



Partnerships for Sustainable Finance: UNDP and International Financial Institutions Accelerating Finance for the Sustainable Development Goals

A Compendium of Global and Country Examples
of UNDP-IFI Collaboration

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UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

This compendium presents country, regional, and global-level partnership cases where UNDP is partnering with International Financial Institutions (IFIs) around UNDP Sustainable Finance Hub’s four service offers on raising public finances, unlocking private capital, impact measurement and tracking, and integrated national financing frameworks (INFFs).

UNDP does not warrant that the information contained is the most up-to-date. This is a living document based on the ongoing partnership status and it will be regularly updated. Please reach out to the Financial Institutions Team at bera.pg.fit@undp.org with questions or to add new cases.

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Foreword

The institutional financial and economic framework developed after the Second World War must rapidly evolve to address the immense challenges that the people and planet now face, most notably a climate emergency that is hitting harder and faster than many expected. We are the wealthiest generation ever, yet people are stockpiling money in the financial system and cannot find ways to invest it while societies, communities, and nations cannot find money that they can use to advance their development priorities in line with the Sustainable Development Goals (SDGs). At the same time, some 80 developing countries are swamped in debt: unable to address their immediate crises or invest in a future-focused transformation of their economies.

At this moment of immense global uncertainty, the United Nations (UN) is working ever more closely with International Financial Institutions (IFIs) to support developing countries to access liquidity and capital so that they can play a full part in advancing the SDGs: our internationally agreed plan to tackle challenges ranging from driving down poverty and inequalities to taking decisive climate action and promoting gender equality.

Since 2010, the United Nations Development Programme (UNDP) has successfully supported governments and International Financial Institutions to execute wide-ranging projects worth over \$2.5 billion with IFI financing. At this pivotal moment for our global community,

This new compendium aims to pool our collective intelligence in a number of key policy areas. That includes how to build pipelines of SDG-aligned investments and creating an enabling environment to this end; proven ways to design innovative financial instruments such as SDG-aligned bonds; and how to ensure that these processes are inclusive, taking the views of all stakeholders on board.

In particular, it outlines how UNDP is working together with IFIs to support countries to design and implement Integrated National Financing Frameworks, a vital means to align development finance with the SDGs and the Paris Agreement. Our work involves partnering to design cutting-edge financial instruments and impact frameworks such as an SDG-aligned Bond with the New Development Bank. Or look to UNDP's groundbreaking SDG Impact initiative, which is working with development banks to design SDG Investor Maps across the Continent of Africa, helping to pinpoint clear opportunities for the private sector to contribute to the SDGs. These include improving healthcare access in South Africa and developing the blue economy in the Seychelles.

As part of our bold Strategic Plan, UNDP has made an ambitious commitment to work with our partners to help promote the investment of \$1 trillion towards the SDGs by 2025. As we work towards this ambitious moonshot, we will continue to rely on the support, ideas, financing, and voices of all partners -- including IFIs, governments, the philanthropic sector, civil society, investors, and the global business community.

Indeed, the results outlined in this compendium are evidence that stronger partnerships between the UN and IFIs generate stronger impacts -- helping to protect and restore our faltering planet while bringing tangible improvements to the daily lives of millions of people across the globe. Perhaps most importantly, we are the frontier of efforts to help shape a next-generation financial system: one not just based on GDP growth alone but one that truly works in service of people and planet.



UNDP is strengthening its engagement with IFIs through our dedicated Sustainable Finance Hub which builds on UNDP's global network of teams and partners in 170 countries. Our aim is to support countries to leverage new sources of finance and expertise as we co-invest as a global community in the SDGs.



Achim Steiner
Administrator
United Nations
Development Programme



How UNDP works with International Financial Institutions to scale Sustainable Finance



As part of its Strategic Plan 2022-2025, UNDP is scaling its work to **link financing with impact through Agenda 2030 and the Paris Agreement**, with the aim of promoting **over US\$1 trillion investment** of public expenditure and private capital in the SDGs.

The highly fragile global economic outlook with the ongoing COVID-19 pandemic, the impacts of climate change and rising geopolitical tensions have led to a major deterioration in public finances. In response to these obstacles, UNDP is [bringing IFIs to the heart of partnerships](#) more than ever to support governments to leverage financing, expertise, and advocacy from a wider range of sources to achieve national priorities.

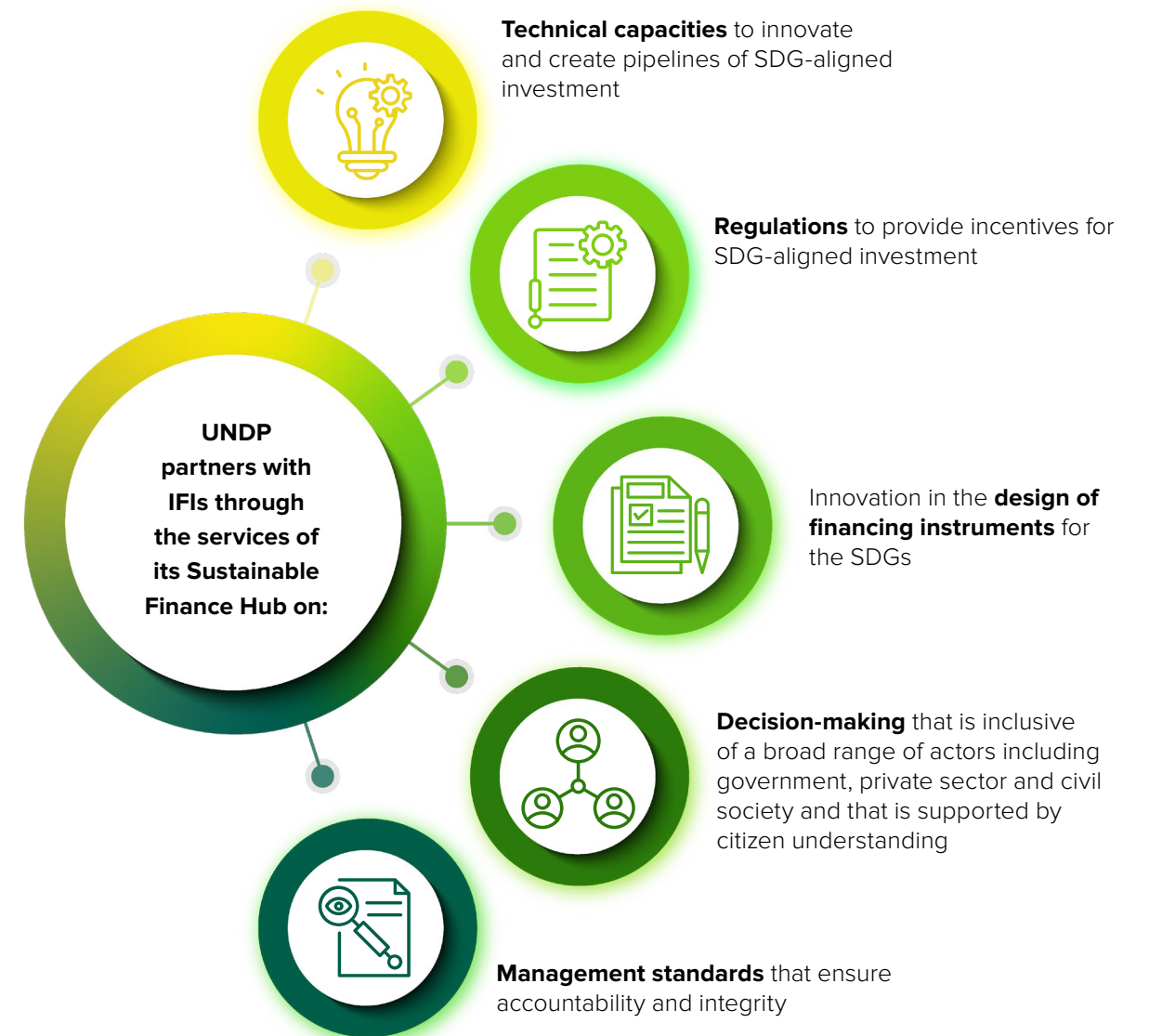
IFIs play a crucial role in scaling up financing to achieve the SDGs and supporting governments to maximize development gains and impact¹. In particular, MDBs and DFIs play a critical, counter-cyclical role in helping mobilize private investment through their operations in developing countries. However, their challenges against leveraging their roles often come from striking a balance between the need to maintain high credit ratings and balance sheet optimization while adhering to internal financial policies as well as statutory rules.

