



*Empowered lives.  
Resilient nations.*

United Nations Development Programme

# STRATEGY NOTE

**UNDP'S PRIVATE SECTOR AND FOUNDATIONS STRATEGY  
FOR THE SUSTAINABLE DEVELOPMENT GOALS 2016–2020**

July 2016

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**Cover Photo:** Jordanian women receive training in the Vocational Training Centre in Jarash, Jordan

**Photo:** UNDP Salah Malkawi

## ACRONYMS

<b>AFIM</b>	African Facility for Inclusive Markets
<b>BCtA</b>	Business Call to Action
<b>CSR</b>	Corporate Social Responsibility
<b>DAC</b>	Development Assistance Committee
<b>DCED</b>	Donor Committee for Enterprise Development
<b>GCP</b>	Green Commodities Programme
<b>IB</b>	Inclusive Business
<b>IICPSD</b>	Istanbul International Center for Private Sector in Development
<b>IMF</b>	International Monetary Fund
<b>MAPS</b>	Mainstreaming, Acceleration, Policy Support
<b>MSME</b>	Micro, Small and Medium-sized Enterprises
<b>NGO</b>	Non-governmental Organization
<b>ODA</b>	Official Development Assistance
<b>OCHA</b>	Office for the Coordination of Humanitarian Affairs
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>SDGs</b>	Sustainable Development Goals
<b>SIB</b>	Sustainable and Inclusive Business
<b>SME</b>	Small and Medium-sized Enterprise
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNCT</b>	United Nations Country Team
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme
<b>UNISDR</b>	United Nations Office for Disaster Risk Reduction

# 1. INTRODUCTION

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*UNDP's Private Sector and Foundations Strategy for the Sustainable Development Goals 2016–2020 defines how UNDP plans to engage with – and work on – sustainable development issues with the private sector and philanthropic foundations. The goal is to enable these actors to become transformative partners in implementing all Sustainable Development Goals (SDGs) in order to achieve UNDP's vision of poverty eradication and a reduction in inequalities. The strategy aims to position UNDP as a partner of choice for the private sector and foundations in SDG implementation, while maximizing the impact of the private sector and philanthropy on sustainable development.*

This updated strategy builds upon UNDP's 2007<sup>1</sup> and 2012<sup>2</sup> strategies for the private sector and foundations while taking into account recent developments such as the adoption of the SDGs. UNDP's Strategic Plan 2014–2017 and structural reorganization in late 2014, also call for a revised approach. The private sector and philanthropy have taken on an increasingly important role in these new frameworks and are seen by many stakeholders as critical for delivering sustainable development outcomes. Based on this growing consensus and lessons learned from previous strategies, UNDP has unified its Private Sector and Foundations' Strategies to articulate a converging approach for the common global agenda.

The target audience for this strategy includes our partners in the private sector and philanthropy as well as UNDP Headquarters units, regional bureaux, regional hubs and country offices that work with the private sector and foundations on development issues. It explains UNDP's programmatic approach in working directly with the private sector and foundations as well as with other partners involved in development. By engaging the private sector and foundations through this strategy, UNDP can support governments to establish an enabling environment for aligning these stakeholders' core operations with the SDGs. This strategy is complementary to UNDP's Green Commodities and Trade Guidance Note, UNDP Guidance Note on Jobs and Livelihoods, UNDP's Strategy for Supporting Sustainable and Equitable Management of the Extractive Sector for Human Development, International Financial Institutions Partnership Strategy 2016-2020, the Recovery Strategy, UNDP support to the implementation of the 2030 Agenda for Sustainable Development Policy and Programme brief and the Mainstreaming, Acceleration, Policy Support Approach (MAPS) enabling responsive, coherent and inclusive support to the implementation of the 2030 Agenda for Sustainable Development.

This strategy comprises five sections:

- **1: Introduction** describes the purpose and target audience and provides a summary of the strategy's main elements.
- **2: The Development Issue** explains why the private sector and foundations are critical to the Agenda 2030 and elaborates the theory of change that enables the private sector and foundations to become transformative partners in implementing the SDGs.
- **3: UNDP's Role** describes the rationale for UNDP's support in this area, links the strategy to UNDP's Strategic Plan and elaborates its vision for work with the private sector and foundations.
- **4: Overview of UNDP's Policy and Programme Support** describes UNDP's policy and programme support framework, highlights lessons learned and provides an overview of actions in four work areas: 1) an enabling environment is created for sustainable and inclusive business and philanthropy; 2) The strategies and actions of the private sector and foundations are more aligned with the SDGs; 3) productive capacities, sustainable and inclusive business and value chains are advanced; and 4) resilience among MSMEs is improved and private sector and foundations are better engaged in crisis response.
- **5: UNDP's Partners** provides an overview of the partners working in these areas and describes how UNDP works with other United Nations agencies and development actors.

This strategy will be supported by an 'operational enablers' document and an action plan.

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<sup>1</sup> [UNDP Private Sector Strategy 2007](#)

<sup>2</sup> [UNDP Private Sector Strategy 2012](#) and [UNDP Foundations Strategy 2012](#)

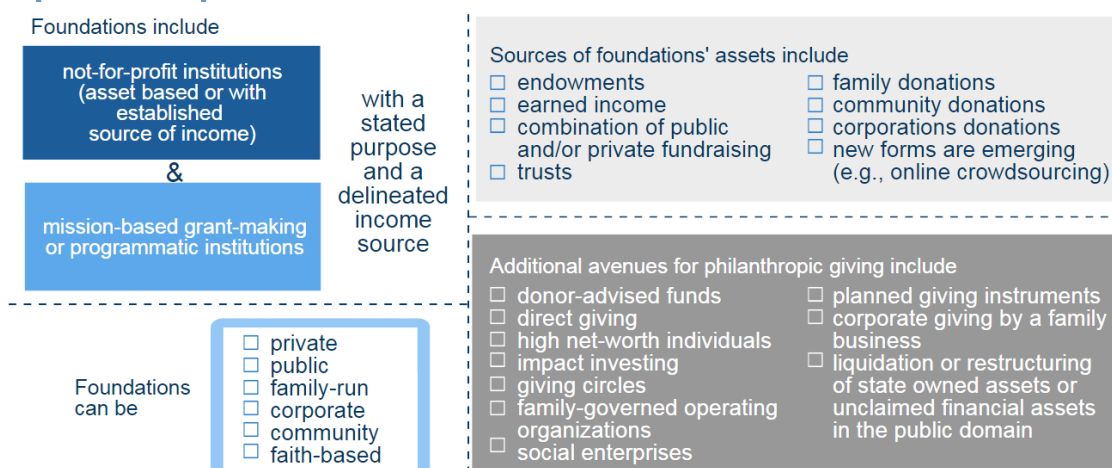
## Definition of the private sector

The private sector includes market actors from the **informal or formal economy, including:**

Companies	Business intermediary institutions	Social enterprises	Mutual organizations	State-owned enterprises
<ul style="list-style-type: none"> <li>Multinational companies</li> <li>Large domestic companies</li> <li>Micro, small and medium-sized enterprises (MSMEs)</li> <li>Cooperatives</li> </ul>	including chambers of commerce and industry, business associations, innovative alliances, business roundtables, stock exchanges and cooperatives	and other innovative enterprises formed to address specific development issues	e.g., Visa, MasterCard, asset management companies, cooperative banks, mutual saving banks, credit unions, mutual insurance and healthcare companies	may be wholly or partially owned by a government

Note: Sporadic, non-commercial income-generating activities by individuals are not considered to be in the private sector.

## Definition of philanthropic foundations

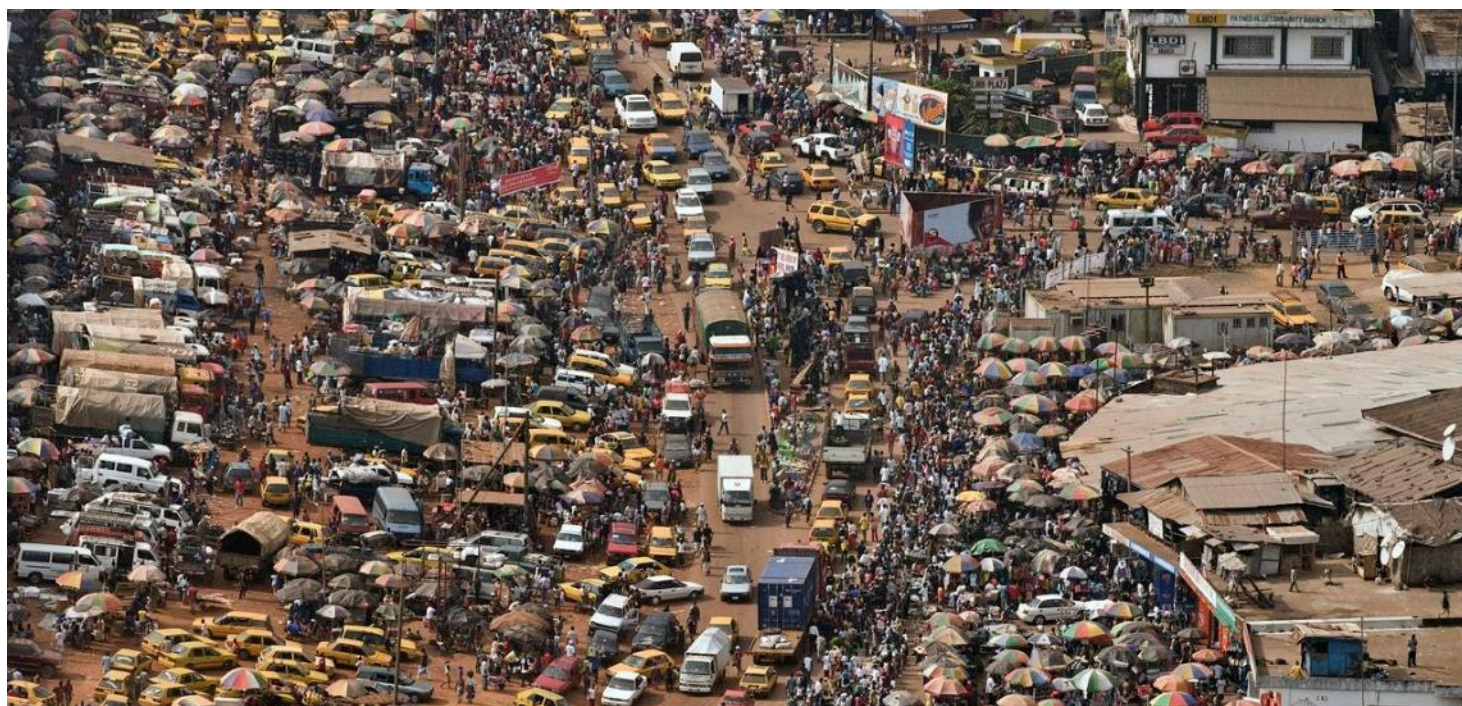


## Rational for integrating UNDP's private sector strategy and foundations strategy

- The private sector and foundations are both very diverse stakeholder groups.
- Many actors from the two groups resemble one another (i.e. private-sector actors and corporate foundations can be very similar).
- Both types of partners are often innovative in nature and should be engaged through their 'core business'; they are not necessarily major funding partners even though there is potential for resource mobilization from private sources for activities that are strategic to their interests and 'core business', and their strengths can be utilized beyond just funding.
- Philanthropy is emerging as a bridge between private sector and civil society in areas like impact investing and social enterprise.
- New synergies can be created by looking at philanthropy, social enterprise, impact investing and other inclusive business initiatives together. Possible activities include: convening foundations with private sector and other partners for regional- and country-level collaboration; research, mapping and development of knowledge products in priority sectors; modelling and pre-feasibility studies; efforts to foster innovations and scale up successes; and co-creating an impact investment fund with foundations.

UNDP aims to work with both private-sector and foundation actors to align their core businesses with the SDGs through policy dialogue, creating an enabling environment, leveraging complementary strengths, knowledge and resources and project implementation.

