Making Markets Work for the SDGs: UNDP’s Private Sector Development and Partnership Strategy (2023-2025)
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## List of Acronyms

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<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>COs</td>
<td>Country Offices</td>
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<tr>
<td>FACS</td>
<td>Food And Agricultural Commodity Systems</td>
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<td>Financial Regulations and Rules</td>
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<td>Global Environmental Fund</td>
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<td>GPN</td>
<td>Global Policy Network</td>
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<td>IMO</td>
<td>International Maritime Organization</td>
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<td>INFF</td>
<td>Integrated National Financing Framework</td>
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<td>IRFF</td>
<td>Insurance and Risk Finance Facility</td>
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<td>MICF</td>
<td>Malawi Innovation Challenge Fund</td>
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<td>MPTF</td>
<td>Multi-Partner Trust Fund</td>
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<td>NDCs</td>
<td>Nationally Determined Contributions</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SFH</td>
<td>Sustainable Finance Hub</td>
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<td>VCM</td>
<td>Voluntary Carbon Markets</td>
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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. The private sector includes a wide range of market actors that may operate either in the informal or formal economy. For the purpose of this strategy, aligned with UNDP’s private sector policy definition, the following actors will be considered as part of the private sector or as important market actors and their representatives that UNDP may work with:

**For-profit and commercial enterprises of any size**
Including Multi-National Corporations, Large domestic enterprises, MSMEs, Investors, Social enterprises, and others.

**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.

**Business associations, coalitions, and alliances**
Including business intermediaries and interlocutors such as Chambers of Commerce and Industry, business associations, innovative alliances, business roundtables, stock exchanges and a new generation of cooperatives.

**State Owned Enterprises**
Either wholly or partially owned by a government and that engage in commercial activities as part of an open market system.

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1 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.
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 with the private sector that UNDP has previously done and can do in the future:

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<th>Instruments</th>
<th>Private Sector as the Beneficiary (Collaboration with the private sector as the target group of UNDP supported interventions)</th>
<th>Private Sector as a Partner (Collaboration with the private sector as a partner to advance the sustainable development agenda through joint initiatives, programmes, and projects)</th>
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<td><strong>Financial instruments</strong></td>
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<td>2. Pro-Bono Agreements</td>
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<tr>
<td>3. Contribution Agreements (probono + financing)</td>
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<td>4. Small Financial Contribution Agreements</td>
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<td>5. Non-Reimbursable Loan Agreements (NRLA)</td>
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<td>6. Responsible Party Agreement³</td>
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<td>x</td>
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<td>7. Development Services Agreement</td>
<td>-</td>
<td>x</td>
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<tr>
<td>8. Performance-Based Payment Agreement</td>
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<td>x</td>
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<tr>
<td>9. Innovation Challenge Agreement</td>
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<td><strong>Non-financial instruments:</strong></td>
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<tr>
<td>10. Memorandum of Understanding (MoU)</td>
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<td>x</td>
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<td>11. Exchange of Letters</td>
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<td>12. Statement of Intent</td>
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2 More detailed illustrations of these types of engagement can be found in Annex II. UNDP’s definition of the private sector.

3 Applies to state-owned enterprise only.
Faced with challenges of immense scale and complexity — from growing inequality, impact of the COVID-19 pandemic, conflict, and displacement to catastrophic impacts of climate change — the international community rallies around a shared agenda of unprecedented ambition. The 2030 Agenda and the Sustainable Development Goals (SDGs) reflect a systemic approach to advance truly sustainable development that embodies economic, social, and environmental progress and leaves no one behind.

The scope and foresight of the 2030 Agenda, together with the important commitments made in the Paris Agreement on Climate Change, are far beyond what international organizations and aid flows can achieve alone. The SDGs have been formulated as a universal framework to be implemented in all countries, demanding collective effort that brings together governments with the private sector and civil society and makes the SDGs a driving force of their actions.

Moreover, the SDGs require markets be fundamentally reshaped to be more inclusive, equitable, and sustainable, while generating profits, innovation, and growth.

Private capital, finance, and business operations are not currently set to work for people nor the planet. Despite rising awareness of and sensitivity to the sustainable development agenda, prevailing approaches are insufficient because they are atomistic, don’t address the root causes of complex problems, and do not take a holistic systems approach.

The private sector stands to benefit from achievement of the SDGs, which, in four sectors alone, could unlock US$12 trillion in market opportunities: food and agriculture; cities; energy and materials; and health and wellbeing.