Understanding these challenges, UNDP plays a distinct role as catalyst, adviser, convenor, accelerator, and de-risier of investments by enabling significant shifts in public and private finance for sustainable development especially through the work of the UNDP [Sustainable Finance Hub \(SFH\)](#), established in early 2019.

1. IFIs include Multilateral Development Banks, Development Finance Institutions, and bilateral development banks to finance development projects in developing countries and their emerging markets.

Through this Hub, UNDP supports countries to accelerate financing for the SDGs, in line with the UN Secretary-General's Financing [Strategy](#) and [Roadmap](#) for Financing for the 2030 Agenda. We do this by focusing with our partners (governments, IFIs, private sector, civil society and the UN system) on leveraging points that can bring impact to scale.

Given its track record in working in public finance, private sector development and, increasingly unlocking private capital, in addition to its presence on the ground in countries, UNDP SFH offers a comprehensive package of methods and tools that complement and support IFIs' efforts to accelerate financing. Examples of this include support for national strategies that deepen public-private collaboration and the development of global standards for private equity funds, SDG bonds, and investor maps for SDG-enabling investment at the global and national levels.



IFIs are engaging with UNDP and governments in many countries through aligned technical assistance and financing policy dialogues. UNDP currently collaborates with more than 20 global, regional, and national development banks to promote SDG-aligned investments.

How do IFIs and UNDP deliver impact together?

With our IFI partners, we work at the global, regional and country levels to scale sustainable financing through:

- » Leveraging resources for the SDGs (technical and financial)
- » Policy dialogues and knowledge exchange
- » Joint implementation (including development financing initiatives/tools and parallel financing)

Integrated National Financing Frameworks (INFFs)

Building country-led sustainable finance architecture, including the delivery of risk-informed national financing strategies

Public Finance for the SDGs

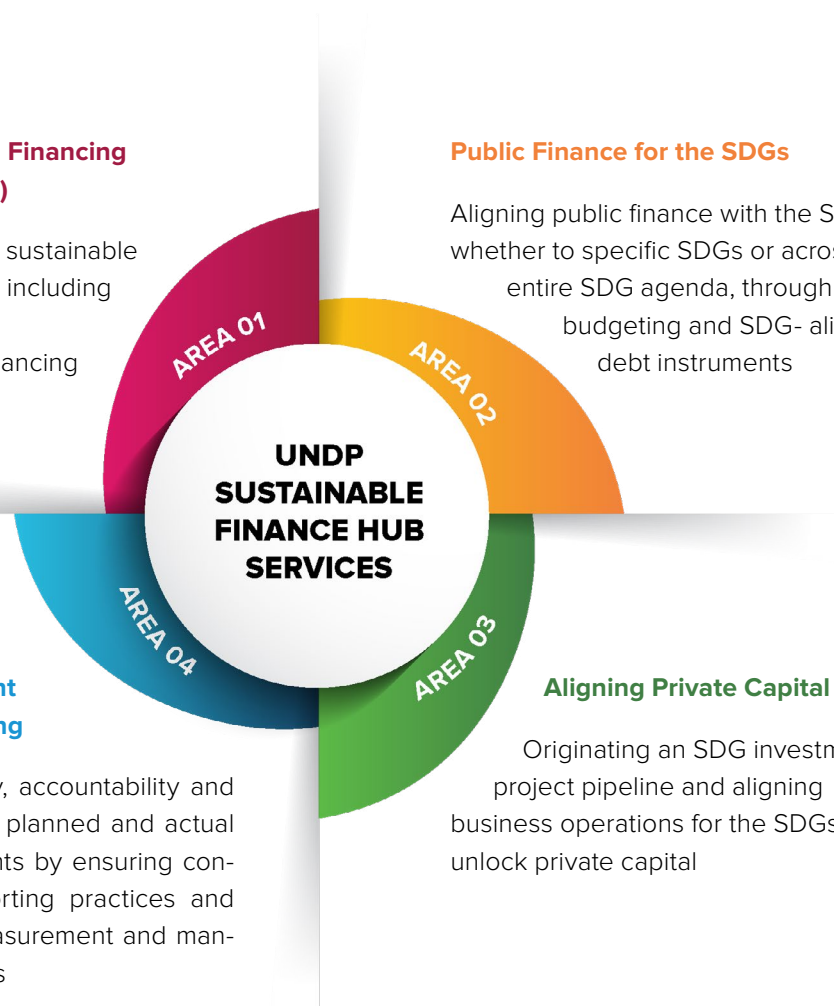
Aligning public finance with the SDGs, whether to specific SDGs or across the entire SDG agenda, through SDG budgeting and SDG-aligned debt instruments

Impact Management and Finance Tracking

Scaling the integrity, accountability and transparency of the planned and actual impact of investments by ensuring consistent impact reporting practices and building impact measurement and management capabilities

Aligning Private Capital

Originating an SDG investment project pipeline and aligning business operations for the SDGs to unlock private capital



How we work with IFIs

UNDP Sustainable Finance Hub offers an integrated, coordinated, data-driven, cost-effective, and transparent approach for international financial institutions partners – international, regional, and national and subnational – across all sectors to support national governments with SDG financing objectives.



