructure and economic development. UNDP can also convene the thematic expertise of other United

43 *Ibid*.
44 OECD. (2017). Engaging the Private Sector for Green Growth and Climate Action: An Overview of Development Co-Operation Efforts. Paris: OECD. p. 19. Retrieved from: https://www.cbd.int/financial/2017docs/oecd-private2017.pdfCrishna.
45 Independent Development Evaluation, African Development Bank and Norad. (2016). Towards Private Sector Led Growth: Lessons of Experience Evaluation Synthesis Report. Retrieved from: http://idev.afdb.org/sites/default/files/documents/files/IDEV%2C%20PSD%20Report%20EN_WEB_.PDFIndependent.
46 *Ibid*.
47 *Ibid*. p.13.
48 Di Bella, J.

Nations agencies to provide integrated, multi-sector responses focusing on making markets work for the SDGs.

- UNDP is recognized for its important role in linking poor people to markets and promoting inclusive business. Its work on building an enabling environment, supporting target populations like youth in fragile and conflict-affected countries, policy de-risking and capacity building has also been widely acknowledged.
- UNDP's comprehensive research portfolio on inclusive business, especially its G20-endorsed work through the G20 Inclusive Business Framework, has positioned the organization as a leader in providing policy advice and capacity support to governments and businesses.[49] The DFID Independent Commission on Aid Effectiveness specifically highlighted UNDP's work with Business Call to Action, noting that its "real impact is on developing the evidence base. It collates case studies of member initiatives and helps them to understand their impact on the poor".[50] In its review of the Malawi Challenge Fund, DFID gave this work an A+, highlighting the fact that "businesses supported through the Malawi Innovation Challenge Fund innovate in a way that benefits the poor."[51]
- UNDP's presence in vulnerable states, post-conflict and transition situations allows it to rapidly respond with needs-based solutions. An analysis by the World Bank and the International Finance Corporation of 312 published evaluations carried out between 2005 and 2014 noted that while "the majority of the projects related to investment climate or improving the business enabling environment have not been successful overall in their effectiveness",[52] UNDP's Uzbekistan Investment Climate Project was a notable exception. This project "was well-designed, with clear steps identified to carry out this work. UNDP had strong local partners and champions, particularly within local chambers of commerce. The project was designed to take into account local entrepreneurial and business needs, and 81 percent of 550 SMEs surveyed at the end of the project were satisfied with the new services."[53]
- The same report noted that a UNDP project in Sierra Leone focused on micro-franchising with at-risk youth had created a "new model of youth training and franchisor-franchisee relationship brokering that built on locally available assets and capabilities"[54] and "played an important role in strengthening private sector development in Sierra Leone as a whole by expanding markets for local SME owners."[55]

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[49] G20 Development Working Group Turkey. (2015). G20 Inclusive Business Framework. Retrieved from: http://g20.org.tr/wp-content/uploads/2015/11/G20-Inclusive-Business-Framework.pdf.
[50] Independent Commission for Aid Impact. (2015). Business in Development. Retrieved from: https://icai.independent.gov.uk/wp-content/uploads/ICAI-Business-in-Development-FINAL.pdf.
[51] Private Sector Development Programme in Malawi. (2016). Retrieved from: http://iati.dfid.gov.uk/iati_documents/5344611.odt.
[52] Development Impact Department, International Finance Corporation and World Bank Group. (2016). The Effectiveness of Private Sector Development Interventions in Fragile and Conflict-Affected Situations: Evidence from Evaluations (p. 25). Retrieved from: https://www.ifc.org/wps/wcm/connect/e6f42677-7747-42a0-b7f1-b15a76d492e1/Report+of+a+systematic+review+of+PSD+interventions+in+FCS_final.pdf?MOD=AJPERESLiu.
[53] *Ibid*. p.25.
[54] *Ibid*. p. 28.
[55] *Ibid*. p. 28.

- As the United Nations system's largest service provider working on adaption to climate change and reducing greenhouse gas emissions, UNDP built over 132 partnerships with the private sector between 2000 and 2016 (including 19 in disaster risk reduction, 78 in sustainable energy and 25 in climate).[56] The work of UNDP's Montreal Protocol Unit with governments and large private-sector chemical suppliers is considered one of the most successful international environmental agreements to date. In the area of energy, UNDP's comparative advantage lies in assisting developing countries with reducing risk for the private sector with interventions that remove the underlying barriers to investment. One example is in Mauritius, where UNDP catalysed a US$40 million investment from the private sector (double the original target) to generate quadruple the power planned.[57]
- Since it is not involved in direct financing like other development institutions, UNDP has a reputation as a neutral partner to engage the private sector in policy dialogue, sustainable investments and market-oriented business models.
- UNDP's country-based platforms and "whole of society" approach support policy dialogue that is inclusive of civil society, informal enterprises and marginalized communities.
- Comprehensive worldwide coverage allows for greater knowledge sharing and an ability to employ experiences and best practices globally. This global coverage can be optimally leveraged through South-South cooperation.

