



UNDP's Private Sector Development and Partnership Strategy (2018-2022)

Making Markets Work for the SDGs



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I. Strategic Setting

Faced with challenges of immense scale and complexity – from growing inequality, conflict and displacement to catastrophic impacts of climate change – the international community has rallied around a shared agenda of unprecedented ambition. The 2030 Agenda and the Sustainable Development Goals (SDGs) reflect a systemic approach to advance truly sustainable development that embodies economic, social and environmental progress and leaves no one behind.

The scope and ambition of the 2030 Agenda, together with the important commitments made in the Paris Agreement on Climate Change, are far beyond what international organizations and aid flows can achieve alone. The SDGs, unlike the Millennium Development Goals, have been formulated as a universal framework to be implemented in all countries. They demand collective effort that brings together governments with the private sector¹ and civil society, and makes the SDGs a driving force of their actions. Moreover, they demand that markets be fundamentally reshaped to be more inclusive, equitable and sustainable while generating profits, innovation and growth.

1. Poverty, Inequality and Markets

Global poverty has fallen from 35 percent in 1990 to under 10 percent in 2015, reducing the number of poor people in the world by over 1.1 billion.ⁱ At the same time, inequality persists, more than 2.1 billion people lack clean water,ⁱⁱ 1.1 billion lack access to energy,ⁱⁱⁱ more than half of the world's population do not have access to the internet^{iv} and 1.7 billion people lack access to a bank account.^v As a result, poor people's potential for consumption, production, innovation and entrepreneurial activity is largely untapped. The opportunities are vast, but so are the obstacles. Rural villages and urban informal settlements are difficult environments for doing business: market systems rarely exist for delivering goods and providing services, and essential market infrastructure is limited or nonexistent. Without inclusive financial systems, the poor inhabit a cash economy. Without reliable law enforcement and equal access to legal systems, market actors find it difficult to enforce contracts. Bringing poor people into the marketplace can provide them a critical pathway out of poverty.^{vi} For businesses, this can provide new spaces for growth and innovation.

2. The Private Sector and the SDGs

In the average developing country, the private sector accounts for 60 percent of gross domestic product (GDP), 90 percent of jobs and 80 percent of capital flows.^{vii} It can contribute to sustainable development by creating decent jobs, building future-oriented skills, spurring innovation, and providing essential infrastructure and affordable goods and services. The private sector also stands to gain handsomely from achievement of the SDGs, which could unlock US\$12 trillion in market opportunities across just four sectors: food and agriculture; cities; energy and materials; and health

¹ See Annex I for UNDP's definition of the private sector.

and wellbeing.^{viii} If the SDG on gender equity were achieved and women participated in the economy identically to men, between \$12 and \$28 trillion would be added to global GDP.^{ix} Companies are increasingly being confronted by customers and employees with high expectations (for purpose, not just profit) as well as intense public scrutiny made possible by data-driven transparency.^x Against this backdrop, the boundaries between business, civil society and government are blurring, and interdependence and collaboration are increasing.^{xi} New business models like social enterprises are growing, as is the use of impact investing, blended finance and environmental, social and governance (ESG) principles.^{xii}

According to the OECD, official development assistance (ODA) was US\$146.6 billion in 2017.^{xiii} By comparison, foreign direct investment (FDI) flows to developing economies was US\$671 billion in the same year. Global FDI totaled US\$1.43 trillion in 2017^{xiv}. However, domestic financial flows are the largest and most stable source of development-related funding in developing countries.

3. Despite Challenges, a Positive Momentum is Building in Markets

Globalization is associated with deep discontent and dangerous polarization,^{xv} as is inequitable growth. Fragile and conflict-affected states are too often left behind entirely. It is imperative that globalization and growth proactively address sustainability and inequality going forward. The SDGs provide a framework for how the private sector can pursue profit and growth while reducing poverty and inequality, preserving the planet and promoting human development. The SDGs also empower governments to create policy and regulatory frameworks that incentivize sustainable actions by the private sector.

The private sector has shown promising potential to be a vital actor in sustainable development. From 2014 to 2016, global sustainable investment increased 25 percent from US\$18.28 trillion to US\$22.89 trillion.² From 2013 to 2017, green bond issuance increased 14-fold from US\$11 billion to US\$155 billion.^{xvi} Investors increasingly demand social and environmental results, and farsighted business leaders realize that the SDGs offer a framework for confronting a complex, uncertain and resource-scarce future. In a recent global survey of institutional investors, 67 percent report using ESG principles as a component of their investment approach.^{xvii} In fragile settings, a new generation of flexible shock- and risk-responsive instruments are emerging that can rapidly respond to deteriorating situations or opportunities for reform, stabilization or peace.^{xviii}

Important momentum for change is building; yet the overriding market tendency is still to reinforce or incrementally improve the status quo. If the momentum for change is not strategically leveraged into broader impact, the progress to date may remain in a niche of the world economy. This strategy focuses on the role UNDP can play (in partnership with governments, businesses, investors, communities, civil society and academia) to amplify and accelerate the momentum for market change into irreversible transformation.

² Sustainable investment encompasses: (i) negative/exclusionary screening; (ii) positive/best-in-class screening; (iii) norms-based screening; (iv) Integration of environmental, social and governance factors; (v) sustainability-themed investing; (iv) impact/community investing; and (vii) corporate engagement and shareholder action. See: http://www.gsi-alliance.org/wp-content/uploads/2017/03/GSIR_Review2016.F.pdf.

II. UNDP's Private Sector Vision and Mission

UNDP's Private Sector Strategy seeks, in partnership with governments, civil society and businesses, to **make markets work for the SDGs** with an emphasis on inclusion of poor and marginalized communities. It seeks not only to enhance the private sector's role as a vital actor in advancing the SDGs but also to promote the adoption of the SDGs as the main framework for private sector strategies and operations so that all business outputs are contributing to the SDGs. This strategy builds upon UNDP's longstanding adoption of a market system approach^{xix}, which is also the main basis for work on private sector development and partnerships championed by a number of other international agencies.^{xx, xxi}

1. Why Make Markets Work for the SDGs?

UNDP's analysis indicates that, despite positive momentum, significant bottlenecks remain in unlocking the full contributions of businesses and markets to the SDGs. For example, many businesses cannot access capital to support investments and innovation that produce profits while being green and inclusive. Short-term horizons still drive most investment decisions, working against long-term sustainability. Poorly targeted subsidies often create perverse incentives for companies to behave in unsustainable ways, and companies are often not held accountable for the negative externalities (in terms of the environment, public health, etc.) they generate. Governments struggle to create policy and regulatory frameworks that incentivize long-term investments and implement policies that encourage businesses to align their core strategies with the 2030 Agenda (see Annex II). Furthermore, many businesses do not know how to adapt their business models toward sustainability and inclusiveness, and most of the private sector is often not engaged in policy dialogue related to sustainable development.

The current momentum for change reflects an *emergent market system* that, if effectively leveraged and multiplied, could eventually become the *dominant market system*, ensuring achievement of the SDGs. This requires systemic change that involve not only introducing alternative innovative sustainable business models^{xxii} but also generating market incentives to finance and adopt such models at scale. Such system change can lead to large-scale impact, sustainability and resilience of market actors.^{xxiii}

2. Essential Components of UNDP's Private Sector Strategy

This strategy focuses on how UNDP can help catalyze sustained transformation of market systems from emergent to dominant based on its distinctive positioning, experience, lessons learned (see Annex III) and existing and future capacity.