Area 1: Integrated National Financing Frameworks (INFFs) and SDG Financing Strategies

[Integrated National Financing Frameworks \(INFFs\)](#) are a country-led approach to bridge the gap between financing policies and national sustainable development priorities. They bring together the full range of financing sources – domestic and international sources of public and private finance – and the policies that govern them. Centred around a financing strategy, they drive forward changes to financing policies and instruments designed to mobilize and align capital, transforming the national financing architecture so that public and private finance works for the SDGs.

INFFs are built on inclusive processes that bring together a wide range of existing public and private policies and actors across the public and private sectors including IFIs, and that institutionalizes the approach within the systems and processes used to connect planning and financing. UNDP provides technical leadership in support to governments as they design an INFF within given the national context, working closely with and engaging with IFIs and other partners. The emphasis in the design stage of the process, and through the services that UNDP offers, is on building understanding and consensus around the major SDG finance challenges and opportunities, institutionalizing the approach and agreeing among stakeholders on how the INFF will be adopted nationally and on the steps that will be taken to achieve this. [UNDP offers a range of services](#) to support the design of INFFs including development finance assessment, financing dialogues, and technical support for risk-informed financing strategy design.

UNDP works with 86 developing countries to design and deliver INFFs, including as part of the [INFF Facility](#), alongside the [United Nations Department of Economic and Social Affairs \(UN DESA\)](#) and the [Organisation for Economic Co-operation and Development \(OECD\)](#). IFIs are increasingly actively supporting INFF processes in more than 50 countries through a variety of mechanisms, from participation as members of INFF oversight committees to engagement in financing dialogue processes. They are feeding in technical inputs to INFF processes through SDG costing assessments, public expenditure and financial accountability processes, public expenditure reviews and various other assessments. And they are also providing joint technical assistance in an increasing number of settings, covering issues such as public financial management, financial regulation, debt instruments and other priorities identified through INFFs. For example, UNDP brings expertise on SDG budgeting together with the deep knowledge of the World Bank on sound public financial management so that fiscal processes align with sustainable development principles and robust accounting and oversight. The World Bank is engaged in INFF processes in more than 40 countries, and the IMF is engaged in INFFs in more than 25 countries and participates alongside the EU, UNDP and UN DESA in regular country-focused dialogues to coordinate technical assistance and capacity development. Other IFIs, including the Asian Development Bank, Islamic Development Bank and African Development Bank, are engaged in INFFs in more than 30 countries.

Around 40 countries are developing an [INFF plan to finalize their financing strategy over 2022 and 2023](#), with more to follow in subsequent years. These financing strategies set out national priorities for reforms to financing policies and instruments across public and private finance. As they are implemented, there will be growing demand from governments and partners at the national level for increased technical support, guidance on implementation and access to capital, which IFIs are well placed to respond to.

Case Study in Mongolia: Collaboration around financing diagnostics



IFI partners: IMF, World Bank, Asian Development Bank (ADB), International Finance Corporation (IFC)

Contributed by UNDP Mongolia

[Mongolia's INFF financing strategy was endorsed in August 2022 by the National Committee for Sustainable Development](#), led by the Prime Minister of Mongolia, which is the highest governance body on Sustainable Development Goals in Mongolia.

The INFF in Mongolia aims to create an enabling financing environment to mobilize financing for the implementation of the medium-term Development Plan for Mongolia. The INFF development was led by the Ministry of Finance and supported by the multi-stakeholder technical working group chaired by the Deputy Minister of Finance. The working group consisted of senior representatives from line ministries, the Central Bank, Financial Regulatory Commission, national development bank, private sector, banking association, development partners and IFIs, among others.

The INFF development process was highly consultative and benefited greatly from the contributions and support from the IFIs. The IMF,

World Bank Group and ADB were members of the INFF technical working group established at the Ministry of Finance, which drafted the financing strategy.

The IMF provided training on the SDG financing needs assessment and shared their tools. The IMF SDG costing methodology was used in the estimation of financing needs, which identified the SDGs that require the most significant amount of investment. This helped to prioritize the financing areas and reforms, in particular underscoring the importance of public-private partnerships in response to the scale of financing needs in infrastructure. The IMF is also providing further technical assistance to the government on critical reforms included in the financing strategy and, in particular, the public-private partnerships' development and debt management strategy.

The World Bank Group conducted [the public expenditure and financial accountability \(PEFA\) assessment](#) in 2021, which informed the assessment and diagnostics part of the INFF. The

recommendations included in the PEFA were critical in shaping the public finance part of the financing strategy. The World Bank Group is providing technical assistance in strengthening public financial management in Mongolia and is aligning its efforts with UNDP particularly around gender-responsive budgeting pilot in two-line ministries in Mongolia: Ministry of Education and Science, and Ministry of Labour and Social Protection. There is robust collaboration with the IFC, on the development of the Environmental, Social, and Governance (ESG) reporting standards in Mongolian capital markets which has been identified as one of the critical reforms to align private sector financing with the SDGs. The ESG reporting standards were developed jointly by UNDP, IFC, UNEP and UNDP Financial Centres for Sustainability (FC4S) in partnership with the Financial Regulatory Commission and the Mongolian Stock Exchange. The ESG reporting standards were adopted as part of the Disclosure and Transparency Regulations of the Mongolian Stock Exchange and are set to be followed by

over 200 publicly listed companies with over US\$2 billion market capitalization.

ADB has significantly helped to shape the contents of the financing strategy, providing technical inputs as well as technical support in a number of high priority reform areas as the financing strategy is implemented, including green and private-sector development and strengthening public financial management. ADB is also providing financial support in developing the INFF monitoring and review framework.

The engagement of all IFIs has been critical in policy advocacy and enhancing buy-in from the Government and other stakeholders such as the private sector throughout the INFF development and operationalization process. They have also assumed an instrumental role in informing the contents of the financing strategy. Going forward, they are expected to play an even more critical role in supporting the government in delivering the financing reforms prioritized in the INFF financing strategy.



Case Study in Nigeria: IFI alignment with the SDG financing strategy

IFI partners: IMF, World Bank, Islamic Development Bank (IsDB) and African Development Bank (AfDB)

Contributed by UNDP Nigeria

The IMF, World Bank, IsDB and AfDB have been actively engaged throughout the INFF process, including through membership in the oversight team, engagement in financing dialogues and joint technical assistance. In particular, they have provided valuable inputs to key diagnostics of the INFF such as the Development Finance Assessment and participated actively in key dialogues and discussions on policy frameworks of the INFF, including the Integrated National Financing Strategy, among others.