Annex VI: Partnerships for UNDP's work with the private sector

Current partnerships with the private sector

UNDP's current private sector portfolio comprises: public-private partnerships; partnerships with the private sector to increase investments for the SDGs; capacity-related partnerships with the private sector; and the facilitation of multi-stakeholder partnerships involving companies and governments (e.g. Green Commodity Platform).

Private companies and their associations are strategic counterparts of UNDP. In addition to chambers of commerce and private-sector associations, UNDP works with enterprises of all sizes, from multinationals to local companies, MSMEs and foundations. Private partners include the World Business Council on Sustainable Development, more than 287 Business Call to Action member companies of different sizes operating across a variety of sectors (food and agriculture, ICT, Health, Housing, etc.) spanning across 87 countries and hundreds of individual companies. Philanthropic partners include the Bill and Melinda gates Foundation, Ford Foundation, the Conrad N. Hilton Foundation, the MasterCard Foundation and Rockefeller Philanthropy Advisors.

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[56] UNDP. (2017). UNDP and the Private Sector: 25 Years of Partnership on Climate Change, Disaster Risk Reduction and Sustainable Energy (p. 7).

[57] Lari, D. (2017). Terminal Evaluation Report of the UNDP-GEF Project "Removal of Barriers to Solar PV Power Generation in Mauritius, Rodrigues and the Outer Islands" (p. 21).

UNDP has a maturing partnership with large corporations at the global, regional and country levels. For example, the partnership with Samsung Electronics, and more specifically Samsung's mobile division, is accelerating progress towards the SDGs, through the Samsung Global Goals mobile app that is pre-installed on all Galaxy mobile devices. This creative initiative is educating users about the Global Goals and driving donations through Samsung's corporate donation, as well as donations from individuals. In addition, Samsung and UNDP have co-created the innovative Generation17 platform for storytelling that focuses on youth meaningful engagement on achieving the Global Goals and amplifying the voices of young leaders who champion them.

Governments, regional entities, and development agencies

UNDP works with host governments as well as regional entities like the African Union and European Union. Partners include the Government of Finland, the Japan International Cooperation Agency (JICA), the Government of the Netherlands, the Swiss Agency for Development and Cooperation (SDC), the Government of Turkey, the Turkish Cooperation and Coordination Agency (TIKA), DFID and the United States Agency for International Development (USAID). Other government-linked partners include Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and the Netherlands Development Organisation (SNV). Many of these partners provide UNDP with funding for private sector-related activities.

United Nations agencies

The United Nations development system is the world's largest knowledge network, making it essential that UNDP strengthen collaboration with specialized United Nations agencies to deliver on this strategy. Whenever another United Nations agency is in a better position to advance any of the service offerings defined in this strategy, UNDP will seek to partner with that agency. As a matter of principle, UNDP will always seek expertise from a sister agency to complement its existing capacity. The value of United Nations collaboration is evident in the work of the informal United Nations value chain development working group, co-chaired by UNDP and the International Labour Organization with ten agencies participating, as well as the United Nations private sector focal point network.

International financial institutions

In UNDP's efforts to engage partners that can leverage additional resources and expertise for the private sector, and in line with UNDP's Strategy on International Finance Institutions (IFIs), the organization needs to strengthen cooperation with IFIs, which include multilateral, regional and national development banks like the World Bank, Islamic Development Bank, African Development Bank, Asian Development Bank, Inter-American Development Bank and the German national development bank KfW. Engagement with IFIs should focus on innovative financing in shared priority areas such as green and inclusive value chains, sustainable energy and enterprise development in fragile states, and Islamic finance towards the SDGs. UNDP should also explore ways to link financial instruments such as venture capital, loans and guarantee facilities, the Green Climate Fund and GEF with UNDP's work on capacity building, policy advocacy and private-sector engagement. UNDP and the

World Bank Group (via the International Finance Corporation) already have a strong partnership for advancing inclusive business.

Civil society organizations
UNDP has already collaborated with many civil society organizations and sector associations. However, there are additional opportunities for engagement, especially at the country level where multi-stakeholder SDG-focused discussions with civil society have already commenced.

Academia
UNDP's work with academia includes research initiatives and background studies. The Istanbul International Center for Private Sector in Development (IICPSD), which leads UNDP's global efforts with the private sector and foundations, has collaborated with researchers from 32 universities worldwide. At the country level, UNDP helped to create a research advisory committee in Kenya that involved prominent academics in developing the country's United Nations Development Assistance Framework.

Other groups and alliances
At the global level, UNDP will continue to collaborate with several working groups and alliances on initiatives related to the private sector, including the: International Chamber of Commerce Donor Committee on Enterprise Development (DCED);[58] G20 Development Working Group; World Economic Forum; Inclusive Business Action Network; and Global Steering Group for Impact Investment.