The private sector plays an indispensable role in sustainable development by creating decent jobs, building future-oriented skills, spurring innovation, and providing essential infrastructure as well as affordable goods and services. The private sector is also instrumental in enabling the transition to a Nature-positive, Climate-friendly regime and ensuring its viability.

If sustainability and the SDGs are to be achieved, it is essential to change enabling environments, strengthen capacities, inspire, and enable all private capital to be reoriented to the SDGs.
UNDP’s analysis indicates that, despite positive momentum, significant bottlenecks remain at the macro, meso, and micro levels to unlock the full contributions of businesses and markets to the SDGs. For example, many businesses cannot access capital to support investments and innovation that produce profits while being green and inclusive. Short-term horizons still drive most investment decisions, working against long-term sustainability.

VISION

By 2030, the SDGs will be the main global guidance framework for businesses, investors and governments, unlocking US$1 trillion 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.

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

MISSION

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.

Given its distinctive positioning at the country and global levels, UNDP will take an integrated approach to engaging in private sector issues – working upstream (macro – policy), mid-stream (meso – market services, trade, and institutional support) and downstream (micro – business and productive capacities).
The UNDP Strategic Plan galvanizes the private sector to contribute to SDG achievement by: (i) investing private capital in the SDGs (especially domestic investment); (ii) adopting business practices that move communities toward inclusive and sustainable development; (iii) partnering with governments and others to implement SDG-related policies and programs.4

(2022-2025), this private sector strategy will be adapted to each country and development context. In a new set of programs, developed in line with the UNDP Strategic Plan’s six signature solutions, UNDP will integrate the private sector’s role into country-level programmes that support UNDP’s newly Global Policy Network and multiply efforts across 170 countries.5

Similarly, this strategy is aligned with the ambitions of the UNDP Strategic Plan for 2022 – 2025. The service offer contributes directly to UNDP’s 6 signature solutions and sits squarely within the three enablers - digitalization, strategic innovation and development finance - to maximize impact by scaling up development.

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5 UNDP (2022). Global Policy Network Services to Country Offices
The vision that guides this strategy - to make markets work for the SDGs - and the hypothesis on which the strategy is based, focuses UNDP’s private sector efforts on **three strategic outcomes:**

- **UNLOCKING PRIVATE FINANCE FOR THE SDGS.**
- **ALIGNING BUSINESS STRATEGIES AND OPERATIONS WITH THE SDGS.**
- **PROMOTE POLICIES THAT FOSTER INCLUSIVE AND GREEN ECONOMIES.**

**Strategic Enablers**
- Digitalisation
- Innovation
- Partnerships

**Operational Enablers**
- Internal financial and regularity framework resource mobilization from the private sector, people, culture, and ways of work

**Strategic Enablers**
- Integrated National Finance Frameworks and Portfolios

**Business Strategies and Operations + Policy**
- Informal Economy Facility
- Trade and Value Chains
- Blueprint For Transformative Change Through The Rule Of Law And HR
- Circular Economy and Green Economy
- Future-Proof And Resilience Jobs For Women
- Digitalization including Digital Solutions and Ecosystems

**Finance; Business Strategies & Operations; and Policy**
- Resilient Recovery
- Risk-Informed Development
- Carbon Markets
- Energy For Development
- Financing For Gender Equality
- SDG Finance Academy
- SDG Impact Measurement & Management and Finance Tracking
- Food And Agricultural Commodity Systems (FACS)
- Ecosystems and Biodiversity

**Finance; and Business Strategies & Operations**
- Unlocking Private Capital and Aligning Business Operations for the SDGs
Why UNDP?

UNDP is well-positioned to help make markets work for the SDGs because of:

- **Positioning as an honest and neutral broker** that facilitates, influences and supports interactions between all levels of government.
- **Mandate on sustainable development**, democratic governance, peacebuilding, crisis prevention and climate and disaster resilience.
- **Role at the country level as an integrator of SDG efforts** and operational backbone of the United Nations system.
- **Global presence** in approximately 170 countries across a range of development settings including fragile and conflict affected.
UNDP’s private sector track record

As one of the largest service providers in the UN system working to help countries adapt to climate change and reduce greenhouse gas emissions, UNDP built over 180 partnerships with private sector actors between 2000 and 2016 (including 19 in disaster risk reduction, 78 in sustainable energy, and 25 in climate).