The IMF, World Bank, IsDB, and AfDB are active members of the INFF Steering Committee established to guide the INFF process and provide oversight. The Steering Committee is chaired by the Ministry of Finance, Budget and National Planning and is comprised of heads of key government ministries, departments and agencies, private sector groups, and development finance institutions (DFIs).

The IMF, World Bank, IsDB and AfDB are also members of the INFF Core Working Group (CWG), which provides strategic technical leadership and support to the Steering Committee in the design and implementation of the INFF. The CWG consists of technical personnel from each of the key government ministries, departments and agencies, private sector groups, and DFIs that make up the Steering Committee. The CWG meets regularly to agree on components of the INFF, provide inputs to INFF process, and review INFF outputs. After reviews at the CWG level, INFF outputs are presented to the Steering Committee for review and approval.

IFIs will also be critical in the implementation of the INFF. A Technical Committee for the implementation of the INFF is also being set up, which would group CWG members based on their areas of focus. In this case, IFIs would also be consulted in the implementation of INFF projects, programmes and reforms related to public finance.



Case study in Tanzania: Mapping the financing landscape

IFI partners: African Development Bank (AfDB), IMF, World Bank

Contributed by UNDP Tanzania

In Tanzania, a [Development Finance Assessment \(DFA\)](#) mapped the financing landscape and informed policy choices as it adopted the INFF approach. The World Bank, IMF and African Development Bank were closely engaged in the Development Finance Assessment process, with their technical teams carrying out peer review and regularly feeding in analytical works and reports, including World Bank Tanzania economic updates, the [World Bank Tanzania Diagnostic Trade Integration Study \(2017\)](#), the [AfDB country strategy paper \(2021-2025\)](#) and the [IMF 2018 financial system stability assessment](#).

The DFA has further been instrumental for the formulation of the financing strategy, informing the financing chapter for Tanzania's final plan in the implementation of the Tanzania Development Vision 2025 as the national overall development framework.

UNDP and the World Bank are closely collaborating to establish the monitoring and evaluation framework through which the Government of Tanzania could set priority outcomes in alignment with its national strategy and strengthen the sector-level monitoring and reporting system.

Area 2: Public Finance for the SDGs

Partnership Spotlight on the International Monetary Fund (IMF)

UNDP and the IMF are working together to identify opportunities for country-level technical assistance to align budgets with SDGs, and to support knowledge exchange and generation around country experiences. This includes cooperation at the global, regional and country levels on costing of SDGs, public financial management (PFM) reforms and INFFs.

INFFs:

The IMF is engaged in INFFs in more than 25 countries and participates alongside the EU, UNDP and UN DESA in regular country-focused dialogues to coordinate technical assistance and capacity development.

Technical guidance around public finance:

Joint regional consultations and trainings around IMF Green PFM Guidance through [IMF's South Asia Regional Training and Technical Assistance Center \(SARTAC\)](#)

Climate budgeting: cooperation on integrating climate change into the budget process through ongoing consultations with Asia-Pacific governments on lessons learned in climate change budgeting and peer reviews for publications such as: [Climate Sensitive Management of Green PFM](#) (IMF) and [Guidance note for governments to integrate climate change integration in budgeting](#) (UNDP)

Capacity development: Engagement with the IMF's Caucasus, Central Asia, and Mongolia Regional Capacity Development Center around jointly delivering a module on Budgeting for SDGs or Climate Change Budgeting to governments, and sharing knowledge on the demands coming from countries around PFM capacity development.

2-1. Budgeting for SDGs

UNDP has pioneered services to help ministries of finance undertake fiscal planning and budget reforms to integrate the SDGs into public finance. UNDP has well-established offers in relation to [climate-responsive](#), environment, and [biodiversity-focused budgeting](#) and has now expanded these services to include [budgeting for the SDGs](#). These services have also been linked to support for SDG-aligned debt instruments – for example through providing coding and tracking to identify project pipelines and report and use of proceeds for SDG sovereign bonds as well as to facilitate reporting and inform decision-making, planning and budgeting. UNDP provides services across the budget cycle, including:

- i. Determining entry-points for [integration of SDGs into the budget cycle](#)
- ii. Integration of SDGs into strategic budgeting including **medium-term budgetary frameworks** (MTBFs) and **budget policy statements**. This includes support for [climate change financing frameworks](#) and [integrating climate into MTBFs](#).
- iii. **Integrating SDGs into budget classification system through SDG budget coding and tagging:** UNDP supports ministries of finance in developing taxonomies/classification systems to track their allocations and expenditures on the SDGs, thematic areas such as gender, and [climate budget coding and tracking](#) or [Green Budgeting Tagging](#). These systems also enable the monitoring and reporting of the use of these proceeds from SDG aligned bonds, reporting to the United Nations Framework Convention on Climate Change and decision-making.
- iv. **Working with parliaments and civil society organizations to enhance budget accountability and public engagement.** UNDP enhances budget and policy debates around the efficient and equitable use of public money (for enhancing value for money) and improving transparency through presentation of green and SDG budget coding exercises in [citizen's budgets](#) and other budgetary documents. Support for Public Expenditure and Institutional Reviews and Public Expenditure Tracking Surveys across the SDGs also provide evidence for policy dialogue and stronger accountability. Specific guidance is also available for parliaments and civil society.

Case study in Namibia:

Enhancing Public Financial Management to achieve the SDGs

IFI partner: IMF

Contributed by UNDP Namibia

As key priorities of the financing strategy under the [INFF process](#), UNDP Namibia will be partnering with various development partners, including the IMF, with such partnership being focused on the SDG costing and budgeting. UNDP and IMF are

each delivering three complementary activities to assist the Namibian authorities in strengthening their strategic resource mobilization, spending and public financial management processes to achieve the SDGs. Through the workshop,



IMF staff and international experts shared methodologies and international experiences in these main topics: (i) building a sustainable financing architecture through an integrated national financing framework; ii) assessing the spending needs to achieve a high performance in selected SDGs; and (iii) budgeting in support of

realizing the SDGs. The second activity will focus on costing Namibia's additional spending needs for making substantial progress in achieving selected SDGs, while the third activity will focus on SDG budgeting to support the development of Namibia's 6th National Development Plan and the medium-term expenditure framework.