## 2. THE DEVELOPMENT ISSUE



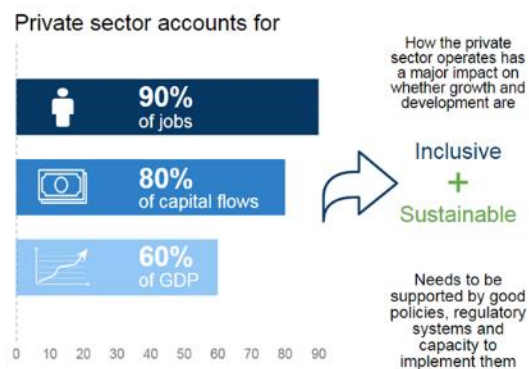
Sub-Saharan Africa is urbanizing and growing rapidly. Making sure that growth benefits the many is a key challenge for African countries. Photo: UN Christopher Herwig

### DEVELOPMENT CONTEXT

*It is now widely accepted that the private sector and foundations have a crucial role to play in eradicating poverty and inequality and in promoting sustainable development in order to achieve the newly adopted SDGs.*

As the engine of growth in most developing and developed countries, the private sector contributes to poverty eradication indirectly by creating aggregate income and wealth and directly by generating employment and providing affordable goods and services. On average, the private sector accounts for 60 percent of GDP, 80 percent of capital flows, and 90 percent of jobs in developing countries.<sup>3</sup> Global wealth has grown consistently since the crisis of 2008, surpassing US\$260 trillion in 2014.<sup>4</sup> Between 2000 and 2010, domestic and foreign investments in developing countries quadrupled from US\$1.6 trillion to US\$6.9 trillion; according to estimates by the International Monetary Fund (IMF), they could double again within the current decade. Private investment and capital flows (including foreign direct investment and domestic private investment) outweigh official development assistance (ODA) and other resource flows to the developing world. International trade grew twice as fast as global GDP since 1990, reaching 20 trillion in 2014 with developing countries playing a bigger part: merchandise exports by developing countries increased from 31 percent to 43.8 percent between 2000 and 2014 and their share of world services exports grew from 24 percent to 30 percent over the same period.<sup>5</sup>

By removing constraints to participation in the labour force, enhancing household incomes, increasing tax yields, raising living standards and promoting non-discriminatory and rule-based systems of exchange, inclusive markets also



<sup>3</sup> Business Manifesto <http://unsdsn.org/wp-content/uploads/2014/10/Business-manifesto.pdf>

<sup>4</sup> Credit Suisse, 2014. *Global Wealth Report 2014*. Zurich.

<sup>5</sup> United Nations (2015). Taking Stock of the Global Partnership for Development. MDG Gap Task Force Report 2015. Millennium Development Goal 8, United Nations, New York.

contribute to good governance and human resilience and ultimately to the quality of life of local populations. Also, without proper policies and regulatory systems and capacity to implement them, the private sector can equally have a negative impact on human development and environment.

Despite the backlash against financial and other markets in many parts of the world, there remains a strong recognition that sustainable, inclusive and equitable economic growth is needed to achieve sustainable development. With the right type of market mechanisms – and the right regulatory frameworks – and appropriate business models, the private sector will continue to be essential in generating sustainable and inclusive growth.

## THE SDGS

*The new global development agenda calls for more public-private collaboration: the recently adopted 2030 Agenda for Sustainable Development is more ambitious than the Millennium Development Goals, reflecting the full range of challenges faced by the developing and the developed worlds.* This new agenda aims to tackle global problems ranging from education and health, gender equality and the fight against youth unemployment to elimination of poverty and inequality and the preservation of biodiversity. As detailed in the SDG Compass, the private sector and foundations clearly have a role to play in each of the 17 SDGs.



At the global level, total investment needs in SDG-related sectors have been estimated at US\$5 trillion to 7 trillion per year. Total investment needs in developing countries alone are estimated at US\$3.3 trillion to 4.5 trillion per year;<sup>6</sup> these estimates point to the enormous challenge of financing and meeting the SDGs. In contrast, ODA totalled US\$135.2 billion in 2014 (an average of 0.29 percent

## Differences and similarities between the private sector and philanthropy

There has been a growing trend in the development of impact investing supported and fostered by foundations. In this context, the traditional dichotomy between business and philanthropy is becoming blurred. The traditional investment spectrum includes philanthropy on one end – defined as investment that only seeks positive development impact without financial returns. On the other side of the spectrum is traditional investment, which only seeks financial investments without an interest in social returns. Anything in between these two extremes is considered to have ‘blended’ social and financial value. This includes impact investing, which is now increasingly practiced by philanthropy, and socially responsible investments, which are typically initiated by companies interested in changing their business models. UNDP’s 2015 study by the African Facility for Inclusive Markets (AFIM) offers a useful graphic – see Figure 1 below.

**Figure 1: Spectrum of investment approaches**

Social value		'Blended' social and financial value		Financial value
<b>Philanthropy</b>	<b>Impact investment</b>	<b>Socially responsible investment</b>	<b>Responsible investment</b>	<b>Traditional investment</b>
Capital that seeks to create positive social or environmental impact and does not seek financial return	Investments that seek measurable social or environmental impact alongside financial return	'Negative screening' to exclude investments not compliant with environmental, social and governance frameworks	Investments acknowledge environmental, social and governance factors	Investments that seek financial return

<sup>6</sup> UNCTAD, 2014. *World Investment Report*. Geneva.

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of the GNI).<sup>7</sup> While ODA is important, all sources of finance – public and private, domestic and international – are needed. As the SDGs are internalized in national and subnational economies, inevitably, the largest share of funding for the SDG development agenda will come from the private sector, especially the domestic private sector. For this reason, the SDGs and the Addis Ababa Action Agenda on Financing for Development call for the private sector and foundations to play a greater role in advancing sustainable and inclusive development.

While aggregate economic growth is a necessary – but not sufficient – condition for poverty eradication, the private sector’s contribution to reducing poverty and inequality and to promoting human development is not assured. Many countries lack the enabling environment or have weak frameworks for encouraging private-sector activity. In addition to growth, we need to consider not only the rate of economic growth, but also its quality. Good economic performance needs to translate into inclusive and sustainable development that reduces poverty and inequality whilst also protecting our planet. Economies and societies should also pursue low-carbon, climate-resilient and inclusive paths to growth and development. There is a need to decouple economic growth from the unsustainable use of natural resources. The SDGs are urging all countries to actively encourage and adopt this change.

## OPPORTUNITIES, BARRIERS AND UNDP’S SUPPORT

*There are several strong motivating factors for companies to operate sustainably.* Sustainability is good for the bottom line. The growing demand for environmentally friendly products and services has already created new markets and opportunities in which the early mover entrepreneurs are reaping rewards. The Nielsen market research company in 2014 found that 55 percent of online consumers surveyed from 60 countries would be willing to pay more for products and services if those products and services were provided by companies that were committed to positive social and environmental impact. Employee motivation for a greater societal cause is also an important factor. In addition, socio-economic fragility generated by community conflicts, unethical business practices, unsustainable management of natural resources and unsustainable production patterns can be costly to companies. These unsustainable practices can severely impact a company’s brand value, stakeholder relations and access to financing, resulting in operational delays, commercial losses, long legal proceedings and fines, and difficulty obtaining licenses to operate in new markets. Ultimately, they may jeopardize the company’s core business and have lasting repercussions.<sup>8</sup> Other motivating factors relate to local and global stakeholder and shareholder perception and the need to embed operations organically within the local social community context and develop human resource pipelines.

*Nonetheless, there are significant challenges to scaling up inclusive business models and making businesses environmentally and socially sustainable.* Difficult operating conditions, a weak supporting environment (including a lack of information, weak infrastructure, difficulty accessing financing, insufficient support services and a lack of incentives) still restrict the private sector’s contributions to sustainable development. UNDP works at many levels with the private sector and foundations, including: (i) directly with pioneer firms and philanthropic organizations; (ii) at the value chain level with clusters of partners; (iii) on common and public goods like infrastructure; and (iv) on public policy and regulation. Often, UNDP’s engagement focuses on multiple levels at the same time. The barriers at various levels of intervention differ, requiring unique support actions.<sup>9</sup> The figure below illustrates the barriers and support activities that UNDP offers to help the private sector to contribute to development and benefit from it through its core business.

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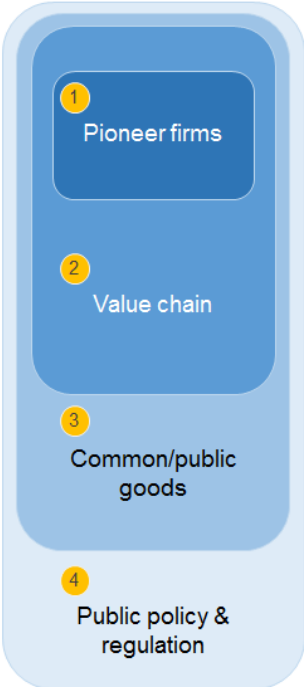
<sup>7</sup> OECD. <http://www.oecd.org/dac/stats/development-aid-stable-in-2014-but-flows-to-poorest-countries-still-falling.htm>

<sup>8</sup> According to a study by the [World Economic Forum](#), more than 25 percent of a company’s market value is directly attributable to its reputation. In the [Deloitte Global Survey on Reputational Risk \(2014\)](#), 87 percent of respondents rated reputational risk more important than any other strategic risk. In the [Global Tolerance Values Revolution Report 2015](#), 62 percent of the millennials surveyed in the United Kingdom reported wanting to work for a company that makes a positive impact; half preferred purposeful work to a high salary; and 53 percent would work harder if they were making a difference to others. Weak rule of law and corruption not only result in reputational risk, but add up to 10 percent to the total cost of doing business globally and up to 25 percent to the cost of procurement contracts in developing countries, according to Partnering Against Corruption Initiative’s [Business Case Against Corruption report](#). Community conflicts, especially in the extractive sector, can have especially high costs. One international oil company experienced an estimated value erosion of US\$6.5 billion over two years from stakeholder-related crises, as revealed by the University of Queensland and Harvard Kennedy School report.

<sup>9</sup> [Barriers and Opportunities at the Base of the Pyramid](#), IICPSD 2014

UNDP's engagement with the private sector covers a range of sectors including agriculture, extractive industry, energy, finance, tourism, health, education, manufacturing and information technology and basically any sector, except those excluded in [UNDP's 2013 Policy on Due Diligence and Partnerships with the Private Sector](#). UNDP's work with the private sector and foundations can take place in urban or rural areas, including those undergoing urbanization. All development interventions should also consistently apply [UNDP's Social and Environmental Standards](#) and offer an appropriate stakeholder response mechanism.