UNDP remains the largest service provider in the UN system on nature and climate adaptation, currently active in more than 140 countries, mobilizing $3.9 billion under direct management and crowding-in private sector financing to leverage to a total of $19 billion. In 2022, the value of new donor commitments reached $579 Million a 7.22% year-on-year increase compared to 2021.

The GEF/UNDP/IMO GloBallast program catalyzed the global Ballast Water Convention, which helped to create a new ship ballast water treatment industry valued at over US$35 billion. It facilitated the creation of the Global/Industry Alliance for Marine Biosecurity (GIA) consisting of six major shipping companies that contributed financing and promoted technology transfer and diffusion.

UNDP’s Montreal Protocol Unit works with governments and large private sector chemical suppliers (the Montreal Protocol is considered one of the most successful international environmental agreements to date).

In the first of its kind Multi-Partner Trust Fund (MPTF) joint fund call for joint programming proposals on SDG Financing, UNDP was the largest recipient, securing US$15,735,454. UNDP participates in 7 out of 9 top-ranking Joint Programmes and is the lead agency in 5 of the 9 programmes. UNDP combines its technical assistance and policy expertise with UNCDF’s Investment Platform and Digital Finance Unit, leveraging UNCDF’s unique investment mandate and expertise to provide catalytic financial structuring, de-risking, and capital deployment.

UNDP serves as Secretariat to the G20 Sustainable Finance Working Group (G20 SFWG) which works to improve sustainability reporting, identify sustainable investments, and align International Financial Institutions’ efforts with the Paris Agreement through an evidence-based and climate-focused G20 sustainable finance roadmap. As of 2022, Finance Ministers and Central Bank Governors mandated the SFWG to work on developing a framework for transition finance and improving the credibility of financial institution commitments, scaling up sustainable finance instruments, discussing policy levers that incentivize financing and investment, and reporting on progress on the actions of the Roadmap.
As part of the Gambia Solar Power Plants, the UNDP and UNCDF partnership provided credit guarantees for the setup of 10.5 MW Solar plants that will provide energy services to 144,500 people.

In Malawi, the MICF has launched 11 competitive rounds of funding targeting: agriculture and agribusiness, manufacturing, logistics, irrigation, SME finance and tourism with more than 117 enterprises having received more than US$40 million in grants to incubate start-ups, as well as test and grow innovative private sector business approaches.

Based on the successful work of The Malawi Innovation Challenge Fund (MICF), UNDP with UNCDF recently secured SDG Joint Funding to establish a structured blended finance vehicle that mobilized US$35 million for investment in 50 businesses in Malawi in partnership with Bamboo Capital Partners (fund manager of the BUILD Malawi Fund).

UNDP’s Pacific Financial Inclusion Program with UNCDF has enrolled 1,309,770 women in financial services. The program worked with the region’s central banks to set specific time-bound targets for women’s financial access in all the national financial inclusion strategies, including specific gender equity.
**Lessons learned**


“Making Markets Work for the SDGs” was the first UNDP Corporate strategy approved in over a decade directed at the 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 private sector 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 envisioned that by 2030 the SDGs will be the main global guidance framework for businesses, investors, and governments, unlocking US$1 trillion in private capital and increasing the number of businesses of all sizes that align their strategies and operations with the SDGs.

The updated UNDP Private Sector Development and Partnership Strategy 2023-2025, which has gone through an extensive review and consultation process with more than 180 valuable comments, inputs, and suggestions from 83 colleagues across 22 different expert teams, continues in this direction, building on the progress of the last four years and aligning with the new Strategic Plan. It draws on assessments, evaluations – including the midterm review and the evaluation of the previous UNDP Strategic Plan – and on the lessons of experience.

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**This extensive reflection process yielded key lessons learnt to which the Strategy responds, including:**

- **The power of integrated teams** and the establishment of a dedicated Sustainable Finance Hub.

- **The critical collaboration with UNCDF** in designing country-level sustainable financing programmes given its investment mandate.