Case study in Gabon: Aligning public and private financing for green economy

IFI partner: IMF

Contributed by UNDP Gabon

UNDP Gabon has partnered with IMF along with the United Nations Environment Programme (UNEP) and the United Nations Economic Commission for Africa (UNECA) as implementing partners for the Joint Programme, "[Gabon and the SDGs Beyond Oil: Financing a Rapid and Sustainable Transition from a Brown to Green Economy](#)" to support Gabon establish a deeply green INFF, aligning public and private financing towards the attainment of the SDGs and the transition to a truly green economy. As the lead agency for the project, UNDP has leveraged its specific expertise in climate action and promotion of the green economy in Gabon, as evidenced by the fact that UNDP is one of the main implementing partners for the second phase of the Central African Forest Initiative. In the area of green budgeting, the joint programme builds on the progress made by Inclusive Budgeting and Financing for Climate Change in Africa, which promotes better integration of climate change policies into the budget process. This initiative, piloted by Collaborative Africa Budget Reform Initiative, is supported by UNDP, which has also developed an approach for reviewing public expenditure from a climate change perspective,

assessing the impact of climate change and formulating financing strategies for climate change.

As a vital implementing partner, IMF provides technical support and advice and the preparation of dedicated research including:

- i. Data and analysis on how the SDGs are taken into account in Gabon's current macroeconomic framework (public expenditure, including the report on the Public Investment Management Assessment, infrastructure, governance, poverty, and inequality, etc.)
- ii. Rationalizing the public expenditure framework and promoting good governance
- iii. Assessing the needs relating to priority SDGs for Gabon, advocating for an increase in the fiscal space in favour of SDG attainment and the green economy

With UNDP's expertise in climate action also as a steward of the SDGs and IMF's technical expertise in macroeconomic framework analysis, the Joint Programme facilitates support for Gabon as that country works towards developing a deeply green INFF.



Case study in Uzbekistan: Advancing government capacity to improve public finance with IFIs

IFI: World Bank

Contributed by UNDP Uzbekistan

UNDP Uzbekistan has partnered with the World Bank on the implementation of government's performance-based budgeting reforms. To build on its partnership, UNDP and UNICEF are working to build the government's institutional capacity to conduct a performance-based budgeting, which would improve the use of resources to achieve measurable results for the SDGs. Moreover, the enhanced capacity of the government to conduct performance-based budgeting will improve government transparency and accountability by providing more and better information to legislatures and the public and ultimately improving efficiency of the public finance management. As an end goal, this will facilitate establishing a strong Integrated National Financing System and accelerate achievement of the national SDGs.

UNDP Uzbekistan has also partnered with the AFD to introduce the green budgeting in the country. This builds on the ongoing effort of the UNDP to develop and strengthen SDG budget tagging and aligning public expenditures with the sustainable agenda. This partnership is focused on building the knowledge, elaborating

guidelines and developing institutional capacity of the relevant government and non-government institutions in mapping public spendings against the 'green' SDGs. This work, in the long run, will feed into the SDG-aligned planning process, 'green' public borrowing and monitoring of national programmes and spending.

UNDP Uzbekistan supports the Government of Uzbekistan in establishing a proper enabling environment for green sukuk in the country by [co-launching a technical assistance project with the Islamic Development Bank](#). The goal for this project is to develop relevant legislative and regulatory framework as well as to elaborate the National Green Sukuk Framework for Uzbekistan. Green Sukuk is a new type of sukuk that is used to finance environmentally sustainable projects - for example, in renewable energy, energy-efficient and resource-saving technologies and solid waste management-, and it serves dual roles as an alternative instrument to finance SDGs and as support for the climate change agenda.



2-2. SDG bonds

UNDP supports SDG-aligned debt management and the issuance of new bonds detailed in its [Bond Service Offering](#). UNDP provides support to: establish thematic bond frameworks, including SDG bonds frameworks; identify eligible investments; establish key performance indicators (KPIs); arrange external review; and monitor and report on use of proceeds, including through the analysis of real-time, digitally enabled data flows and impact reporting.

[UNDP SDG Impact Standards for Bond Issuers](#) specifically set out an internal decision-making framework to help bond Issuers develop and implement an impact strategy to contribute positively to sustainable development in line with the SDGs and provided as part of the Bond Service Offering. UNDP is increasingly supporting governments in establishing an enabling environment, governance mechanisms, and monitoring and evaluation frameworks for thematic bonds. To date, UNDP has engaged with over 40 countries in these services. The market dynamics are favorable in terms of the greenium's availability and bonds tied to development and SDG indicators remain in demand.

Area 3: Unlocking Private Capital for the SDGs

3-1. SDG investment pipeline development through SDG Investor Maps and Impact Venture Accelerators

UNDP brings public and private stakeholders to identify the best investment opportunity areas to achieve the SDGs. Through [SDG Investor Maps](#), a country-specific market intelligence tool that translates SDG needs and policy priorities into actionable investment opportunity areas, UNDP aims to support the direction of capital to emerging markets where SDG priorities, government policies, and market opportunities converge. The identified investment opportunity areas can be explored for additional feasibility studies for the investment and any deep dives for specific business models, all of which are uploaded to the [SDG Investor Platform](#).

In addition to multilateral development banks, national development banks (NDBs) are considered as key stakeholders in the SDG Investor Map development processes to inform priority sectors and to build on existing innovative financing mechanisms in order to address policy and regulatory gaps.

UNDP uses these engagements to not only move towards directing capital to where it is most needed, but also as an entry point for efforts towards optimizing the interrelated economic, social and environmental impact of organizations through the complementary [SDG Impact Standards](#) (for example, working with enterprises identified in pipeline discovery activities in working groups to support adoption of the SDG Impact Standards).

Additionally, UNDP supports [a competitive process to identify enterprises with high potential for growth and SDG impact](#). UNDP first selects growth-stage impact ventures that have a proven impact, demonstrated product-market fit, and a revenue-generating self-sustainable model or that have already raised a round of investment, which makes them attractive for international capital. Through [UNDP's Impact Ventures Accelerator \(IVA\)](#), it further supports scaling of those businesses that deliver products and services directly and systemically addressing challenges manifested by the SDGs.

Case study in Colombia: Creating actionable investment opportunities

National development finance institution (DFI) partner: Bancoldex

Contributed by UNDP Colombia

Along with the National Planning Department (DNP), Procolombia, National Investor Promotion Agency, and iNNpulsa, National Agency for the promotion of entrepreneurship, [Bancoldex, the National DFI, participated](#) during the initial phases and round tables for the creation of

the Investor Map as an information provider, interviews, and validation round tables. They have been part of the subsequent activities that have resulted from the map such as participating in policy dialogues.





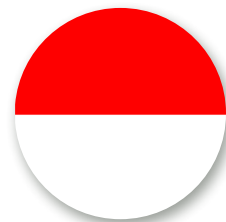
Case study in Indonesia: Identifying investment opportunities

IFI Partner: Asian Development Bank (ADB)

Contributed by UNDP Indonesia

[UNDP has partnered with the Asian Development Bank \(ADB\) to launch a blue economy Accelerator Programme](#) which is looking at two themes – Aquaculture and Renewable Energy – that were validated and confirmed through the [SDG Investor Map for Indonesia](#). ADB also commissioned the first part of the SDG Investor Map methodology that helped to determine the priority sectors

for Indonesia that lie at the intersection of SDG needs, policy momentum and potential for private sector participation. UNDP SDG Impact and UNDP Indonesia further built on initial research through collaboration with the [UNDP-Centre for Impact Investments and Practices](#) to build out 18 Investment Opportunity Areas that are now hosted on the [SDG Investor Platform](#).