The **vision** of this strategy is:

By 2030, the SDGs will be the main global guidance framework for businesses, investors and governments, unlocking US\$1 trillion³ in private capital and increasing the number of businesses of all sizes that align their strategies and operations with the SDGs. This will be supported and regulated by a policy environment that reduces risk and fosters an inclusive and green economy, leading to the eradication of poverty.

This vision is based on the hypothesis that, if businesses have access to capital that seeks economic, social and environmental results and they can adapt their strategies and operations accordingly and policy, legal and regulatory environments encourage businesses to pursue long-term economic, social and environmental results, then markets will work for the SDGs.

The *mission* of this strategy is to:

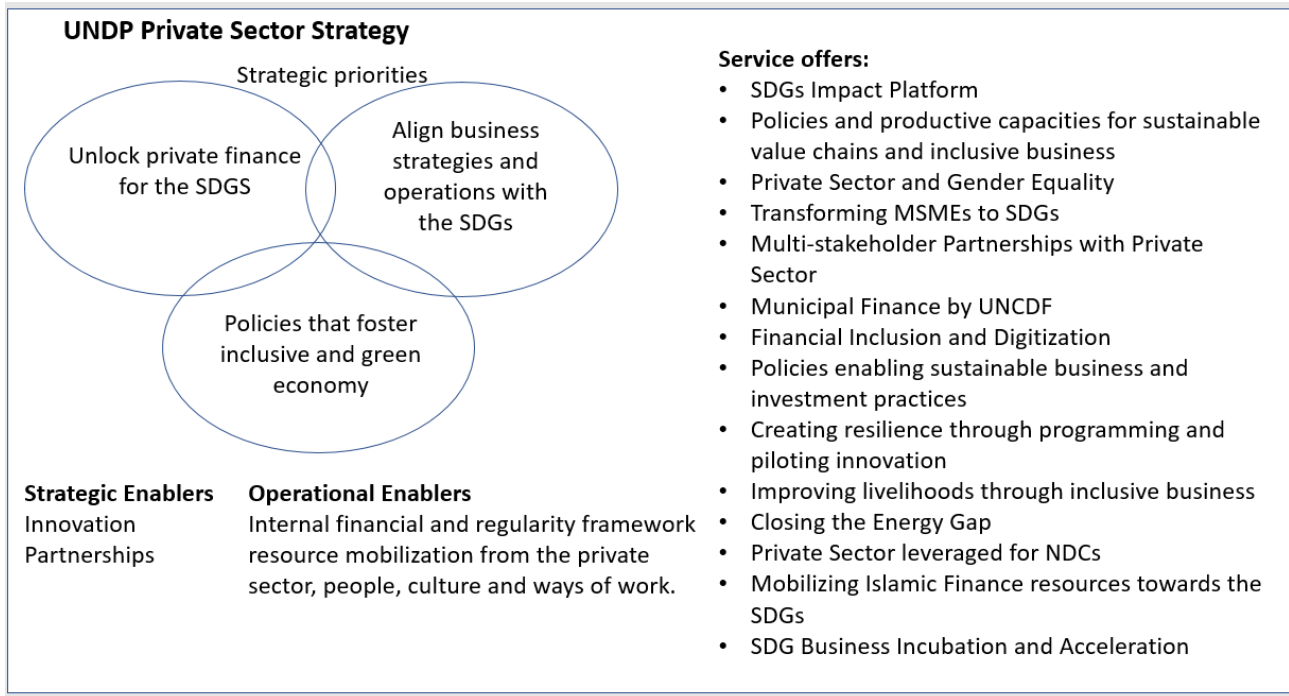
Assist countries to align private sector activities and investments with the 2030 Agenda by: influencing investors and businesses of all sizes; embedding the SDGs into their decision making and practices; and supporting governments to establish enabling policy and regulatory environments while facilitating multi-stakeholder partnerships.

Given its distinctive positioning at the country and global levels, UNDP will take an integrated approach to engaging in private sector issues – working *upstream* (macro – policy) as well as *mid-stream* (meso – market services, trade and institutional support) and *downstream* (micro – business and productive capacities).

As set out in the figure below, UNDP will advance the vision of *making markets work for the SDGs*, by driving progress on three *strategic priorities* by deploying a suite of *service offers*⁴ at sub-national, country, regional and global levels (see catalogue of service offers in Annex VII). Progress on the three strategic priorities will be facilitated by two *strategic enablers* and three *operational enablers*.

³ This amount can be achieved through the alignment of social responsible investments and corporate venture activities (as of 2016 totaling US\$18.3 trillion and US\$22.89 trillion respectively), and the deployment of capital into blended finance in order to leverage private-sector investments (US\$27 billion in 2015).

⁴ These service offers are drawn from the expertise, tools and innovations found across UNDP (and beyond) and will be made accessible to all country offices through an easy-to-use application. Each service offer typically advances all strategic priorities, although it may be associated more strongly with one. Service offers will evolve over the strategy implementation period: new service offers will be added and existing service offers may be adapted or closed.



3. Why UNDP?

A landscape analysis of international organizations working with the private sector identified several areas of comparative advantage for UNDP (see Annex IV). While many other international organizations focus on the private sector’s role in economic development, infrastructure and specific sectors, key gaps remain in making markets work for the poor, women, youth and populations in conflict and transitional contexts. Most funding for private sector engagement in climate change work has focused on credit lines to financial institutions, and not on de-risking, capacity building and transitioning to a green economy. In addition, most enabling environment and blended finance investments benefit middle income countries and do not reach least developed countries and fragile states. UNDP is well positioned to help make markets work for the SDGs because of:

- its role at the country level as an *integrator* of SDG efforts and *operational backbone* of the United Nations system;^{xxiv}
- its positioning as an *honest and neutral broker* that facilitates, influences and supports interactions between all levels of government (i.e. global, national, sub-national) and the private sector to achieve the 2030 Agenda;
- its mandate on sustainable development, democratic governance, peacebuilding, and climate and disaster resilience; and
- its global presence in approximately 170 countries across a range of development settings, including fragile, conflict-affected and transitional contexts.

A recent AidData survey of policymakers ranked UNDP first in effectiveness in development information for policy making in a variety of country settings and policy areas.

This combination of role, positioning, mandate and presence equips UNDP to focus its work strategically in ways that catalyze investment, influence corporate behavior and shape policy environments in order to help make SDGs the guiding framework for governments, investors and businesses.

UNDP’s experience with the private sector spans inclusive business, inclusive value chains, SME competitiveness, transition to low-carbon economies, market-driven climate and nature-based solutions, business-enabling environments in fragile contexts, gender-responsive policies and women’s economic empowerment (see Annex III). For example:

- UNDP manages several multi-stakeholder platforms to promote dialogue, knowledge sharing and collaborative action between businesses and governments, while advocating for businesses’ alignment with the SDGs.
- UNDP also provides hands-on support to governments and businesses through advisory services, along with practical tools, business development services, skills development, technology transfer and co-creation of development solutions.
- UNDP helps to attract new private capital to the SDGs and increases poor people’s access to affordable finance by de-risking private sector investments (via policies) and developing new financial instruments.
- UNDP enjoys the trust of governments due to its role supporting national SDG planning, budgeting and implementation as well as its global and country level convening capacity.