**Figure 2: UNDP's work with the private sector – Barriers at different levels and UNDP's support (illustrative examples)**

<u>Level of UNDP focus</u>	<u>Barriers</u>	<u>What UNDP offers</u>
 <p>1 Pioneer firms</p>	<ul style="list-style-type: none"> <li>• Lack of incentives to commit</li> <li>• Business case is weak and evidence base is limited</li> <li>• Inappropriate business models</li> <li>• Inadequate management capability and technical skills in inclusive business</li> <li>• Lack of investment and financing</li> </ul>	<ul style="list-style-type: none"> <li>• Advocating and raising awareness about the SDGs</li> <li>• Designing new skills-development approaches</li> <li>• Advocating for and increasing awareness of sustainable and inclusive businesses through advocacy platforms like the BCTA</li> <li>• Strengthening corporate social and environmental responsibility commitments and capacities</li> <li>• Enhancing accountability and transparency, including through stakeholder engagement and grievance mechanisms</li> <li>• Engaging companies in crisis preparedness, response and recovery</li> </ul>
<p>2 Value chain</p>	<ul style="list-style-type: none"> <li>• Insufficient or inappropriate inputs</li> <li>• Inadequate sourcing channels from poor suppliers to poor customers</li> <li>• Lack of financing through the value chain</li> <li>• Lack of support-service providers</li> <li>• Market access barriers in export markets</li> </ul>	<ul style="list-style-type: none"> <li>• Developing sectoral policies for pro-poor value chain formation and integration, especially in employment-intensive growth sectors, financial services, goods and services and other markets that benefit poor people</li> <li>• Addressing issues in national and regional value chains or commodities through technical assistance and knowledge-sharing</li> </ul>
<p>3 Common/public goods</p>	<ul style="list-style-type: none"> <li>• Lack of BoP demand for socially beneficial products</li> <li>• Shortage of skilled workers</li> <li>• Lack of industry know-how</li> <li>• Lack of market information</li> <li>• Lack of effective standards</li> </ul>	<ul style="list-style-type: none"> <li>• Advocacy and awareness-raising</li> <li>• Convening actionable partnerships with companies to tackle development challenges based on solid research</li> <li>• Mobilizing new partners</li> <li>• Social and environmental standards and a stakeholder response mechanism</li> </ul>
<p>4 Public policy &amp; regulation</p>	<ul style="list-style-type: none"> <li>• Poor responsiveness of public policies and regulations to innovative models</li> <li>• Lack of official support for standards</li> <li>• Red tape, inefficient import and export procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Developing policy options to advance sustainable and inclusive business based on evidence and quantifiable data</li> <li>• Building supporting ecosystems</li> <li>• Facilitating public-private policy dialogue</li> </ul>

Source: Adapted from *Goods, Services and Jobs for the Poor* by Ashish Karamchandani and Harvey Koh, Monitor Deloitte. 2013.

## PHILANTHROPIC FOUNDATIONS

*With regard to foundations, two important trends have emerged in recent years: the blending of philanthropy with business models, and the rise of local giving in emerging markets.* Philanthropic contributions to development are significant but poorly measured. It is estimated that private giving from countries served by the Organization for Economic Co-operation and Development-Development Assistance Committee (OECD-DAC) to DAC recipients in 2011 alone totalled US\$51 billion – almost half of the US\$132 billion in ODA contributed that year. The Foundation Center (2015) estimates that philanthropic contributions towards the Millennium Development Goals totalled US\$31 billion. Cross-border private aid (e.g., foundations, corporations) averages between US\$60 billion and US\$70 billion per year, while national philanthropy is growing fast in developing countries.<sup>10</sup>

*Philanthropy is often poorly regulated, lacking definition in national legal and institutional frameworks.* This leads to philanthropic activities being registered either as not-for-profit or business enterprises, which does not reflect their intended aims or activities. A lack of data about philanthropic activities prevents a clear understanding of this sector's past and potential contribution to

<sup>10</sup> UNDP, 2014. [Philanthropy as an Emerging Contributor to Development Cooperation](#).



national development and impedes recognition of its full credibility. There are also few global or national platforms for engaging foundations and connecting them to development ecosystems. The figure below shows some of the barriers faced at UNDP's different levels of engagement with foundations and provides examples of its support to address these challenges. In partnership with other actors, UNDP established the SDG Philanthropy Platform in 2014 to address many of these issues in a systematic way.

**Figure 3: UNDP's work with foundations – Barriers at different levels and UNDP's support (illustrative examples)**

<u>Level of UNDP focus</u>	<u>Barriers</u>	<u>What UNDP offers</u>
<p>1 Individual institutionalized philanthropy</p>	<ul style="list-style-type: none"> <li>Lack of awareness about the connections between the SDGs and national development plans</li> <li>Lack of incentives; diffused funding</li> <li>Little information about other initiatives addressing similar issues</li> <li>No clear understanding of the benefits of partnerships</li> </ul>	<ul style="list-style-type: none"> <li>Advocating and raising awareness about the SDGs (e.g., through the SDG Philanthropy Platform, together with the Hilton, Ford and MasterCard Foundations)</li> <li>Convening partnerships with philanthropies, governments, UN agencies and other partners to implement SDG goals and targets</li> <li>Engaging foundations in crisis resilience and recovery</li> </ul>
<p>2 Grantees &amp; partners</p>	<ul style="list-style-type: none"> <li>Limited support for connecting foundations with development ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Engaging old and mobilizing new partners</li> <li>Providing technical assistance and encouraging knowledge-sharing</li> </ul>
<p>3 Common/public goods</p>	<ul style="list-style-type: none"> <li>Little understanding of philanthropic contributions to sectoral issues</li> <li>Lack of instruments for analysing and collecting data on philanthropic contributions</li> </ul>	<ul style="list-style-type: none"> <li>Advocacy and awareness-raising</li> <li>Convening actionable partnerships with foundations on specific topics based on solid research</li> <li>Social and environmental standards and a stakeholder response mechanism</li> </ul>
<p>4 Public policy &amp; regulation</p>	<ul style="list-style-type: none"> <li>Lack of global or national platforms for engaging foundations</li> <li>Lack of data and data-sharing mechanisms; lack of transparency among philanthropic organizations</li> <li>Challenging regulatory and institutional environment for philanthropies to grow</li> <li>Lack of understanding of the possibilities of philanthropy</li> <li>No widely used transparency standards</li> </ul>	<ul style="list-style-type: none"> <li>Developing policy options that support the growth of philanthropy</li> <li>Building supporting ecosystems</li> <li>Facilitating dialogue between the public sector and foundations</li> </ul>

Source: Adapted from *Goods, Services and Jobs for the Poor* by Ashish Karamchandani and Harvey Koh, Monitor Deloitte. 2013.

## THEORY OF CHANGE

*UNDP addresses global challenges and contributes to the achievement of the SDGs through three areas articulated in the UNDP Strategic Plan:*

- 1) Sustainable development pathways – Tackling the interconnected issues of poverty, inequality and exclusion by transforming productive capacities and improving prospects for employment and livelihoods, while avoiding the irreversible depletion of social, human and natural capital by integrating environmental considerations into development plans and strategies, including through managing and sustainably using natural resources and expanding local human capital;
- 2) Inclusive and effective democratic governance – Helping governance institutions deliver clear benefits to all citizens without exclusion through better services, improved access to resources needed for employment and livelihoods, and greater security of persons and property; and
- 3) Resilience-building – In addition to strengthening resilience through sustainable development pathways and more inclusive and responsive governance institutions, UNDP focuses on lowering risks from shocks, rapid and effective recovery from conflict-

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induced crises, and helping countries to prepare for and deal with the consequences of natural disasters with a stronger continuum between relief and development.

More details of the connections between UNDP's Strategic Plan outcomes and this strategy can be found in Annex 1.

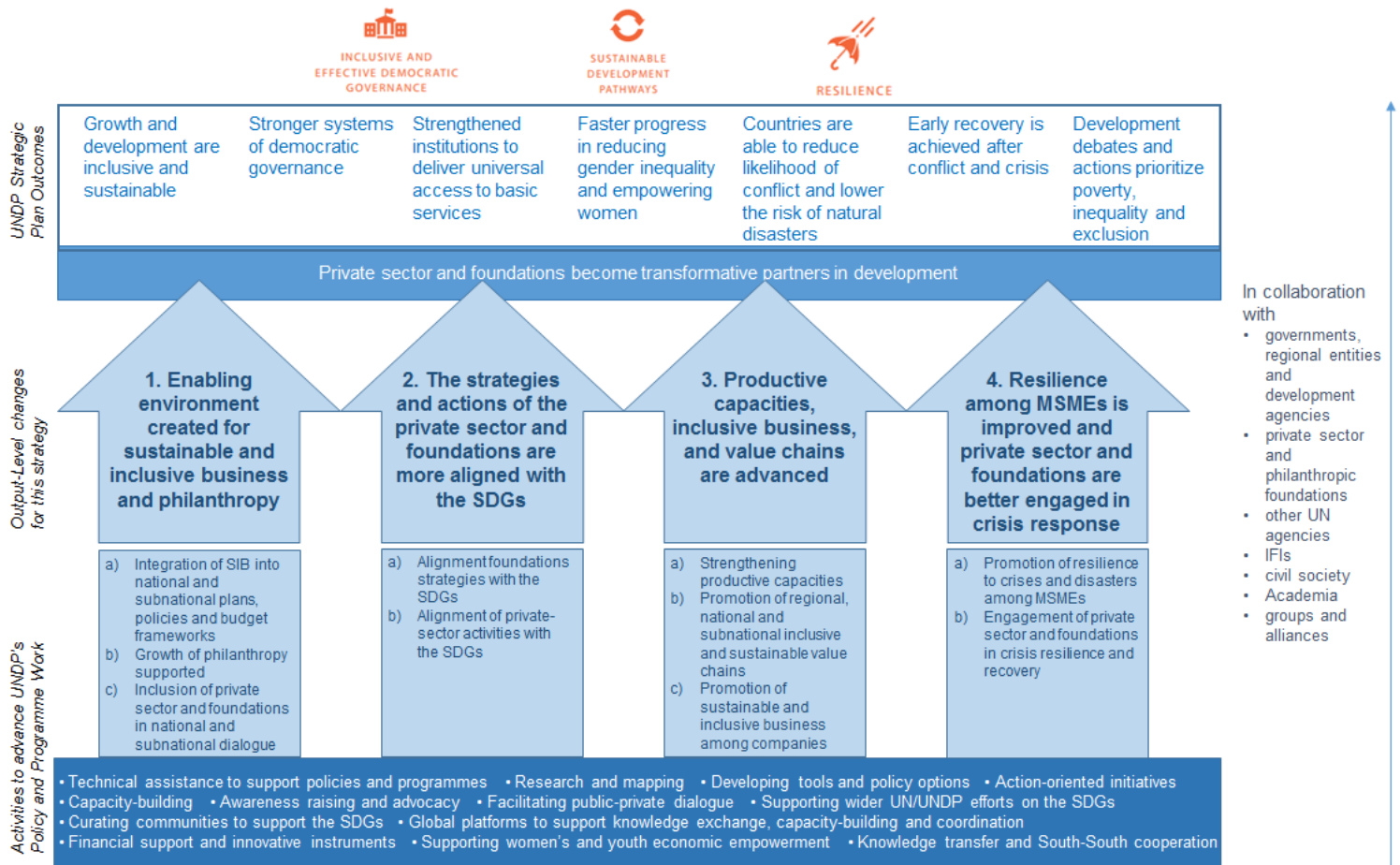
The underpinning theories of change for development progress in these work areas require strengthened engagement with the private sector and philanthropy. In order to tap into the huge potential of the private sector and foundations to tackle critical development challenges and their underlying causes, this strategy has been developed to overcome the barriers described above. It offers support actions that are critical to achieving UNDP's vision for the private sector and foundations to become transformative partners in development.

*Governments, civil society and development partners all need to create opportunities and support efforts by the private sector and foundations to become transformative partners in advancing sustainable development, inclusive and democratic governance, and resilience while minimizing negative impacts. This can be achieved if:*

- 1) An enabling environment is created for sustainable and inclusive business and philanthropy;
- 2) The strategies and actions of the private sector and foundations are more aligned with the SDGs;
- 3) Productive capacities, sustainable and inclusive business and value chains are advanced; and
- 4) Resilience among MSMEs is improved and private sector and foundations are better engaged in crisis response.

Advancing gender equality and women's empowerment is an important development enabler that cuts across all four work areas. UNDP's interventions are described in more detail in section 4.