- **The imperative to modernize operational systems and structures** while addressing barriers to accelerate partnerships with the Private Sector.
Integrated National Finance Frameworks and Portfolios (INFF) service offer is framed around four services that Country Offices can use to support governments and their partners in (i) designing integrated national financing frameworks and (ii) delivering risk-informed financing strategies, (iii) building Country Office SDG finance portfolios; (iv) accessing knowledge and expertise though the INFF Facility. UNDP Country Offices can build portfolios of support behind INFFs, leveraging all aspects of UNDP’s sustainable finance service offers and using INFFs as a platform to strengthen financing for priorities such as NDCs, connecting with UNDP’s Climate Promise, biodiversity finance, connecting with the BioFin Initiative, and others.

Unlocking Private Finance and Aligning Business Operations for the SDGs service offer is framed around four key services: (i) Originating an SDG investment project pipeline; (ii) accessing public and private capital for SDG investment (including in partnership with UNCDF) through de-risking, innovative digital financing instruments, and a risk-informed approach; (iii) aligning business operations with the SDGs to optimize impact performance and achieve long term value creation for businesses, people and planet (e.g., UNDP supports private sector companies of all sizes, funds, and private bond issuers align their business and investment operations and decisions with the SDGs, for example, through capacity-building on impact management and on the UNDP SDG Impact Standards, that help investors and enterprises integrate sustainability into how they do business); and (iv) supporting an enabling policy environment for SDG investment.

SDG Impact Management and Finance Tracking service offer delivers best-in-field technical services across its integrated portfolios through four service lines: (i) Policy Frameworks and Accountability for SDG Impact Measurement and Management (IMM); (ii) Public Sector Systems for Tracking Public and Private Finance Towards SDG Impacts; (iii) SDG IMM for Private Sector Entities; and (iv) Impact Assurance, Assessments, Evaluation and Verification Services for Public and Private Actors.

SDG Finance Academy involves (i) designing and delivering a targeted training tailored to region and country contexts in consultation with UNDP COs and RBx; (ii) establishment of SDG Finance Focal Points in all country offices; and (iii) establishing an infrastructure of support including rosters of experts and internal communities of practice to sustain support for UNDP COs as they scale up their SDG finance engagements.
Financial inclusion and digitization service line promotes greater access to financial services through collaboration with UNCDF on a number of initiatives such as the creation of a Growth Enterprise Market (GEM) Portal that enables SMEs to access debt or equity funding using a data-informed scoring algorithm that streamlines credit assessments and business review, as well as the design and implementation of a platform named a2i that mobilizes citizens’ micro-savings through digital channels, such as mobile wallets (Mobile Money), and aggregates them to finance national green priorities such as green infrastructure projects. Additional innovative business and financing model support for SMEs and Informal Enterprises include digitalized SME financing, digital financial inclusion of informal enterprises and digital enterprise registration.

UNDP also provides support to enable access to new markets through for digital tools and services, such as the transformative programme for E-Commerce, which was established in Uganda through the UNDP Accelerator Labs working closely with Jumia Food’s e-commerce platform and connected over 4000 vendors in seven markets in the suburbs of Kampala, to enable them to register their products online. Another example is the #DigitalInMotion methodology which provides practical guides to help businesses re-tool and discover new ways to reach customers.6

Developing innovative financial instruments service offer provides support to country offices through four main areas; (1) Support in deploying UNDPs’ portfolio acceleration protocol to increase policy coherence (for governments) and help COs identify opportunities for acceleration in the existing portfolio, (2) creation of new thematic offers embedding systems and portfolio approaches and supporting business units to activate & dynamically manage new portfolios (e.g., Urban Transformation post COVID-19, Sustainable Tourism, and Future of Work), (3) Advocating with governments and donors to embrace system approaches including exploring financial instruments for system investments, and (4) to design learning experiences to build capabilities such as working with uncertainty and tackling systemic challenges.
Informal Economy Facility supports program countries to 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, with a particular focus on enhancing productive and resilience capacities of micro small enterprise targeting the youth and women-led informal businesses. It also places emphasis on partnerships and the participation and inclusion of poor and marginalized communities, including informal workers and businesses.

Trade and Value Chains brings an integrated and inclusive approach to private sector and trade programmes and seeks to address bottlenecks and leverage existing opportunities by developing 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. This work takes an ecosystem development approach that is bottom-up rather than top-down, promoting business cooperatives and development of sustainable business structures such as strengthening business associations or chambers of commerce.

Blueprint For Transformative Change Through the Rule of Law and HR promotes responsible business practices through advisory services to businesses on operational guidelines and governance matters, and to governments on national regulatory and policy frameworks. By leveraging its formidable convening power, UNDP also provides high profile platforms to build multi-stakeholder coalitions in pursuit of peer learning and dialogue between stakeholders, including civil society, business, government, and national human rights institutions.