Illustrative examples of UNDP’s private sector track record

- As one of the largest service providers in the UN system working to help countries adapt to climate change and reduce greenhouse gas emissions, UNDP built over 130 partnerships with private sector actors between 2000 and 2016 (including 19 in disaster risk reduction, 78 in sustainable energy and 25 in climate).
- The GEF/UNDP/IMO GloBallast program catalyzed the global Ballast Water Convention, which helped to create a new ship ballast water treatment industry valued at over US\$35 billion. It facilitated the creation of the Global Industry Alliance for Marine Biosecurity (GIA) consisting of six major shipping companies that contributed financing and promoted technology transfer and diffusion.
- UNDP’s Montreal Protocol Unit works with governments and large private sector chemical suppliers (the Montreal Protocol is considered one of the most successful international environmental agreements to date).
- The UK Department for International Development (DFID) has recognized UNDP’s Business Call to Action as having a real impact in developing the evidence base for inclusive business.
- The G20 Inclusive Business Framework (informed by UNDP’s comprehensive research portfolio on inclusive business) has been endorsed by the G20, positioning UNDP as a global leader in providing policy advice and capacity support on inclusive business.

4. How does this strategy align with UNDP’s Strategic Plan (2018-2021)?

The UNDP Strategic Plan galvanizes the private sector to contribute fully to SDG achievement by: (i) investing private capital in the SDGs (especially domestic investment); (ii) adopting business practices that move communities toward inclusive and sustainable development; and (iii) partnering with governments and others to implement SDG-related policies and programs.

Tailored to the **three development outcomes** and **six signature solutions** of UNDP’s Strategic Plan (2018-2021), this private sector strategy will be adapted to each country and development context. UNDP will: embed the private sector’s role into a new set of programs being developed in line with the UNDP Strategic Plan’s six signature solutions; fully integrate its work into country-level **SDG support platforms**; and be supported UNDP’s newly constituted Global Policy Network that can leverage and multiply efforts being advanced across 170 countries. These country support platforms provide a mechanism for multi-stakeholder, whole-of-society approaches to advance the SDGs in context-specific ways in each country.^{xxv} By providing a single point of entry, these platforms make it easier for the private sector to engage in initiatives that address development challenges.

What are country support platforms?

- *Country support platforms* are open networks of traditional and non-traditional partners (including the private sector) engaged in a variety of transactions to co-create integrated solutions to complex development problems.
- *Country support platforms* will provide space for multi-stakeholder partnerships to develop joint action that leverage untapped benefits from collaboration.
- Given complex nature of these problems, *country support platforms* will focus on cross-sectoral issues and will serve as mechanism to integrate and coordinate private sector development efforts across the UN system.
- *Country support platforms* will be one reflection of UNDP’s integrator function at the country level.
- *Country support platforms* aim to achieve greater impact, demonstrated by measures such as: gains in income, wellbeing and inclusion of those left behind; positive changes in market structures and scale.

Through these efforts, UNDP’s private sector strategy will directly and indirectly support the following SDGs:



This strategy requires UNDP to develop effective means of scaling the impact of what it already does well even as it uses its knowledge and networks to incubate powerful and innovative ideas with the potential for scaling. This strategy will position UNDP to add value now and in the future.

III. Strategic Priorities

The vision that guides this strategy – to **make markets work for the SDGs** – and the hypothesis on which the strategy is based focuses UNDP’s private sector efforts on three strategic priorities:

1. Unlocking private finance for the SDGs
2. Aligning business strategies and operations with the SDGs
3. Putting in place policies that foster inclusive and green economies

These three strategic priorities are interconnected, interactive and mutually reinforcing: for example, policies that incentivize inclusive, green economies serve to stimulate increased private

finance for the SDGs and encourage SDG-aligned business models. Progress at scale must be made on all three strategic priorities in order to generate sustained momentum toward the SDGs.

The largest share of resources to finance the SDGs will need to come from the private sector.^{xxvi} In principle, this is feasible given the abundance of liquidity across the world and the historically low cost of capital in developed markets.^{xxvii} South-south FDI has also risen by 19 percent from 2007 to 2012^{xxviii} and the share of south-south FDI in aggregate global FDI has grown from some 3 percent at the beginning of the century to approximately 14 percent in 2009.^{xxix} Engagement with investors is critically important to help countries to achieve the SDGs. Investors are eager to understand what it means to invest in alignment with the SDGs and how these investments might be measured and managed. As such interest grows, there is a need for unifying standards, tools and services that investors can use to target, achieve and measure development outcomes. Investors also need easy access to SDG-aligned investment opportunities – from corporate financing (including MSMEs) to SDG bonds to government projects (e.g. public-private partnerships, project financing, municipal finance). The opportunity is ripe to amplify collaboration between UNDP and investors through UNDP's newly established *SDG Impact* platform, which seeks to increase the volume of SDG-enabling investment through a range of advisory services (including policy-related services).

To maximize the private sector's contribution to the SDGs and attract SDG-aligned investments, companies of all sizes must adapt and transform their core business strategies to deliver financial, social and environmental results, and utilize the SDGs as a framework for addressing complex future challenges. There are many barriers related to business models and productive capacities that impede sustainable and inclusive development. UNDP will work with businesses to remove these barriers as well as to identify opportunities for the private sector to achieve the SDGs, within sectors and at the national and regional levels, to advance sustainable growth and enhance adaptive capacity.

In order to catalyze large-scale transformation in markets, governments must adopt policy frameworks that both incentivize businesses of all sizes to make their strategies, business models and investments more inclusive and green, and discourage business models that do harm in terms of human rights, corruption and negative social and environmental impact. Therefore, as requested by partner governments, UNDP will provide advice related to governments' use of policy and regulatory powers, and institutional and partnership capacities to direct markets and the actors within them (i.e. businesses, investors, consumers) towards businesses models and strategies that generate positive economic, social and environmental outcomes.

UNDP will analyze countries' business-related policy frameworks through an SDG lens, and identify bottlenecks to be addressed (including perverse subsidies) and reforms that can incentivize social and environmental returns. The choice of policy instruments and interventions will vary according to development setting. In fragile contexts, for example, UNDP will focus on supporting the creation of a basic enabling environment for business (i.e. legal registration, access to justice, redress mechanisms). Where an enabling environment already exists, UNDP will help to catalyze market transformation toward inclusive, green economies by helping governments to develop more targeted policies, laws and institutional practices. UNDP will help governments to adopt policies and practices that: involve private sector engagement in policy dialogue (importantly including robust

private sector participation in SDG country support platforms); require businesses to fully account for social and environmental impacts and report on them; attract private capital to nationally determined contributions (NDCs); facilitate MSMEs’ adaptation to SDGs; incentivize innovation that advances the SDGs; and encourage women-owned businesses and gender equity in corporate leadership and governance. UNDP will also work with governments to help make regulations, labor standards and tax systems easier to use for those in the informal sector, as well as help strengthen property rights and legal systems to reduce the need for informality.

Created in 2012, Sustainable Procurement in the Health Sector (SPHS) brings together seven UN agencies and three multilateral health financial institutions, with a combined purchasing power of USD 5 billion. SPHS facilitates and coordinates the introduction of sustainable procurement and production practices in the global health sector, within the UN system and at a governmental level.