Case study in Armenia: Scaling impact of ventures

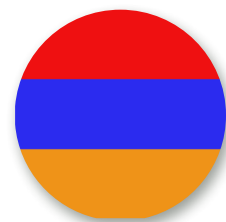
IFI partner: Asian Development Bank

Contributed by UNDP Armenia

Building on existing partnerships, [UNDP Armenia has been partnering with ADB](#) in supporting [ImpactAIM](#) ventures creating solutions for sustainable development since 2019.

UNDP ImpactAim is the first impact venture accelerator in Armenia designed to leverage the unique global network and expertise of UNDP and scale up the impact of ventures to target

SDGs. With ADB Ventures Facility's technical assistance, the ImpactAim supports start-ups and innovators by providing expertise, access to professional networks, funding and universal field reach. Ten acceleration programmes were designed and implemented for almost five years generating a pipeline of 35+ impact ventures that included 10,000 plus stakeholders on three continents.



Partnership Spotlight on SDG Investor Maps in Africa

Across sub-Saharan Africa, [SDG Investor Maps](#) have strong linkages with the work of National Development Banks (NDBs) as well as Development Finance Institutions (DFIs). During the development process, SDG Investor Maps are informed by development priorities and innovative financing instruments by NDBs and country-level activities of DFIs. On the one hand, especially NDBs support the overall orientation of SDG Investor Maps where, for example, the **Development Bank of Seychelles** contributed to the consultations in Seychelles towards a strong blue economy theme, given the country's first blue bond (Blue Grant and Blue Investment Fund). On the other hand, activities of NDBs and DFIs feed into the key data points of the Investment Opportunity Areas of the SDG Investor Maps, where for example loans suitable for [cold storage port facilities in Namibia](#) – offered by FNB, Bank Windhoek and the Development Bank of Namibia – provided the required investment timeframe, or where [mid-fee health care facilities from the South Africa SDG Investor Map](#) feature financial and other incentives, such as the US\$10 million equity in Razorite Healthcare Fund for Africa by the African Development Fund (AfDB).

Upon completion of African SDG Investor Maps, NDBs and DFIs are engaged as one of several types of investors to utilise the market intelligence of the SDG Investor Maps to maximize their contributions towards their SDGs as part of UNDP's 'Unlocking Private Capital and Aligning Business Operations for the SDGs' service offer. For example, an [Africa Continental Investor Convening](#) organised as an official side event of the Eighth Tokyo International Conference of African Development uses SDG Investor Maps to explore the realization of Investment Opportunity Areas in the green and blue economy from Mauritius and Nigeria by utilising for example AfDB's Sustainable Energy Fund For Africa and the Africa Guarantee Fund as a debt fund promoting private investments in energy-efficient technologies and business models.

Area 4: SDG Impact Management and Finance Tracking offer

4-1. Sustainable Finance Taxonomies

UNDP's offer on SDG Impact Management and Finance Tracking supports public and private finance actors to enhance the integrity, accountability and transparency of the planned and actual impact of investments. UNDP is prepared to partner with IFIs and DFIs to identify and leverage substantial private capital commitments to tackle sustainable development priorities in pursuing financial returns and impact and to integrate standards and impact management frameworks and systems to deliver their strategic priorities and investment portfolios. UNDP is also poised to support scaling its partners' value to the market and leadership in impact-driven sustainable finance for effectively delivering their mandates.

UNDP works with governments to develop regulatory frameworks, incentives, and strong national reporting systems that promote disclosure of credible impact reporting providing information about companies' sustainability-related risks and opportunities to support decision-making and realign business models. UNDP also partners with governments to align public and private investments and to track resources more accurately and comprehensively. This will make sustainable finance information consistent, accessible, and transparent to help guide financial flows to areas where they are most needed.

UNDP partners with private sector entities to increase integrity and clarity of business and investment practices around claims that investments advance the SDGs. UNDP provides impact measurement and management services for IFIs and DFIs, intermediaries, investors and enterprises to integrate sustainability into business and investment purpose, management systems and decision-making to enhance their business performance and contribution to achieving the SDGs.

UNDP provides technical assistance and advisory services to support consistent impact reporting practices and performance to aggregate enterprise contributions to the SDGs. UNDP's assurance model accompanies all standards that allow businesses and investors to opt into a system that provides recognition for practice that generate impact on the SDGs to validate and differentiate practitioners in the market through a process of independent certification. UNDP also supports capacity building programmes for the private sector to build their impact measurement and management capacity and capabilities. These training courses will be offered through the UNDP SDG Finance Academy.

Mandated under the French G7, UNDP and the OECD developed the [Framework for SDG Aligned Finance](#) to bring order and clarity to standards and disclosures, increase transparency, help governments design regulation and support new instruments. These standards were recognized by the [Finance in Common \(FiC\) Joint Declaration \(2020\)](#) and commitments from the public development banks (PDB) coalition. UNDP is supporting the resulting [Finance in Common Coalition for Social Investment](#), and the workstream on impact measurement and management for PDBs.



Case study in China:

Supporting New Development Bank’s SDG Bond issuance leveraging UNDP’s Impact Standards

IFI partners: New Development Bank (NDB)

Contributed by UNDP China

In March 2021, [UNDP supported NDB’s issuance of a 5 billion RMB \(US\\$747 million\) SDG Bond in the China Bond Market](#) to finance the country’s sustainable COVID-19 recovery. This marks the first time globally that a multilateral development bank has committed to adopt UNDP’s SDG Finance Taxonomy and Impact Standards.

NDB was invited to join the UNDP reference group for the SDG Impact Standards for Bond Issuers and provided valuable inputs on the applicability of the draft Standards. UNDP China helped reviewing and provided technical inputs to the NDB bond prospectus, reviewed the NDB project document and supported SDGs tagging for screened projects in line with the SDG Finance Taxonomy. By 2023, when the use of proceeds is fully disbursed, UNDP will stand ready to provide technical support for NDB’s self-assessment of the bond’s use of proceeds and to gather evidence on impact and allocation reporting.

The net proceeds from the sale of the bond will be used by NDB to finance sustainable activities or processes and to deliver products, services or outcome that benefit stakeholders and/or con-

tribute to solutions relating to 17 SDGs in NDB’s member countries.