**Figure 4: Theory of change for the Private Sector and Foundations Strategy for the Sustainable Development Goals**



### 3. UNDP'S ROLE

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Shopowners in Tuvalu struggled to get fresh produce after Cyclone Pam. UNDP aims to build resilience of the private sector to advance sustainable and inclusive business. Photo: UNDP Silke von Brockhausen

### VISION

UNDP's vision for the private sector and foundations:

*"We see a world where the private sector and foundations are transformative partners in the elimination of poverty and inequality, and in sustainable management of natural resources leading to the achievement of the SDGs."*

### MISSION

UNDP's mission for the private sector and foundations work:

- *UNDP supports development of policies, implements programmes and brokers partnerships that enable the private sector and foundations to play a transformative role in improving the lives of poor, vulnerable and marginalized people for sustainable development. To this end, UNDP creates and shares knowledge, develops capacities and catalyses action and funding that maximize the role of the private sector and foundations in establishing sustainable development pathways, building resilient societies and contributing to democratic governance.*
- *UNDP will be recognized by the private sector, foundations, governments and civil society as a partner of choice, which maximizes the efficient and effective use of all resources and networks at the local, regional and global levels.*



### UNDP's Istanbul International Center for the Private Sector in Development (IICPSD)

IICPSD is one of six UNDP global policy centers with a special mandate to focus on the role of the private sector in development. The mission of the Center is to conduct research, carry out advocacy and contribute to public-private dialogue to develop market solutions to poverty elimination and human development. The Center's work areas include: inclusive business, private sector engagement in skills development, impact investing and resilience and crisis response. It also hosts four global initiatives: Business Call to Action, SDG Philanthropy Platform, Connecting Business Initiative and Global Islamic Finance and Impact Investing Platform.

Between its establishment in 2011 and 2015, the Center provided support to 40 countries in the area of private sector engagement in development and became a leading global research and advisory institution in the field. For example, together with the World Bank Group, the Center was integral to the development of the G20 Inclusive Business Framework in 2015. [www.iicpsd.undp.org](http://www.iicpsd.undp.org)



### African Facility for Inclusive Markets (AFIM)

UNDP's regional AFIM initiative aims to advance inclusive market development in Africa. For example, AFIM brokered the first regional commitment to public-private collaboration and supported several subregional agriculture value chains, improving the livelihoods of 11,000 smallholders in collaboration with private-sector partners.

[www.undp.org/africa/privatesector](http://www.undp.org/africa/privatesector)

This mission is in line with UNDP's strengths and areas of comparative advantage as developed over the years and identified and confirmed by partner surveys, multi-stakeholder reviews, independent evaluations and other internal and external analytical sources.

## VALUE PROPOSITION AND NICHE

*UNDP has been active in private-sector development issues throughout its 50-year history.* As early as the 1960s, UNDP was providing strategic support to the aviation industry and the International Civil Aviation Organization (ICAO). This included setting up training centres for aircraft mechanics and air traffic controllers and contributing to the establishment of national airlines in the developing world. UNDP's support was critical in setting up Embraer in Brazil, which is now the world's third largest civilian aircraft manufacturer. Other beneficiaries of this collaboration included Ethiopian Airlines, Africa's largest carrier, and Garuda Indonesia.<sup>11</sup> UNDP engagement with grant-making foundations began in the mid-1990s. Collaboration between UNDP and ICAO continues even today and the two agencies now collaborate to address the important issue of reducing emissions from aviation.

*UNDP has also advanced several significant private-sector advocacy platforms,* paving the way for the United Nations Global Compact and the establishment of the Global Compact Local Networks in developing countries. UNDP's widespread country presence, strong relationships with governments and convening role in the United Nations system make it a strong implementing partner for such initiatives. UNDP was a key agency in moving the MDG agenda forward and is uniquely positioned to support governments in the SDG implementation at the global, regional and national levels. UNDP has a clear comparative advantage and can be a partner of choice for the private sector and foundations through advocacy, supporting an enabling environment, accelerating results, brokering partnerships and promoting research and new knowledge in areas related to the SDGs and inclusive business and convening multi-stakeholder partnerships.

*UNDP also adds value by connecting its country-level work to the global agenda and contributing expertise in human development and sustainable and inclusive business.* Acknowledging the importance of the private sector in development, UNDP and the Government of Turkey created the Istanbul International Center for Private Sector in Development, which leads UNDP's global private-sector portfolio and helps businesses become a transformative partner for sustainable development. The Center promotes sustainable and inclusive businesses models and policies, encourages private-sector-led skills development and facilitates impact investment and Islamic finance. As part of the Istanbul Center, the Business Call to Action (BCtA), a global inclusive business initiative hosted by UNDP, is advancing core business solutions for development with more than 140 member companies, which have collectively pledged to provide

<sup>11</sup> Cambridge University Press, 2006. [The United Nations Development Programme: A Better Way?](#)

access to financial services for 59 million people, improve health for 63 million and enhance access to energy for 90 million low-income households. Also under the Center, the SDG Philanthropy Platform is deepening collaboration among the United Nations, governments and philanthropy to implement national development plans. Currently being implemented in Colombia, Ghana, Indonesia and Kenya, the platform emphasizes the engagement of the growing number of indigenous philanthropic organizations in achieving the SDGs.

*UNDP's expertise in policy development and programme implementation, and its convening power in key development areas have been critical for building successful partnerships.*

For example, UNDP has led the development of sustainable and inclusive agriculture value chains through the Green Commodities Programme (GCP), implemented in eight countries, and the African Facility for Inclusive Markets, which has improved the livelihoods of at least 11,000 smallholders through support to regional agri-food value chains. Since 1991, UNDP's Montreal Protocol/Chemicals team has assisted thousands of private-sector enterprises (including SMEs) by providing them with technology transfer and technical assistance to successfully transition to new non-ozone-depleting technologies and, in the process, maintain market share and high employment numbers, thereby safeguarding livelihoods. UNDP is also a partner of the Aid for Trade initiative, which seeks to mobilize resources and improve the effectiveness of trade-related programmes with a view to enhance their contribution to inclusive and sustainable development. UNDP is also a core agency of the Enhanced Integrated Framework for LDCs since the inception of the programme in 1997. Through the programme, UNDP supports institutional capacity development of governments and other stakeholders to formulate trade policies conducive to inclusive and sustainable growth. It also supports the implementation of programmes to support production and export diversification through inclusive value chains.

UNDP's global programme on extractive industries supports over 40 countries in improving the governance of these industries for sustainable development. UNDP has engaged in numerous partnerships with companies in the extractive industry over the past decade, bringing together companies, communities and government based on its impartiality, convening power and development expertise. Through the Global Environment Facility, UNDP mainstreams biodiversity conservation and reduces extractive industry's environmental impacts. In the shipping industry, UNDP has been an active member to the GloBallast Partnership, dedicated to minimizing the adverse impacts of invasive aquatic species transported through ships' ballast water (through the public-private partnership Global Industry Alliance for Marine Biosecurity). UNDP also works with the private sector and foundations to eliminate poverty, increase access to renewable energy, promote environmentally friendly practices, improve health, advance gender equality and reduce corruption.

*In addition to being a long-term partner in many countries, UNDP has a role in crisis recovery, conflict prevention and economic recovery through its leadership of the United Nations Early Recovery Cluster.* This includes



Northern Ghana Shea

#### **Business Call to Action (BCtA)**

UNDP hosts the BCtA Secretariat, which challenges companies to advance core business activities that are inclusive of poor communities and contribute to achieving the SDGs.

According to World Bank estimates, over 1.2 billion people are still without access to electricity. Nearly all of these people live in developing countries. To help eradicate this energy poverty, Australia-based Barefoot Power, a signatory company to BCtA, has impacted the lives of 2 million people in the most remote communities in over 20 countries by supplying them with solar-powered lights, home lighting systems and phone charging solutions. Barefoot's solar-powered lights save consumers' money that can be used for other necessities. The company estimates that its product has resulted in \$600 million worth of savings in five years and they are planning to achieve the break-even point within five years of operation. BCtA has over 160 member companies, for example, Digicel, Essilor, L'Occitane, H&M, Cemex, Bata, GE Healthcare, Sanofi and Novo Nordisk.

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



#### **Global Industry Alliance for Marine Biosecurity (GloBallast)**

GloBallast's pioneering public-private partnership Global Industry Alliance for Marine Biosecurity involves major shipping companies in harnessing different industry groups' unique skills and expertise in order to minimize the adverse impacts of aquatic invasive species transferred through ships' ballast water.

<http://globallast.imo.org/the-gia/>

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innovative solutions for mobile payments in crises; for example, during the Ebola crisis, UNDP helped to set up electronic payment systems for healthcare personnel. Another example of crisis preparedness and response is collaboration with the Office for the Coordination of Humanitarian Affairs (OCHA) and the shipping company DHL to build crisis-response capacity at disaster-prone countries' airports.

UNDP's experience over the last 50 years has guided these initiatives, including: building an evidence base and buy-in among the ecosystem of development actors; improving the legal frameworks; strengthening policies, institutional capacities and coordination; enhancing the voice and participation of civil society; improving transparency; and linking multinational companies and domestic small enterprises to create job opportunities and develop economies (in collaboration with national governments).

*UNDP's coordinating role within the United Nations country teams (UNCT) gives it a unique position and enables UNDP to build on the strengths of all United Nations partners at the country level*, which is critical for implementing the broad and ambitious 2030 Agenda. As part of the 2030 Agenda implementation, UNDP introduced in its programmatic framework (1) support to national counterparts in assessing the quality of financing for development models that they employ and (2) assistance for effective development financing to ensure optimal partnerships and financial flows underpinning the achievement of SDGs. In this regard, UNDP, together with governments and other development partners, will determine how traditional funding mechanisms can enable direct and indirect private financing. Sustainable development cannot be achieved without sustainable financing, the latter drawing on the capacity of all resources to support development goals in a complementary, mutually reinforcing way.

## GUIDING PRINCIPLES

*In order to remain focused and deliver clear benefits to countries and people, certain principles should guide all of UNDP's work with the private sector and foundations.* 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 framework on a common and systemic approach to partnerships between the United Nations and the business sector, placing great emphasis on transparency, coherence, impact, accountability and due diligence. UNDP's approach to development and partnerships also draws on its [UNDP Social and Environmental Standards](#)<sup>12</sup> and related procedures and accountability mechanisms<sup>13</sup> that ensure that all interventions respect human rights, promote gender equality and women's empowerment and protect the environment. In addition, the following principles specifically for private-sector-related work have been developed over several years of engagement with a range of actors.

- ***Sustainable human development, inclusion and equity:*** All of UNDP's work with the private sector and foundations ultimately aims to achieve sustainable development through more inclusive businesses and markets. This emphasis on human development particularly 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 private-sector work, [the Guiding Principles on Business and Human Rights](#) provide further advice.
- ***Multi-stakeholder approach and civil society involvement:*** UNDP's engagement with the private sector and foundations will be based on multi-stakeholder approaches, engaging government and civil society as well as the private sector and foundations.
- ***Results and measurability:*** UNDP is committed to being a results-based organization. UNDP will follow the standards for results measurement adopted as part of its quality assurance system as well as the guidance developed by the Donor Committee for Enterprise Development (DCED) and other results-based management tools.

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<sup>12</sup> UNDP's Social and Environmental Standards, <http://www.undp.org/ses>

<sup>13</sup> UNDP's Social and Environmental Compliance Review Process and Stakeholder Response Mechanism, [www.undp.org/secu-srm](http://www.undp.org/secu-srm)

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- *Specificity and strategic significance:* Achieving measurable results requires prioritization and focus. All of UNDP's work with business will focus on UNDP's 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 and foundations:* To ensure sustained engagement and maximize development impact, UNDP will prioritize its work with the private sector and foundations in areas of common interest.
  - *Value for money:* UNDP will ensure that engagement with the private sector and foundations is of sufficient scale to deliver impact and value for money. Partnerships with potential for multi-country interventions 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 UNDP's leadership role.
  - *Visibility and branding:* Proper recognition will be given to private-sector and foundation partners in line with UNDP's rules and regulations and its focus on impartiality.
  - *Risks, due diligence and accountability:* As per [UNDP's 2013 Policy on Due Diligence and Partnerships with the Private Sector](#) and its [2015 Guidelines on a Principle-Based Approach to Cooperation between the United Nations and the Business Sector](#), UNDP's potential partner companies and corporate foundations must undergo a due diligence screening for a risk informed decision to engage or refrain in any formal partnership. The Policy on [Enterprise Risk Management \(2016\)](#) guides on risk acceptance, escalation and risk reporting. UNDP does not accept or transfer upon itself risk derived from private sector partnerships by its affiliated entities or hosted organizations who 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 as a development multiplier for accelerating the achievement of the 2030 Agenda. In its private-sector and foundations work, UNDP will scale up its support to South-South Cooperation through providing policy advice and strengthening national capacities; supporting global dialogues as well as system coordination; and establishing global development solution exchange platforms.