UNDP will also help governments to leverage the power of their own procurement to make inclusive and green business attractive for the private sector – especially MSMEs and inclusive businesses. Through market forecasting, standard setting and technology transfer, UNDP will help governments to identify future markets and productive sectors that meet national and international demand. UNDP will adapt

the advice and technical support that it provides to governments (including tools related to the MAPS process, support to NDCs and the COMBOS methodology) to facilitate the private sector’s role in SDG achievement. While its efforts seek to influence government policy and regulation at the macro level, UNDP will directly target the energy sector, nature-based economies, climate adaptation and mitigation, agriculture value chains and women-owned businesses (which are prioritized in UNDP’s Strategic Plan).

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

As UNDP deepens its private sector engagement, it will need to thoughtfully manage risks, ensure transparency in its stakeholder communication, and be guided by clearly defined accountability and results frameworks. Increasing UNDP’s opportunity for impact and achieving meaningful, sustainable change in the way mainstream business is presently done will require more than engaging only with leading companies in the sustainability field. It will require: understanding the improvement needs of companies of all sizes; assessing their commitment to transformative change; and building engagement pathways to expand the number of private

This strategy **does not** focus on providing standalone direct policy advisory support for private sector development areas in which other UN agencies and multilateral finance institutions have mandate and expertise, such as:

- Active labor market policies
- Trade facilitation and logistics
- General investment promotion
- Privatization and enterprise restructuring
- Infrastructure finance

UNDP’s engagement in such areas should be based on multisectoral responses integrating capacity and expertise across multiple UN agencies.

sector leaders aligned with the SDGs. At the same time, it will be critical to set up mutually beneficial impact frameworks that can be monitored and evaluated with clear impact indicators. The guiding principles for engaging with the private sector, set out in [Annex VI](#), includes UNDP’s due diligence policy, social and environmental safeguards, and an approach to risk management.

IV. Service Offers

The three strategic priorities described above will be implemented at all levels (global, regional and country level) by UNDP and its partners. At the country level, UNDP together with UNCTs will be able to select a combination of **service offers** (based on country context and opportunity to generate momentum in terms of making markets work for the SDGs) and advancing them in integration with the UNDAF and country support platforms. The initial catalogue of service offers can be found in [Annex VII](#). While some service offers might be more closely aligned to one or other of the strategic priorities, they are designed with a systems orientation so that each offer touches all three strategic priorities. The service offers will evolve over the strategy implementation period: new service offers will be added and existing service offers may be adapted or closed.

Why these service offers?

- They draw from lessons learned that point to both areas of UNDP’s comparative advantage and new areas where capacity must be built.
- They can be combined in various configurations, based on context, to advance the three strategic priorities of this private sector strategy.
- They directly support the six signature solutions of UNDP’s Strategic Plan 2018-2021 (mapped in Annex VII).

To provide global, regional and country teams with flexibility and to combine the right mix of service offers in accordance to context, the set of service offers will be constantly strengthened and evolved. During implementation, regardless of the mix of service offers chosen by each level of UNDP operation, a minimum consistency and coherence of service offers will be maintained, so as to allow for the aggregation of innovation and lessons, and the achievement of global impact.

The success of this strategy, over its implementation period, will be measured against its contributions to the Strategic Plan (2018-2021).

Below are some illustrative examples of current and/or future service offers.

SDG Impact: This platform seeks to catalyze private sector financial investments that advance the SDGs. A start-up launched by UNDP’s Executive Office in April 2018, *SDG Impact* seeks transform the way private sector capital drives sustainable development by positioning UNDP as the entry point for SDG investing and as a central resource for understanding what it means to be “SDG-compliant” in screening for managing and measuring SDG-related impact. *SDG Impact* includes three service offers:

Impact Management: While many investors are eager to align their portfolios with the SDGs as part of an impact management process, they lack broadly accepted impact management

standards to support the achievement of development outcomes. In cooperation with the Impact Management Project and its partners, SDG Impact will support: 1) the creation of impact management standards to guide investors in managing and measuring their impacts, developing the type of governance, data collection/management, and reporting practices needed to make authentic “SDG-enabling” investments; and 2) a SDG certification seal that will provide the market with a universal assurance mechanism. This service offer will build on successful initiatives including the Business Call to Action Impact Lab, SDG assessment tool and the UNSIF Impact Management for Everyone.

Impact Intelligence: In many countries, there is a lack of consolidated, actionable information to help investors and enterprises identify SDG-aligned investment opportunities and mitigate the barriers to entering and navigating the impact investment industry in local markets. Through SDG Impact, UNDP is well positioned to become a conduit for delivering high quality, localized industry and regional information to investors by producing “SDG Investor Mapping Reports”.

Impact Facilitation: In response to the lack of match-making leads and readily bankable SDG impact projects, UNDP will support in-country network development, convening and matchmaking between investors and enterprises working to achieve SDGs.

A lean prototyping initiative, grounded in UNDP’s value proposition and capabilities, has been launched to develop these service offers for SDG Impact. The SDG Impact team has collaborated with colleagues across UNDP engaging with private sector to identify pilot countries for its three product areas described above. Pilot implementation of the services will begin in the first quarter of 2019. The prototyping envisages careful market testing in which these new services are introduced to investors in order to solicit feedback through interviews and roundtable meetings. This feedback will help to identify and address management, governance, legal, financial, resourcing, operational and other needs in order to ensure successful implementation of new investor services over the long-term. This prototype will also influence UNDP’s growing work in niche areas like de-risking energy investments, Islamic finance, SDG acceleration and impact management.

Closing the energy gap: To advance sustainable energy, UNDP helps governments develop policy instruments to systematically reduce barriers and investment risks in order to attract private and public investment at scale. UNDP’s multi-faceted approach to risk includes reducing, transferring and compensating for risk. In crisis and post-crisis settings, the focus is on re-establishing energy access and strengthening risk-informed, zero-carbon development. Where energy availability is not a problem, the focus is on transitioning to renewable energy generation and energy efficiency measures.

Financial inclusion and digitization: Access to financial services is a target of seven SDGs and financial inclusion is a key driver of poverty reduction, women’s economic empowerment and inclusive growth. UNDP and the United Nations Capital Development Fund (UNCDF) will collaborate on UNCDF’s Financial Inclusion and Digitization service line to advance this strategic priority by promoting greater access to financial services. The positive impact of digital financial services on poverty reduction – especially for women – is well documented.^{xxx} Since 2013, 138 UNCDF-

supported financial service providers have achieved a net increase of US\$6.5 billion in deposits mobilized, demonstrating how innovative approaches can catalyze domestic resources for sustainable development.^{xxxii}

Municipal finance: In close collaboration, UNDP and UNCDF will develop innovative approaches to raise awareness of the importance of municipal finance as a critical tool for promoting sustainable development. Building on UNDP's global presence and relationships, UNCDF will leverage its 25-year track record in municipal finance and fiscal decentralization to advance the SDGs. UNCDF will deploy its financial instruments to support local urban and rural governments in designing, financing and implementing developing country capital investment programs that drive transformative growth through the public and private sectors. UNCDF has a network of municipal investment officers and a project preparation facility for structuring municipal capital investment projects and securing their financing. Domestic commercial banks will be involved through UNCDF's work on de-risking.