Annex VII: Guiding principles for working with the private sector

In order to deliver clear benefits to countries and people, certain principles should guide all of UNDP's work with the private sector. The Guidelines on a Principle-Based Approach to the Cooperation between the United Nations and the Business Sector and the Global Compact Ten Principles provide a systemic approach to partnerships among United Nations agencies and businesses, placing great emphasis on transparency, coherence, impact, accountability and due diligence. UNDP's approach to development and partnerships also draws on UNDP's Social and Environmental Standards along with related procedures and accountability mechanisms.[59] These standards ensure that all interventions respect human rights, promote gender equality and women's empowerment, and protect the environment. In addition, the following principles for private sector-related work have been developed over several years of engagement with a range of actors:

[58] UNDP has stopped engaging with DCED since there were no resources to pay the annual membership fee; it is strongly recommended that the organization re-engage.
[59] Social and Environmental Compliance Review Process and Stakeholder Response Mechanism. (2018). Retrieved from: http://www.undp.org/content/undp/en/home/accountability/audit/secu-srm.html.

- ***Sustainable human development, inclusion, and equity***: All of UNDP's work with the private sector ultimately aims to achieve sustainable development through more inclusive businesses and markets. This emphasis on human development focuses on social progress, economic empowerment and equity, gender equality, resource efficiency, participation and unrestricted access to rights and freedoms.
- ***Human rights***: UNDP protects and promotes the universal values of human rights and rule of law – guided by the Charter of the United Nations and the Universal Declaration of Human Rights. In its private-sector work, the UNDP also abides by the Guiding Principles on Business and Human Rights.
- ***Multi-stakeholder approach and civil society involvement***: UNDP's engagement with the private sector is based on multi-stakeholder approaches, which engage governments and civil society as well as the private sector and foundations.
- ***Results and measurability***: With a firm commitment to be a results-based organization, UNDP follows the standards for results measurement adopted for its quality assurance system as well as guidance developed by DCED and other results-based management tools.
- ***Specificity and strategic significance***: Achieving measurable results requires prioritization and focus. All of UNDP's work with businesses will focus on its strategic priority areas of expertise; open-ended engagements will be avoided. UNDP will take a proactive and targeted approach to outreach and will clearly communicate its priorities.
- ***Relevance to core interests of the private sector***: To ensure sustained engagement and maximize development impact, UNDP will prioritize its work with the private sector in areas of common interest.
- ***Value for money***: UNDP will ensure that engagement with the private sector is of sufficient scale to deliver impact and value for money. Partnerships with potential for multi-country intervention will be encouraged in order to harness economies of scale and share risks.
- ***Global initiatives linked to country-level results***: Global initiatives should be linked to demand-driven country-level activities and results. Exceptions will be made only when initiatives support UNDP's agenda for change or promote its leadership role.
- ***Visibility and branding***: Proper recognition will be afforded to private-sector partners in line with UNDP's rules and regulations, and its focus on impartiality.
- ***Risks, due diligence and accountability***: UNDP's 2013 Policy on Due Diligence and Partnerships with the Private Sector, and the 2015 Guidelines on a Principle-Based Approach to Cooperation between the United Nations and the Business Sector, is providing a framework for facilitating risk informed decisions in the development and management of private sector partnerships. The policy on due diligence sets out UNDP's criteria for assessing and selecting private sector partners, weighing benefits and risks of partnerships; provides a unified approach to risk across all types and levels within the organization for risk-informed decision-making. The risk management policy for partnerships with the private sector is currently under review to facilitate responsible and high-impact partnerships through a risk management approach, that is aligned to the principles and operational guidelines in the UNSDG Common Approach to Prospect Research and Due Diligence for Business Sector Partnerships. UNDP takes an integrated approach to risk management, The Policy on Enterprise Risk Management (2019). UNDP does not accept or

transfer upon itself any risk from private-sector partnerships by its affiliated entities or hosted organizations, which are responsible for their own due diligence and scrutiny.

- ***South-South cooperation***: UNDP recognizes the critical role of national capacity to engage in South-South cooperation and the importance of universal access to knowledge achieving the 2030 Agenda. In its work with the private sector, UNDP will scale up its support to South-South cooperation by: providing policy advice and strengthening national capacities; supporting global dialogue and system coordination; and establishing global development solution-exchange platforms.

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[i] UNDP (2020). UNDP's Private Sector And Foundations Strategy For The Sustainable Development Goals 2018-2022. https://www.undp.org/publications/undp-private-sector-strategy-2018-2022

[ii] UNDP. (2022). Financing the Recovery: A Formative Evaluation of UNDP's Response to the COVID-19 Pandemic and SDG Financing. http://web.undp.org/evaluation/evaluations/thematic/recovery-finance.shtml

[iii] SDG Finance (2022). Set-up and Operationalization of Impact Venture Acceleration Programs (For Series A stage companies). https://sdgfinance.undp.org/sdg-tools/set-and-operationalization-impact-venture-acceleration-programs-series-stage-companies#:~:text=UNDP%20impact%20venture%20accelerators%20combine,the%20context%20of%20the%20SDGs.