## 4. OVERVIEW OF UNDP POLICY AND PROGRAMME SUPPORT

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*Improved access to finance helps entrepreneurs in Viet Nam to start and expand their businesses. As loans became available for women, Ms. Lien could expand the production of bricks and have a stable income for her family. Photo: UNDP Quoc Nguyen*

### LESSONS LEARNED

*UNDP's approach to policy and programme support draws on experience and lessons learned from several years of work in this area*, documented in the Private Sector Strategy 2007 and 2012 and Foundations Strategy 2012, UNDP Private Sector Focal Points Survey 2015 and expert inputs. Important lessons learned are described below. They were taken into account in drafting this strategy and a work plan and a monitoring plan will be developed to ensure that they are implemented.

- *There is a need to move from short-term, company-led, one-on-one and ad hoc partnerships to partnerships that are transformative and systemic.* UNDP has vast experience in partnering with individual companies; however, the impact is limited when interventions are designed without a thorough analysis of the entire sector. UNDP has designed the 'inclusive markets' development approach to support this. A more strategic focus should be encouraged to integrate the private sector and foundations into UNDP's core areas of work and national plans. This strategy proposes clear links between UNDP's work with private sector and foundations, and the organization's strategic priorities.
- *Different financing mechanisms are needed to achieve the SDGs.* Private sector and foundations have a key role and the governments need to develop policies and strengthen regulatory frameworks to better align private-sector incentives with public goals. Promising models – such as innovative financing that combines public and private resources and impact investing that aims at generating measurable social or environmental impact alongside financial return on investment – are showing great results. With similar social criteria and emphasis on business-society relations, Islamic finance has an important role to play in supporting the new sustainable development agenda. With its concern for financial stability, financial inclusion and shared prosperity, Islamic finance can make significant contributions across the 2030 Agenda. Islamic financial instruments like Sukuk are well suited to making investments in sustainable infrastructure, while insurance concepts like Takaful can promote social solidarity and financial inclusion.
- *Focused initiatives with clear country- or regional-level ownership and measurable performance indicators are attractive to the private sector and foundations.* Engagement around specific development issues with clear implementation plans and performance indicators is more attractive to private companies and foundations.

- *Scaling up work with the private sector and foundations around meaningful partnerships and mainstreaming it across the organization requires improved staff capacity and technical, organizational and financial support.* Engaging the private sector and foundations requires technical expertise, business acumen, risk management capacity and negotiation skills. A separate paper on operational enablers developed to support this strategy makes several suggestions in this regard.
- *New tools for engagement are needed.* UNDP's tools and modalities allow limited flexibility for establishing partnerships and utilizing the full potential of private sector and foundations. For example, new modalities for easier implementation of challenge funds would open opportunities for innovative solutions to address development challenges.
- *Coordinated United Nations approaches hold potential for enhancing impact and promoting more efficient use of resources.* There has been a move towards broader transformational partnership approaches, often including several United Nations agencies working on a single thematic priority and/or a common programme. Similarly, there are significant opportunities for more joint action with the private sector and foundations on development and inclusive markets; other United Nations organizations can play complementary roles.
- *UNDP should focus more on its catalytic convening role* and ability to bring together the public and private sectors. In this role UNDP can find synergies with consulting firms and NGOs focusing on different technical areas.
- *UNDP should actively tap into the unique expertise of the private sector and philanthropy,* including intellectual thought leadership and innovations to capital, networks and partnerships. When partnering with these actors, UNDP should focus on jointly creating sustainable and focused solutions on a common value-based approach.
- *Due diligence and risk management* are extremely important for ensuring risk-informed selection of potential private-sector partners and establishment of mechanisms to monitor, address and report identified risks.
- *Work with country offices should be strictly on demand,* with full written commitment from country-level senior management. Supply-led interventions are not sustainable.
- *In-person training, knowledge products, community-of-practice meetings and demand-based technical support are highly appreciated* by country offices and governments alike.<sup>14</sup>
- *Regional value chain work for catalytic action through small grants has had significant impacts* in Africa and has the potential for scale-up. The regional value chain approach is especially important since it fosters regional integration.

## FRAMEWORK FOR UNDP'S AREAS OF POLICY AND PROGRAMME SUPPORT

*UNDP's four areas of work described in the previous sections of this document will be advanced by **providing policy advice, implementing programmes, brokering partnerships, sharing knowledge, advocacy, developing internal and external capacity, managing risk, and catalysing further action and funding.*** Following a brief explanation of each of the four work areas, the policy and programme support



### SDG Philanthropy Platform

In 2014 UNDP established the SDG Philanthropy Platform together with the Conrad N. Hilton Foundation, the Ford Foundation, the MasterCard Foundation and the Foundation Center. The Platform is a vehicle to enable partnerships for global development and to support global development outcomes as the world transitions from the MDGs to the SDGs. By adopting a systemic approach to funding and policy work, the Platform has enabled a shift from fragmented individual projects to long-term collaborative efforts in line with national priorities and the SDGs. More than 2,000 organisations, 900 of them foundations, have been engaged through the platform.

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

<sup>14</sup> UNDP Private Sector and Foundations Survey, 2015 and AFIM mid-term Evaluation, 2012.



### Enhanced Integrated Framework (EIF) – Trade for LDC Development

The EIF is a multi-donor programme that supports the Least Developed Countries to be more active players in the global trading system by helping them tackle supply-side constraints to trade. In this way, the programme works towards a wider goal of promoting economic growth and sustainable development and helping to lift more people out of poverty. The programme is currently helping 51 poorest countries worldwide, supported by a multi-donor trust fund, the EIF Trust Fund, with contributions from 23 donors.

UNDP has been a partner of the EIF since its inception as an interagency programme in 1997. Through the EIF, UNDP has contributed to institutional strengthening of trade-related organizations in LDCs and assisted the development of inclusive value chains in several countries. [www.enhancedif.org](http://www.enhancedif.org)



### G20 Inclusive Business

All the G20 countries, together representing 80 per cent of the world economy, endorsed the Inclusive Business Framework in 2015, which encourages governments to support and create incentives for business activities that help the poor. A new global platform supports the strengthening of national policies and the capacity of policy makers.

At the request of the G20 UNDP, together with the World Bank's International Finance Corporation (IFC) led the development of the framework and the platform.

[www.g20inclusivebusiness.org](http://www.g20inclusivebusiness.org)

actions are elaborated further. It is also relevant to point out that, if the four areas of work are implemented, businesses themselves might see an increase in their commercial returns. It is in the self-interest of business to support and see these realized.

## 1. AN ENABLING ENVIRONMENT IS CREATED FOR SUSTAINABLE AND INCLUSIVE BUSINESS AND PHILANTHROPY

*Creating an enabling environment for business and philanthropy is an important prerequisite for effective response in tackling the barriers* presented in section 2 of this strategy note. In many developing countries, the institutional environment is not supportive for private sector to provide social and environmental value and philanthropy is often poorly defined and inadequately regulated or appreciated. UNDP will raise awareness about the opportunities and barriers related to the private sector's and foundations' contributions to development and build the capacity and provide support to the governments to prioritize inclusive business and philanthropic contributions in the country-level vision documents and development plans.

UNDP's comprehensive research portfolio on inclusive business, and especially the work endorsed by the G20, including the call for new G20 Global Platform on Inclusive Business co-led by UNDP, has positioned UNDP as a leader in providing policy advice on inclusive business. This is a sound basis for further research, capacity development and partnerships among governments. UNDP will support governments in promoting rule-based, non-discriminatory, sustainable and inclusive business and market policies. UNDP will complement the efforts of other international organizations and donors, focusing on policy reforms that directly benefit poor people as part of the 2030 Agenda for Sustainable Development and as an integrated component of national strategies.

UNDP is also well placed to promote dialogue on policymaking among governments, the private sector and philanthropy as part of the country-level SDG agenda, capitalizing on existing partnerships and national networks. With the private sector's huge potential for driving sustainable development, public-private partnerships are critical for implementing the 2030 Agenda. To this end, UNDP can help United Nations country teams to involve the private sector and foundations in awareness-raising, policy dialogue, assessing risk, budgeting, monitoring, reporting, ensuring accountability and fostering supportive policies and strategies.

Previous work in this area includes: the G20 Inclusive Business Framework; national planning and policy reforms in countries such as Malawi and Tajikistan; public-private dialogue (e.g., on agriculture and impact investment in Africa, the extractive sector and trade-related issues in LDCs through the EIF); comprehensive research on inclusive market policies and support ecosystems (such as the Growing Inclusive Markets research portfolio); regional and country reports; and sectoral policies to promote pro-poor value chain formation and integration.

Through its SDG Philanthropy Platform, UNDP will support local philanthropy sectors in country to review the legislative and fiscal policies that relate to the creation, regulation and operations of philanthropic foundations to foster more enabling environments for philanthropy to thrive and provide beneficial contributions to their fuller potential.

## 2. THE STRATEGIES AND ACTIONS OF THE PRIVATE SECTOR AND FOUNDATIONS ARE MORE ALIGNED WITH THE SDGS

*In addition to working with governments to create an enabling environment for the private sector and foundations, UNDP will work directly with private enterprises and foundations to scale up the impact of their core activities.* This work will build on previous UNDP initiatives on inclusive business (e.g., Growing Sustainable Businesses (GSB), Growing Inclusive Markets (GIM), African Facility for Inclusive Markets (AFIM), Malawi Challenge Fund, etc.) and on philanthropic contributions and will facilitate the mapping of possibilities for achieving the SDGs and the development of new tools. For example, the SDG Fund [Business and the United Nations: Working Together Towards the Sustainable Development Goals: A Framework for Action](#) report identified many useful entry points.

Utilizing UNDP's convening role and experience in organizing catalytic events, long-standing partnerships with the private sector and foundations will continue as UNDP attracts new partners to advance private-sector and philanthropic engagement in the SDGs.

Projects that engage the private sector and foundations in working towards the SDGs include the SDG Philanthropy Platform and the anti-corruption initiative (implemented with the shipping industry's Marine Anti-Corruption Network) in Nigeria. Previous work in this area includes engagement with companies in the extractive sector; foundation support to develop a common African position on the SDGs; some of the Global Compact Local Networks hosted by UNDP; and efforts to align pension fund investments with the SDGs (e.g., divestment from fossil fuels).

UNDP will also encourage the participation of private sector and foundations in UN-wide development processes in country, such as the UNDAF, including the establishment of private-sector and philanthropy advisory committees to the UNCT. These will support UNDP and the UNCT in the SDG implementation. UNCT approach includes three elements. First, 'mainstreaming' means landing the SDGs at the national and local levels and integrating into national, subnational and local plans for development and subsequently into budget allocations. Second, 'acceleration' refers to targeting national (and UN) resources at priority areas identified through rigorous analysis, paying special attention to synergies and trade-offs across sectors (reflecting the integrated nature of the agenda), bottlenecks, financing and partnerships, and measurement. Third, 'policy support' is about making sure that the skills and expertise held in the UN development system are made available in a timely way and at the lowest cost possible.



### Extractive sector work

An integral part of UNDP's global strategy is to support countries in: managing the extractive sector for human development; and engaging with companies and industry associations. UNDP advocates and works with companies to align their CSR investments and core business operations with global and national development priorities. For example, UNDP, WEF, CCSI and SDSN report showcases how mining can contribute to achieving of the SDGs. At the country level UNDP Iraq works with Shell to promote development of local suppliers and provide vocational training.

[www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus\\_areas/extractive-industries.html](http://www.undp.org/content/undp/en/home/ourwork/povertyreduction/focus_areas/extractive-industries.html)



### The Green Commodities Programme (GCP)

GCP removes bottlenecks and strengthens competitiveness and sustainability in commodity value chains. Through the initiative, UNDP helps to establish national platforms that bring together governments, international and domestic private companies, and other actors to improve commodity value chains. The programme currently operates in: Costa Rica, Cote d'Ivoire, Dominican Republic, Ecuador, Ghana, Honduras, Indonesia, Papua New Guinea, Paraguay, Peru and the Philippines. The commodities include cocoa, soy, livestock, pineapple, fisheries, coffee and palm oil. Private sector partners include, for example, Mondelez International, IKEA, Cargill, Archer Daniels Midland (ADM) and many national companies.