Resilient insurance solutions: UNDP is working with a wide variety of partners to develop and implement initiatives that utilize risk transfer and risk analytics as a core tool to benefit lives and livelihoods and build sustainability. This work will include the development of innovative products and promotion of an enabling environment for resilient insurance solutions for vulnerable countries and communities. From first financing, feasibility assessment, field testing, product development, research, evidence, impact measurement and micro-insurance product rollout to helping to develop weather-indexed products, UNDP is committed to improving insurance coverage for those most at risk. In addition, UNDP is looking to build insurance components into existing work, starting with strong sectoral areas like adaptation, ecosystems, disaster recovery and disaster prevention. Core to this work is the belief that insurance is not only about what is being protected, but also how it expand the range of choices it allows countries and individuals to make.

Sustainable value chains: UNDP will build on its longstanding work on value chains and supplier development to facilitate the creation of sustainable value chains for renewable energy, agri-business, nature-based economy and extractive industries. These efforts will aim to generate high added-value differentiated products, create decent jobs, include women and youth, and foster sustainable and circular production patterns. UNDP's work on value chains will leverage the experience and networks developed through the Green Commodity Platform and its Aid for Trade portfolio. These efforts will be supported by regulatory reform that incentivizes sustainable production, consumption and disposal (and discourages damaging business practices and negative externalities), and a focus on stabilizing livelihoods and protecting commodity-based value chains in conflict and post-conflict settings.

Micro, small and medium enterprises (MSMEs): In most countries, MSMEs are the predominant form of business and the main providers of employment. Collectively, they have the potential to be a powerful driver of sustainable development. Building on its broad portfolio of work with MSMEs worldwide, UNDP will help to transform MSME business models, enhancing their economic, social and environmental outcomes, and facilitating innovative financing so that MSMEs are incentivized to work in SDG-relevant sectors. UNDP's work with SMEs has helped inform the SDG Accelerator programme for SMEs, tested with over twenty SMEs in Denmark. This programme takes SMEs on a six-month innovation journey supporting them to designing one or more SDG-aligned business

solutions. In addition, UNDP will focus on helping to build MSMEs' resilience to crises and shocks by strengthening their disaster risk reduction and climate adaptation capacities. In all settings, UNDP will work with partners, governments and other stakeholders to ensure that the voices of MSMEs are represented at policy forums and that MSMEs have a seat at the table in country platforms. In stable contexts, UNDP will engage intermediaries (e.g. incubators, accelerators and MSME development agencies) in order to expand reach and scale. In fragile settings, UNDP may have to first establish these types of intermediaries.

Gender equality in markets: Reducing gender inequality in markets is critical to inclusive growth and sustainable development. The private sector can play a significant role in reducing gender inequality in labor markets by offering women more opportunities for decent work, fair wages and protections, and enterprise ownership. UNDP will strive to make gender equality part of companies' core business, develop new sustainable business opportunities and value chains for women, support social enterprises and cooperatives that expand economic opportunities for women, and work with governments to remove administrative and legal obstacles to women's economic participation. This builds on work on the Gender Equality Seal for Private and Public Enterprises, the Inclusive and Equitable Local Development Initiative and the Aid for Trade portfolio.

V. Conditions for Strategy Implementation

1. Strategic Enablers

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

UNDP will encourage the participation of private sector and foundations in UN-wide development processes in-country, such as the UNDAF and SDG country support platforms, including creating advisory committees to the UNCT or linking the private sector to the MAPS work and CPDs, where appropriate. The aim will be to fully integrate the private sector into UNDP's overall development programming.

A. Innovation

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

Continuously scanning the marketplace for innovative business models, UNDP will promote and elevate promising models, securing their access to capital. As the operational backbone of the UN Development System, UNDP can also launch large-scale global grand challenges^{xxxii} to convene multiple stakeholders around innovative SDG solutions. At the country level, these grand challenges can be led by SDG country support platforms.

UNDP's Innovation Facility was created in 2014 with funding from the Danish government. By the end of 2016, it had invested in 110 initiatives in 76 countries, testing 17 approaches across 16 SDGs. An independent evaluation found that this type of innovation led to new pathways for scaling, more diverse partnerships and development of new skills and service lines.

For many businesses and governments, the pace of change and innovation is overwhelming. Dimensions of the fourth industrial revolution, including artificial intelligence, biotechnology and the Internet of Things have begun transforming production systems and ways of collaborating. UNDP aims to help both businesses and governments to develop practices and enabling environments that reshape economies to produce healthy growth rates (that reflect sustainability and inclusiveness).

B. Partnerships

The 2030 Agenda demands integrated, systemic solutions that bring to bear the collective assets and capabilities of public and private actors. UNDP has many years of experience and lessons learned in partnering with governments (host and donors), businesses, regional agencies, international financial institutions (IFIs), academia, thought leaders, and civil society organizations and alliances (see Annex V). To advance this strategy, UNDP will focus on long-term, transformative relationships with the private sector to co-create development solutions based on shared value and trust (moving away from partnerships that are short-term and transactional) in order to intensify momentum toward SDG achievement.

UNDP's convening role as a global broker between governments and businesses, and its leadership of the new SDG country support platforms, put it in a prime position to establish transformational partnerships with businesses. UNDP will play the convener and broker role – at country, regional and global levels – as a neutral party that facilitates agreement, helps negotiate difficult relationships and supports collective action among all stakeholders. Given the current emphasis on UN reform and harmonization, the time is also ripe to develop deeper cooperation and sharper synergy related to private sector development efforts of UN agencies, particularly non-resident agencies with specialized expertise. This strategy requires closer cooperation with the World Bank and other specialist agencies operating in the private sector arena (i.e. UNIDO, ILO, UNCTAD, FAO, IFAD). The intent will be to move towards a coherent UN approach in supporting private sector and market development at the country level, delivering support to countries as one synergistic system. By better pooling resources and expertise in this way, the UN could be a more influential actor in the area of private sector development.

UNDP will engage in partnerships with large national and multinational corporations in specific industries (i.e. food, agriculture, energy, technology) that have the potential to transform markets more broadly. These will include family-owned and state-owned enterprises as well as emerging multinationals from the global south. The focus will be on helping large players in these industries

to transition to sustainable and SDG-aligned business models, and on helping to co-create development solutions that deliver commercial, social and environmental results. UNDP can add value at both country and global levels by: conducting joint research on integrating SDGs into specific industries; convening multi-stakeholder dialogues; providing advice on how to work toward specific SDGs in areas like biodiversity, gender and climate (where UNDP has deep expertise); raising awareness of business opportunities created by the SDGs; providing tools for strengthening the green and inclusive aspects of business models and measuring impact; and providing policy advice to governments on how to integrate SDGs in the specific sector policies.

UNDP's work in this area will include: (i) deepening its already extensive partnerships such as the Business Call to Action, SDG Philanthropy Platform, Connecting Business Initiative and Green Commodities Platform; (ii) fully committing to the six partnership-related work streams launched by the UN Secretary-General and working with UN sister agencies and the UN Global Compact; (iii) forging new partnerships with partners such as business schools on SDG-focused curricula, training tools and business strategies; and (iv) establishing a Business Advisory Council for the UNDP Administrator.