Resilient Recovery includes preparedness for recovery; assessment and recovery planning; rebuilding livelihoods and enabling socioeconomic recovery; support for community-led shelter/housing and resilient infrastructure; strengthening systems to improve access to essential services; promoting renewable energy for recovery; promoting risk-informed and green recovery and stabilization. All of these areas of work can be pursued in partnership with the private sector, who is a key contributor to resilient recovery.

Risk-Informed Development includes advocating for international financing that is flexibly applied in support of long-term and integrated approaches; supporting financing solutions, policies and regulatory reforms that blend public, private, domestic and international resources to reduce risk and build financial resilience; accelerating smart allocations to the local level including by leveraging digital assets such as identity and mobile money; expanding access to clean energy.
and nature-positive investments through innovative financial instruments and mechanisms; and increasing access to pooled and global funds. Entry points include budgeting and expenditure analysis; public and private sector resource mobilization; risk financing and insurance; and risk informing investments.

**Resilient insurance solutions** involve development and implementation of initiatives that utilize risk transfer and risk analytics to benefit the lives and livelihoods of the world’s most vulnerable and build their resilience to climate change and other shocks. The Insurance and Risk Finance Facility (IRFF), a flagship initiative of the Sustainable Finance Hub, focuses on creating strong enabling environments for insurance and risk financing through regulatory and policy work and developing innovative insurance solutions, such as sovereign risk transfer and inclusive insurance products, in partnership with industry. The IRFF works across five workstreams: inclusive insurance, sovereign risk financing, integrating insurance into development, insurance, and investment, and insuring natural capital. In addition, the IRFF aims to build insurance components into UNDP’s existing work, starting with strong sectoral areas like adaptation, ecosystems, disaster recovery, and disaster prevention.

**Carbon Markets** supports countries’ engagement in: (i) International compliance carbon market mechanisms under the UNFCCC; (ii) International voluntary carbon markets (VCM) set up by private standards; and (iii) Domestic carbon markets/ emission trading schemes or carbon neutrality programs. UNDP, in discussion and partnership with the broader coalition of stakeholders such as UNFCCC, World Bank, and other key partners, will also leverage the digital public goods for development approach to test, pilot, and scale a shared digital infrastructure to facilitate carbon transactions among countries.

UNDP’s Africa Finance Sector Hub Private Sector Unit includes support for countries to review and develop policies targeting Carbon Market Access and Energy Financing that advance development priorities and achieve the SDGs; supporting design, development and field implementation of the Africa Green Business and Financing Initiative under the Africa Climate Promise; and scaling awareness and advocacy initiatives to support carbon market access and energy financing at national and regional levels.

**Circular Economy & Green Economy** and closely linked Blue Economy approaches help to catalyze a shift in investments towards Nature-positive, low-emission, and low pollution and waste recycling production and consumption patterns across all sector and value chains. Designing and implementing Circular and Green Economy approaches for different country contexts requires a wide range of skills, expertise, and public and private partnerships, including technical advisory and capacity building skills across various productive sectors as well as other thematic and cross-cutting development themes including envi-
19 | GPN Service offers

Environment, natural capital, and climate; data and digitalization, economics, green financing, and trade; social protection, gender quality and safeguards; governance and political economy.

**Food & Agricultural Commodity Systems (FACS)** involves a vast portfolio which covers sustainable agricultural commodities, agri-food value chains, terrestrial and marine ecosystems and biodiversity conservation, climate change mitigation and adaptation, chemical management, energy, governance, livelihoods, and gender across 5 intervention areas:

1. Reforming policy, legislative and regulatory frameworks for sustainable and resilient food and agricultural commodity systems and strengthening their enforcement.

2. Strengthening of national and subnational capacities and systems to foster sustainable food and agricultural commodity systems.

3. Improving market and financial incentives for producers to shift to more sustainable production practices.

4. Promoting healthy, sustainable, and resilient livelihoods for all members of vulnerable rural households and small producers.

5. Facilitate the establishment of enabling conditions for a transformation of food and agricultural commodity systems through advocacy, capacity building, and partnerships at a global level.