[www.undp.org/content/gcp/en/home.html](http://www.undp.org/content/gcp/en/home.html)

### 3. PRODUCTIVE CAPACITIES, SUSTAINABLE AND INCLUSIVE BUSINESS AND VALUE CHAINS ARE ADVANCED

*Building and diversifying productive capacities are essential to eliminating poverty, building resilience and tackling many other development challenges.* An important part of this is investing in human capital, as qualified labour is a key factor of production in the era of advanced technologies and globalization. Skilled labour is also crucial for private-sector productivity and competitiveness. UNDP's partnerships with the private sector and foundations will generate knowledge about the opportunities these actors bring into building productive capacities. This includes, for example, introducing private-sector-led skills development and knowledge-transfer mechanisms into national programmes and facilitating access to business development services, technologies and financing for local entrepreneurs. Throughout all of these efforts, UNDP will encourage women's leadership and entrepreneurship.

*Sustainable and inclusive business models provide benefits to poor people as customers, employees, producers and business owners while remaining commercially sustainable.* The benefits of sustainable and inclusive business go beyond immediate profits and higher incomes. For business, they include driving innovation and competitiveness, building markets and strengthening supply chains while minimizing negative environmental impact. For poor communities, they include higher productivity, sustainable earnings and greater empowerment. Sustainable and inclusive businesses contribute to inclusive growth, which allows more people to access better lives and livelihoods while protecting the environment. In order to raise awareness about sustainable and inclusive business, UNDP: advocates for sustainable and inclusive business through platforms like the BCtA; provides technical support; develops impact-measurement systems to highlight companies' contributions to the SDGs; creates linkages and peer-to-peer learning opportunities; designs and/or strengthens innovative financing mechanisms, including impact investment; conducts research on sustainable and inclusive business (and their links with impact investing) to demonstrate their development impact and approaches to collaboration; strengthens the inclusive business ecosystem; and facilitates partnerships.



#### UNDP's Montreal Protocol/Chemicals

UNDP, with funds from the Multilateral Fund for the Implementation of the Montreal Protocol (MLF), assists countries to phase out chemicals that are harmful to the ozone layer and global climate. Hydrochlorofluorocarbons (HCFCs) are used in polyurethane and polystyrene foam products used in construction panels, furniture, transportation, buildings and refrigerators. They are also used as a refrigerant in air-conditioning and refrigeration systems, and as solvents for cleaning/degreasing of medical and electronic products. In addition to governments, UNDP partners with the private sector to adopt ozone and climate friendly technologies and best practices. With larger enterprises converting to non-ozone depleting substances technologies (ODS), SMEs faced the prospect of being driven out of business with the loss of thousands of jobs. Guidelines were developed to facilitate the transition process in SMEs, with UNDP taking the lead in developing new and innovative processes under umbrella projects which comprised of local manufacture of inexpensive, low maintenance equipment which had low operational costs which the SMEs could afford. As a result, SMEs were able to successfully transition to the new non-ODS technologies and maintain their market shares as well as high employment numbers, thereby preventing job losses and safeguarding livelihoods.

[www.undp.org/content/undp/en/home/ourwork/environmentandenergy/focus\\_areas/ozone\\_and\\_climate/](http://www.undp.org/content/undp/en/home/ourwork/environmentandenergy/focus_areas/ozone_and_climate/)

*In addition to the broader issues of macroeconomic stability and enabling environments for business, sector-specific issues affecting market competition impede sustainable and inclusive development. UNDP uses a value chain approach to address these sector-specific policy and regulatory issues.* The regional value chain approach is especially important since it fosters regional integration. UNDP aims to facilitate value chain development in key sectors through: mapping exercises, convening actors to define needs and priorities, policy advice; strengthening linkages for transferring technology and skills and improving access to finance; supporting national and regional value chains development, including through micro-capital grants and engaging large companies and foundations in value chains of focus to increase employment and income-generation opportunities; supporting supply chain development in key sectors; advocating for innovative instruments such as challenge funds, impact investing and development bonds to support value chain development;

disseminating knowledge products on sustainable and inclusive market and value chain development; and facilitating knowledge transfer and South-South peer learning.

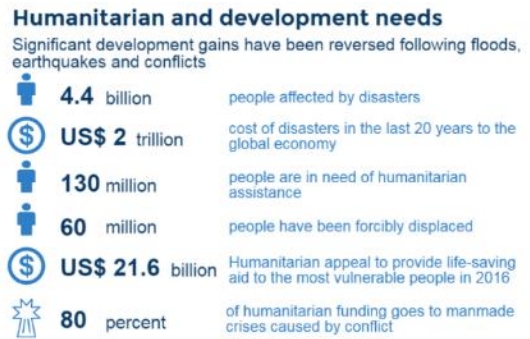
UNDP's key initiatives in building productive capacities, sustainable and inclusive business and value chains include: the Istanbul International Center for Private Sector in Development research initiative on private-sector-led skills development programmes; the Business Call to Action initiative; the UNDP Regional Service Center for Africa (RSCA) Private Sector African Facility of Inclusive Markets (AFIM) unit support to strengthen inclusive business ecosystem strengthening in Uganda, Lesotho and Senegal and to develop the impact investment sector in Africa; the Green Commodities Facility projects tackling systemic issues in value chains and related to specific commodities; and the regional agriculture value chain development model used in Afghanistan, Kyrgyzstan and Tajikistan as well as by the RSCA Private Sector AFIM unit. At the country level, initiatives include: skills development and entrepreneurship support for women in India with the IKEA Foundation; the Malawi Innovation Challenge Fund; the Nepal Micro Enterprise Development Programme; SME development and vocational training with Shell in Iraq; the Somalia Alternative Livelihoods Project supported by many companies; the Sudan hibiscus value chain, which promotes women's economic empowerment; the Supplier Development Programme in Latin American, the Caribbean and Africa; and Gates Foundation grants to UNDP in Ethiopia and Nigeria for strengthening agriculture value chains. In cooperation with the EIF, value chain development projects such as those in Cambodia where UNDP supports cassava producers (the second largest crop in the country after rice) add value to cassava exports to neighbouring countries by conducting market research, helping organize the sector, improving public-private sector dialogue and supporting SMEs to improve quality standards. Many projects from the Global Environment Facility portfolio illustrate UNDP's aim to reduce environmental impact; such an example is the Central American Markets for Biodiversity project to mainstream biodiversity conservation and sustainable use within MSME development and financing. UNDP's Montreal Protocol team has assisted thousands of private-sector enterprises to successfully transition to new non-ozone-depleting technologies.

#### 4. RESILIENCE AMONG MSMEs IS IMPROVED AND PRIVATE SECTOR AND FOUNDATIONS ARE BETTER ENGAGED IN CRISIS RESPONSE

*Significant development gains have been reversed following floods, earthquakes and conflicts, with disasters alone affecting 4.4 billion people and costing the global economy at least US\$2 trillion in the last 20 years.<sup>15</sup> As climate change, insecurity and conflict exacerbate underlying vulnerabilities, short-term humanitarian interventions are not sustainable. As a long-term development partner, UNDP aims to bridge the emergency preparedness and resilience, crisis response and post-crisis recovery work in many countries.*

Resilience refers to the process of strengthening capacity to anticipate, manage, recover and transform from shocks. While all UNDP work is aimed at building resilience, for sustainable and inclusive business, there is special focus on rapid and effective recovery from conflict-induced crises and on preparation for (and dealing with) the consequences of natural disasters, which are exacerbated by climate change. Disaster and post-conflict settings can include areas of violent conflict, natural disasters or health emergencies.

UNDP's support in this area includes: establishing/supporting mechanisms for public-private dialogue and joint action (e.g., the Global Compact Business for Peace initiative); engaging the private sector and foundations in supporting disaster preparedness among MSMEs and post-disaster recovery



<sup>15</sup> Sources: [http://www.undp.org/content/dam/undp/library/crisis%20prevention/UNDP\\_CPR\\_CTA\\_20140901.pdf](http://www.undp.org/content/dam/undp/library/crisis%20prevention/UNDP_CPR_CTA_20140901.pdf); <https://www.theguardian.com/global-development-professionals-network/2016/jun/14/ban-ki-moon-united-nations-world-humanitarian-summit-istanbul>; <http://www.unocha.org/stateofaid/>



### Electronic payments

To combat the Ebola outbreak in Liberia, Guinea and Sierra Leone, UNDP provided hazard payments to nurses, doctors, contact tracers and ambulance drivers who responded to the crisis. By 2015, UNDP had supported governments in paying nearly 20,000 Ebola response workers to combat the virus in all three countries. Innovative technologies and private sector knowledge on electronic payments enabled a safe response.

[www.undp.org/content/undp/en/home/presscenter/articles/2015/05/22/undp-supports-vital-payments-to-ebola-emergency-response-workers.html](http://www.undp.org/content/undp/en/home/presscenter/articles/2015/05/22/undp-supports-vital-payments-to-ebola-emergency-response-workers.html)

through the Connecting Business Initiative; leveraging private-sector innovations in digital payments for cash transfers in partnership with governments and the private sector; developing knowledge products and training government staff in digital payment; supporting economic recovery in disaster and post-conflict settings through policy dialogue; mapping actors and developing response tools in partnership with private sector and foundations; and building the resilience of MSMEs through training in business continuity and novel insurance products. In this work, UNDP partners with other relevant institutions and utilizes already existing knowledge products and tools.

UNDP has had many projects in this area. An UNDP-DHL partnership to 'Get Airports Ready for Disaster' helps to build capacity of airport staff to respond to crises benefiting from DHL core capabilities. UNDP also works with philanthropic networks on disaster risk reduction. Several projects have focused on cash transfers for reconstruction and crisis response, as in Haiti and with the Ebola Payments Programme. In collaboration with Microsoft, UNDP used innovative technologies for reconstruction in Nepal.

## ACTIVITIES TO ADVANCE UNDP'S POLICY AND PROGRAMME WORK

Activities to advance UNDP's policy and programme work under the four work areas are described below.

### 1. AN ENABLING ENVIRONMENT IS CREATED FOR SUSTAINABLE AND INCLUSIVE BUSINESS AND PHILANTHROPY

#### a) Integration of sustainable and inclusive business into national and subnational plans, policies and budget frameworks will be supported by:

- Providing technical assistance to support the design, monitoring, coordination and implementation of country-level vision documents and development plans. This will create an enabling environment for sustainable and inclusive business and market development (especially for women). UNDP will focus on complementary policy areas that support pro-poor market development in line with the SDGs. The goal is to encourage governments to prioritize sustainable and inclusive business and to ensure that this is reflected in national plans and budgets. These may include national action plans and vision documents, national private-sector plans, public-private partnerships and sector-specific strategies, policies and action plans.
- Undertaking studies to generate evidence of the impact of sustainable and inclusive businesses and the policies intended to promote them and making data available for sustainable and inclusive business policies. These efforts will also enhance the transparency of private-sector contributions.
- Developing policy options to advance sustainable and inclusive business based on evidence and quantifiable data. This includes undertaking comprehensive assessments and developing tools and methodologies.
- Establishing a global web-based platform for policymakers to support peer-to-peer learning and knowledge exchange.
- Building capacity for the development of effective public institutions to design, support and implement the policies and reforms described above.

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- UNDP is working with International Financial Institutions (such as the WB, IsDB and ADB) to support this priority. This collaboration is also further reflected in the UNDP's IFI strategy.