UNDP will deepen its partnerships with other UN agencies, funds and programmes. As a matter of principle, whenever another UN agency is in a better position to advance any of the service offers defined in this strategy, UNDP will seek to partner with that agency.

UNDP will proactively seek new private sector partners in sectors prioritized by UNDP's Strategic Plan (2018-2021) such as nature-based economy, energy and climate action, focusing on the most critical players in relevant value chains and on technology companies at the forefront of innovation.

2. Operational Enablers

UNDP must ensure that its own policies, capacities and ways of working enable the agility, ambition, competence and innovation required to deliver on UNDP's Strategic Plan (2018-2021). The Strategic Plan underscores the importance of testing and developing processes, skills and legal instruments that enable UNDP to be a catalytic organization with governments and the private sector.^{xxxiii}

A. Internal Financial and Regulatory Framework

A recent report by the United Nations Joint Inspection Unit (JIU)^{xxxiv} pointed out that “rules applied by United Nations entities regarding intellectual property (IP) rights, exclusivity and profit-making partnerships restrain organizations from effective engagement with the private sector.” The JIU report recommended improving the legal, administrative and information frameworks governing partnerships with the private sector. It is therefore essential that, in accordance with the JIU report, and as part of the UNDS reform, rules and policies be revised to enable collaboration, impact and integrity. Priorities for reform are:

- Providing *instruments that facilitate the co-creation and co-development of solutions with private businesses* for joint pursuit of the SDGs. As the JIU report noted, making a profit while supporting the SDGs should not be seen as a conflict of interest and should not constitute a red line or elimination clause.
- Enabling *direct grants to enterprises through competitive challenge funds, matching grants, performance-based and cost-sharing mechanisms* that invite applications from businesses to mobilize pro-poor, sustainable investments.^{xxxv} The current financial threshold for innovation challenge funding allows UNDP to work with start-ups and early-stage ventures but excludes other mechanisms with high potential for implementing this strategy.
- Developing, in accordance with best practices, the standards to enable UNDP to provide *development services instruments* (fee-for-services) including market intelligence, impact measurement, management services, training and business advice to companies and investors seeking to support the SDGs through their regular operations.
- Developing new instruments for loans and guarantees and social impact bonds for blended financing specifically for vertical funds like the Global Climate Fund or collaboration with global initiatives like the Belt and Road project. These instruments are deployed when there is either limited access to private investment, or when private investment is very costly (e.g., high interest rates for loans).^{xxxvi} UNDP is currently in the process of developing a policy on loans and guarantees based on the recommendation that it “enters into guarantees and public loans only in partnership with multilateral/bilateral organizations or national level entities that have the necessary specialized knowledge and expertise.”⁵
- Allowing IP to be co-owned among UNDP, its clients and partners in order to attract established companies and start-ups with high-value IP. As the JIU notes, “rules applied by United Nations entities regarding intellectual property rights, exclusivity and profit-making partnerships restrain organizations from effective engagement with the private sector.”⁶ This issue will be considered as part of the UN reform process.
- As part of and in parallel with the UN reform process, to *revise the due diligence policy* and tools.

There has already been some positive movement on this front. For example, as part of the new programme and project management policies and procedures in partnership with UNCDF, UNDP can now consider utilizing for-profit private sector companies as responsible parties in projects.

B. Resource Mobilization from the Private Sector

Importantly, UNDP’s engagement with the private sector will include mobilizing resources for its programmatic work, offering private sector actors concrete opportunities to invest in areas that

UNDP. (2016). Discussion Paper - Developing New Financial Instruments for providing Development Assistance.

⁶ UNDP’s current IP provisions states that it owns the copyright for all materials produced with its projects but do not enable private sector partners who are co investing to be given the right to use the solution for its own commercial benefits. As the JIU notes, “rules applied by United Nations entities regarding intellectual property rights, exclusivity and profit-making partnerships restrain organizations from effective engagement with the private sector.” Petru Dumitriu, The United Nations system – Private sector partnership arrangements in the context of the 2030 Agenda for Sustainable Development, Joint Inspection Unit Report , JIU/REP/2017/8, p.32

yield transformational, SDG-focused development solutions. These partnerships will go far beyond corporate social responsibility and will offer important opportunities for businesses to mature in their understanding of development.

UNDP will focus on private sector resource mobilization with potential for long-term value, engaging in a careful appraisal and assessing return on investment before making choices about which private entities to engage. UNDP will also conduct evidence-based country clustering and prioritize a few target markets for private sector investment using two indicators: (i) availability of funds in the country; and (ii) potential for UNDP to have sustainable impacts in this market.

In addition, UNDP will focus on high-value resource mobilization, mainly through a few large partnerships. These will encompass:

- digital platforms that mobilize individual fundraising (allowing UNDP to build its brand and constituency);
- engagement with high net worth individuals, philanthropists and foundations; and
- partnerships with Fortune 500 companies and Top 20 businesses in priority countries for innovative initiatives co-designed to leverage each party's comparative advantages.

A business case will be developed to map out the required investments and returns on investment to guide the decision-making process on private sector resource mobilization.

C. People, Culture and Ways of Working

As a decentralized organization, UNDP's work with the private sector is dispersed among headquarters, regional bureaux and country offices, and is loosely coordinated. At the global level, this work is led by the Bureau of External Relations and Advocacy (BERA) and the Bureau for Policy and Program Support (BPPS), which divide the responsibilities for external relations and resource mobilization (BERA), and policy and program support (BPPS).

The scope of this strategy requires UNDP to build greater staff capacity for working on the strategic priorities and engaging in transformational partnerships with the private sector. There are many staff members with relevant skills and experience throughout the organization, but their talents are not being consistently leveraged. UNDP must more effectively tap these skills and reassign staff as needed; it must also recognize that new capabilities and personnel will be needed to successfully implement this strategy. As UNDP implements its Strategic Plan (2018-2021), functional reviews of individual bureaux together with the establishment of the Global Policy Framework and SDG country support platforms will provide an impetus for: reviving **private sector focal points** in UNDP offices.

To significantly enhance coordination, leadership, quality assurance and risk management in its work with the private sector, build upon important existing work, address the challenges identified in this strategy, and maximize new opportunities, the newly established Finance Sector Hub (FSH) will lead the implementation of this strategy. The Hub is an experiment in building an agile innovation platform that draws on a critical mass of UNDP expertise, initiatives across all bureaux,

and partnerships to support the mobilization and leveraging of significant resources for the SDGs at both national and global levels. The Finance Sector Hub will: operate as a joint BPPS and BERA platform; serve as a connector, broker and global coordinator among internal and external actors; and curate and manage UNDP's catalogue of service offers to governments, investors and companies to significantly enhance the scale and impact of UNDP's work.

The Finance Sector Hub will provide a leadership role in our work to define UNDP's coherent approach on SDG financing and the implementation of this strategy, to provide UNDP country teams (and through them) governments with the best advice and services on how to mobilize innovative financing for the SDGs at the national level, as well as attract regional and global flows of capital, while supporting companies and investors to align their businesses models with the SDGs.

The initial list of initiatives and areas of work under the overall coordination of the Finance Sector Hub are: (i) the Istanbul International Center for Private Sector in Development (IICPSD); (ii) Integrated National Financing Frameworks (INFFs) (iii) SDG Impact Platform; (iv) Insurance and Risk financing, (v) Tax Inspectors Without Borders Initiative; (vi) Thematic Finance Initiatives: Nature Based Finance, Islamic Finance, climate finance; (vii) International Finance Institutions' work on financing; (viii) the work on New Financial Instruments; and (ix) BERA's private sector initiatives. The outcome of the review of partnerships, resource mobilization and communications functions, expected in June 2019, will also inform the scope of work of the Hub.