**Ecosystems and Biodiversity** UNDP currently provides programming support through 438 projects in 138 countries, in direct support for regional, national, and sub-national governments in implementing necessary actions under the National Biodiversity Strategy and Action Plan (NBSAP), Nationally Determined Contribution (NDC) and National Adaptation Plan (NAP). Key programming areas are:

1. Biodiversity Finance;

2. Ecosystem Management and Restoration;

3. Ecosystem-Based Climate Adaptation;

4. Ecosystem-Based Climate Mitigation; Mainstreaming Biodiversity, Strengthening Conservation Areas;

5. Water and Ocean governance.

Furthermore, through the Nature Facility, UNDP and its partners seeks to rapidly accelerate and upscale investment in 25 of the most at-risk ecosystems, home to 25 endangered species, positively impacting the lives of an estimated 2.5 billion
people that rely on these ecosystems and their services, by policy de-risking and deploying tailored financial mechanisms designed to de-risk investment in nature-positive solutions. This will contribute directly to achieving the terrestrial GBF target adopted in Montreal at COP15 that commits to conserving and protecting at least 30% of global lands, as well as direct support to increasing financial resources to nature (Target 19 of the GBF). The Facility will prioritize interventions that address the core drivers of ecosystem loss and impact on human development (e.g., agriculture, waste, infrastructure, tourism, etc.) by leveraging UNDP’s vast country presence, grant portfolio, and technical expertise.

Signature Solutions: Energy

**Energy for Development** works 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-centered 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 (iv) 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 – and transition finance for – clean energy.

**Closing the energy gap for an additional 500 million people by the year 2025** through UNDP’s Sustainable Energy Hub, 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 the 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.
**Financing for Gender Equality** seeks to mobilize an additional $100 billion for gender equality by 2025 aligned with overall UNDP work to mobilize public and private finance towards the SDGs and within the Integrated National Financing Frameworks (INFFs). For example, the mobilization of private finance through SDG Investor Maps, or UNDP-supported efforts on capacity development, integrating a gender equality lens within SDG budgeting initiatives and supporting the overall development of fiscal policies in a public finance context. UNDP also provides support for the development of debt instruments with a strong gender and intersectionality lens, especially through thematic bonds. This includes the development of bond taxonomies, the revision of investment portfolios, capacity building and technical support to bond issuers, including support in the development of Gender Equality Bonds on demand in cooperation with UN Women. To ensure the sustainability of these interventions, UNDP complements them with the implementation of the Gender Equality Seal for Public Institutions for Ministries of Finance, Tax Offices, Central Banks and aligned institutions, which helps institutions improve their structure, capacities, internal policies, and public policy.

**Future-Proof & Resilience Jobs for Women** aims to target and help dismantle the structural barriers that impede women’s economic empowerment, including the generation of future-proof employment for women, as well as increasing women’s access to digital assets for their economic empowerment and livelihoods and meaningfully integrating gender equality into economic recovery plans. UNDP supports the development of regional, national and local plans and policies promoting the economic empowerment of women, as well as gender responsive digital transformation plans and strategies, including in fragile and crisis contexts. 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, further helps the institution raise UNDP’s Gender Equality Integrated policy agenda at a global level and drive change in financial policies and regulation that help drive capital allocation that supports the empowerment of women towards just and equitable societies.
Strategic enablers

UNDP’s work on the three strategic priorities will be enabled by stimulating innovation, accelerating partnerships, and advancing digitalisation. Achievement of the SDGs will require new business models, technologies, financial instruments, and policy approaches to be advanced by multiple stakeholders. UNDP has value to add in stimulating and supporting these innovations. The ambition and breadth of the SDGs demand collaboration among a range of actors as well as enhanced coordination within the UN system. UNDP has a distinctive role to play in convening and leveraging the potential of all stakeholders toward SDG achievement.

Innovation

Private sector innovation involves a non-linear business incubation process filled with trial and error. As such, it is risky and may entail capacities that many businesses do not possess. UNDP, with its partners, will help to remove the barriers to innovation by providing financial and technical resources (e.g., via Innovation Facility challenge grants) and prototyping innovative solutions to demonstrate how the private sector can accelerate SDG achievement (through SDG Impact, for example).

Partnerships

The 2030 Agenda demands integrated, systemic solutions that bear the collective assets and capabilities of public and private actors. UNDP’s convening role as a global broker between governments and businesses, combined with its leadership of the SDG country support platforms, put it in a prime position to establish transformational partnerships with businesses. UNDP has many years of experience and lessons learned in partnering with governments (host and donors), businesses, regional agencies, International and Development Financial Institutions, academia, thought leaders, faith-based finance partners, and civil society organizations and alliances. UNDP is working with partners to ensure the values and spirit of Agenda 2030, as well as SDG targets, inform financial decision-making.