**b) The growth of philanthropy will be supported in developed and in developing countries by:**

- Conducting research and drafting progressive policy options that support the growth of philanthropy. The value of philanthropy for advancing national and subnational development plans can be demonstrated by promoting open data and creating impact reports. These, in turn, will help to attract additional partnerships. UNDP will work with knowledge partners such as philanthropic associations and research institutions that have expertise in critical areas of assessment.
- Developing a set of principles for foundations to guide country-specific policy discussions on an enabling environment. These conversations will include transparency and accountability frameworks. In some contexts such as Kenya and Ghana, UNDP will, through the SDG Philanthropy Platform and local philanthropic networks, support the establishment of progressive foundations legislation distinct from wide-ranging NGO or civil society regulations.
- Building capacity for the development of effective public institutions to design, support and implement the policies and reforms described above. This also entails working through UNDP's network of partners to strengthen the capacities of organizations that provide technical advice and services to philanthropic institutions.
- Produce and distribute content that supports awareness-building and knowledge exchange about philanthropic foundations contributions to the SDGs. These materials will be targeted to governments and include shared language and tools, peer-reviewed case studies and other data. This will also promote intersectoral partnerships around specific SDG goals.
- Serve as a clearing house for available information, tools and resources on philanthropy and the SDGs, using the existing site SDGfunders.org.
- Driving advocacy that influences decision makers by publishing reports that support enabling policies for philanthropy.
- Supporting local philanthropic networks in strengthening the capacity, accountability, credibility and sustainability of foundations.

**c) The inclusion of private sector and foundations in national and subnational dialogue will be supported by:**

- Facilitating public-private dialogue that allows the private sector and foundations to take part in policy discussions, budgeting, monitoring, reporting and accountability mechanisms, risk assessments and advocacy. Inclusive policy dialogue supports the development of business-focused institutions, foundations and beneficiary groups and ensures their inclusion in national and subnational policymaking.
- Developing national and global multi-stakeholder dialogue platforms to build trust among governments, private sector and philanthropic organizations.

## **2. THE STRATEGIES AND ACTIONS OF THE PRIVATE SECTOR AND FOUNDATIONS ARE MORE ALIGNED WITH THE SDGS**

**a) The alignment of foundations' strategies with the SDGs will be supported by:**

- Mapping foundations and their development ecosystems within countries to understand this sector's potential and development impact and opportunities for greater alignment.
- Collecting and analysing data on philanthropic contributions to the SDGs and working with organizations to encourage open access and disseminate the findings widely.
- Convening catalytic events and action-oriented initiatives for philanthropy that bring together stakeholders at the national, subnational, regional and global levels for consensus-building and advancing philanthropic engagement in the SDGs.





### Supplier Development Programmes

Supplier development programmes aim at improving the quantity and quality of the supply by producers and SMEs to markets and helping them to access the markets through lead firms.

UNDP is developing supplier linkages in manufacturing and agriculture sectors in many countries, as in Angola, Colombia, Côte d'Ivoire, the Democratic Republic of the Congo, El Salvador, Haiti, Kenya, Malawi, Mexico, Nigeria and South Africa.

[www.undp.org/africa/privatesector](http://www.undp.org/africa/privatesector)

- Curating a community of philanthropic leaders and foundations interested in contributing to the SDGs and national development plans. This involves fostering a community of interested foundations, carefully selecting participants for United Nations and government-led events and sharing timely content that highlights relevant actions.
- Using the SDG Philanthropy Platform to incubate innovative pilot projects that impact philanthropic engagement in the SDGs.

### **b) The private sector will be supported in aligning activities with the SDGs by:**

- Developing tools and programmes to engage local and international companies in establishing a clear vision for engagement in support of the SDGs. For example, companies can be engaged in UNDP's programmes on renewable energy, good governance and anti-corruption, environment and clean water, health and gender. They can also be engaged in work related to the Montreal Protocol on adopting ozone and climate friendly alternative technologies.
- Working with companies and industry sectors, especially at country level, to define concretely how business will play a role in the SDGs through its core business and investments as well as through corporate social responsibility and environmental sustainability commitments.
- Supporting wider UNDG/UNDP efforts related to mainstreaming, acceleration and policy support (MAPS) and to engage the private sector at country level in SDG dialogues and partnerships.

## 3. PRODUCTIVE CAPACITIES, SUSTAINABLE AND INCLUSIVE BUSINESS AND VALUE CHAINS ARE ADVANCED

### **a) Productive capacities will be strengthened by:**

- Generating knowledge, conducting research, providing technical assistance and sharing good practices in private-sector-led skill development. These include partnership-building, transfer of expertise, capacity-building (including skills training for women) and facilitating joint action. This can include skills needed for export-related sectors.
- Developing partnerships to transfer expertise and technologies for building productive capacities (including vocational skills and access to sustainable technologies).
- Enhancing access to business-development services and facilitating financing for local entrepreneurs in priority sectors. This may include market information about domestic and foreign markets, issues about marketing, packaging, etc. provided in partnership with other key actors.
- Building partnerships with companies to promote women's leadership, women's entrepreneurship and apprenticeships for women. These efforts should be linked to core business operations (including staff and supply chains) as well as corporate social responsibility (CSR).
- Supporting youth entrepreneurship (especially in Africa) through a one-stop-shop interactive online portal linking young entrepreneurs with opportunities for information, skills development, business services, networks, mentorship and funding.

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**b) Regional, national and subnational inclusive and sustainable value chains will be promoted by:**

- Developing sectoral policies for pro-poor value chain formation and integration, especially in employment-intensive growth sectors, financial services and other markets that benefit poor people.
- Facilitating value chain development in sectors with the potential for sustainable and inclusive growth. This can be achieved by mapping actors, barriers and opportunities (e.g., domestic and export market barriers and opportunities, especially at regional level), bringing actors together for dialogue and establishing facilitation platforms to define needs and priorities.
- Addressing inclusivity and environmental sustainability issues in national and regional value chains and commodity markets through technical assistance and knowledge-sharing. Examples include the RSCA Private Sector AFIM unit, Project Facilitation Platforms and the Green Commodities Facility.
- Supporting regional agriculture value chain development through micro-capital grants and other technical and financial support mechanisms.
- Engaging large domestic and international companies and foundations (based on market assessments) in innovative partnerships that create employment and income generation opportunities. This may involve engaging the private sector in national sector-specific development plans in areas such as agriculture, extractives, tourism and energy.
- Developing supply chains in key sectors such as agriculture, extractives, tourism, energy and retail, incorporating lessons learned from the Supplier Development Programmes.
- Conducting research on how to facilitate linkages between impact investors' philanthropic activities and value chains.
- Using innovative instruments such as challenge funds, impact investing and development bonds to support value chain development.
- Developing and rolling out knowledge products, guidance notes and tools on how to build sustainable and inclusive markets and value chains as well as trade.
- Facilitating knowledge transfer and South-South peer learning through communities of practice and training on inclusive market and value chain development.

**c) Sustainable and inclusive business will be promoted among companies by:**

- Advocating for and increasing awareness of sustainable and inclusive businesses in the private sector through advocacy platforms like the BCtA.
- Supporting the design and implementation of impact-measurement systems for sustainable and inclusive business and gathering evidence of their contribution to achieving the SDGs.
- Creating linkages and facilitating peer-to-peer learning for sustainable and inclusive business across industries and geographic areas.
- Conducting research on sustainable and inclusive business and mapping its links with impact investing to demonstrate its impact on the language and collaboration approaches used by philanthropy.
- Designing innovative financing mechanisms (including challenge funds and Islamic finance), including working with IFIs, to catalyse resources, to support impact investing sector and to create incentives for companies to design and implement sustainable and inclusive business models as part of their core operations.
- Strengthening inclusive business ecosystems (For example in Brazil, Uganda (tourism), Lesotho (mobile banking) and Senegal (solar energy), etc.).
- Conducting research on best-practice approaches to private-sector development and entrepreneurship for sustainable and inclusive business (e.g., with the DCED working group).

## 4. RESILIENCE AMONG MSMEs IS IMPROVED AND PRIVATE SECTOR AND FOUNDATIONS ARE BETTER ENGAGED IN CRISIS RESPONSE

### a) Resilience to crisis and disasters among MSMEs will be promoted by:

- Engaging the private sector and foundations in building MSMEs' resilience in disaster-prone areas. This can be achieved by developing supportive policies, establishing partnerships with chambers of commerce, designing training programmes in business continuity planning and facilitating the development of insurance products.
- Developing and rolling out a programme and guidance note on disaster preparedness and early recovery within MSMEs at the country level.
- Developing partnerships with private-sector networks and associations and relevant partners to support resilience-building of MSMEs.

### b) The engagement of private sector and foundations in crisis resilience and recovery will be promoted by:

- Supporting the establishment of mechanisms for public-private dialogue, coordination and joint action in crisis-prone countries to define and implement sectoral plans for disaster and climate risk. This will be achieved by working with the Global Compact, Business for Peace, the Office for the Coordination of Humanitarian Affairs (OCHA), United Nations Office for Disaster Risk Reduction (UNISDR) and other bodies.
- Engaging the private sector and foundations in supporting supplier-development linkages, procurement, internships and post-disaster rebuilding.
- Developing knowledge products, building partnerships between governments and private companies and supporting the development of joint programmes with the United Nations Capital Development Fund (UNCDF) on digital payments for cash transfers.
- Supporting policy dialogue, mapping actors, developing novel tools, establishing partnerships with private companies and foundations, providing technical assistance and building capacity for economic recovery in post-conflict and post-disaster areas.
- Supporting innovative approaches and partnerships for entrepreneurship and sustainable job creation that go beyond humanitarian response, with a focus on women and youth.



#### Connecting Business Initiative

Connecting Business Initiative is a demand driven multi-stakeholder initiative that provides a mechanism for the private sector to engage with the United Nations system, national governments and civil society in a coordinated manner on crisis risk reduction, emergency preparedness, response and recovery.

Connecting Business is a collaboration initiative between UNDP, OCHA and UNISDR.

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

- Supporting local approaches for relevant education, skills-building and vocational training, especially for youth and women in crisis-prone areas.
- Seeking and supporting innovative private-sector approaches to rapid recovery.
- Involving foundations in building multi-stakeholder interventions for long-term post-crisis recovery and disaster preparedness (tapping into foundations' unique operational knowledge) and exploring the potential of 'blended finance' structures that tailor to volatile cash flow environments in crisis-prone areas.

## 5. UNDP'S PARTNERS

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Fishermen bring in the daily catch in south-eastern Viet Nam. Photo: UNDP Tran Vinh Nghia

### PARTNERS

*UNDP works with a wide range of actors and consistently seeks to strengthen collaboration with other development actors that complement its role. In the SDGs era, partnerships are essential in order to make a systemic change and achieve wide-scale impact. Implementation of this strategy depends on strategic and well-functioning partnerships.* The Addis Ababa Action Agenda is clear in establishing the importance of renewing a global multi-stakeholder partnership and in the essential role of the private sector in this partnership. The most critical partners for advancing this strategy are described here. UNDP continues to engage partners through the activities of specific initiatives; examples at the global level include Business Call to Action, the SDG Philanthropy Platform, Connecting Business Initiative and the Global Islamic Finance and Impact Investing Platform. Various engagement strategies are needed, depending on the activity and context.

### GOVERNMENTS, REGIONAL ENTITIES AND DEVELOPMENT AGENCIES

UNDP works with the host governments in its programme countries as well as regional entities like the African Union, the European Union and regional economic communities in different areas of this strategy implementation in programmatic collaboration. Partners include, for example, 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), the United Kingdom Department for International Development (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- and foundations-related activities.

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## PRIVATE SECTOR AND FOUNDATIONS

Private companies and philanthropic foundations and their sector associations are strategic counterparts for UNDP in line with this strategy. In addition to chambers of commerce and private-sector associations, UNDP works with enterprises of all sizes (from multinational companies to local companies to MSMEs) as well as foundations. Private-sector partners include the World Business Council on Sustainable Development and the more than 155 BCtA member companies and hundreds of other individual companies. Philanthropic partners include, for example, the Ford Foundation, the Conrad N. Hilton Foundation, the MasterCard Foundation, Rockefeller Philanthropy Advisors, the Foundation Center, Ford Foundation Asia, the Philanthropic Foundation Association in Indonesia, AFE Colombia, Wings Foundation, European Foundation Center, the East Africa Association of Grantmakers and many corporate foundations.