Utilizing the knowledge generated from the SDG Finance Taxonomy and technical exchanges with the NDB, in November 2021, [UNDP provided advisory support to China’s National Association of Financial Market Institutional Investors](#), the regulatory organization of China’s over-the-counter financial market affiliated with the Central Bank for its Pilot Program for Overseas Issuers to Issue Social Bonds and Sustainability Bonds in China. The Pilot Program incorporates key components of the [UNDP SDG Impact Standards](#), and the SDG Finance Taxonomy – for example, principles that include Do No Significant Harm, serving vulnerable groups and using SDG targets as impact indicators.

Under the Pilot Program, [AIB issued 1.5 billion RMB \(US\\$224.45 million\) worth of sustainable development Panda bonds](#). This is the first sustainable development bond issued by an international development institution in China. It shows how UNDP helps the alignment of capital with SDGs towards the US\$1 trillion ‘Moonshot’.



Case study in Latin America:

Developing a Common Framework of Sustainable Finance Taxonomies in Latin America with IFIs

IFI partners: World Bank, Inter-American Development Bank, and Development Bank of Latin America

Contributed by UNDP Latin America and Caribbean

On taxonomies, aside from working with individual countries in the development of their sustainable finance taxonomies, UNDP is advancing regional conversations in Latin America to ensure the interoperability of the different taxonomies in the region and the interconnectivity of financial markets.

As part of the working group on sustainable finance taxonomies in Latin America and the Caribbean (GTT-LAC), [the activities to develop a common framework of sustainable finance taxonomies for the region were officially launched in June 2022](#). The GTT-LAC is an initiative of the

Interagency Technical Committee of the Forum of Ministers of Environment of Latin America and the Caribbean, and is constituted by the United Nations Environment Programme (UNEP), the Economic Commission for Latin America (ECLA), UNDP, the World Bank Group (WBG), the Inter-American Development Bank (IADB), Development Bank of Latin America (CAF), and the Food and Agriculture Organization of the United Nations (FAO). The LAC Taxonomy Working Group is financially supported by the European Commission through the EUROCLIMA+ Programme.

4-2. OECD-UNDP Impact Standards for Financing Sustainable Development and the UNDP SDG Impact Standards for enterprises, bond issuers, and private equity funds

SDG Impact Standards provide an organizing framework and internal management practice to help DFIs integrate sustainability and SDG -aligned impact in their strategy, management approach, transparency and governance that can be streamlined across their portfolio and business partners. By aligning with the Standards, all development finance actors can show their intention to contribute positively to SDGs and assess their positive and negative effects on people and the planet.

The Standards are designed to help organizations place sustainability, the SDGs and managing for impact at the core of purpose and decision-making across the organization's strategy, management approach, disclosure and governance practices – to optimize their impact potential through better, more impact- informed decision-making. These management standards are voluntary and consistent with existing high-level principles, filling gaps in current market approaches that undermine efforts to achieve sustainability and the SDGs. Importantly, they create a shared language and approach to connect actors across the system to facilitate collaboration, including blended finance mechanisms to close the more challenging SDG gaps.

The OECD-UNDP Impact Standards for Financing Sustainable Development (IS-FSD) have been specifically designed for private-sector partners, including DFIs of OECD Development Assistance Committee members.



Case study in Eastern Europe: Prototyping impact tracking

**Development Finance Institution Partner: European Investment Fund
Contributed by UNDP Europe and Central Asia**

UNDP is also working with partners such as the European Investment Fund (EIF) to prototype impact measurement and management practices within the context of alignment to climate and SDG commitments in compatibility with EU regulations. Such an approach integrated into an investment portfolio, particularly in the Guar-

antee Instruments under the European Fund for Sustainable Development, could serve as a benchmark to inspire other international financial institutions, and be scaled to other MDBs, DFIs, and financial institutions at global and country levels.



Case study in South Asia: Supporting Inclusive Business Models and SMEs

**IFI partner: Asian Development Bank (ADB)
Contributed by UNDP Business Call to Action**

[UNDP's Business Call to Action](#) is a UNDP initiative recognizing and advancing inclusive businesses to help achieve the SDGs. Through this initiative, UNDP partnered with ADB's private sector department to support ADB in establishing the groundwork criteria for identifying

and measuring the impact of inclusive business models across sectors. This supports the inclusive Business Finance Program (IBFP), aiming to scale ADB's financing activities in five countries in South Asia: Bangladesh, India, Indonesia, Philippines, and Vietnam.

Thematic Highlight: SDG Finance in Climate and Energy

Through UNDP's [Climate Promise](#), 95 percent of revised climate action plans include outreach to the private sector. With its expertise in climate finance tracking in 33 countries globally, UNDP supports ministries of finance to accelerate the regional shift towards a low-carbon, climate-resilient growth model as recognized in the Helsinki Principles and **Coalition of Finance Ministers for Climate Action**. In particular, UNDP leads the implementation of climate finance tracking methodologies, including Climate Public Expenditure Reviews, Private Climate Expenditure Reviews, Climate Budget Tagging and Investment and Financial Flows, and Climate Finance Frameworks. These methodologies have been contributing to the progress towards the integration of climate-change-related expenditures into national budgetary processes.

In **Ecuador**, the World Bank's first green and resilient recovery development policy loan (US\$700 million) and AFD's credit loan (US\$ 150 million) both require specific climate change tagging as triggers for the operations. As such, UNDP supports the Ministry of Finance to set up an operative platform to track climate finance as part of both loans, and the review of the environmental spending guiding classifier to include UNDP Budgetary Climate Labeling Methodologies to speed up the due diligence of both loans.

Another flagship initiative is the [Africa Minigrids Program \(AMP\)](#), a country-led technical assistance program for minigrids, active in an initial 21 African countries. AMP is expressly targeting early-stage minigrid markets, seeking to establish the enabling environment for subsequent private investment at scale. The Program's objective is to support access to clean energy by increasing the financial viability, and promoting scaled up commercial investment, in renewable energy minigrids in Africa, with a focus on cost-reduction levers and innovative business models. This cost-reduction (in hardware costs, soft costs and financing costs), in conjunction with innovative business models, will increase capital flows to the profit of end-users, who will benefit from lower tariffs and expanded service compared with the baseline. This comprehensive programme is also a multi-partner effort. With GEF funding, UNDP will be implementing the programme together with Rocky Mountain Institute and the African Development Bank (AfDB), linking up with a wide array of minigrid stakeholders in Africa and beyond. With various initiatives active in this space, the AMP has been designed to be additional and complement ongoing efforts to develop minigrid markets across Africa and will further collaboration and partnerships during program implementation. The AMP commences implementation in 2022 and will continue until 2027.