Furthermore, UNDP proactively seeks new private sector partners in sectors prioritized by UNDP’s Strategic Plan (2022-2025) such as nature-based economy, energy, and climate action, focusing on the most critical players in relevant value chains and on technology companies at the forefront of innovation.

Digitalisation

Rapid digital transformation is changing the context of development and presenting an opportunity to accelerate progress towards the achievement of the 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.

UNDP will prioritize partnerships contributing to 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.
Operational enablers

UNDP must ensure that its own policies, capacities, and ways of working enable the agility, ambition, competence, and innovation required to deliver UNDP’s Strategic Plan 2022-2025. Under the new Strategic Plan, UNDP aims to review and amend its programming and operational procedures and instruments to be more agile, transparent, and accountable, in order to efficiently support new ways of doing business, like portfolio management; and to meet the expectations of partners, including the private sector.

Internal financial and regulatory framework

UNDP’s programmatic engagement and partnership with the private sector is key to leveraging diverse capabilities, resources, and knowledge for the implementation of the new Strategic Plan (2022-2025) and to support achievement of the SDGs. To facilitate programmatic engagement with the private sector, UNDP requires innovative policy frameworks and instruments with the ability to give funds to and receive funds from the private sector and collaborate on non-financial joint initiatives, with the right risk management in place.

Identifying the bottlenecks and opportunities that require prioritization to advance UNDP-private sector partnerships was set out as one of the twelve priority areas for review and action by the executive group (EG) in the first 100 day of UNDP’s new strategic plan. Programmatic engagement with the Private Sector needs to be supported with the following differentiation and engagement modalities: (i) Refine the policy framework and instruments necessary for UNDP to pursue differentiated programmatic partnerships with the private sector, (ii) Enhance current policy and procedures around due diligence and risk management to facilitate prompt and risk-informed decision-making in selecting and engaging with different types of private sector partnerships, and (iii) Consolidate private sector partnership management, guidance, and support.

Resource mobilization

UNDP is committed to playing a stronger and increasingly strategic role in influencing development finance policies. UNDP’s new Strategic Plan recognizes development financing as one of three key enablers to accelerate and scale results. It further sets a ‘moonshot’ target of over US$1 trillion of public expenditure and private capital investment in the SDGs. In order to achieve this, UNDP is accelerating a structured approach to private sector partnerships through a Private Sector Task Team.

UNDP’s engagement with the private sector includes mobilizing resources for its programmatic work, offering private sector actors concrete opportunities to invest with the potential for long-term value, engaging in a careful appraisal and assessing return on investment before making choices about which private entities to engage, in ways and areas that yield transformational, SDG-focused development solutions.

People, Culture, and Ways of Working

The scope of this strategy requires UNDP to build greater staff capacity for working on the strategic outcomes and engaging in transformational partnerships with the private sector and work with the financing community. There are many staff members with relevant skills and experience throughout the organization, but their talents are not being consistently leveraged. UNDP must more effectively tap these skills and reassign staff as needed. It must also recognize that new capabilities and personnel are needed to successfully implement this strategy.

To significantly enhance coordination, leadership, quality assurance and risk management in its work with the private sector, build upon important existing work, address the challenges identified in this strategy, and maximize new opportunities, the established Sustainable Finance Hub (SFH) is leading the implementation of this strategy in collaboration with other teams who are part of the GPN.
Additional guidance and UNDP policies

- UNDP Programme and Operations Policies and Procedures
  - UNDP Policy for Due Diligence and Partnerships with the Private Sector (2013)
  - Policy on Cooperation between UNDP & the Private Sector 2009
  - Private Sector Risk Assessment Tool 2016
  - Innovation Challenges policy
- Resource mobilization toolkit
- UNDP’s Social and Environmental Safeguards

Annex

- Key challenges to private sector-driven inclusive, circular, and sustainable growth
- Building on Lessons Learnt from the 2018-2022 Private Sector Strategy and snapshot of current work on private sector issues
- Landscape analysis of development cooperation for private sector work
- Partnerships for UNDP’s work with the private sector
- Guiding principles for working with the private sector