While this strategy focuses only on the private sector and foundations as strategic partners, which is not a resource mobilization strategy, it is important to mention that the private sector and foundations also fund UNDP's projects. In 2015, based on the Atlas data,<sup>16</sup> more national and international private-sector companies provided US\$22,541,213 in net contributions to UNDP. Forty-two UNDP offices were among the recipients. The top five UNDP offices that received funding from the private sector included Programme of Assistance to the Palestinian People, Colombia, China, Istanbul Regional Hub and Brazil, which received about 72 percent of the total private-sector funding. Approximately 45 percent of the private-sector funding went to support UNDP's Strategic Plan Outcome 1: Inclusive and Sustainable Growth; 29 percent to UNDP's Strategic Plan Outcome 3: Strengthened institutions to deliver universal access to basic services; and over 17 percent to UNDP's Strategic Plan Outcome 7: Development Debates and Actions Prioritize Poverty, Inequality and Exclusion.

In 2015, foundations provided US\$19,326,116 in direct net contributions to UNDP. Thirty-one UNDP offices were among the recipients. The top five UNDP offices that received funding from foundations included Tanzania, Ethiopia, Bureau for External Relations and Advocacy, Programme of Assistance to the Palestinian People and South-South Cooperation Unit, which received over 59 percent of the total funding provided by foundations. Half of the funding went to support UNDP's Strategic Plan Outcome 1: Inclusive and Sustainable Growth; 25 percent was unlinked to the Strategic Plan; and 9 percent was allocated to support Strategic Plan Outcome 3: Strengthened institutions to deliver universal access to basic services.

For reference, UNDP's total funding in 2015 was US\$629,124,440 for the Strategic Plan Outcome 1; US\$1,338,032,085 for Outcome 3; US\$92,476,239 for Outcome 7; and US\$1,452,309,970 for unlinked purposes. As can be seen from this comparison, the direct financial contributions from the private sector and foundations are rather modest. However, these actors' strategic value goes well beyond direct funding. Traditional development donors have great interest in supporting private-sector and foundation programming and most of the programmatic funding resources is expected to come from these actors also in the future.

## PARTNERSHIPS WITH OTHER UNITED NATIONS AGENCIES AND THE UNITED NATIONS GLOBAL COMPACT

UNDP will need to strengthen collaboration with specialized United Nations agencies in order to successfully deliver on its strategy. For example, the informal United Nations value chain development working group (co-chaired by UNDP and the International Labour Organization with 10 agencies participating) and the resource guide on value chain development entitled 'Approaches and activities by seven UN agencies and opportunities for interagency cooperation' could be used to explore concrete collaboration opportunities within the United Nations system. UNDP is a partner of the EIF with other UN Agencies (ITC, UNCTAD, UNIDO, UNWTO) as well as the World Bank and the IMF and is a member of the CEB Inter-agency Cluster on Trade and Productive Capacities coordinated by UNCTAD. UNDP will also continue to collaborate with UNCDF. Important partners especially for resilience and crisis response are OCHA and UNISDR. UNDP should also continue to strengthen its relationship with the United Nations Global Compact and its local networks.

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<sup>16</sup> [Resource Mobilization Tool](#) data 2015 (UNDP internal access).

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## INTERNATIONAL FINANCIAL INSTITUTIONS

As part of UNDP's efforts to engage actors that can leverage additional resources and expertise for working with the private sector, and in line with UNDP's new International Finance Institutions (IFIs) strategy, cooperation should be strengthened with IFIs, including regional development banks such as the Islamic Development Bank, the African Development Bank, the Asian Development Bank and the Inter-American Development Bank. This engagement should focus on innovative financing for shared priority areas, including green and inclusive value chains, sustainable energy and enterprise development in fragile states and Islamic finance towards SDG impact. It should also explore ways to link financial instruments such as venture capital, loans and guarantee facilities to UNDP's capacity-building, policy advocacy and private-sector engagement activities. 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 on its programming. There are additional opportunities for further engagement, especially at the country level where multi-stakeholder discussions including civil society have already commenced around the SDGs.

## ACADEMIA

Work with academia has included research initiatives and background studies. For example, the Istanbul International Center for Private Sector in Development, which leads UNDP's global efforts with the private sector and foundations, has collaborated with researchers from 32 universities worldwide. At the country level, as in Kenya, UNDP has helped to create a research advisory committee including prominent members of academia for the United Nations Development Assistance Framework (UNDAF).

## GROUPS AND ALLIANCES

At the global level, UNDP will continue to participate and collaborate with the following working groups and alliances:

- Donor Committee on Enterprise Development (DCED)
- Continued engagement in work streams of the G20 Development Working Group that are relevant to the role of the private sector
- United Nations Global Compact Private Sector Coordination Group
- Solutions Alliance
- World Economic Forum
- Inclusive Business Action Network (IBAN)
- Global Philanthropy Forum

There are also important collaboration mechanisms at the country level, for example, United Nations Delivering as One initiative and United Nations Development Assistance Framework (UNDAF) as well as private-sector development coordinating groups; local philanthropy forums and associations; and joint projects.

# ANNEX 1: CONNECTIONS BETWEEN UNDP'S STRATEGIC PLAN, PRIVATE-SECTOR AND FOUNDATION STRATEGY AND UNDP INTERVENTIONS

UNDP STRATEGIC PLAN (SP) OUTCOME AND RELEVANT OUTCOME-LEVEL CHANGES	POSSIBLE UNDP INTERVENTIONS AND GOOD PRACTICE EXAMPLES
<p>SP Outcome 1: <b>Growth and development that is inclusive and sustainable</b></p> <ul style="list-style-type: none"> <li>• <b>Improved availability of jobs and livelihoods</b></li> <li>• <b>Transformed productive capacities and technologies</b></li> </ul> <p>→ Connects to Private-Sector and Foundation Strategy work areas 1-3</p> <p><b>1) An enabling environment is created for sustainable and inclusive business and philanthropy.</b></p> <p><b>2) The strategies and actions of the private sector and foundations are more aligned with the SDGs.</b></p> <p><b>3) Productive capacities, sustainable and inclusive business and value chains are advanced.</b></p>	<p><i>Private-sector and foundations engagement and development:</i></p> <ul style="list-style-type: none"> <li>▪ National planning and policy reforms to create an enabling environment for sustainable and inclusive business, value chains, markets and growth</li> <li>▪ Capacity-building for development of effective support institutions</li> <li>▪ Inclusive policy dialogue – public-private dialogues focused on barriers to enhancing productivity and creating an enabling environment for inclusive business</li> <li>▪ Value chain development in sectors with potential for sustainable and inclusive growth – mapping actors and barriers, bringing actors together to define priority areas for support and strengthening linkages for technology, skills transfer and access to financing</li> <li>▪ Advocacy and technical support for inclusive and sustainable business models</li> <li>▪ Partnerships to transfer expertise, skills and technologies for building productive capacities (e.g., vocational skills, access to sustainable technologies)</li> <li>▪ Innovation to engage large domestic and international companies in order to increase employment opportunities within their supply chains</li> <li>▪ Mapping of foundations interested in livelihoods programming and exploration of their interest in collaborating with UNDP as donors or partners</li> <li>▪ Support for enhanced access to services that facilitate business development and financing in key sectors</li> <li>▪ Institutional strengthening and mechanisms for vocational training in priority sectors</li> </ul>
<p>SP Outcome 2: <b>Citizen expectations for voice, development, the rule of law and accountability are met by stronger systems of democratic governance.</b></p> <p>SP Outcome 3: <b>Countries have strengthened institutions to deliver universal access to basic services.</b></p> <ul style="list-style-type: none"> <li>• <b>Expanded voice and participation, especially of excluded groups</b></li> <li>• <b>Entrenched accountability in governance</b></li> <li>• <b>Greater citizen security based on rule of law</b></li> </ul> <p>→ Connects to Private Sector and Foundations Strategy work area 1</p> <p><b>1) An enabling environment is created for sustainable and inclusive business and philanthropy.</b></p>	<p><i>Private-sector and foundations engagement:</i></p> <ul style="list-style-type: none"> <li>▪ Facilitate public-private dialogue and engage with large companies in key sectors (extractives) to identify and address corruption risks, and increase transparency.</li> <li>▪ UNDP can help its partners to put in place grievance mechanisms to strengthen accountability and transparency.</li> </ul>
<p>SP Outcome 4: <b>Faster progress is achieved in reducing gender inequality and promoting women's empowerment.</b></p> <ul style="list-style-type: none"> <li>• <b>Advancing women's economic empowerment</b></li> <li>• <b>Addressing gender inequality in political, legal and social contexts</b></li> </ul> <p>→ Connects to Private Sector and Foundation Strategy work areas 1-4</p> <p><b>1) An enabling environment is created for sustainable and inclusive business and philanthropy.</b></p> <p><b>2) The strategies and actions of the private sector and foundations are more aligned with the SDGs.</b></p> <p><b>3) Productive capacities, sustainable and inclusive business and value chains are advanced.</b></p> <p><b>4) Resilience among MSMEs is improved and private sector and foundations are better engaged in crisis response.</b></p>	<p><i>Private-sector and foundations engagement and development:</i></p> <ul style="list-style-type: none"> <li>▪ Engage and build partnerships with companies to promote women's leadership skills, women's entrepreneurship and apprenticeships for women – linked to core business operations and corporate social responsibility (CSR).</li> <li>▪ Support women's entrepreneurship training, skills development and access to business services, especially in sectors with potential for inclusive and green growth.</li> <li>▪ Provide policy advice on barriers to women's economic empowerment.</li> </ul>

SP Outcome 5: **Countries are able to reduce the likelihood of conflict and lower the risk of natural disasters, including from climate change.**

- **Political volatility prevented or minimized**
- **Lowered cost of, and better preparedness for, natural disasters and climate change**

→ Connects to Private Sector and Foundation Strategy work area 4

**4) Resilience among MSMEs is improved and private sector and foundations are better engaged in crisis response.**

SP Outcome 6: **Early recovery and rapid return to sustainable development achieved in post-crisis and post-disaster contexts.**

- **Increased social cohesion following conflict-induced crisis**
- **Rapid and effective recovery from natural disasters**

→ Connects to Private Sector and Foundations Strategy work area 4

**4) Resilience among MSMEs is improved and private sector and foundations are better engaged in crisis response.**

SP Outcome 7: **Development debates and actions at all levels prioritize poverty, inequality and exclusion, consistent with UNDP's engagement principles.**

- **Actions at the global and regional levels that advance the conditions of sustainable human development**
- **National development solutions that are well-resourced, innovative and well-managed**

→ Connects to Private Sector and Foundations Strategy work area 1

**1) An enabling environment is created for sustainable and inclusive business and philanthropy.**

Private-sector and foundations engagement:

- Support mechanisms for public-private dialogue, coordination and joint action at the country level to define and implement sectoral plans for disaster and climate risk reduction in priority sectors (water, agriculture, etc.).
- Engage private-sector actors in supporting the establishment and management of disaster-preparedness systems.
- Define a programme and guidance note for country offices on disaster preparedness and early recovery of MSMEs in the aftermath of natural disasters.

Private-sector and foundations engagement and development:

- Support innovative approaches and partnerships for entrepreneurship and sustainable job creation that goes beyond the humanitarian sphere, with a focus on youth and women.
- Engage with private-sector companies regarding apprenticeships and links to supply chains.
- Support mechanisms for public-private dialogue in conflict-affected countries, with a focus on strategies for economic revitalization (working with the Global Compact Business 4 Peace initiative and others).
- Private-sector digital payments for cash-based interventions and government payments.
- Innovative private-sector approaches to enable rapid recovery.

Private sector and foundations engagement:

- Engage major foundations and other philanthropic organizations to support the SDGs.
- Engage the private sector (e.g., extractive industry companies) to develop a clearer vision and commitment to support the SDGs.

[www.iicpsd.undp.org](http://www.iicpsd.undp.org)  
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