VI. Next Steps: Rollout Implementation Plan

This Private Sector Strategy will be implemented as an integral part of the UNDP's SDG finance approach and service offers will be part of the IWP of the Finance Sector Hub (FSH), and will be led by the Istanbul International Center for Private sector in Development. Currently the FSH is working with colleagues across the organization to integrate the private sector and finance work into regional and unit workplans, while also developing its own work plan.

In order address the needs of different development settings and realities across diverse regions two-year regional implementation plans will be jointly developed with each regional bureau, under the guidance of the FSH, to identify specific opportunities and needs for each region, the best combinations of service offers and capacity gaps. These implementation plans will identify 3 to 5 countries per region where SDG country support platforms will identify the appropriate service offers and partners given other UN activities, the local situation and other actors.

The Private Sector Strategy, as an integral part of the UNDP's SDG finance approach coordinated by the FSH, requires Country Offices to tailor the service offers to suit their settings – whether these be focused on eradicating poverty in all its forms and dimensions; accelerating structural transformations for sustainable development; or building resilience to crises and shocks. The service offers should be adapted to the particular setting in collaboration with governments as the key client of Private Sector Strategy.

Each service offer builds on existing initiatives as well as new initiatives. Once a CO defines its menu of offers and in coordination with the overall UNDP's financing the SDG work, the Istanbul International Center for Private sector in Development, under the coordination of the Finance Sector Hub, will provide support at three levels based on the complexity of the issues and the strategic value of the initiative.

- Level 1 Provide guidance remotely, connecting expertise and supporting quality assurance
- Level 2 Provide guidance & catalytic resourcing to kickstart integrated solutions
- Level 3 Provide guidance & resourcing & co-located support via mission or short-term assignment

A specific rollout strategy for the resource mobilization operational enabler will be led by the Finance Sector Hub, in close coordination with BERA and have the following components:

Phase 1 | Current portfolio prioritization: Further refine and complete internal analysis. Leveraging work already done in the regional bureaux and COs, conduct a quick global internal analysis with review. This phase will provide a globally segmented clustering of countries where private sector resource mobilization should be prioritized.

Phase 2 | Designing the offer: Based on the global master strategy, prepare a global offer. This offer will prioritize the thematic areas that are relevant for the private sector. The offer will be presented in a master case deck that can be customized for priority corporate partners (and aspects can serve as an introductory document for foundations and major individual donors as well key stakeholder audiences).

Phase 3 | Embedding the offer in Countries and Regions: As part of each regional implementation plan and based on the internal and external analyses work with the respective regional bureau and COs, integrate the private sector resource mobilization plan at regional/national levels with tailored aspects of the offer outlined above.

Resources

In order to resource the implementation of this strategy, a comprehensive assessment will be undertaken of existing competencies and capacity needs at different levels of the agency. Ideally, for this strategy to become a reality, a central fund at the GPN will need to be established to buy the time of designated experts, which can be at regional and/or country level. An improved balance of core to non-core posts may also be required in order to ensure greater continuity and build capacity at the regional and global level. A detailed memorandum of resource requirements will be drafted.

People, Culture and Ways of Working

A global community of practice will be established, to be managed by the Finance Sector Hub, and an initial meeting will be organized to showcase internal best practices, expand access to knowledge and expertise, and increase policy coherence.

A key component of an effective and efficient implementation of this strategy will be the establishment of both a web-based and mobile-based private sector portal for UNDP. The portal will leverage artificial intelligence/machine learning enabled chatbot solutions (examples include Window's Cortana, Amazon's Alex, Facebook Messenger) that have been adopted by the private sector and increasingly public sector digital platforms to overcome traditional "limitations of site structures and search but connecting users directly to the information they want."⁷ Such AI solutions will revolutionize knowledge management as those that "have access to trusted knowledge databases will, over time, learn patterns that exist within an organization to help it more efficiently solve problems"⁸ by answering queries from both internal and external users. This machine learning capability will allow the real time production of key relevant knowledge and keep UNDP country offices aware of new knowledge and best practices. This is essential to ensuring that this new strategy keep up with the fast pace of businesses.

Internally, the portal and its application will be used to allow UNDP country offices and regional and global teams to access all private sector service offers, the available tools and methodologies to advance each offer, and best practices and case studies. The portal will allow for two-way communication between the global private sector team and all country offices, as well as among country offices to strengthen peer learning, virtual training and webinars. Such a portal will speed up the scaling of the private sector services offers, as well as allow for a coherent implementation of the new strategy across the diverse contexts of UNDP country offices. The portal will also be used by UN country teams to support other UN agencies, funds and programs, as part of UNDP's role as the integrator of the SDGs across the UN development system. At this time, the portal will become the main place for UNDP offices to place their data about private sector, while external stakeholder will use the portal to access tools, information, potential match making (but will not place their data in it).

VII. List of Annexes:

Annex 1: UNDP's definition of the private sector

Annex 2: Key challenges to private sector-driven inclusive, circular and sustainable growth

Annex 3: Lessons learned from past and current work on private-sector issues

⁷ Ibid. p.25

⁸ Wade, M. (2018). 5 ways chatbots are revolutionizing knowledge management. Atbot. Retrieved from <https://blog.getbizzy.io/5-ways-chatbots-are-revolutionizing-knowledge-management-bdf925db66e9>

Annex 4: Landscape analysis of development cooperation for private sector work

Annex 5: Partnerships for UNDP's work with the private sector

Annex 6: Guiding principles for working with the private sector

Annex 7: Catalogue of service offers

ⁱ Poverty Overview. (2018). Retrieved from <http://www.worldbank.org/en/topic/poverty/overview>

ⁱⁱ World Health Organization (WHO) and the United Nations Children's Fund (UNICEF). (2017). Progress on Drinking Water, Sanitation and Hygiene. Retrieved from <http://apps.who.int/iris/bitstream/handle/10665/258617/9789241512893-eng.pdf;jsessionid=D4236B1072AE5D9F40945277EE3233E6?sequence=1>

ⁱⁱⁱ International Energy Agency. (2017). Energy Access Outlook 2017 From Poverty to Prosperity. OECD / IEA. Retrieved from https://www.iea.org/publications/freepublications/publication/WEO2017SpecialReport_EnergyAccessOutlook.pdf

^{iv} The Broadband Commission for Sustainable Development, ITU, UNESCO. (2017). The State of Broadband: Broadband catalyzing sustainable development. Retrieved from https://www.itu.int/dms_pub/itu-s/opb/pol/S-POL-BROADBAND.18-2017-PDF-E.pdf

^v Demircuc-Kunt, A., Klapper, L., Singer, D., Ansar, S., & Hess, J. (2017). The Global Findex Database 2017 Measuring Financial Inclusion and the Fintech Revolution. World Bank Group. Retrieved from [http://file:///C:/Users/Olcay.Tetik/Downloads/9781464812590%20\(1\).pdf](http://file:///C:/Users/Olcay.Tetik/Downloads/9781464812590%20(1).pdf)

^{vi} See for DCED evidence on how private sector development increases income and welfare for poor people <https://www.enterprise-development.org/what-works-and-why/evidence-framework/>

^{vii} Organisation for Economic Co-Operation and Development. (2015). *Development Co-operation Report 2015: Making Partnerships Effective Coalitions for Action*. OECD Publishing

^{viii} Business and Sustainable Development Commission. (2017). *The Better Business Better World Report*.