As an inclusive partnership for all stakeholders including governments at all levels and IFIs, UNDP with the International Renewable Energy Agency, Sustainable Energy for All, in coordination with the Green Climate Fund launched the [Climate Investment Platform](#). The Platform provides innovative ways to catalyse climate finance, channel it where it is most needed, and maximize its impact. It supports governments to specify ambitious energy targets and scale up their nationally determined contributions, established well-designed, implemented and enforced clean energy policies and regulations, financial de-risking of energy projects, and a marketplace to connect clean energy investors and project sponsors. As an initial step, the Platform targets increasing in flow of capital to clean energy projects and will expand to facilitate investments in other key areas, such as water, agriculture, cities and transport, to build a climate-resilient future.

UNDP Global Partnerships with IFIs

Since 2019, [UNDP has focused on bringing IFIs into the heart of UNDP partnerships](#) with successful joint implementation and increased knowledge collaboration. Through partnerships, UNDP supports IFIs to align their strategic objectives with the achievement of the SDGs at country level, by embedding IFIs into the DNA of UNDP's 2022-2025 Strategic Plan and Signature Solutions. In 2016, UNDP launched its first IFI Partnerships Strategy, which is being rolled out through bank-specific action plans launched to date with the IsDB, the European Investment Bank, the European Bank for Reconstruction and Development, CAF, the Council of Europe Development Bank and national banks such as the KfW German Development Bank and China Development Bank. Additional Joint Action plans are under development with the African Development Bank (AfDB), Eurasian Development Bank (EaDB), Caribbean Development Bank (CDB), and United Nations International Fund for Agricultural Development (IFAD).

UNDP strengthens such individual, tailored partnerships with each IFI through multinational forum including the [G20 Sustainable Finance Working Group \(SFWG\)](#) and the Asia-Pacific Financial Forum (APFF) Sustainable Finance Development Network (SFDN), a network within the policy initiative of the [Asia-Pacific Economic Cooperation \(APEC\) Finance Ministers](#). UNDP serves as the Secretariat for both G20 SFWG and APFF SFDN.

Two premier forums have entrusted UNDP to help define their sustainable finance roadmaps. These frame current and future efforts by 29 major economies to accelerate financial, fiscal and economy policy choices in line with the SDGs.

UNDP SFH, as a Secretariat, supported the development of the [G20 Sustainable Finance Roadmap](#) to help focus the attention of the G20, IFIs, and other stakeholders to strengthen the alignment of all sources of financing for sustainable development.

In Latin America, [UNDP has taken sustainable finance principles agreed by the G20](#) into work with several multilateral development banks, the regional economic commission, sister UN entities and a forum of environment ministers to develop sustainable finance taxonomies. These classify industrial activities so that policymakers can see capital flows and stocks based on social and environmental impacts. In doing so, they gain a clearer understanding of potential risks, how to manage these and where faster routes to sustainable development might lie.

[UNDP Financial Centres for Sustainability \(FC4S\)](#), as a Secretariat, supports the Asia-Pacific Financial Forum Sustainable Finance Development Network, a permanent landing platform for private-public sector collaboration to support the development of sustainable finance in APEC economies. This helps achieving its focus in ensuring that key policy principles are considered, such as consistency and interoperability among jurisdictions, and that APEC economies' concerns and interests are taken into account in global policy making and framework development.

Financial Centres for Sustainability (FC4S)

UNDP aims to accelerate the expansion of sustainable finance by enabling FC4S, a collective of international financial centres to evaluate the state of sustainable finance and to provide the tools and insights to engage local institutions, inform and influence policy, and ultimately accelerate market transformation.

UNDP's [FC4S](#), in collaboration with Finance Ministers for Climate Action, developed an analysis of the existing Sustainable Finance Roadmaps aimed at mobilizing private capital to support sustainable development. The [report](#) analyses the structure and characteristics of 41 sampled sustainable finance roadmaps developed by 30 countries between 2014 and 2021. The report serves as a tool to support FC4S members in designing the drafting process of and implementation of national and sub-national Sustainable Finance Roadmaps.

Integrated National Financing Framework (INFF) Facility

In April 2022, UNDP, UN-DESA and the OECD [launched the INFF Facility](#) to respond to the demand for technical support from countries developing Integrated National Financing Frameworks (INFFs). Supported at its launch by the EU, Italy, and Sweden, the Facility works in three important ways:

- » It responds to country demand for quality, accessible and neutral assistance in designing and implementing INFFs by brokering tailored technical support from independent experts, development partners, Southern partners and the private sector.
- » It deepens cooperation between public, private, and civil society actors, helping national institutions deliver inclusive financing strategies and reforms.
- » It offers a platform for countries to share, connect and learn from one another, facilitating collaboration, exchange and access to innovative tools, knowledge and guidance.

The Facility is built on a partnership-led model, brokering the demand and supply of technical support from a growing range of partners. It responds to the endorsement by G20 Leaders of the G20 Framework of voluntary support to INFFs and offers a vehicle for IFIs, development partners and other international actors to coordinate and channel support for country-led INFFs. UNDP conducts an annual INFF stocktake for the G20 on behalf of the INFF Facility.



Finance in Common Initiative (FICS) - A coalition of 500+ Public Development Banks (PDBs)

In response to growing importance of public development banks in scaling sustainable finance, UNDP works closely with [the Finance in Common Initiative \(FICS\)](#) in various fronts including its membership in the FICS Executive Committee along with [other Multilateral Development Banks \(MDBs\) and international institutions](#) such as UN DESA and UNEP.

Joint Research

UNDP has conducted [joint research](#): the role of Public Development Banks in scaling up Sustainable Finance with the FICS to better understand the experiences and challenges of PDBs and their vital role in scaling sustainable financing and to bring them to the attention of the international community including the Finance in Common Summit, G20 members and multilateral institutions. The research showed a common understanding amongst PDBs of the importance of aligning with the SDGs and the Paris Agreement at a strategic and ambitious level but also highlighted the importance of effective collaboration – either with advanced or developing economies. Future support is recommended to improve PDBs alignment to the SDGs, to mitigate lending, guarantees, pricing and currency risks, and to have harmonized impact measurement standards coupled with better data.



Subnational Development Bank (SDB) Alliances

UNDP recognizes the strategic role of SDBs in closing the financial gap and localizing SDGs and is committed to supporting them in reaching their full potential for just local urban transitions. As such, UNDP has been playing an active role in supporting SDBs to finance the implementation of the global agendas including the SDGs and the Paris Agreement on Climate, through its seat in the Steering Committee for the [LAC-SDB alliance](#) (Alliance of SDBs in Latin America). UNDP also has participated in technical workshops that have examined de-risking instruments and guarantees.



Coalition for Social Investment

[The Coalition for Social Investment](#) is one of the coalitions of the Finance in Common Initiative, co-chaired by AFD, French Development Agency, and the Council of European Development Banks, sponsored by ILO and UNDP. UNDP is contributing to the workstream on the steering group and works on impact measurement and management and interlinkages among social, economic and climate agendas.



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