^{ix} McKinsey&Company. (2016). Delivering the power of parity: toward a more gender-equal society. Retrieved from <https://www.mckinsey.com/~media/mckinsey/featured%20insights/employment%20and%20growth/realizing%20gender%20equality%2012%20trillion%20economic%20opportunity/delivering-the-power-of-parity.ashx>

^x Winston, A. (2015). Businesses do – and should – play a role in creating a better society. *The Guardian*. Retrieved from <https://www.theguardian.com/sustainable-business/2015/aug/24/kingfisher-dow-unilever-peter-drucker-ge-ngo-sustainability>

^{xi} Kelly, E. (2015). *Blurring Boundaries, Uncharted Frontiers*. Deloitte. Retrieved from:

<https://www2.deloitte.com/insights/us/en/focus/business-trends/2015/business-ecosystems-boundaries-business-trends.html>

^{xii} ESG stands for Environmental Social and Governance, and refers to the three key factors when measuring the sustainability and ethical impact of an investment in a business or company. Most socially responsible investors assess companies using ESG criteria to screen investments. <https://marketbusinessnews.com/financial-glossary/esg-definition-meaning/>

^{xiii} <http://www.oecd.org/newsroom/development-aid-stable-in-2017-with-more-sent-to-poorest-countries.htm>

^{xiv} United Nations Conference on Trade and Development (2018). *World Investment Report 2018*. Retrieved from https://unctad.org/en/PublicationsLibrary/wir2018_en.pdf

^{xv} The 2017 Edelman Trust Barometer. Accessed through <https://www.edelman.com/news/2017-edelman-trust-barometer-reveals-global-implosion> and The Deloitte Millennial Survey 2018. Retrieved from: https://www2.deloitte.com/global/en/pages/about-deloitte/articles/millennialsurvey.html?_lrsc=41cf5ad4-f470-4488-8a1b-f0bb9aae837c

^{xvi} UN Environment. (2018). Making Waves: Aligning the Financial System with Sustainable Development. Retrieved from http://unepinquiry.org/wp-content/uploads/2018/04/Making_Waves_Summary_English.pdf

^{xvii} United Nations. (2017). *Financing for Development: Progress and Prospects* (p. 70). New York: United Nations.

^{xviii} Poole, L., & Scott, R. (2018). Financing for stability: Guidance for Practitioners. OECD Publishing.

^{xix} The features of a market system approach “focus on interventions that modify the incentives and behaviour of businesses and other market players – public, private, formal and informal – to ensure lasting and large-scale beneficial change to poor people. It also requires that each market is a complex 'system' involving many stakeholders, each with a particular set of unique characteristics, any intervention must take this complexity into account” <https://beamexchange.org/market-systems/key-features-market-systems-approach/> and characterizes the market system “in terms of three distinct elements: core market transactions, institutions (including the business environment) and services and infrastructure.” BEAM Exchange. (2014). Market systems approaches. Retrieved from https://beamexchange.org/uploads/filer_public/b2/3a/b23a3505-e3f1-4f63-8c0c-aeb35a763f91/beamliteraturereview.pdf

^{xx} It builds on building on UNDP's “Inclusive Markets Development” approach adopted in the 2007 UNDP Private Sector and a numbers of other approaches championed by a number of other international agencies including value chains (particularly by GIZ and USAID), and Making Markets Work for the Poor (M4P, supported by DFID, SIDA, SDC) and the Donor Committee on Enterprise Development and the Consultative Group to Assist the Poor. It also provides the conceptual underpinnings for the current UNCDF policy on ‘Inclusive Finance’ and for a number of existing UNDP programme initiatives.. The DCED is the forum

consisting of 22 funding and inter-governmental agencies that support the growth of the private sector in developing countries and CGAP is a global partnership of 34 development organizations that seek to advance financial inclusion.

^{xxxi} Financial Inclusion - UN Capital Development Fund (UNCDF). (2018). Retrieved from <http://www.uncdf.org/financial-inclusion>

^{xxxii} Donor Committee for Enterprise Development (2013) The DCED Standard for Measuring Results in Private Sector Development: Control Points and Compliance Criteria, Version Vi: Donor committee for enterprise development,, available www.enterprisedevelopment.org/download.ashx?id=1842

^{xxxiii} BEAM Exchange. (2014). Market systems approaches. Retrieved from https://beamexchange.org/uploads/filer_public/b2/3a/b23a3505-e3f1-4f63-8c0c-aeb35a763f91/beamliteraturereview.pdf

^{xxxiv} United Nations General Assembly. *Final Draft of the Resolution on the Repositioning of the United Nations Development System*, (30 April 2018): Retrieved from <https://www.un.org/pga/72/wp-content/uploads/sites/51/2018/05/Revised-Draft-Resolution-30-April.pdf>.

^{xxxv} UNDP Strategic Plan (SP, 2018-21) , p.16

^{xxxvi} According to the European Commission (2017), the private sector is responsible for 84 percent of GDP and 90 percent of jobs in developing countries (see https://ec.europa.eu/europeaid/sectors/economic-growth/private-sector-development_en). In addition, the private sector accounts for over 60 percent of GDP in most countries. See <http://www.imf.org/en/News/Articles/2015/09/28/04/53/socar112713a>).

^{xxxvii} UNDP. (2016). *Mobilizing Private Finance for Sustainable Development*. New York. United Nations..

^{xxxviii} OECD (2018), Development Co-operation Report 2018: Joining Forces to Leave No One Behind, OECD Publishing, Paris, <https://doi.org/10.1787/dcr-2018-en>.

^{xxxix} Ibid.

^{xxx} See <http://science.sciencemag.org/content/354/6317/1288> for the results of a long-term impact study on M-Pesa, a mobile money service in Kenya.

^{xxxxi} UNCDF *Report on Results Achieved by the United Nations Capital Development Fund in 2017* (2018).

^{xxxii} See <https://grandchallenges.org/#/map> and <http://humanitariangrandchallenge.org>.

^{xxxiii} United Nations General Assembly, Annex 2: *Alignment of the UNDP Strategic Plan (2018-2021) with General Assembly Resolution 71/243*, (21 December 2016). In: UNDP Strategic Plan (2018-2021) p.7.

^{xxxiv} Dumitriu, P. (2017). *The United Nations System – Private Sector Partnership Arrangements in the Context of the 2030 Agenda for Sustainable Development*, JIU Report. Geneva. JIU/REP/2017/8, p.17.

^{xxxv} Heinrich, M. Demonstrating Additionality in Private Sector Development Initiatives: A Practical Exploration of Good Practice for Challenge Funds and other Cost-Sharing Mechanisms, Donor Committee on Enterprise Development (2014) p.7. Retrieved from https://www.enterprise-development.org/wp-content/uploads/DCED_Demonstrating-Additionality_final.pdf

^{xxxvi} UNDP. (2016). Discussion Paper - Developing New Financial Instruments for providing Development Assistance.